

Maquila Solidarity update

Volume 15 No. 2 • Sept 2010

inside

Behind the strikes and

suicides in China: Workers are changing China's labour dynamics

2

Women at the forefront:

Mexico labour activist Blanca Velasquez speaks about the need for women's leadership

4

Bangladesh erupts: Under normal circumstances, nearly doubling the official minimum wage for apparel workers would be cause for celebration

6

Bucking the sweatshop trend, sportswear manufacturer Knights Apparel is paying workers at its Dominican Republic factory a living wage

7

ABOVE:
CGT members
celebrate
ground-breaking
deal with Nike



PHOTO: JEREMY BLASI

Nike agrees to compensate workers abandoned in Honduran factory closures

NIKE AND THE GENERAL Workers' Central of Honduras (CGT), which represents workers at two former Nike supplier factories that were closed over one year ago, have reached an historic agreement in which the company will contribute US\$1.5 million to a workers relief fund and

cover the cost of enrolling the workers and their families in Honduras' health insurance program for one year. The funds have since been dispersed to the approximately 1,500 affected workers.

Nike has also agreed to ask five of its contract suppliers in Honduras to reserve future

job openings for former workers from the two factories, and to fund a paid skills training program for the workers.

When CGT organizer Evangelina Argueta and Hugger workers' representative Gina Cano flew to Los Angeles on June 24 for a meeting with

● see 'watershed moment' p.8

What's behind the strikes and suicides in China?

By Manfred Elfstrom

A series of suicides at facilities of the world's largest electronics manufacturer and well-organized strikes at auto parts plants have placed the struggles and demands of Chinese workers at the centre of the world's attention.

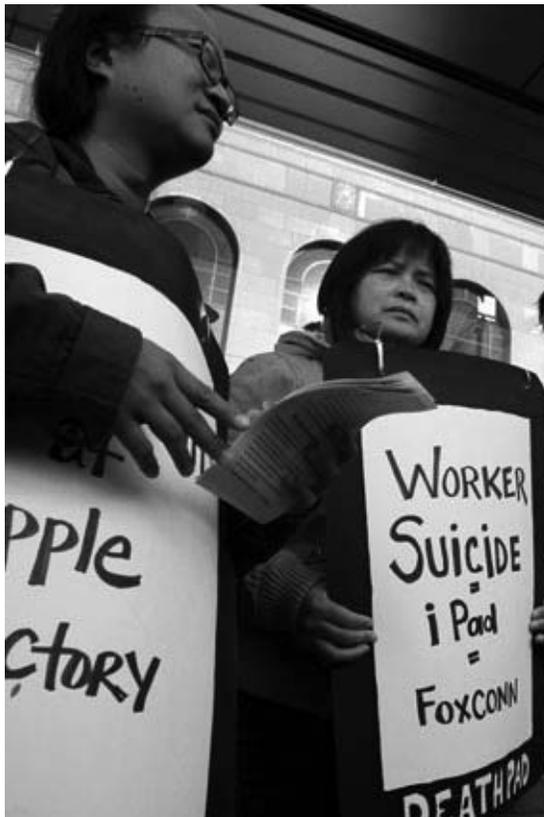


PHOTO: DAVID BACON

ABOVE: International protests over Foxconn suicides

FACING PAGE: Honda workers strike wins wage hike

THIS SPRING, EMPLOYEES of Foxconn, a Taiwanese-owned high-tech assembly company, began jumping to their deaths from the firm's sprawling, dull, gray and blue dormitories. The thirteenth Foxconn suicide victim, a young woman, jumped on August 6th. A net put up by the factory owners as a supposed solution to the problem failed to break her fall.

While each of the thirteen workers doubtless had their own reasons for ending their lives, Foxconn employees said in interviews that their dehumanizing work environment was at the heart of the tragedies. Military-style discipline, long work hours, and management's strategy of isolating workers socially (for example, by not bunking

workers from the same shift or hometown together) had created a toxic environment. An underreported pattern of violence by factory guards made things worse.

As the Foxconn suicides reached their peak in May, workers at the Nanhai Honda auto parts plant in Foshan responded to their exploitation in a very different way: they went on strike for higher pay and better working conditions.

News of the Nanhai strike sparked other strikes in Foshan, as well as in nearby Zhongshan and Guangzhou and at a Toyota facility in Tianjin, in China's northeast. Striking workers consistently won wage increases, though the percentages varied. At the plant that started the wave, workers' earnings rose by 35 to 70 percent.

While the level of media coverage of these events both inside and outside China was unusual, neither suicides nor strikes are new to Chinese labour relations.

The *Maquila Solidarity Update* is published in English and Spanish by the Maquila Solidarity Network (MSN). MSN includes over 400 organizations and individuals across Canada. MSN is a labour and women's rights advocacy organization working to improve conditions in maquiladora factories and export processing zones worldwide. MSN acts as the secretariat for Canada's Ethical Trading Action Group (ETAG).

Editorial Staff:
Elsa Arismendi
Fernando Cabrera
Ana Enriquez
Bob Jeffcott
Kevin Thomas
Lynda Yanz
Translation: Anibal Vitón

Maquila Solidarity Network
606 Shaw Street
Toronto, ON, M6G 3L6 Canada
Phone: 416-532-8584
Fax: 416-532-7688

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

www.maquilasolidarity.org



Foxconn has admitted that some of its workers, in smaller numbers, kill themselves every year. Chinese workers have long used threats to jump from bridges or from buildings on construction sites as a desperate means of pressuring their bosses into paying money owed them.

Chinese workers have engaged in strikes since the early twentieth century. In the early 2000s, thousands of workers at state-owned enterprises protested layoffs and corruption associated with privatization. Today, strikes occur daily in export processing zones along China's southeastern coast, where the vast majority of employees are migrant workers.

But something has changed.

The Foxconn suicides were on a scale that could not be ignored. They struck a strong chord in Chinese society, both at home (where bloggers rallied for citizen-investigations

and at least one news magazine devoted its cover to the tragedies) and beyond the mainland. Vigils were held in San Francisco and demonstrations staged in Hong Kong, Taiwan and Guadalajara, Mexico. Foxconn ultimately promised to raise wages several times.

Many strikes in China burn out after a day or two, ending with some compromise brokered by a the local government, but the workers at the Honda plant held the line for about two weeks, establishing a representative negotiating team and working with prominent outside observers.

The workers did not limit their demands to observance of their "legal rights," as many Chinese protesters have, but focused instead on livelihood issues. They dealt with tricky topics, such as graduated wage scales, the factory's use of student interns, and the struggles of dispatched (outsourced) workers. The strikers

drafted powerful statements of their intentions and, at the end, thanked domestic and international supporters.

Importantly, Foshan workers also demanded greater accountability from their enterprise's union. Their call for real representation led to a commitment by the Vice-Chair of the Guangdong Provincial Federation of Trade Unions to making the Foshan plant a starting point for experiments in direct elections of union chairs. Elections are something provided for by China's Trade Union Law, but rarely put into practice.

The All China Federation of Trade Unions (ACFTU), the umbrella labour organization to which all unions must belong, is more like a government ministry than a grassroots organization. It is staffed at higher levels by political appointees and often co-opted locally by management (who routinely appoint mid-level managers as union offi-

cers). There are, however, some progressive leaders within the ACFTU, and the union has lobbied for tougher labour regulations.

In addition to the promised elections, Guangdong Province, home to some of the country's more forward-looking municipal labour federations, has accelerated the drafting of new legislation that would mandate collective bargaining if one fifth of a company's employees demand it. There is also talk of enshrining the right to strike in law.

Where workers' desperation (as expressed at Foxconn) and determination (as expressed in Foshan) will go from here, however, is still an open question. ■

Manfred Elfstrom has long been involved in supporting labour rights activism in China and is currently a doctoral student at the School of Industrial and Labor Relations at Cornell University.

Women at the forefront

Mexico labour activist Blanca Velasquez speaks about the need for women's leadership



ABOVE: Blanca Velasquez

FACING PAGE: Blanca speaks to striking workers at Johnson Controls Interiores factory, Puebla, Mexico

LAST JUNE, BLANCA VELASQUEZ, THE DIRECTOR OF THE Worker Assistance Centre in Puebla (CAT, for its Spanish acronym) was in Toronto for a conference on "Building Solidarity with the Democratic Labour Movement in Mexico" organized by Canadian unions and international federations. Blanca spoke about the ongoing organizing efforts at auto parts factories in Puebla owned by Johnson Controls. After the meeting, Blanca responded to questions from the MSN team.

How did you become involved in the labour rights movement?

In 1999, I started working at Siemens, a German auto-parts manufacturer and a supplier to Volkswagen, which has a plant in Puebla. I was involved in a struggle in which we were able to get our independent union recognized. That set an important precedent because it was the first independent union in the auto-parts industry in the country, and I was its first woman leader. That experience defined me as a labour leader. I knew I had to go on with this work.

And how did the CAT come to be?

A short time later, I was invited by the AFL-CIO Solidarity Center to do part-time research into the garment maquilas in the area. A Solidarity Center organizer and I became involved in what

later became known as the Kukdong campaign, which was women-led. After an eight month struggle, the Kukdong workers were able to win an independent union at the factory, an important milestone for the maquila garment sector.

The Kugdong victory allowed us to dream. We wanted a space where workers could come together to receive support and share their struggles. On May 9, 2001, the Worker Assistance Centre was formed. In 2011 we'll be celebrating our tenth anniversary.

What work is CAT currently involved in?

Just this May, we had an important victory for labour rights in Puebla at the Johnson Controls Interiores plant. Workers went on strike for three days and won a signed agreement in which management recognized their right to

be represented by the union of their choice. The agreement also provided workers a substantial profit-sharing increase, and committed management to hire workers directly that had been contracted through a third-party employment agency.

But the struggle is not over. A new collective bargaining agreement still needs to be negotiated, which will — hopefully — include a clause guaranteeing fair representation of women on the executive committee, given that the majority of employees are women.

What has it meant for you to be a women leader in the labour movement?

It's definitely very difficult for a woman to fit into the *machista* structures of the union world, especially in decision-making

positions. For me personally it's been hard, because I try to bring about changes that will benefit everyone, and though I'm strong, I've had to face many difficult times.

One thing I'm sure about: it's no longer sufficient to just ask for training for women. Women must occupy the leadership positions which have been traditionally held by men.

We've seen that despite their double and triple work days, women have been at the forefront of many labour struggles and have shown great courage. But we need more.

Part of the work of the CAT focuses on women's empowerment. I find that even when women want to

participate, it's difficult if not impossible for them to do so, given their heavy workloads and pressure they face in the home and with their children. They also often have psychological issues that impede their participation, such as low self esteem.

That is why women's empowerment is so important. For women to become effective organizers, they need to go through a learning process in order to realize that they are capable of much more than just cooking and taking care of their kids. That's when they can then lead and motivate other women to become organizers. ■



Success and retaliation at Johnson Controls

IT TOOK TWO STRIKES AND an aggressive international solidarity campaign, but workers at the Johnson Controls Interiors (JCI) auto parts plant in Puebla, Mexico have won the right to be represented by a union of their free choice.

The plant employs about 450 workers and produces seats and seat parts for major auto companies, including Ford and Mercedes-Benz.

In May, the workers walked off the job to protest lower-than normal profit-sharing payments and to pressure their employer to accept their decision to be represented by the National Union of Mine and Metal Workers (SNT-MMSSRM or *Los Mineros*).

The three-day strike succeeded, and representatives

of the striking workers and the company signed an agreement that recognized *Los Mineros* as the workers' union, provided a profit-sharing payment twenty times higher than the company's initial offer, and brought workers previously hired through a third-party employment agency into formal employment with the company.

The agreement set an important precedent in Mexico where employers often sign "protection contracts" with corrupt unions in order to prevent their workers from organizing or affiliating with a democratic union. In this case, a "protection union" affiliated with the *Confederación de Organizaciones Sindicales* (COS) had been imposed on

the JCI workers without their consent.

But the workers' struggle was not over. On August 16, approximately 60 thugs, apparently associated with the COS, entered the factory, assaulting workers with rocks, sticks and chains and leaving many injured. Two of the members of the Executive Committee of the new union, Cándido Barreucos and Vigilio Melendez, were beaten in a company office and forced to sign letters of resignation, reportedly at gunpoint.

Staff from the Worker Assistance Centre (CAT), which has been providing support to workers at this and other Johnson Controls factories in Puebla, have also faced attacks and death threats on several occasions from thugs

associated with another protection union.

In response to the attacks, JCI workers once again walked off the job and remained on strike for several days. On August 19, the dispute was resolved when management signed a second agreement recognizing *Los Mineros* as the workers' union, severing its ties with the COS, and reinstating the two workers whose resignations were coerced.

MSN is working with the CAT and other labour rights organizations in Mexico and internationally to pressure Johnson Controls to fully implement the new agreement and to respect the right of all its Mexican workers to be represented by a union of their free choice. ■

Bangladesh: Situation still desperate at 21 cents an hour

Under normal circumstances, nearly doubling the official minimum wage for apparel workers would be cause for celebration. Yet when the Bangladesh government announced a proposed 3,000 Taka/month (US\$43) minimum wage for garment workers on July 29 (up from 1,662 Taka or US\$24/month) workers took to the streets in massive and sometimes violent protests.

WHILE THE Bangladesh government is blaming “saboteurs,” “provocateurs,” and “terrorists” for the outpouring of rage that preceded and followed the minimum wage announcement, it’s not hard to understand why workers continue to demand more.

Since the minimum wage was last raised in 2006, the cost of living has skyrocketed. Prices on almost all essential food items have doubled, and in some cases tripled. Inflation in February of this year stood at 9%, largely due to a rise in the cost of rice, a basic staple for Bangladeshi workers.

Garment workers who earn the minimum wage – despite working long hours making clothes for major brand-name companies – have to spend the majority of their income on food, leaving little to pay for other basic necessities for themselves and their children.

Meanwhile, Bangladesh’s garment industry is exporting more than \$12.4 billion worth of garments annually, going mostly to the US and Europe and, increasingly, to Canada. That’s nearly double what it

exported five years ago. The Bangladesh industry – which suffers from low productivity, frequent power outages, and other problems – owes much of its recent success to the desperately low wages it pays its workers.

“The new minimum wage of 21 US cents per hour is not enough to live on.... It is an absolute disgrace that this industry, worth \$12bn a year, treats its workforce with such contempt,” says International Trade Union Confederation (ITUC) General Secretary Sharan Burrow.

While acknowledging that the wage increase is not sufficient to meet workers’ basic needs, many garment workers unions in Bangladesh have agreed to the proposal for most pay grades. They are now calling for further increases in some pay grades and measures to supplement the minimum wage, including the provision of rations of staple foods, housing, childcare and healthcare, as well as immediate implementation of the new wage levels.

Crackdown on critics

The Bangladesh government’s response to worker

protests has been to issue arrest warrants for hundreds of garment workers, union leaders and labour rights advocates, including the Bangladesh Center for Worker Solidarity (BCWS), a widely-respected NGO that conducts worker rights training and legal advocacy.

On June 3, the government cancelled BCWS’ legal

director of the associated Bangladesh Garments and Industrial Workers Federation.

“Unfortunately rather than seeking solutions, the government seems now to be looking for scapegoats to justify a severe crackdown on labour rights activists,” says Phil Robertson, deputy Asia director at Human Rights Watch.

MSN is working with other

international labour and human rights organizations to campaign for the release of BCWS staff and reinstatement of its legal status. The campaign has also engaged major apparel brands sourcing from Bangladesh, who are being asked to put pressure on the government and local manufacturers who have filed trumped-up criminal charges against the BCWS in retaliation for worker organizing efforts at



Babul Akhter and Kalpona Akter, BCWS

their factories. registration and ordered that its property be confiscated and its bank accounts frozen. Less than two weeks later, staff member Aminul Islam was detained by security forces and severely beaten before managing to escape. BCWS Executive Director Kalpona Akter was arrested on August 14 along with Babul Akhter, the executive

their factories.

“The government should stop the harassment of those defending the fundamental rights to a living wage and to union representation, and help push the multinational companies which control the global garment industry to ensure their workers get a fair deal,” says Burrow. ■



Read more at www.maquilasolidarity.org/currentcampaigns/Bangladesh

PHOTOS: SARAH ADLER-MILSTEIN



Ground-breaking factory pays workers a living wage

Bucking the trend of poverty wages and sweatshop conditions all too common in the apparel sector, American sportswear manufacturer Knights Apparel is paying workers at its Villa Altagracia garment factory a living wage.

THE ALTAGRACIA PROJECT, HAILED as a breakthrough by labour rights groups, was initiated by Knights Apparel founder Joseph Bozich, who says he is hoping to prove that “doing good can be good business.” Mr. Bozich told the *New York Times* in July that a health scare a decade ago made him reconsider his priorities, and focus less on market share and more on using his considerable resources to help others.

The factory, located in the Dominican Republic’s Villa Altagracia Free Trade Zone, employs 130 workers producing t-shirts and hooded sweatshirts and is fully owned by Knights Apparel. At the suggestion of the Worker Rights Consortium (WRC), the company is using the same facility where workers lost their jobs five years ago, when a Nike



ABOVE: Workers at the AltaGracia factory: decent work and a living wage

supplier closed a unionized workplace.

The Altagracia project is being implemented under terms agreed to by Knights Apparel, the FEDOTRAZONAS union federation (which represents workers at the factory) and the WRC. The US-based Maquiladora Health & Safety Support Network is also providing guidance to ensure the factory is designed to minimize repetitive strain injuries commonly suffered by apparel factory workers.

Pablo Tolentino, a member of the

Altagracia factory union, says, “When I tell people about the factory no one believes it.

“From the moment they are hired, workers are told what their rights are. If they ever have a problem they can speak to the union, the WRC representative at the factory, or even management which is very respectful,” he explains.

Workers are also given workshops on everything from how to do their jobs safely and comfortably, to a course on financial planning so that they can take advantage of their higher salaries.

Tolentino says that his new salary has allowed him to send his son to a better school this fall and purchase books and materials, which he wasn’t able to do last year.

“Even though we are only 130 workers,” he adds, “with the salary being paid here the impact on our community is much larger.”

Most companies in the apparel sector argue that a living wage is difficult if not impossible to calculate, and only require their suppliers to pay the minimum wage, which in most countries condemns workers to poverty.

The WRC determined the living wage to be 18,153 pesos per month (approximately US\$500) in the Dominican Republic, more than three times the minimum wage in the DR’s free trade zones. The WRC confirmed in July that the factory was indeed paying a living wage as well as all legal overtime premiums.

According to Knights Apparel, a t-shirt from the factory costs only 80 cents more to produce than if it were paying workers the minimum wage. The company claims it will absorb this extra cost by lowering its profit margin. Students at universities selling Knights Apparel products will pay approximately US\$18 for a t-shirt, a price comparable to similar quality shirts produced in the region.

The project has won support from many US universities, as well as from the United Students Against Sweatshops (USAS). According to the *New York Times*, the factory’s clothing should be available at over 250 campus stores in the US this fall. ■

'This may be a watershed moment'

● continued from page 1

Nike, they had few expectations of making major headway with the company.

Two days later, Evangelina and Gina flew back to Honduras with a signed agreement. "It was an incredible experience and is an incredible victory for the workers," said Cano.

For over a year, Nike had been delaying negotiations and denying that it had any responsibility to take on its suppliers' legal obligations to their workers.

However, pressure on Nike had been building on campuses across the US where students were demanding that Nike comply with university codes of conduct that require remediation of any labour rights violations or failure to adhere to local laws by Nike contractors, or face cancellation of lucrative licensing contracts with their schools.

The Nike / CGT agreement represents the first time that a major international clothing brand has taken responsibility for the obligations of a supplier to workers victimized by an unjust factory closure. "This may be a watershed moment," said Scott Nova, executive director of the Worker Rights Consortium (WRC), which had been working to find a resolution to the conflict.

When Evangelina Argueta and Gina Cano flew to Los Angeles for a meeting with Nike, they had few expectations of making major headway. Two days later, they flew back to Honduras with a signed agreement.



Former Hugger and Vision Tex workers protest, June 2010

PHOTO: JEREMY BLASI

In January of 2009, both the Hugger and Vision Tex factories were closed without notice to the approximately 1,500 workers. The owners

left without paying US\$2.6 million in last week's wages and severance pay the workers were entitled to under Honduran law.

Adding insult to injury, many of the

laid-off Hugger workers learned that housing loan payments deducted from their pay had not been remitted to the government. Nor had the owners made legally-mandated payments to Honduras' national health insurance system and, as a result, the workers and their family members were left without health care coverage.

Argueta estimates that with Nike's relief fund contribution workers received approximate 80% of what was owing to them after the closures.

Nike's initial reaction to the closures was to announce plans for a job training program for former Hugger and Vision Tex employees and unspecified priority hiring opportunities at other Nike supplier factories in the area. In a February 1, 2010 letter, the workers responded to Nike's proposal stating, "We want to be very clear that while our stomachs are empty and we have a lot of debts, we don't need training. We are trained workers with many years of experience making high-quality products. What we need is to receive payment for the work that we have done, which is an obligation established by Nike's own code of conduct. We need jobs, real jobs, which will

allow us to pay our rent and buy food for our children. And we need health care because many of us have very serious health problems."

United Students Against Sweatshops (USAS) led the international push to get Nike to take responsibility for the debt owed to workers producing its products. Other labour rights groups, including the Maquila Solidarity Network and the AFL-CIO Solidarity

Center also provided support. But it was the workers' perseverance that ultimately produced the historic agreement.

At an August 12 forum in Honduras on precarious employment, Argueta reminded Honduran civil society organizations that years earlier a coalition of unions, women's, and other non-governmental organizations had proposed a draft law to the national government which would have established a special fund to ensure that workers receive their full legal entitlements when they are laid off due to a factory closure.

"With this historic agreement, we should now be able to convince companies like Nike to also support our proposal so that they won't be left paying the bill in the event of irresponsible factory closures by their Honduran suppliers," said Argueta. ■