

# maquila network update

December, 2005 Vol. 10 No.4

Social auditors get  
a visit from  
Tintin  
detectives

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## Transparency Report Card finds retailers still keeping us in the dark

**Companies that sell clothes in the Canadian market aren't giving consumers or investors enough information to make ethical choices, says a study carried out by MSN for the Ethical Trading Action Group (ETAG).**

However, the study found that a number of brand-sensitive companies that have been the target of anti-sweatshop campaigns for the past decade are now providing more information to consumers than are companies that have slipped under the radar screen.

Released on November 30, the *Coming Clean on the Clothes We Wear: Transparency Report Card* assesses and compares the information major retailers and brands are providing to the public on the steps they are taking to ensure compliance with international labour standards in their supplier factories around the world.

Based exclusively on publicly available information, the Transparency Report

Card reveals that while no companies are currently providing sufficient information on their labour standards policies and programs, there are significant differences in the kinds and amount of information they are disclosing.

### Campaign Successes

"The fact that Nike, Gap and Levi's score highest in the Report Card is a testament to the success of the anti-sweatshop movement," says Ian Thomson, Corporate Social Responsibility program coordinator

for KAIROS: Canadian Ecumenical Justice Initiatives.

"However, while these companies are now publishing more candid and transparent reports, there is still little evidence of significant

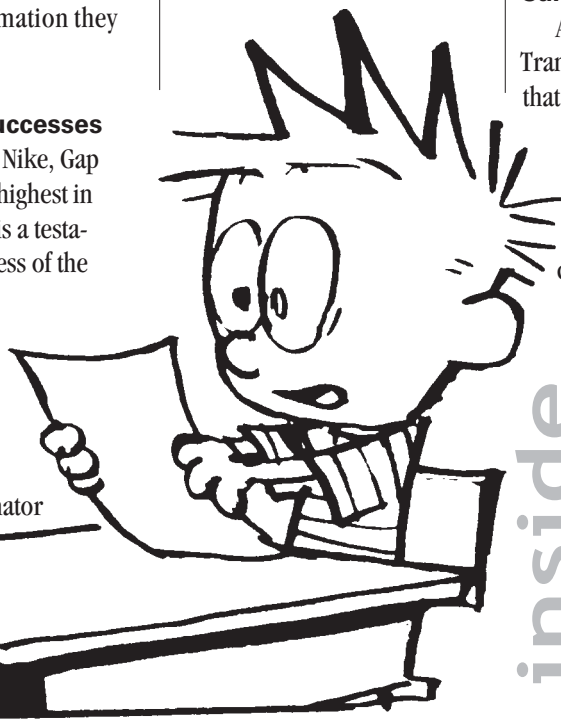
improvements in working conditions or respect for workers' rights at the factory level," cautions Thomson.

"What has changed is that leading brands are now admitting there are serious problems and are willing to engage with unions and NGOs about what they should do to improve things," says Thomson.

### Canadians lagging

Another key finding of the Transparency Report Card is that, with a few exceptions, Canadian companies are lagging behind the major US brands on their reporting to customers and investors.

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# ETAG's Report Card finds room for improvement

—continued from page 1—

With the exception of Mountain Equipment Co-op, not a single Canadian company scores higher than the average score of all US-based companies surveyed.

“A key message of the Report Card is that Canadian companies have some catching up to do,” says MSN’s Kevin Thomas.

## Low-balling Standards

The study also found that few of the company codes of conduct that are publicly available are consistent with the minimum international standards of the International Labour Organization (ILO), an agency of the United Nations.

“Even some of the leading brands that rate highly in the Report Card have codes that fall short of ILO standards,” says Thomas.

## Private Companies Failing to Report

According to the report, private companies surveyed are providing little or no information to their customers on their commitment to international labour standards or the steps they are taking to ensure compliance with those standards. Roots, which was the target

of the Play Fair at the Olympics campaign, is one exception.

## Companies that Engage Do Better

The ETAG study found that companies that engage with unions and NGOs in importing and producing countries also rate higher in other Report Card criteria.

According to Thomas, this might indicate that companies that engage with international and local labour and non-governmental organizations recognize the need for a more comprehensive approach to ensuring compliance with their codes of conduct that goes beyond self-regulation.

## Recommendations to Retailers and Brands

### Improve your reporting

1. Provide transparent public reports on your company’s code implementation program.
2. Publicly disclose the names and addresses of factories producing your products.

### Improve your labour standards program

1. Ensure that your code of conduct is consistent with International Labour Organization (ILO) conventions and provides for a living wage and decent working hours.
2. Assign overall responsibility for labour rights in the supply chain to senior management and a committee of the board of directors.
3. Institute credible internal monitoring and external verification systems.
4. Ensure that code compliance staff and external auditors are qualified and properly trained, particularly with respect to workers’ rights.
5. Institute a staged approach to dealing with non-compliance. Do not “cut and run” when violations are discovered.
6. Engage with NGOs and labour organizations in importing and producing countries.
7. Facilitate the active participation of local NGOs and labour organizations in code monitoring and remediation.
8. Facilitate worker rights training for workers and management personnel.
9. Join a credible multi-stakeholder initiative.
10. Ensure respect for freedom of association in countries where it is restricted by law.

## 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  
Georgia Marman  
Kevin Thomas  
Lynda Yanz

### Translation

Anibal Viton

Special thanks to OPSEU for printing the *Update* at no cost.

**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)

**For copies of the full report, including individual company report cards visit:**  
[www.maquilasolidarity.org](http://www.maquilasolidarity.org)

# Transparency Report Card 2005

SUBJECT

Retailer reporting on labour rights issues in the supply chain

EVALUATED BY

Ethical Trading Action Group

COMPANY NAME	Mark	GROUP COMMENTS
	Group	
Levi Strauss	71	<p>GOOD: No longer in denial, admits there are serious problems and willing to engage with labour and NGOs on how to address them.</p> <p>NEEDS IMPROVEMENT: Needs to improve reporting, listen to workers' voices and tackle root causes of persistent problems.</p>
Nike	69	
GAP	68	
Liz Claiborne	58	
Mountain Equipment Co-operative (MEC)	58	
Hudson's Bay Company (HBC)	37	<p>GOOD: Reporting on its code and monitoring process, but providing little information on problems encountered or how they are being addressed.</p> <p>NEEDS IMPROVEMENT: Needs to join a multi-stakeholder initiative, engage with labour and NGOs on the ground, and facilitate training for workers on their rights.</p>
Wal-Mart	30	
American Eagle	29	
Winners (TJX)	29	
Roots	24	
La Senza	22	
Mark's Work Warehouse	21	
Sears Canada	5	<p>GOOD:</p> <p>NEEDS IMPROVEMENT: Still in denial. Needs to do his/her homework and get started.</p> <p><i>Absent without written excuse!</i></p>
Northern Group	5	
Boutique Jacob	0	
Forzani Group	0	
Giant Tiger	0	
Grafton-Fraser	0	
Harry Rosen	0	
International Clothiers	0	
Le Château	0	
Polo Ralph Lauren	0	
Reitmans	0	
Tristan	0	
YM Inc.	0	

# Asia-Latina Women's

## Mapping the impacts of the quota



PHOTOS: ALDA ESCAREÑO



**E**ighteen women labour rights activists from seven countries in Asia and Latin America gathered in Bangkok, Thailand October 23 to 30 for the Asia – Latina Women's Exchange organized jointly by the Asia Monitor Resource Centre (AMRC) and MSN, with the Thai Labour Campaign (TLC) as our local sponsor.

Coming ten months after the demise of the Multi-Fibre Arrangement (MFA), the exchange was designed to give participants an opportunity to share what the end of the import quota system has meant for workers and communities in Thailand, China/Hong Kong, Cambodia, Honduras, Guatemala, Mexico and the Dominican Republic and to discuss strategies for better defending workers' rights in a post-quota industry.

### Mapping Impacts

Participants spent the first day together mapping the impacts of the quota phase out. While all agreed that the realities being faced on the ground don't necessarily mirror what various industry and trade experts had foretold, there was consensus that workers' rights are at risk.

Discussions then shifted to assessing the effectiveness and limitations of some of the strategies being pursued, including worker organizing, engaging with brands, developing national policy proposals, etc.

Representatives from four groups working in China participated in the exchange. According to May Wong of AMRC, while statistics may show that China is a "winner" in the post-MFA race, gains in terms of market share and investment come at a cost to

Chinese workers in the form of exploitative jobs.

She described China as the world's "sweatshop powerhouse," with abysmal working conditions, strict controls prohibiting worker organizing, lack of enforcement of labour laws, and a deliberate strategy by the Chinese government to convert a protected workforce employed in state-owned factories into an extremely vulnerable and mobile, migrant labour force.

### Reports of Plant Closures

Reports from Central America focused on plant closures. According to Yadira Rodriguez of the Honduran Independent Monitoring Team (EMIH), many small factories have already closed in her country. She described a current case where workers have not only been left without

jobs, but also without any legal severance payments.

For months now, workers formerly employed by the Prodexx garment factory have been on guard 24 hours a day outside the factory to make sure that the equipment is not removed. Just as this newsletter was going to press, MSN learned that one of the workers standing guard was killed by someone trying to expropriate equipment. The worker defended it with his life since it represents their last hope for any kind of financial redress.

Unfortunately, according to Rodriguez, even leading brands' responses to these closures have been inadequate, and painfully slow.

Socheata of the Womyn's Agenda for Change (WAC) in Cambodia and Prum Phallin, one of WAC's garment worker advocates, described

▲  
ABOVE: **May Wong of AMRC confers with Chinese colleagues Liu Xiufang of the Occupational Health Resources Centre and So Sheung of the Labour Education and Service Network.**

▲  
ABOVE: **Lek, coordinator of the Thai Labour Campaign, challenges the AWID delegates to remember that worker's rights are women's rights.**

# Exchange: phase-out on workers' lives



how the impacts of the quota phase-out were felt in their country even before January 1, 2005, with several factories closing their doors.

According to Socheata, “lean production” has become more prevalent as manufacturers strain to cut labour costs and increase production. Monthly minimum wages have often been replaced by a piece-rate system, and production quotas have increased. Cambodia’s garment industry represents over 80% of the country’s exports.

## Monitoring Impacts

It seems Mexico still hasn’t experienced the dramatic job loss anticipated. However, Milisa Villaescusa of the Mexico City-based women’s group MUTUAC reported that the “China threat” promoted both by the media and

employers looms large in Mexico, with downward pressure on labour conditions and wages as a consequence.

Socorro Chablé, from CEPRODEHL, the Centre for the Promotion and Defense of Human and Labour Rights based in Mérida, Yucatan described a new initiative whereby labour rights groups in Mexico’s garment producing centres will monitor on-the-ground impacts of the quota phase-out. The group will be meeting in Mérida in early 2006 to compare notes, examine trends and look at possible actions.

## Addressing AWID Forum

The exchange was planned to include participation in the 10<sup>th</sup> International Forum on Women’s Rights and Development organized by the Association for

Women’s Rights in Development (AWID), which took place in Bangkok from October 27-30.

The Forum brought together 1,800 women activists from over 120 countries to take stock of the women’s movement. The theme was: How Does Change Happen?

The issues examined in the exchange were brought to the wider Forum audience in a panel session entitled “Patterns of Changes: Labour Rights in the Garment Industry.”

In fact, labour rights was placed squarely on the conference agenda right from the opening panel, when Junya “Lek” Yimprasert, coordinator of the Thai Labour Campaign, challenged participants to remember that workers’ rights are women’s rights – especially in the garment industry.

According to Lek, while Thailand hasn’t yet experienced massive job losses, employers are effectively using the quota phase-out as a threat against workers. But – she added, “When local action and international solidarity are combined, workers and their allies become tigers and tigresses. That’s when we can make the industry change for the better.”

By the end of her presentation, Lek had all 1,800 participants chanting “Su Mai Su... Su Su/We will fight, fight, fight!”

And that was the kind of energy the Asia – Latina Exchange generated – strengthening ties between groups and laying the groundwork for stronger national, regional and international collaboration to ensure that workers’ rights aren’t a casualty in the new garment industry.

ABOVE: **Garment worker advocate Prum Phallin tests one of the sewing machines at the Solidarity Group Co-operative, where workers described their struggle to form the worker-owned co-op after they lost their jobs at the Bed and Bath garment factory when it closed.**

ABOVE: **Yadira Rodriguez of EMIH, Ana Lucia Fuentes of COVERCO and Nelly Delcid from Women’s Forum for Life describe the post-MFA situation in Central America.**

# news & notes

## Dole breaks promise

Dole, the largest exporter of cut flowers from Colombia to North America, has broken its promise to negotiate in good faith with Sintrasplendor, an independent union representing workers at the company's Splendor flower plantation.

In September, the US Labor Education in the Americas Project (US/LEAP) called off a planned protest outside a fund-raising dinner sponsored by the labour rights monitoring organization Social Accountability International (SAI), of which Dole is a Signatory Member, after Dole agreed to enter into negotiations with the union on issues in dispute, including the union's right to represent the workers in collective bargaining.

When workers organized the independent union in November 2004, Dole responded by bringing in a company-supported union, Sinaltraflor, and signing a collective agreement with the company union. It then pressured workers to join the company union and fired a number of supporters of the independent union.

According to US/LEAP, Dole has failed to negotiate in good faith, arguing that it already has a collec-



Flower workers protest in front of Dole offices in Bogota, Colombia, June 2, 2005

tive agreement with the company union and therefore can't negotiate a new agreement with Sintrasplendor until the old agreement expires in October 2006.

Dole has also refused to comply with two court orders to reinstate two Sintrasplendor members who were fired for union activity.

For more information, visit: [www.usleap.org](http://www.usleap.org).

On October 17, Puma released its 2004 Sustainability Report in which it announced that it was publicly disclosing its worldwide list of active supply factories. According to Puma, the list will soon be available through the Fair Labor Association (FLA).

On November 1, Timberland released its 2004 CSR report in which it announced that it was also disclosing its list of 160 factories making the company's footwear and apparel products around the world.

To access the Levi's factory list, visit: [www.levistrauss.com/responsibility/toe/supplier\\_list.pdf](http://www.levistrauss.com/responsibility/toe/supplier_list.pdf).

To access the Timberland factory list, visit: [www.timberland.com/2005\\_Factory\\_List.pdf](http://www.timberland.com/2005_Factory_List.pdf).

## CCC exposes social auditing industry

The European Clean Clothes Campaign (CCC) has released a devastating critique of the booming social auditing industry entitled *Looking for a quick fix: How weak social auditing is keeping workers in sweatshops*.

Based on interviews by local researchers with 670 workers, as well as some factory managers and social auditors, in 40 factories in eight countries, the report documents the weaknesses and limited impact of factory audits carried out by commercial social auditing firms.

According to the CCC report, social audit methods used by most retailers "are based on a seriously flawed model largely discredited not only by labour rights advocates but also by those within the industry who have had a longer-term involvement in this field..."

The report describes how factory auditors often turn a blind eye to extreme

## More companies disclose factories

For years, MSN and other labour rights organizations have been calling on companies to come clean on where and under what conditions their products are made. Finally some major brand-name apparel and footwear companies are responding to the call for greater transparency and accountability.

On April 13, Nike became the first major brand to publicly disclose its global supply chain. Three companies have since followed Nike's lead in publicly disclosing

the names and addresses of all their supply factories around the world.

On October 11, Levi Strauss published on its website a list of more than 750 wholly owned and contract factories making Levi's, Dockers and Levi Strauss Signature branded products.

"Our hope is that this level of transparency will become standard across the apparel sector, fostering greater collaboration among brands in shared factories," said the Levi's media release.

abuses of workers or miss crucial issues, such as violations of freedom of association, excessive hours of work and forced overtime, discrimination, and harassment and abuse. It shows how factory managers deceive social auditors through double bookkeeping and coaching of workers.

The report points to the lack of involvement of workers and their organizations, as well as other local civil society organizations, in the code implementation process as the fatal flaw in the current social auditing model. According to the report, “the evidence shows that credible efforts to implement codes of conduct cannot rely on social auditing alone, important though it is.”

The report advocates “a more comprehensive tool box” approach that includes, in addition to quality audits, partnership with local organizations, involvement in credible multi-stakeholder initiatives, grievance and complaint mechanisms, education and training for workers and management personnel, a pro-active approach to freedom of association, addressing the purchasing practices of retailers and brands, effective remediation when violations are uncovered, and transparency.

To access a copy of the report, visit: [www.cleanclothes.org](http://www.cleanclothes.org).



CCC protests at retailer conference dressed as detectives from Tintin comics

## Rubie’s workers file NAO complaint

Workers at the Rubie’s costume factory in Tepeji del Rio, Hidalgo, Mexico, which produces Barbie costumes for Mattel, have filed a complaint with the US National Administrative Office (NAO) under the NAFTA labour side agreement.

Filed by the “Vanguardia Obrera” Workers Federation of Mexico, with the support of the US Labor Education in the Americas Project (US/LEAP) and the Washington Office on Latin America (WOLA), the complaint charges the Mexican government with failing to enforce its laws and regulations on freedom of association, discrimination, health and safety, forced labour, and child labour.

According to the complainants, Rubie’s hired minors who were offered fake birth certificates by the company. Prior to the



Teresita de Jesús Hernández, 14-year old Rubie’s de Mexico worker

conflict between the union and management, one in every six workers was reportedly between the ages of 13 and 15.

According to one worker’s testimony, a 13-year-old boy allegedly injured his spine because he was forced to carry heavy fabric rolls.

## Global Union criticizes HBC on “China code”

The International Textile, Garment and Leather Workers’ Federation (ITGLWF) is criticizing the Hudson’s Bay Company (HBC) for its involvement in the development of a new code of conduct specifically for China that undermines workers’ rights.

Speaking to an October 17 meeting of the Quebec Federation of Labour in Montreal, ITGLWF General Secretary Neil Kearney said HBC “was assisting China’s policy watchdog, the China National Textile and Apparel Council, in creating and implementing a watered-down code which insists that workers belong to the All China Federation of Trade Unions which is controlled by the State and the Communist Party. . . .”

According to Kearney, the new code, CSC9000T, “negates freedom of association,

it legitimizes discrimination on a number of grounds and it undercuts the efforts of other codes to limit working hours and enforce payment of a decent wage.”

The “China code” states that workers have the right to join “the union” and to bargain collectively, suggesting that the only option for Chinese workers is to join the ACFTU. According to Kearney, the ACFTU is usually led at the factory level by senior management.

Kearney called on Canadian unions and the Canadian public to pressure HBC to withdraw its support for CSC9000T and instead endorse a good multi-stakeholder code and ensure it is properly implemented in China.

Whither **Wal-Mart**?

# Will the sleeping giant wake up to sweatshop reality?

**C**harged with union busting in Canada, destroying family businesses in cities and towns across North America, and exploiting factory workers around the world, Wal-Mart has launched a public relations offensive to convince its customers it has become a kinder, gentler company.

On October 20, CEO Lee Scott told a business conference in the US that his company would take a stronger stand on environmental issues and conditions in its supply factories.

“We are committed to further increasing our engagement concerning supply factory conditions and becoming more transparent in this important area,” said an official statement released after the conference.

The statement also commits Wal-Mart to “working towards an independent monitoring program to validate and provide additional credibility to our factory certification program.”

On October 21, United Students Against Sweatshops (USAS) released a public response to Scott’s speech that was endorsed by a number of other anti-sweatshop organizations, including MSN. The USAS statement notes that Scott failed to spell out “concrete measures the company will take in order to improve labor standards and uphold worker rights.”

## Real Deal or PR Hype?

While skepticism concerning Wal-Mart’s sudden conversion to corporate social responsibility is certainly in order, there is no question that the company is beginning to wake up to the potential damage it could suffer if it continues to

ignore the social and environmental concerns of consumers, particularly in urban centres where it is attempting to expand its customer base.

“Ten years ago, Nike was making similar general statements with no concrete details,” says David Schilling of the US Interfaith Center on Corporate Responsibility

(ICCR). “It was responding very defensively, engaging in a public relations war with its labour and NGO critics, just as Wal-Mart is today. Nike has since moved beyond a PR response to a multi-stakeholder approach. Whether Wal-Mart will do the same is yet to be seen.”

Schilling notes that after years of dialogue between ICCR and Wal-Mart, the company has agreed to include a provision on freedom of association in its code of conduct. “For a company with Wal-Mart’s

anti-union history, that’s a significant change,” says Schilling. “Now the burden of proof is on Wal-Mart. How will it respond when workers in supply factories exercise their rights?”

But does this small change in the company’s code of conduct indicate that Wal-Mart is now willing to seriously engage with unions and NGOs about worker rights issues?

According to Stephen Coats of the US Labor Rights in the Americas Project (US/LEAP), a major obstacle to engaging with Wal-Mart has been its historical practice of cutting orders to factories when there are reports of worker rights abuses. “How could we bring problems to their attention if their policy was to cut and run from supply factories whenever serious worker rights violations were uncovered?” asks Coats.

## Wider Issues

Conspicuously absent from Lee Scott’s statement is a commitment to respect the rights of its own retail workers. Despite Wal-Mart’s new code provision on freedom of association, the company is doing everything in its power to prevent Canadian Wal-Mart “associates” from exercising their right to organize and bargain collectively.

Nor is Wal-Mart addressing the fundamental question of the impact of its low cost business model on suppliers and factory workers, says Coats.

As the USAS statement notes, “In order for Wal-Mart to improve conditions in its supplier factories it must first fundamentally alter its business practice of demanding a continuously lower price from supply factories – a price which renders those factories unable to pay workers a living wage.”



PHOTO: JOHN MACLENNAN

Wal-Mart demonstration, Toronto, May 2005