

Maquila Solidarity update

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inside

Reaching a deal with Burger King

to supplement the poverty wages of Florida tomato pickers.

2

Hanesbrands workers in Dominican Republic negotiate a first collective bargaining agreement; MSN tackles another Hanesbrands closure in Mexico.

3

Chinese labour law:

Workers get new tools, but employers find new tricks.

4

Government interference threatens to undermine an early maquila success story.

6

Chasing the next China: Brands threaten to move to even lower-wage countries as the race to the bottom continues.

7



Triumph workers:
Ratiporn Jantharasri and
Siriluk Sukchai outside a
Triumph store

PHOTO: MAQUILA SOLIDARITY NETWORK

Thai workers walk out to protest firing of union president

MANAGEMENT AT THE BODY Fashion factory in Bangkok, Thailand, probably weren't expecting a full-blown strike when they fired Jitra Kotchadej, president of the Triumph International Workers' Union on July 30. But the union, whose 3,000 members produce bras and other

undergarments for the German-based Triumph brand, walked out en masse after learning their president had been sacked.

Managers at Body Fashion, a factory wholly owned by Triumph, accused Kotchadej of damaging the company's reputation by appearing on a

television interview program wearing a t-shirt supporting the rights of an individual arrested for failing to stand when the royal anthem was played in a movie theatre. Her t-shirt read "Not standing is no crime. One who thinks differently is no criminal."

● see 'Triumph' p.8

Burger King agrees to increase wages for tomato pickers

Executives caught telling whoppers

Just a little over a year after convincing McDonald's to supplement the wages of impoverished tomato pickers in Florida, the Coalition of Immokalee Workers (CIW) has successfully persuaded Burger King to follow suit.

AFTER A HARD-fought, acrimonious campaign that at one point threatened to undo the string of wage improvements that CIW had previously won, the reversal was stunning. In May, Burger King fired two of its Vice Presidents for "dirty tricks," apologized for its negative campaign against CIW, and committed to improving wages for the workers picking its tomatoes.

The fast-food chain had been caught retaining the services of an unlicensed private investigator, Diplomatic Tactical Services, who had directed its operatives to infiltrate the Student/Farmworker Alliance, one of CIW's key allies. At the same time, anonymous, libelous remarks on blogs were directly traced to anonymous e-mail addresses that led back to Burger King headquarters.

Beset by volumes of negative media attention, Burger King launched an internal investigation and dismissed the two Vice Presidents it deemed responsible for the misdeeds. In its announcement, CEO John Chidsey said, "We apologize for any negative statements about the CIW or its motives previously attributed to BKC or its employees and now realize that those statements were wrong. Today we turn a new page in our relationship and begin a new chapter of real progress for Florida farmworkers."

The Burger King-CIW deal will increase tomato pickers' piece rate by 1¢ per pound of tomatoes picked. Burger King will pay growers a total of 1.5¢ per pound more to cover incremental payroll taxes and administrative costs – a new provision to encourage grower participation in the pro-



Lucas Benitez of the CIW and Amy Wagner of Burger King sign historic agreement

PHOTO: FRITZ MEYER

Unfortunately, Burger King's capitulation to CIW's demands does not yet allow for the resumption of CIW's wage improvement program. The Florida Tomato Growers' Exchange (FTGE) remains opposed to the deal and has not reversed its policy to fine growers who

agree to pass on the extra 1¢ per pound. Fast food chains continue to hold the additional wages in trust until a resolution is reached.

While continuing to battle the FTGE, CIW now turns its attention to a new series of fast-food chain targets: Subway, Chipotle Mexican Grill, and Whole Foods Market. ■

program. Additionally, it agreed to call upon other fast-food chains to make the same commitment to tomato pickers and establish a zero tolerance policy for certain unlawful activities that would result in an immediate termination of the relationship with the grower.

The zero tolerance policy came in response to recent findings of slave labour in Florida tomato fields, which arose when three tomato pickers escaped from a locked U-Haul truck.

For previous coverage from MSN on this story, please see *Maquila Solidarity Update 13.1*: <http://en.maquilasolidarity.org/en/node/776>

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Dominican workers win precedent-setting victory at Hanesbrands plant



PHOTO: UNITED STUDENTS AGAINST SWEATSHOPS

TOS Dominicana:
Hanesbrands workers
on tour in USA

After fighting for over two years for the right to bargain collectively with their employer, the US multi-national apparel manufacturer Hanesbrands, workers at the TOS Dominicana textile plant in the Dominican Republic have won a first collective agreement.

SIGNED ON AUGUST 13, THE agreement provides for a 10% wage increase and other monetary benefits.

"It's precedent-setting," says Ygnacio Hernandez, General Secretary of the Dominican Federation of Free Trade Zone Workers (FEDOTRAZONAS). "With this agreement, the workers' wages will be among the highest in the free trade zone."

Hernandez attributes the victory to the tenacity of the workers and to the international support and assistance they received from organizations such as the Worker Rights Consortium (WRC), United Students Against Sweatshops (USAS), the Fair Labor Association (FLA), the AFL-CIO Solidarity Center, and the International Textile, Garment and Leather Workers' Federation (ITGLWF).

He notes that the TOS Dominicana facility (now known as Dos Rios Textiles) is projected to grow from its current workforce of 1,700 to 5,000 and is therefore very unlikely to be closed by Hanesbrands.

The workers' victory did not come easily. In October 2006, the WRC carried out

an investigation into worker allegations of legal and university code of conduct violations at the factory. Its report documented a number of abuses, including:

- forced and undercompensated overtime;
- coercion of workers to sign new employment contracts and complaint waivers that reduced their rights and benefits;
- verbal harassment and abuse;
- failure to report work-related injuries and illnesses to the proper authorities; and
- threats, harassment and targeted dismissals of union supporters.

Hanesbrands' initial response to the report was to reject and attempt to discredit the WRC's findings. It later hired a law firm that specializes in "union avoidance" to carry out a separate investigation. Not surprisingly, this firm found no violations of freedom of association.

In April 2007, just days before the

● see 'Hanesbrands' p.8

Will Hanesbrands do the right thing in Coahuila?

Since receiving word that Hanesbrands was closing its sewing factory in Madero, Mexico MSN and our partners in the state of Coahuila, CETRAMAC and SEDEPAC, have been calling on the company to not only provide the 1,400 displaced workers their full severance pay and other legal benefits, but also to help ensure that they receive job retraining, health care coverage and alternative employment opportunities.

While Hanesbrands had been singularly unresponsive to such requests in the past, this time the company was willing to dialogue with MSN, though not directly with local labour rights organizations.

On the positive side, early reports from CETRAMAC and SEDEPAC indicate that workers are receiving severance that meets and exceeds the legal requirements. The company has also promised to offer the former Madero workers first-hire opportunities at another Hanesbrands factory in the region, though how it puts this promise into practice has yet to be verified.

Health care coverage, compensation for workers with work-related injuries and retraining remain up for discussion. Gildan Activewear, which is one of Hanesbrands major competitors, provided workers with these benefits after closing two other factories in the same region. ■

Eight months on, the effects of China's Labour Contract Law begin to show



Shenzhen workers read posters outlining the new law outside a migrant workers' centre

After an extended, unprecedented period of consultation, China enacted its revamped Labour Contract Law on January 1, 2008 in hopes of better protecting workers' rights and stemming a tide of growing worker unrest. Despite its flaws, many labour rights groups working in China remain cautiously optimistic that the new law will improve workers' lives.

THE LAW REQUIRES the signing of written employment contracts with each employee, bolsters severance pay provisions, and limits the number of times that an employer can use short-term contracts with any given worker.

Even before its enactment, labour rights advocates identified major obstacles to its effectiveness. Workers in China are still denied freedom

of association – workers must still affiliate exclusively with the All-China Federation of Trade Unions, which has generally failed to act on workers' behalf when their legal rights are violated. And as with any law, enforcement varies widely from region to region in China.

A new research report on the results of the new Labour Contract Law published by the Dagongzhe Migrant Worker Centre and the Hong

Kong-based organization Worker Empowerment (WE) confirms these concerns.

Bag of tricks

According to the report, employers have come up with numerous ways to sidestep the provisions of the new law, or are able to ignore it altogether. In its survey of over 300 workers in Shenzhen – perhaps China's most prolific manufacturing centre – Dagongzhe found that 64% of

the time, workers reported that the hours they worked did not correspond to the hours specified in their contract. Twenty-eight percent of workers earned less than the legal minimum wage.

When employers aren't ignoring the law, they're finding innovative ways of working around them. Contract irregularities are common: workers may be asked to sign contracts that are in English rather than Chinese, incomplete, or even blank. Some are asked to sign contracts that are stamped by multiple employers or subsidiaries, and in some cases workers'

wages are split across two contracts – one official and one unofficial one – to skimp on overtime and social security premiums.

To dodge minimum wage provisions, some employers are hiking dormitory and canteen fees directly proportional to wage increases. They may also increase fines levied for mistakes or “insubordination”.

Box of tools

According to Suzanne Wu of WE, worker mobilization is key to reaping the benefits of the new law. From its relatively liberalized environment in Hong Kong, WE works to improve labour conditions in China by promoting the growth of labour rights NGOs in the mainland. Their program in China focuses on the creation and support of community labour centres.

“We fight for rights. Rights won’t drop from the sky... Even if you have these rights on paper, what makes them become real? It’s whether workers can execute their rights. It depends on their capacity, their knowledge, and their power,” says Wu, “Our role is in the community first of all.”

For workers, according to Wu, the new law is an additional tool that can be employed to assert their rights. Organizations like WE help them evaluate how and when to use the new law to assert their rights, along with other tools like government pressure.

“It’s one more hammer in the toolbox, but it doesn’t mean you can fix your house,” she says, “We have to teach the workers how to use this tool.”

The community labour centres fostered by WE also face the constant movement of factories and the resultant large turnover in the workforce. “Factories are always searching for a cheaper place, and cheaper labour,” says Wu.

Some see that as a hindrance to ongoing worker organization, but Wu sees it differently.

“We tend to think that the workers always move around, they never stay in your centres and your factories, so the results of all you teach them vanishes and disappears. But in fact the actual case is not like that. They move from one factory and they bring their knowledge, the experience of organizing to a new factory.”

“The mobile worker can be the one that brings the seed of organizing to a different area. Sometimes we also ask workers who have returned to their hometown to carry out a pre-departure training program.”

Wu remains optimistic about the improved prospects for labour rights in China under the new Labour Contract Law, imperfect though it may be. “We appreciate the Labour Contract Law. We should show our positive attitude to that new tool.” ■

Assailants fail to intimidate Chinese migrant worker centre

IN FEBRUARY, MSN REPORTED ON THE BRUTAL STABBING and slashing of Chinese labour rights advocate Huang Qingnan late last year. The attack temporarily closed the Shenzhen-based labour organization he founded, but in July, the Dagongzhe Migrant Worker Centre re-opened in a new location and Huang returned to his post.

Five arrests were made in connection with the attacks, which were an attempt to intimidate Dagongzhe and



Solidarity demonstration, Hong Kong

Huang from counselling workers on their rights including those under the new Labour Contract Law. Dagongzhe’s former landlord – who also rents space to

factories – was accused of plotting the attack. The centre, which provides a library, legal information, and internet access to migrant workers, had been focusing on educating workers on the new law in the lead-up to its enactment.

The stabbing was the third violent attack to hit the Dagongzhe Migrant Worker Centre in late 2007. In the latest incident, Huang was slashed and stabbed repeatedly while en route to a nearby factory to investigate a beating suffered by a worker. Already disabled from an industrial accident, Huang was left in a pool of blood.

Violent attacks such as the one that hospitalized Huang are not isolated incidents. According to Citizens’ Rights and Livelihood Watch, a China-based human rights organization, a labour rights advocate, Li Jinxin, was kidnapped and beaten by an anonymous group just a week before Huang was slashed. Another labour rights advocate, Jing Jingbo, is also reported to have received death threats around the same time.

The level of violence and intimidation faced by activists like Huang, Li, and Jing seems to indicate that employers are nervous – and highly defensive – about the potential for knowledgeable workers to assert their workplace rights under the Labour Contract Law. The seriousness with which Chinese authorities treat the perpetrators will be a key factor in determining the level of respect for labour rights under China’s new labour law regime. ■

 More information on the Labour Contract Law:
<http://www.ihlo.org/LRC/W/101207.html>

 Information on the implementation of the Labour Contract Law:
<http://www.ihlo.org/LRC/WC/270608.html>

Puebla government interferes in internal dispute at Mexmode

IN 2001, MSN SUPPORTED workers in a high-profile campaign at the Kukdong factory (later renamed Mexmode) in Atlixco, Puebla, Mexico. The workers were campaigning for an independent union to replace a government-affiliated union, the FROC-CROC, which had been imposed without their consent. In recent months, another government-affiliated organization, Antorcha Campesina, has attempted to seize control of the union with the support of the government using physical assaults and an illegal workers' assembly.

The dispute between the independent union, SITEMEX, and Antorcha Campesina stems from legitimate grievances within SITEMEX over the failure of its elected leadership to consult with its members and its cancellation of a union meeting and worker assembly. However, rather than allowing SITEMEX's democratic processes to resolve the internal dispute, the Puebla state government has intervened in favour of an external organization with a history of paramilitary activity and no legal authority to represent workers. The organization has launched an aggressive and sometimes violent campaign to drive the elected leaders out of office, and out of the factory.

On May 21, Antorcha leaders with no relationship to the factory held an unauthorized

worker assembly outside the plant. The workers who participated in the assembly voted to remove the current leadership and elected a new slate of officers supported by Antorcha.

According to the US-based Worker Rights Consortium (WRC), which carried out an investigation into the case, the assembly was led by a senior government official from the municipality of Atlixco. The WRC's report confirms that a substantial number of those attending the assembly were not current employees of the company and some were Antorcha activists who had never worked at the factory. "Some of the [Antorcha Campesina] supporters held sticks and clubs, which created an atmosphere of tension and intimidation during the meeting," says the WRC report.

On May 30, supporters of Antorcha physically assaulted union president Josefina Hernandez inside the factory, dragged her out of the union office and removed her from the plant. According to the WRC report, four other female and one male union officers were also physically assaulted by the Antorcha supporters.

Although the state Conciliation and Arbitration Board initially declined to recognize the results of the May 21 worker assembly, reportedly because of the lack of a quorum, it later agreed to



Inside the Mexmode factory

PHOTO: MEXMODE

hold a second "extraordinary assembly." According to the WRC report, this was also illegal because it violated SITEMEX's Articles of Association.

On June 20, hundreds of Antorcha supporters descended on the factory, some arriving in a government bus bearing the seal of the State of Puebla. Despite a request for an injunction to prevent the vote filed two days earlier and despite management's initial refusal to allow the government officials and Antorcha supporters to enter the factory, the assembly went forward and the Antorcha-supported slate was elected in a show of hands vote, again contravening union bylaws requiring a secret ballot vote.

Some of the workers interviewed by the WRC said that fear of retaliation against themselves and family members had motivated them to vote for the Antorcha slate.

The WRC report found that the dispute was "effectively hijacked by outside political actors – namely [Antorcha Campesina] and its allies in the government."

The WRC report recommended that the Puebla State Government cease its support of Antorcha Campesina and

act impartially, arrest and prosecute those alleged to have physically assaulted Mexmode workers, guarantee the safety of Mexmode workers, and invalidate the results of the illegal assembly.

However, on July 26, the state Conciliation and Arbitration Board

again overstepped its legal mandate and accredited the election of the pro-Antorcha slate.

The WRC report also recommends that Mexmode ensure the safety of its workers, dismiss those alleged to have assaulted other workers, and handle disputes in accordance with its disciplinary procedures and the SITEMEX collective bargaining agreement. Finally, it recommends that brands sourcing from Mexmode keep their business with the factory, and pressure the Puebla State Government to operate in accord with the law. ■

Full report from WRC:
<http://maquilasolidarity.org/redirect/mnu13.3-wrcmexmode>

Is China still the final destination in the race to the bottom?



Adidas CEO Herbert Hainer demonstrated that the race to the bottom is alive and well when he told the German business weekly *Wirtschaftswoche* recently that adidas is shifting production from China in search of lower-wage countries.

"[Chinese] salaries, which are set by the government, have become too high," he said, adding that Chinese production for adidas "is going to decline." "We have already opened our first factory in India. Countries like Laos, Cambodia and Vietnam will be added," Hainer said.

es said they originally chose China for its low labour costs.

Of course reports of "planned" shifts should not be given too much weight – they could easily be part of a not-so-subtle pressure campaign by foreign investors to halt or reverse worker protections and wage increases in China – but there is some evidence of real shifts already underway in the apparel and footwear sector. The value of US apparel and footwear imports from Vietnam between January and May this year were 27.2% higher than in the same period in 2007, while imports from China dropped 5.4% during the same period. Imports from Bangladesh also rose by 6.4%.

Not all of the rising costs in China are attributable to wages. China's currency has risen against the dollar for most of this year, making imports from China generally more expensive for US companies. Energy and other input costs have also risen, although this is common to other producing countries as well.

Nor is it clear, at least in the apparel and footwear sectors, that workers are actually receiving the benefits of legal increases in minimum wages. This is in part because worker incomes are often based on a combination of piece rates, production bonuses, attendance bonuses and other factors. Employers have been known to discount other payouts or charge new fees to workers when legal minimum wages rise, eliminating any improvement in actual income for workers.

However, increases in the legal minimum wage in key production centres on the mainland over the past year has undoubtedly contributed to the shift in investment and sourcing patterns from China's southeast coastal region to the interior and to other countries.

A recent study on average apparel worker wages reveals that average wages in Vietnam and Bangladesh – even with bonuses included – are substantially lower than Chinese wages. The *Global Apparel Labor Cost Summary 2008*, produced by US-based consultants Jassin-O'Rourke Group LLC, shows Bangladeshi wages (including bonuses and applicable benefits, adjusted for exchange rates) at 22 cents (US) per hour, Vietnam at 38 cents and China between 55 cents and \$1.08 per hour.

Because of its overall combination of advantages for manufacturers, China will likely continue to be a major destination for investment in apparel and footwear production. But even these small shifts in investment and sourcing to other countries, particularly in the relatively stable sports footwear sector, suggest that the race to the bottom on wages doesn't stop in China.

Unless the major brands are willing to seriously address the problem of poverty wages, international efforts to build responsible competitiveness will continue to be undermined by both the threat and the reality of investment and jobs shifting elsewhere whenever workers are starting to make wage gains. ■

FOR YEARS NOW, BRANDS HAVE INSISTED that worker's wages are not the key factor in determining where they source product.

Proximity to markets, local infrastructure, availability of materials, productivity and technical abilities are part of the equation, brands insist, and wages play a minor role. Hainer's comments, however, suggest brands like adidas are still chasing low wages as a primary factor in locating production.

A study released in March by the American Chamber of Commerce in Shanghai noted that one in five of the foreign-owned or foreign invested manufacturing firms they surveyed (across sectors) indicated plans to shift production from China to other, lower-cost countries like Vietnam or India, with wage increases cited by over half the respondents as a contributing factor. Eighty-eight per cent of these business-



Union president Jitra Kotchadej

PHOTO: THAI LABOUR CAMPAIGN

Hanesbrands settlement

● continued from page 3

workers' union filed documents with the Ministry of Labour indicating it represented more than 50% of the workforce and therefore had the legal right to negotiate on behalf of the workers for a first collective agreement, the employer fired 30 union members.

However, one month later, just prior to the publication of the WRC report, the company began to show a willingness to address at least some of the WRC's findings and recommendations. On May 11, the employer provided workers a pay increase, and on May 18 it posted a notice stating that the workers had the right to participate in a union and engage in collective bargaining.

In October 2007, after numerous legal manoeuvres by the company, the Ministry finally verified that the union did in fact have the support of the majority of the workers. However, the company responded by rejecting the Ministry's report and refusing to negotiate with the union.

In November 2007, more than one year after the WRC's initial investigation, Hanesbrands agreed to provide partial back pay for the undercompensated overtime and indicated it was prepared to adopt a different attitude toward the union and collective bargaining.

The issue of reinstating the unjustly fired union members remains outstanding. ■

Will workers Triumph?

● continued from page 1

After the interview was aired, management obtained permission from a provincial labour court to fire the union president. Workers claim that the t-shirt was just an excuse to attack the union's leader and bust the union, and that Kotchadej has a right to free expression.

Over the course of the strike, thousands of Triumph workers have engaged in protests including blocking the

factory's entrance. On August 5, they demonstrated outside the Government House in Bangkok, removing their bras and throwing them over the fence at the government building. They demanded that the Prime Minister order the reinstatement of Kotchadej and ensure that workers were not penalized for striking.

When local management refused to reinstate Ms. Kotchadej, union representatives sought meetings with Triumph executives from the

European head office. They are asking for removal of company executives – including a Canadian national, Managing Director Kenneth Marshall – who initiated the action against the union president.

On August 22, Triumph International released a statement saying they were not prepared to discuss reinstatement of the union's leader, claiming that office staff that

remained inside the factory wanted her gone. Thai

groups report that the company has organized buses to bring Triumph employees from other non-union factories to protest against Ms Kotchadej's reinstatement.

Since its inception in 1991, the Triumph Workers' Union has been an important example of successful union organizing in the apparel sector in Thailand. The union has negotiated regular increases in pay and benefits and has also tackled the issue of precarious employment by negotiating a

 **The latest updates on this case and support actions you can take are posted at: www.maquilasolidarity.org/**