

# maquila network update

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Bangladesh

## Garment factory collapse kills 74 workers

On April 11, at 1:00 in the morning, a nine-story building that housed the Spectrum Sweater and Shahriar Fabrics factories in Savar, Dhaka, Bangladesh collapsed, killing 74 workers, injuring more than 100, and leaving an unknown number of workers trapped under the debris and 5,000 workers unemployed.



This catastrophic loss of life could have been prevented. Just sixteen hours before the building crumbled, workers had reportedly complained that there were cracks in the structure's supporting columns. Despite the lack of an adequate foundation and the apparent lack of building permits, five additional stories had been added to the original four-story structure to accommodate large clothing orders that the factory owners did not want to refuse. To make matters worse, heavy machinery had been placed on the fourth and seventh floors.

At the time of the building's collapse, Spectrum was producing clothes for at least four major European retailers, Zara of Spain, Karstadt Quelle of



Photos: Spectrum factory debris in Savar, Dhaka, Bangladesh

Germany, Carrefour of France, and Cotton Group of Belgium.

Reports also indicate that health and safety violations were rife within the factory, and that accidents were all too common. Three days before the building collapsed, a worker died as a

result of burns suffered when boiling water escaped from a

dyeing machine. Another worker is still in the hospital, three months after being electrocuted when she came in contact with an exposed wire.

"Negligence was the cause

of the April 11 tragedy," says Shirin Akhter, president of the Bangladeshi women workers' organization Karmojibi Nari. "This was a killing, not an accident."

Karmojibi Nari is a member of the newly formed Workers' Safety Forum, a coalition of 17 labour, women workers', legal aid, environmental, and human rights organizations calling for action by government and industry to prevent future disasters and adequate compensation for the families of the workers who were killed in the disaster and for workers injured and unemployed as a result of the building collapse.

### Workers Protest Killings

Since the April 11 catastrophe, workers in Bangladesh have staged a number of protest actions. On April 30,

— continued on page 8 —

"Negligence was the cause of the April 11 tragedy. This was a killing, not an accident."

inside

Lajat victory .....	2
Nike disclosure .....	3
MFA phase-out .....	4
News & Notes .....	6
New Resources .....	7

## 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.

### Editorial Staff

Bob Jeffcott  
Marie Lorenzo  
Tullia Marcolongo  
Georgia Marman  
Kevin Thomas  
Lynda Yanz

### Translation

Anibal Viton

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Maquila Solidarity Network  
606 Shaw Street  
Toronto, ON, M6G 3L6 Canada  
Phone: 416-532-8584  
Fax: 416-532-7688  
E-mail: [info@maquilasolidarity.org](mailto:info@maquilasolidarity.org)  
web: [www.maquilasolidarity.org](http://www.maquilasolidarity.org)

*Lajat worker showing the Levi's jeans she produces in the Lajat plant in Gomez Palacio, Durango. She holds in her hands a pay stub and company ID from Lajat.*



PHOTO: COALITION FOR JUSTICE IN THE MAQUILADORAS

# Lajat workers win reinstatement

On May 23, five workers who had been fired for trying to form an independent union at the Lajat jean factory in Gomez Palacio, Durango, Mexico were reinstated with full back pay.

In addition, their employer has signed an agreement, certified by the labour board, that his company will not interfere with the workers' efforts to organize an independent union nor harass any of the restated union supporters.

The workers will also receive bonuses and other benefits they would have received had they not been fired.

Three other workers who had been fired for their involvement in the workers'

committee attempting to organize an independent union were reinstated in early May, then let go again. They too have now been called back to work, but issues remain concerning their loss of pay.

### Brand pressure

According to the Coalition for Justice in the Maquiladoras (CJM), which supported the workers throughout their struggle, Levi Strauss played an "extraordinary" role in convincing its supplier to reinstate the fired union leaders.

Although Levi's had not placed orders with this particular factory, as a major Lajat customer it agreed to investigate the alleged

violations of its code of conduct. When its investigation confirmed that the workers' right to freedom of association had been violated, Levi's entered into discussions with the workers, the CJM and Lajat on how to resolve the situation.

According to the CJM, Levi's was also able to persuade Mudd Jeans, currently the number one buyer from the factory, to come to the table and help achieve a resolution to the dispute.

### Union recognition

When Lajat workers began to organize in November of 2004 in response to unsafe working conditions and their employer's announcement that

— continued on page 8 —

# Nike takes the lead on factory disclosure

On April 13, US sportswear giant Nike became the first major brand in the sector to voluntarily disclose the names and addresses of all factories in its global supply chain

making Nike branded products.

On that same day, Nike released its 2004 Corporate Responsibility Report. In contrast to the company's usual PR fluff, the Report provides a relatively detailed

and candid description of the most common problems in its more than 700 supply factories worldwide.

## Nike Critics Respond

With few exceptions, the anti-sweatshop movement has welcomed Nike's factory disclosure announcement and the candor of its CR Report, while urging the company to take serious steps to address the persistent labour rights abuses documented in the Report.

Oxfam Community Aid Abroad of Australia called the release of factory addresses "an important step forward," but challenged Nike to "match this with a commitment to a living wage and with concrete action to ensure that workers' trade union rights are respected."

Neil Kearney, General Secretary of the International

Textile, Garment and Leather Workers' Federation called Nike's decision to disclose factory locations "ground-breaking," but went on to say, "Disclosure does not obviate the need for companies to

clean up their supply chain."

MSN called Nike's decision "part of a growing trend toward greater transparency among major brands that have been the focus of anti-

sweatshop campaigns," and challenged Canadian retailers and the Canadian government to "follow Nike's lead and publicly disclose the names and addresses of all factories where apparel products sold in Canada are made."

## Disclosure Regulations?

Interestingly enough, Nike's explanation of its decision to disclose factory addresses echoes many of the arguments made by its long-time critics over the years. "Disclosure of supply chains is a key to unlocking greater collaboration among brands and to creating the incentives necessary for factories to turn their CR performance into a point of differentiation," says the company's 2004 CR Report.

For the past four years, MSN and its coalition partners in the

Ethical Trading Action Group (ETAG) have been calling on the Canadian government to make changes in federal labelling regulations to require all

companies selling apparel products in Canada to publicly disclose the names and addresses of the factories where those products were made.

In a brief to the Canadian government, ETAG argued that factory disclosure regulations would be "an effective tool to encourage companies to improve monitoring of their



supply chains." It went on to say that "factory disclosure regulations in combination with voluntary or mandatory reporting on labour standards performance would provide consumers much of the information they need to make ethical choices."

In November 2003, the Competition Bureau of Industry Canada responded to the ETAG campaign, in which thousands of students sent tens of thousands of clothing labels to the Industry Minister to demonstrate their

support for factory disclosure regulations, by convening a roundtable meeting involving industry, labour and NGO representatives.

At that meeting, industry spokespeople vehemently opposed the ETAG proposal, arguing that factory locations were proprietary information, and that releasing this

information would allow competitors to gain access to trade and product design secrets.

One and a half years later, Industry Minister David Emerson has not yet

released the report and recommendations from the roundtable meeting.

As Kearney points out, Nike's decision to Just Do It exposes the "proprietary information" argument for what it is – "nothing more than an attempt [by companies] to avoid scrutiny of their working conditions."

To access the Nike CR Report and factory list, visit: [www.nikeresponsibility.com](http://www.nikeresponsibility.com). For MSN's assessment of the Nike Report, visit: [www.maquilasolidarity.org](http://www.maquilasolidarity.org).



the  
fall-out  
from the  
phase-out

# MFA Forum brings key actors to the table

*The end of the Agreement on Textiles and Clothing [ATC] (formerly the Multi-Fibre Arrangement, MFA) on January 1<sup>st</sup> 2005 is predicted to have significant economic and social consequences, in the short term mostly negative, for some key garment producing countries. Despite widespread, concerned debate, the response to date to these predicted outcomes has been fragmented and inadequate. – MFA Forum*

Throughout 2005, the Maquila Solidarity Network (MSN) will be promoting the development of new strategies and alliances to deal with the negative fall-out caused by the elimination of the import quota system and to put labour standards on the agenda in this highly competitive, post-quota environment.

To help strengthen the capacity of local groups to build national alliances and put forward their own demands, MSN is producing educational resource materials, providing resource people for workshops in garment-producing countries, and helping to organize public forums in Central America, Mexico and Canada.

At the international level, MSN is part of a new multi-stakeholder initiative called the MFA Forum, which brings together retailers and brands, trade unions, NGOs, and national and multi-lateral public institutions to identify and promote collaborative strategies to support vulnerable national garment industries and greater respect for workers' rights.

## Collaborative Framework

On June 8, the MFA Forum released its Collaborative Framework identifying the roles and responsibilities of companies, governments, international institutions and trade unions and NGOs during the post-quota period.

Although the Collaborative Framework does not offer a set of enforceable rules, it does establish basic principles that key actors should follow. It could therefore become a useful tool to hold companies, governments and multi-lateral institutions accountable for their actions or lack thereof.

For instance, here are some of the obligations listed in the Framework for retailers/brands and manufacturers:

## Retailers and brands should:

- Where feasible, maintain current country supply base and contain consolidation in-country. If exiting a country, this should be done in a manner that respects international labour standards and national labour law, and enables and encourages suppliers to do the same....
- Work with suppliers and governments to help develop a mechanism to prioritize the promotion of opportunities for employment for displaced workers in the remaining and/or new textile and garment factories.
- Seek to source from countries that respect core labour standards, and work with the public institutions, suppliers, trade unions and NGOs to maintain decent working conditions in current supply chains.
- Source only from suppliers who provide decent work, thus meeting buyer codes, national laws and international standards, or who are willing to work with buyers, trade unions and NGOs to meet these standards.
- Continually develop process improvements so that purchasing practices are aligned with labour standards compliance. Undertake to be transparent in this work, disclosing supply chain information that facilities accountability to external stakeholders.

## Clothing manufacturers should:

- Provide decent work through respect for national law and international labour standards and work with their suppliers and/or contractors to the same end.
- Improve factory standards and working and employment conditions in order to improve quality, and to meet buyers' policies on working conditions and national labour laws, and to respect international labour standards.
- Lobby and work with government, trade unions and NGOs to develop national industrial and social policies that support real and responsible competitiveness.
- Promote workers' access to job banks and retraining programs if they are laid off.
- Ensure workers are paid their rights in layoffs according to the law.
- Pay legally required social security/pension payments and ensure they are up to date.

PHOTO: MİLİSA VİLLAESCUSA





**Above:** Participants at a regional workshop on the MFA co-sponsored by MSN in Nicaragua, February 2005

## Who Is Involved in the MFA Forum?

As of June 2005, the following companies, organizations, and institutions have been involved in the MFA forum:

AccountAbility  
 Business for Social Responsibility  
 The Co-operative Group  
 Department of International Development (UK)  
 Ethical Trading Initiative  
 Fair Labor Association  
 Fundemas  
 Gap Inc.  
 George / ASDA  
 Interfaith Center for Corporate Responsibility  
 International Textile, Garment & Leather Workers' Federation  
 Littlewoods  
 Maquila Solidarity Network  
 Marks & Spencer  
 Nike  
 Oxfam International  
 Social Accountability International  
 UNDP Asia Trade Initiative  
 UN Global Compact  
 World Bank Group

## Resources on the MFA Phase-Out

### MSN Publications

MSN is producing a series of fact sheets on trade, labour rights and the garment industry. Current MSN fact sheets include:

#### Fact Sheet #1: Multi-Fibre Arrangement

Four-page backgrounder on the MFA and the potential impacts of the elimination of the import quota system.

#### Fact Sheet #2: Glossary

Four-page glossary of key terms and phrases commonly used in the trade debates.

#### Fact Sheet #3: Proposed Program of Action: Fair Labour Practices in the Post Quota World

Four-page summary of the principles outlined in the MFA Forum's Collaborative Framework.

#### Fact Sheet #4: The Cambodia Experiment

Two-page backgrounder on the US-Cambodia Textile Agreement, a precedent-setting trade agreement that offered the Cambodian garment industry increased market access in exchange for progress in achieving and maintaining compliance with international labour standards.

#### Fact Sheet #5: What Does CAFTA Mean for the Central American Garment Industry?

Two-page backgrounder on the US-Central America Free Trade Agreement and the potential impacts of that agreement on the Central American garment industry and worker rights.

*MSN fact sheets are available in English and Spanish at: [www.maquilasolidarity.org](http://www.maquilasolidarity.org).*

### MFA Forum Publications

In addition to the *Collaborative Framework*, the MFA Forum has produced a series of research reports on the impact of the quota phase-out and policy options to address them. Current Forum publications include:

#### Managing the Transition to a Responsible Global Textiles and Garment Industry

Thirteen-page report summarizing research by Accountability, Business for Social Responsibility (BSR) and the World Bank on predicted impacts of the phase-out on industry, policy options for different actors, the private sector perspective on the impacts on sourcing decisions, and lessons learned from the restructuring of other industries.

#### Mapping the End of the MFA

Sixty-two page report by Accountability examining the predicted impacts of the end of quotas and policy options for different actors, and offering an assessment of predicted consequences in ten developing countries.

#### The Multi-Fibre Arrangement (MFA): Strategic Sourcing Impact: The Private Sector Perspective

Twenty-one page report on results of BSR survey of company's views on the effect of the phase-out on future sourcing decisions.

*The above publications, as well as the MFA Collaborative Framework, are available at: [www.accountability.org.uk/research/default.asp?pageid=180#](http://www.accountability.org.uk/research/default.asp?pageid=180#).*

# news & notes

## Union busting in China

On April 17, 10,000 workers at the Uniden Electronics factory in Shenzhen, China walked off the job to protest management's refusal to allow them to set up a trade union in the factory. The Japanese-owned factory produces cordless telephones for Wal-Mart.

While Chinese labour law only permits workers to join the state-approved All China Federation of Trade Unions, it does allow for workers to elect factory-level worker representatives and to negotiate with management concerning wages and working conditions. However, these legal rights are usually not respected or enforced in foreign-owned export factories.

On April 20, riot police were sent in to prevent workers from marching out of the factory compound to stage a protest, and protest leaders were reportedly clubbed by the police. The workers responded by staging a sit-in. Apparently, local government officials had feared the march would encourage anti-Japanese protests.

On April 25, Uniden workers were back on the job assembling Wal-Mart telephones. It seems local officials put considerable pressure on workers to return to work, threatening that foreign investors would shift production elsewhere. Several strike leaders are reported to have disappeared and are feared to be in prison.

## Wal-Mart's pay gap

A report from the US Institute for Policy Studies indicates that Wal-Mart CEO H. Lee Scott is doing pretty well for himself.

According to the report, Scott made over US\$17.5 million in total compensation last year. That's 871 times the average wage of a Wal-Mart retail worker in the US and 50,000 times the average wage of a



Wal-Mart CEO Scott

production worker making Wal-Mart goods in China.

US Wal-Mart retail employees' average full-time pay rate of \$9.68 an hour is about 37% lower than the national average

for production and non-supervisory workers. As a result, many Wal-Mart employees in the US must rely on government social assistance programs to make ends meet.

Even by CEO standards, Scott is very well compensated. The average US CEO's total compensation in 2004 was \$9.6 million.

## "Barbie" costumes made by child labour

Reports from Mexico indicate that children as young as 13 are sewing "Barbie" label costumes for Mattel that will be sold to children roughly the same age in North America.



According to union officials from the Mexican Revolutionary Confederation of Workers and Campesinos (CROC), workers between 13 and 15 years of age are labouring under exploitative conditions at a Mattel supply factory in Tepeji del Rio in Mexico's Hidalgo state. According to the CROC, underage workers are working nine or more hours a day in violation of Mexican labour law.

In addition to exploiting underage workers, Mattel's Mexican supplier, Rubie's of New York, is also being accused of exposing employees to unhealthy and unsafe working conditions, compulsory pregnancy testing, locking workers in the factory, and failing to provide health care or medical services.



PHOTO: JOHN MACLENNAN

Ryerson University student and anti-sweatshop activist Ram Sivapalan takes part in the Canadian Labour Congress's Wal-Mart day of action on May 7 in Toronto. Activists leafleted customers at Wal-Mart stores across Canada to protest the company's decision to close its Jonquière, Québec store when workers organized a union.

## Canadian NAO releases report

On May 11, the Canadian National Administrative Office (NAO) released its long awaited report on Public Communication CAN 2003-1, concerning alleged violations of workers' rights at two garment maquila factories in Mexico's Puebla state and the failure of the Mexican government to enforce its labour laws.

On May 28, 2004, a tri-national delegation, including representatives of the Worker Assistance Centre (CAT) of Mexico, United Students Against Sweatshops (USAS) of the US, and the Maquila Solidarity Network (MSN) of Canada, testified at a Public Meeting in Toronto convened by the NAO. The three organizations had jointly filed complaints with both the US and Canadian NAOs.

The Canadian NAO report recommends Ministerial Consultations with the

Mexican Government to address the issues of the union registration process, the impartiality and independence of labour boards, workers' access to information about their collective agreements, and the protection of workers from dismissal for organizing a union.

## Wake up and smell the roses, Dole

In May, Splendor Flowers, a Colombian flower plantation owned by the US multinational food company, Dole, fired 11 members of an independent union. The unjust firings were just the latest in a long list of retaliatory actions taken by the company against workers attempting to organize to improve their working conditions.

In November 2004, workers at the Dole plantation founded a new independent union, Sintrasplendor. Management retaliated by bringing in another union that is widely considered to be employer-dominated, and then pressured and offered gifts to workers to abandon Sintrasplendor and join the pro-company union.

According to the International Labor Rights Fund, Splendor Flowers has used various tactics to rid itself of the independent union, including threatening to fire Sintrasplendor members, assigning extra work on days when the union was holding membership meetings, and the presence of members of the Armed Forces and

police at union activities held off company property.

When the workers

finally won legal recognition of Sintrasplendor in March of this year, the employer filed a long list of objections. While refusing to bargain collectively with the independent union, the company has signed a collective agreement with the employer-dominated organization.

Despite these blatant examples of management interference with Splendor workers' rights, Dole continues to claim that it respects the right of all its employees to freedom of association.

For information on how you can support the Dole flower workers, visit: [www.laborrights.org](http://www.laborrights.org).

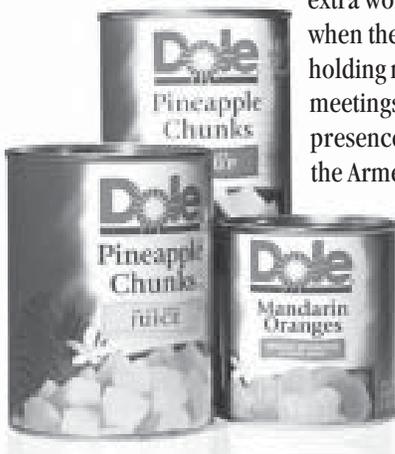
## Alcoa workers reject management blackmail

Workers at three Alcoa autoparts plants in Piedras Negras, Mexico have voted overwhelmingly to reject a management ultimatum that they accept cutbacks in their benefits or risk their jobs moving to Honduras.

In a March 15-16 secret ballot vote entitled "Ballot Decision 2005", workers were instructed to check off their preference for one of two options, 1) accept an 18-month suspension of various important employee benefits, or 2) "risk loss of our jobs over a temporary modification of our benefits."

To the company's complete surprise, the workers voted 89 percent in favour of rejecting the company's cutback ultimatum.

According to the Border Workers' Committee (CFO), Alcoa workers have shown they are "unwilling to keep performing at world-class levels if they have to bargain for crumbs." For more information, visit: <http://cfomaquiladoras.org>.



**Sweatfree Tool Kit, SweatFree Communities and Global Exchange, May 2005, 60 pp, [info@sweatfree.org](mailto:info@sweatfree.org).**

**"The Global Garment Industry and the Informal Economy: Critical Issues for Labor Rights Advocates," Nina Ascoly, IRENE and Clean Clothes Campaign, September 2004, 51 pp, [www.cleanclothes.org/pub.htm](http://www.cleanclothes.org/pub.htm).**

**Campaigns at work: A guide to campaigning for homemaker organizations, unions, campaign groups and activists, Annie Delaney, HomeWorkers Worldwide, 2004, 52 pp, [www.homeworkersww.org.uk](http://www.homeworkersww.org.uk).**

**Sexual Harassment in the Workplace: the Cut Flower Industry, Norma Mena and Silvia Proaño, International Labor Rights Fund, April 2005, 46 pp, [www.laborrights.org/publications/Sexual%20harassment%20Ecuador.pdf](http://www.laborrights.org/publications/Sexual%20harassment%20Ecuador.pdf).**

**"Gender Perspectives and Women's Action on the Central American Free Trade Agreement," Veronica Campanile, Central American Women's Network, March 2005, 4 pp, [info@cawn.org](mailto:info@cawn.org).**

# Bangladesh factory collapses

— continued from page 1—

2,000 garment workers took part in a rally organized by Karmojibi Nari in the capital city of Dhaka. A mother of two workers killed at the Spectrum factory spoke to the protestors, calling on them to ensure that the authorities take immediate action and those responsible for the tragedy are brought to justice.

At another protest, organized by the National Garment Workers' Federation, workers formed a human chain in which 52 Spectrum survivors and family

members of the victims joined hands with other protestors.

The worker protests appear to be making an impact. On May 8, Spectrum factory owner

Shahriar Saeed and director Altaf Fakir appeared in court to apply for bail. In an unprecedented move, the court ordered both men imprisoned until a follow-up bail hearing was held.

On May 27, former Spectrum and Shahriar employees joined with their injured colleagues and family members of the dead and missing in staging a one-hour sit-in on the site of the collapsed building.

At the sit-in, unemployed Spectrum workers complained of having to go for days without food because they hadn't received wages for March or April. Some said they are now homeless because their landlords evicted them for non-payment of rent.

## Industry-wide Problem

Unfortunately, the April 11 Spectrum tragedy is not an isolated incident in Bangladesh's garment export industry. According to Neil Kearney, General Secretary of the International Textile, Garment and Leather Workers' Federation (ITGWLF), Bangladesh "...is notorious for

garment factory fires. In the five years prior to 2000, there have been 30 fires in the garment industry which claimed over 250 lives."

Such events are a sobering indication that the drive to be a competitive player in the global trade of garments and textiles often leads to a complete disregard for adequate working conditions, basic rights and safety regulations.

## International Pressure Grows

In the wake of the Spectrum tragedy,

labour rights organizations around the world are demanding action by the Bangladesh government, industry associations, and European and North

American retailers sourcing from Bangladesh.



*Vigil for Spectrum factory workers*

In Europe, the Clean Clothes Campaign is demanding that the European retailers whose clothes were made in the Spectrum factory ensure that there is a full, independent and transparent investigation into the causes of the tragedy, that workers injured and/or unemployed as a result of the factory collapse and families of the workers who were killed are fairly compensated, and that there be an immediate review of structural and health and safety issues that plague the Bangladesh garment industry. For updates on the CCC campaign, visit: [www.cleanclothes.org](http://www.cleanclothes.org).

In Canada and the UK, the MSN and its coalition partners in the Ethical Trading Action Group and the NGO and labour caucuses of the UK's Ethical Trading Initiative are also calling on all retailers and manufacturers sourcing from Bangladesh for the Canadian and UK markets to take immediate steps to ensure that all their supply factories in that country meet minimum building code and health and safety standards.

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# Lajat workers

— continued from page 2—

their factory would be closed, they were surprised to learn that they were already represented by a union. In fact, an "official" union affiliated with the Confederation of Mexican Workers (CTM) had negotiated a protection contract with their employer without the workers' knowledge.

The workers formed a workers' coalition to challenge the right of the CTM to represent them without their consent. They went to the local Conciliation and Arbitration Board (CAB), and in early February were successful in forcing the company to negotiate with their negotiating committee. Lajat subsequently agreed to keep the Gomez Palacio plant open and improve working conditions. The workers decided to file a petition with the CAB for

legal recognition of an independent union.

By mid-March, Lajat had found out about the workers' plans to form an independent union, and on March 15, it illegally fired eight members of the workers' negotiating committee. The workers' petition for union recognition was then rejected by the CAB on the grounds that the workers who had signed the petition had been fired and were therefore no longer employees with the company.

Now that the fired workers have won their reinstatement and the agreement of their employer to not interfere with their right to be represented by the union of their choice, the workers are proceeding with another application for legal recognition of their independent union.