

Maquila Solidarity update



PHOTO: National Garment Workers Federation

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Victims of Rana Plaza demand compensation
Savar, Bangladesh

Six months after Rana Plaza Workers still waiting for compensation

SIX MONTHS AFTER THE RANA PLAZA BUILDING collapse, more than 2,500 injured workers and the families of more than 1,100 workers killed in the disaster are still waiting for compensation.

According to a recent report by the Clean Clothes Campaign (CCC) and the International Labor Rights Forum (ILRF), some of the permanently injured workers have had to pull their

children out of school, because of a lack of income.

To date, only one of the international brands whose clothes were made in the Rana Plaza building,

UK retailer Primark, has provided some short-term relief to the victims.

On October 24, in the midst of Toronto's Fashion Week, Canadian retailer Loblaw (owner of Joe Fresh) announced that it would also be providing relief to workers and

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Lynda Yanz

IN THIS *UPDATE*, WE LOOK at a number of issues concerning wages and compensation – the compensation owed to injured workers and the families of those killed in the Rana Plaza disaster, the starvation wages behind the mass faintings of workers in Cambodia’s garment industry, the decline in real wages of garment workers in Central America and globally, and the failure of employers to pay the legal minimum wage in Haiti.

Clearly, wages and compensation are central to workers’ struggles around the world. In the globalized garment industry, they are also among the most difficult issues on which to win advances, as they have a direct impact on pricing and profits.

In addition to demanding safe workplaces and fair compensation for the victims of factory disasters, garment workers in Bangladesh are also fighting for wages that will meet their basic needs in a time of the skyrocketing rise in the cost of food, rent and other basic necessities.

Factory owners have enraged the workers by insisting they can only afford an increase in the minimum wage from US\$39 a month to \$46, because of the global economic situation. They argue that the low prices paid by international brands and retailers make it impossible to pay higher wages.

Tens of thousands of workers responded by taking to the streets in protest, and shutting down hundreds of factories to press their demand for a minimum wage of \$103 a month.

The Bangladesh government was supposed to announce a new minimum wage on Monday, October 28, but that announcement has been postponed. With the world’s attention still focused on Bangladesh in the wake of the Rana Plaza disaster, factory owners seem to recognize that they will have to accept a higher increase, but the amount is still not clear.

To win a living wage that meets basic needs and provides some discretionary income, workers must overcome many institutional

barriers to organizing workplace unions in Bangladesh in order to be able to negotiate increased wages in collective bargaining agreements.

The demand for a living wage is going global. On October 23, the Clean Clothes Campaign launched its “Pay a Living Wage Campaign.” On October 31, over 3 million workers in Indonesia launched a national strike demanding a 50 percent wage increase.

One thing that the Bangladeshi garment manufacturers are right about is that the giant brands and retailers also need to take responsibility for the poverty-level wages workers are being paid by increasing the prices they pay to their suppliers so they are able to pay a living wage. ■

Lynda Yanz
for the MSN team

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Poverty wages behind mass faintings in Cambodian garment factories



PHOTO: Heather Stilwell,
Labour Behind the Label

IN THE LAST TWO years, thousands of garment factory workers have fainted en masse in Cambodian garment factories.

While factory owners blame women workers for this phenomenon, labelling it mass hysteria, a recent report, “Shop ‘til they drop,” by UK-based Labour Behind the Label (LBL) and the Community Legal Education Centre (CLEC) of Cambodia identifies starvation wages as one of the main causes of the faintings.

Since 2008, food costs in Cambodia have risen 70% whereas the minimum wage has only increased by 56%.

“Profits continue to increase for brands and manufacturers, but each day workers find it more and more difficult to satisfy basic needs,” says CLEC’s Tola Mouen.

This problem of poverty wages is compounded by poor factory conditions where factory owners ignore national and international labour laws that

require proper ventilation, reasonable temperatures, access to clean water, chemical compliance requirements and workers’ right to freedom of association as they cut corners to keep costs low and competitive.

Currently, the monthly minimum wage in the Cambodian garment industry is set at US\$80 which, according to Labour Behind the Label is far below a living wage.

The LBL-CLEC report confirms that current wages do not allow workers to purchase the minimum dietary requirements and caloric intake necessary to carry out the demanding physical labour of the garment industry.

“The downward spiral of cheap clothing has led to a situation where people who make our clothes are paid starvation wages and can’t afford to eat or to feed their children,” says LBL’s Anna McMullen.

According to the report, a 3,000 calorie daily diet is needed; however most workers, struggling to

make ends meet, only consume 1,600 calories. Meanwhile, the failure of the Cambodian government to increase the minimum wage has led to wide-scale protest and strikes.

“The fact that virtually all factories, industry-wide, violate Cambodian labour law [by] keeping workers on fixed duration or temporary employment contracts, often for six or more years, means that workers can be fired with no notice or cause, including for refusal to work inhumane overtime hours,” says David Welsh of the AFL-CIO Solidarity Center in Cambodia. “Workers are completely vulnerable, and all brands are complicit, because they pressure suppliers to meet unrealistic order deadlines.”

Since the beginning of 2013, Cambodian garment workers have carried out over 83 strikes and have taken to the streets to demand an end to temporary employment contracts, an increase in the minimum wage to US\$150

a month, and compliance with national and international law on working conditions and collective bargaining rights.

Starting in January of 2014, the International Labour Organization’s Better Factories Cambodia (BFC) program will recommence the public disclosure of findings from its factory inspections when factory owners are unwilling to take corrective action. This decision has already generated considerable resistance from the factory owners.

Meanwhile, Cambodian unions and labour rights NGOs involved in the Asia Floor Wage Alliance are demanding significant increases in the minimum wage and calling on brands to subsidize an in-factory lunch program.

The report can be accessed at: <http://www.labourbehindthelabel.org/campaigns/item/download/215> ■

Protection contracts wide spread in Mexico's electronics sector

IN AUGUST, THE Centre for Reflection and Labour Action (CEREAL in Spanish) in Guadalajara, Mexico released its 2012 report on labour issues and cases of worker rights violations in the country's electronics manufacturing industry.

The report highlights the problem of employer protection contracts signed between hundreds of electronics manufacturing firms and unelected union leaders.

In one case profiled in the report, a worker at a

Foxconn factory said she was threatened and later fired for petitioning for the right of the workers at her plant to elect their union delegates.

In cases like this "the unions, far from fulfilling their role as mediators between workers and employers, become passive accomplices of the company," says the report.

According to the report, "virtually all of the workers in the electronics industry in Guadalajara belong to a union, but hardly any of them know it." It notes

that there were 481 registered workplace unions in Guadalajara and surrounding communities in the state of Jalisco at the end of 2012, but those unions had signed collective agreements with 35,674 companies.

CEREAL found that one individual, Enrique Torres Ibarra, was registered as the leader of two workplace unions, but had signed collective agreements with 466 companies.

The report also profiles the growing problem of

precarious work associated with the use of short-term employment contracts and third-party employment agencies. Between February and June 2012, Nokia dismissed 780 workers. By the end of the year, 50 percent of those workers were rehired, either on six-month contracts or through the third-party employment agency, Manpower.

"I was fired in late June 2012, and on July 30 Human Resources called me to ask if I wanted to go back to work, but hired

Electronics workers develop skills to engage with companies

In September, 41 members of the Coalition of Workers and Former Workers of the National Electronics Industry (CETIEN in Spanish) gathered in Guadalajara for a three-day workshop on how to effectively engage with companies on worker rights issues.

The majority of workers who participated in the workshop came from the Guadalajara area, although there was also representation from Monterrey, Reynosa and Mexicali. Staff from CEREAL and MSN acted as workshop facilitators.

The workshop was co-sponsored by CETIEN and CEREAL-Guadalajara, who adapted a workshop methodology and materials developed by MSN for a similar workshop, held in May in San Salvador, with women leaders of trade unions and women's organizations working with maquila workers in Central America and Mexico.

Participants in the Guadalajara workshop mapped the Mexican electronics industry, identifying the major brands and their links to Mexican suppliers in their regions. They learned how to document specific

cases of worker rights abuses, and role-played meetings with company HR staff in which they attempted to use that information to convince the companies to take corrective action to eliminate the abuses.

These exercises were organized around three hypothetical cases of worker rights abuses that are common in the electronics sector in Mexico:

- hiring workers on a series of short-term employment contracts in order to deny them seniority rights and social benefits provided to permanent employees;

- failing to provide child care facilities at the workplace as required by law; and
- changing the terms and conditions of employment of a group of directly-hired workers to transform them into employees of a third-party employment agency.

Rather than attempting to organize workplace by workplace, CETIEN brings together workers from a number of electronics factories, not only from Guadalajara, but also from other electronics hubs in other states.

Because of the institutional barriers to the formation

through Manpower,” said one worker. “I know work-mates who have already been called and they are going to take them into account to hire them on seven-day contracts with lower wages and fewer benefits.”

A unique experiment

CEREAL’s annual reports are part of a unique experiment in which the Jesuit-sponsored NGO has negotiated an “accord” with electronics manufacturers and brands mandating it to receive and inves-

tigate complaints from workers about alleged violations of their rights in electronics factories in the Guadalajara area, Mexico’s “silicon valley.”

The accord is a dispute resolution mechanism with four stages. In the first stage, a worker can bring a complaint of a labour rights violation directly to management of his/her firm. If the issue is not resolved at that stage, the worker can bring the complaint to CEREAL, which investigates the case before bringing its

findings to management’s attention.

If CEREAL and the employer cannot agree on a resolution to the issue at the second stage, the case can be brought to the local industry association. If there isn’t satisfactory resolution at stage three, CEREAL has the option to bring the case to the attention of the brand buyers whose products are made at the factory.

If there is no acceptable resolution at this final stage, CEREAL can publicize the case in its annual

reports and to the media.

According to Jorge Barajas of CEREAL, “the accord has served to find resolutions to specific cases, but to date it hasn’t been able to achieve solutions to underlying systemic issues, such as the lack of freedom of association.”

The report can be accessed at: http://cereal-gdl.org/images/informes/CEREAL_report_2013.pdf ■

of independent, democratic unions in Mexico, including the existence of employer protection contracts in most of the electronics factories, workers have often had to develop alternative organizational strategies and structures in order to put forward demands and engage in dialogue with employers and brand buyers.

On October 15, CETIEN members staged a protest outside the Jabil electronics factory to denounce the arbitrary dismissal of 500 workers and the employer’s failure to provide them full severance pay. The staff

reductions were reportedly caused by the economic difficulties suffered by the company’s main client, Canadian smart phone brand, BlackBerry.

The protestors, who wore white masks to protect their identities, also denounced arbitrary changes in the terms of their employment, including salary reductions and shift changes, pressure to sign resignation letters and other unknown documents, and the shifting of production to

other plants located outside the city.

Following the protest, a commission of the workers and staff from CEREAL entered the plant, accompanied by representatives of

the state department of labour and Jabil management, in an attempt to negotiate a resolution to the conflict.



PHOTO: CETIEN

Living Wage:

Reversing the race to the bottom on workers' wages

ON OCTOBER 21, the Clean Clothes Campaign (CCC) launched a Week of Action in 15 European countries calling on clothing companies around the world to *Pay a Living Wage* to the workers who make their products.

CCC is demanding that clothing brands and retailers establish measurable targets

throughout their supply chains to ensure garment workers get paid a living wage, and is calling on national governments in garment producing countries to make sure minimum wages are set at living wage standards.

The CCC campaign is profiling the work of the Asia Floor Wage Alliance, citing it as a positive example of col-

laboration between unions and labour rights NGOs at a regional level to reverse the race to the bottom on wages and establish a common formula and specific wage figures by country that would meet workers' basic needs.

While the formula developed by the Alliance is not directly transferable to other regions of the world, the concept of a regional floor

wage, and the experience of groups working together across borders to win a living wage could inspire similar initiatives in other garment-producing countries.

To learn more about the CCC campaign, visit: <http://www.cleanclothes.org/living-wage> ■

Central American maquila wages sink below poverty line

MOST WORKERS employed in Central American maquila factories are paid wages that not only fail to meet the basic needs of themselves and their families, but aren't sufficient to meet their nutritional needs.

This is the central finding of a just-released study co-authored by the Commission for the Verification of Codes of Conduct (COVERCO) of Guatemala, the Honduran Independent Monitoring Team (EMIH), Professionals for Corporate Social Auditing of Nicaragua (PASE), labour rights expert Sergio Chavez of El Salvador,

and the Maquila Solidarity Network (MSN).

The 32-page Spanish-language study, *Una aproximación al salario de vida en el sector maquila en Centroamérica* [Towards a living wage in the maquila sector in Central America], shows that although the right to a living wage is guaranteed in the constitutions of the four countries, the governments have set minimum wages for maquila workers that are below basic market basket levels set by the same governments.

In order to attract and maintain foreign investment, separate minimum

wages have been established for maquila workers in Guatemala, Honduras and El Salvador that are lower than those for workers in other sectors, despite the fact that the workers are producing for highly profitable northern brand-name apparel companies.

In Honduras, an even lower minimum wage has been established for maquila workers in the southern and western regions of the country.

In two of the four countries studied, Nicaragua and Honduras, the minimum wages for maquila workers are below the

respective national extreme poverty line.

The study concludes that a variety of strategies will be needed to improve workers' incomes, including pressure on the brand buyers, collaboration among trade unions and labour rights NGOs at the regional level, tripartite negotiations on the minimum wage at the national level, collective bargaining at the factory level, and multi-stakeholder initiatives to achieve a living wage.

For a copy of the Central America study (in Spanish), visit: <http://es.maquilasolidarity.org/node/1032> ■

a worker's right

Real wages fall worldwide

A JULY STUDY BY THE US-based Worker Rights Consortium (WRC) reveals that garment workers' real wages are decreasing in most countries around the world.

The WRC found that between 2001 and 2011, garment workers' wages in Bangladesh, Mexico, Honduras, Cambodia and El Salvador declined in real value by an average of 14.6%, further widening the

gap between what workers are actually paid and what they need to be paid to meet their basic needs.

In none of the 15 countries included in the study did the prevailing monthly straight-time wage provide garment workers with the equivalent of a minimum living wage," says the WRC report.

"On average, the

prevailing wage in 2011 for garment workers in each of the countries included in the study provided little more than a third—36.8 percent—of the estimated living wage in the same country . . ."

According to the report, "in 5 of the top 10 apparel-exporting countries to the

United States . . . wages for garment workers declined in real terms between 2001 and 2011 by an average of 14.6 percent . . ."

For a copy of the WRC study, visit: <http://www.americanprogress.org/wp-content/uploads/2013/07/RealWageStudy-3.pdf> ■

Wage theft in Haiti

AS DEMANDS FOR increased wages gain strength, some workers are still being cheated out of the legal minimum wage.

Garment workers in Haiti producing clothes for major North American brands and retailers, including Canada's Gildan Activewear, are being paid wages that are substantially lower than the legal minimum wage, says an October 15 WRC report entitled "Stealing from the Poor: Wage Theft in Haitian Apparel Industry."

According to the WRC, "the majority of Haitian garment workers are being

denied nearly a third of the wages they are legally due as a result of the factories' theft of their income."

Wage theft by factory owners in the poorest country in the hemisphere is leaving workers with incomes that are "dramatically short of what they and their families need to meet the daily costs of an already impoverished existence," says the report.

In early November, an open letter signed by more

than 45 labour rights groups in the U.S. and Canada, including MSN, called North American apparel companies doing business with Haiti to require their suppliers in that country to pay the legal minimum wage, provide assurances to those suppliers that they will maintain business with them, and pay sufficient prices for garments so that

the suppliers can pay a living wage while preserving jobs for Haitian workers.

For a copy of the WRC Haiti report, visit: <http://www.workersrights.org/reports/WRC%20Haiti%20Minimum%20Wage%20Report%2010%2015%2013.pdf> ■

PAY GARMENT WORKERS A LIVING WAGE

A worker should be able to afford:

- 1 food
- 2 rent
- 3 healthcare
- 4 education
- 5 clothing
- 6 transportation
- 7 savings
- 8 bonus

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Uncompensated workers in Bangladesh

● continued from page 1

dependents from the New Wave Style factory, where their products were being made at the time of the building collapse.

Loblaw also promised to begin providing long-term, direct compensation for the victims and their families beginning in 2014.

Both Loblaw and Primark, along with Benetton and El Corte Ingles, form part of a coordinating committee working on an agreement for calculating and distributing long-term compensation to the Rana Plaza victims through a joint fund to which each company will contribute.

Other companies that have committed to contribute to the fund include Inditex (owner of Zara), Bon Marche and Mascot. North American companies that have so far refused to provide compensation include Children's Place, JC Penney, Dress Barn and Walmart.

Accord moves forward

Meanwhile, considerable progress has been made on the implementation of the Accord on Fire and Building Safety in Bangladesh.

The Accord is a legally-binding agreement between Global and Bangladeshi unions and apparel brands and retailers sourcing from Bangladesh, with four international labour rights NGOs, including MSN, signing as witnesses. Supplier factories covered by the Accord will be subject to independent

safety inspections and training programs.

As of October 25, over 100 major brands and retailers from Europe, the US, Australia, Hong Kong, and Canada have signed the Accord. Loblaw is the only Canadian signatory.

Factory information released

The Accord has posted information on the over 1,500 factories employing over 2 million workers, including factory names and locations, number of buildings in each facility, number of floors of each

Under the Accord, the signatory companies are also obligated to underwrite the cost of any factory upgrades needed.

On October 17, the Accord announced the hiring of Brad Loewen, formerly employed by the City of Winnipeg, Canada, as the Chief Inspector for the program.

Serious challenges remain

Two recent incidents since the Rana Plaza disaster underline the serious challenges to making Bangladeshi garment factories safe.

producing fabrics for both Accord-member and non-Accord-member companies, including Canada's Hudson's Bay Company (HBC) and Loblaw.

HBC has confirmed that it had orders in the factory that were to be delivered in April 2013. Loblaw says it had no knowledge of any of its products being made in the Aswad factory.

Aswad is a textile mill, and is therefore not under the scope of the Accord. However, shortly after the fire the Steering Committee announced that the signatory members using the facility

"have agreed to work within the spirit of the Accord in providing necessary support to the victims and their families...."

In the second incident, an inspection carried out at the request of a group of Accord-member companies at the Liberty Fashion Wears factory found that the main sewing unit of the factory was in danger of collapsing putting the workers at serious risk.

Although the brands reportedly provided considerable financial support to upgrade the

factory, the owner failed to carry out any repair work while the factory was closed, and therefore risks losing business with Accord-member companies.

A plan is now being put in place to ensure that the workers are paid what they are owed. ■



factory, whether the factory is located in a multi-story building, total number of workers, and number of Accord-member companies using each factory.

Once the inspection program is underway, the findings will also be posted, as well as the actions taken to make the facilities safe.

On the evening of October 8, a fire at the Aswad Composite Mills factory in Gazipur killed nine workers and injured 50. If the fire had started earlier in the day, hundreds of workers might have died.

Shipping records indicate that the factory was