

Maquila Solidarity update



Rana Plaza building collapse,
Savar, Bangladesh

Global brands sign historic fire and building safety accord

IT TOOK THE WORST INDUSTRIAL DISASTER IN THE HISTORY OF Bangladesh to move global apparel companies to take serious action, but some good may come out of the April 24 Rana Plaza building collapse that killed over 1,100 workers and injured over 1,000 more.

As we go to press, more than 40 international retailers and brands have signed the groundbreaking Accord for Fire and Building Safety in Bangladesh with the Global

Unions IndustriALL and UNI . Four labour rights NGOs – the Clean Clothes Campaign (CCC), International Labor Rights Forum (ILRF), Maquila Solidarity Network (MSN), and

Worker Rights Consortium (WRC) – that have been campaigning for safe workplaces in Bangladesh for nearly a decade signed as witnesses.

Unlike a voluntary code of conduct and secretive, company-controlled factory audits, the Accord is a legally-binding and enforceable agreement that requires sig-

● see 'Historic Accord', p. 8

Vol. 18 No. 1 • July 2013

inside

Health and safety: Honduran women's group withdraws Gildan and Hanesbrands complaints in frustration

3

Poverty wages: Forcing the issue of a living wage onto the agenda

4

Women, brands and labour rights: Central American women assess the pros and cons of brand engagement

6

Peru: International brands support repeal of short-term contracting law

7

Remembering labour rights advocate Stephen Coats

8

How many more deaths will it take to convince North American companies to get serious about worker safety in their Bangladeshi supplier factories?



Lynda Yanz

IN OUR LEAD ARTICLE IN THIS issue of the *Update*, we profile the Accord on Fire and Building Safety in Bangladesh, a groundbreaking agreement signed by over 40 major retailers and brands that could make Bangladeshi garment factories a lot safer for the workers who make their products.

Unlike most voluntary corporate social responsibility (CSR) initiatives, the Accord will give workers and local trade unions an active role in its implementation, including participation in workplace health and safety committees, the right to file complaints and the right to refuse unsafe work.

Most important, the Accord is a legally binding agreement, and not a voluntary code of conduct. As such, it represents a new stage in more than 20 years of efforts to hold apparel and sportswear companies accountable for labour practices in global supply chains.

The death of over 1,100 workers in the April 24 Rana Plaza building collapse was no accident. Everyone knew,

or should have known, that the building was unsafe – workers employed in the five factories housed in the illegal eight-story building, factory managers, building inspectors, government officials, the Rana Plaza owner, and the brands whose factory audits failed to detect any problem.

According to one young woman who survived and was pulled from the rubble, workers had been afraid to enter the building the morning of its collapse, but the managers had ordered them to go to work because they had to meet order deadlines, and had threatened not to pay them if they refused.

The Rana Plaza tragedy should have been a wakeup call to apparel brands that set the price and order deadlines. More of the same voluntary, company-controlled factory audits cannot address the structural and fire safety hazards endemic to the Bangladeshi industry.

Unfortunately, most North American companies have not heeded that call. Only four have thus far signed the Accord, and some are in fact

actively working to undermine it.

Gap and Wal-Mart, for example, are attempting to launch an alternative, non-binding initiative that excludes trade union and labour rights groups and – if it gets off the ground — will likely translate into more of the same secretive and notoriously unreliable factory auditing and inspection approaches that have repeatedly failed Bangladeshi workers and resulted in thousands of lives lost and even more workers who will never be able to work again.

That apparel brands should be held accountable for labour rights and worker safety in the supplier factories to the same legal standard and liability that they are held accountable for any business contract represents the new bottom line for corporate social responsibility. Vague promises and voluntary initiatives just don't cut it after Rana. ■

Lynda Yanz
for the MSN team

The *Maquila Solidarity Update* is published in English and Spanish by the Maquila Solidarity Network (MSN). MSN is a labour and women's rights advocacy organization working to improve conditions in maquiladora factories and export processing zones worldwide.

Editorial Staff:
Ana Enriquez
Bob Jeffcott
Tara Mathur
Kevin Thomas
Lynda Yanz
Translation: Aníbal 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 donating the printing of the *Update*.

www.maquilasolidarity.org



Women, Brands and Labour Rights

MSN sponsors workshop on how, when and why to engage with brands

ON MAY 22-24, 30 women leaders from 17 Central American and Mexican women's and trade union organizations came together in El Salvador for a workshop on "Women, Brands and Labour Rights: how and when do we engage with brands?"

Participants in the three-day workshop, which was organized and facilitated by MSN, shared their experiences in attempting to engage with and/or campaign against international brands, retailers and manufacturers to seek solutions to violations of workers' rights.

The workshop included a brand mapping exercise in

The mapping exercise led into a discussion of the characteristics of the different kinds of brands, retailers and international manufacturers, the issues on which they are most vulnerable, different strategies and leverage points to move them to action, and brands' histories of responding to requests for action on key worker and women's rights issues.

The workshop methodology had participants working through four hypothetical cases of labour rights violations related to freedom of association, lack of workplace child care, precarious employment, and excessive hours of work in an unauthorized supplier factory. Workshop participants made decisions whether or not to engage with brands on the cases, role-played first meetings with the brands, and then – based on written responses from the brands – made decisions on how to proceed.

One highlight of the workshop was watching women labour rights leaders playing the roles of high-profile brands while others attempted to convince them to take action on specific cases of worker rights violations and/or systemic issues in supplier factories.

Participants also discussed experiences from other countries and regions with both campaigning and engagement on systemic issues, including the Accord on Fire and Building Safety in Bangladesh, a brand letter

against abuse of short-term employment contracts in Peru, and efforts to enforce statutory workplace day care requirements in India.

Another systemic issue prioritized by workshop participants was the negative impacts of high production targets and long work shifts on workers' health and incomes.

As follow-up to this initial workshop on brand engagement, MSN will be organizing one or two additional workshops in order to strengthen the practical and strategic capacities of Meso-American organizations so that they can more effectively engage with international companies and make informed decisions on when to engage, when to campaign, and when and how to combine the two strategies.

The workshop on brand engagement is part of a larger three-year project entitled "Constructing a women's labour rights agenda linking women workers in factories, workshops and homes in the Americas," which is being coordinated by Central American Women's Network in Solidarity with Women Maquila Workers (REDCAM), Central American Women's Fund (FCAM), Women of the South Fund, Alquimia Fund, Semillas Fund, Maria Elena Cuadra Women's Movement (MEC), Confederation of Women Domestic Workers of Latin America and the Caribbean (CONLACTRAHO), and MSN.

The project is supported financially by Funding Leadership Opportunities for Women (FLOW) of the Dutch Ministry of Foreign Relations, and has also received support



TOP: Leaders from 17 women's organizations participated in the May workshop
BOTTOM: Mapping the brands

which participants identified brands whose products are made in garment maquiladora factories in Central America and Mexico, as well as the various brand-name products they own.



Poverty wages

the excuses are running out

"A living wage is a human right," says Ineke Zeldenrust, Coordinator of the Clean Clothes Campaign's International Secretariat (above), "and the right of workers to a living wage needs to be respected. Full stop." MSN spoke with Zeldenrust about why cross-border organizing is necessary to win respect for that right.

THE GLOBAL FIGHT FOR a living wage has garnered a lot of attention in the past year, as workers mobilize around the world to improve their countries' minimum wages, and international campaigns push brands to take a more active role in improving wages in their supply chains.

The right to a living wage has also now been afforded international recognition in the recently-adopted United Nations Guiding Principles on Business and Human Rights, the so-called "Ruggie Principles". The Principles state

that while governments have the ultimate duty to protect human rights, corporations also have a duty to respect human rights even where states fail to adequately protect them.

"The Ruggie framework made it very clear that the right to a living wage is recognized in the UN Declaration on Human Rights," says Zeldenrust. "The framework is quite clear that all human rights are included in the rights companies are compelled to respect."

If a living wage is an internationally-recognized human

right, however, it's still noticeably absent from the corporate social responsibility (CSR) programs of most global brands. And local employers certainly aren't paying wages that meet workers' basic needs and provide some discretionary income. In fact, wages in the global garment industry are well below estimates of a living wage.

Brand excuses

Part of the problem is that endless debates over how to determine what constitutes a living wage by local standards have allowed companies to

avoid taking concrete steps to raise wages toward living wage levels.

Brands claim they can't commit to a standard that they can't measure, and as a result don't commit to do anything beyond payment of the legal minimum wage or prevailing industry wage, both of which represent poverty wages in the vast majority of garment-producing countries.

In an effort to get beyond this fruitless debate, Asian trade unions and NGOs launched the Asia Floor Wage Campaign (AFWC) in 2009.

The AFWC developed a formula to calculate a minimum living wage (Asia Floor Wage - AFW) for each major garment-producing country in the region. If the AFW were implemented, workers in different countries in the region would earn a sufficient base wage to purchase the same level of goods and services, which would prevent manufacturers in each country from gaining a competitive advantage by providing a lower living standard for their workers.

For the past four years, the Campaign has been lobbying apparel brands and major suppliers to commit to meeting the AFW standard in all of their Asian supply factories and, most interestingly, to bargaining directly with trade unions in the producing countries, together with their suppliers, on how to reach the AFW for their country.

Zeldenrust says this is a different bargaining model than the traditional one that focuses only on negotiations between trade unions and their direct employers.

"If you negotiate only with your direct employer, you'll reach a dead end," she says. "The money just isn't there to negotiate meaningfully. Prices that brands pay to the supplier need to be set at a level that allows for the direct employers to pay a living wage for a 48 hour working week."

According to Zeldenrust, it's only when you can negotiate across borders and up the supply chain that you can achieve progress toward a living wage.

"We need to build that negotiating power," she notes.

Wage campaigns

Workers in many Asian countries have been exerting new-found strength to win increases in the local minimum wage, and to force the issue of a living wage onto the agenda.

Minimum wages have been raised in Cambodia, Malaysia, Vietnam, Thailand, Indonesia, and China over the past year as workers have grown more assertive in pressing their demands for wages that meet their basic needs.

However garment industry wages in Asia are still well below living wage estimates, and in many cases wage increases are still lagging behind the rising costs of basic goods like food and electricity.

In Cambodia, for example, mass protests forced employ-

ers to the bargaining table to determine industry-wide wage levels. Once at the table, however, employers balked at negotiating a meaningful increase in the minimum wage and the government imposed a new minimum wage of US\$80/month, up from \$61, but well below independent estimates of a living wage level for the country.

Central America

Recent research carried out by Central American labour rights groups and MSN shows a huge and widening gap between what workers earn in the maquila sector and official estimates of the basic basket of goods and services needed by workers and their families to survive.

Although there are tripartite (industry, unions and government) negotiations taking place in El Salvador, Nicaragua, Honduras and

Guatemala to set minimum wage rates, and specific tripartite negotiations for the maquila sectors in Nicaragua and Honduras, those negotiations are haunted by the real or perceived threat of losses in foreign investment and brand orders. The low prices paid by interna-

tional buyers to their suppliers add to the pressure to keep wages low.

Recently, trade union federations in Nicaragua agreed to a three-year schedule of minimum wage increases that, even after the third year, will still leave workers' incomes at a fraction of a living wage. In Honduras, employers raised the threat of mass factory closures in the run-up to negotiation of the last tripartite agreement in order to constrain wage demands.

Meaningful action

In this context of wage competition between garment-producing countries, pressure needs to be put on brands and retailers at the top of the global supply chain to ensure that the workers that make their products are receiving a living wage, and that national efforts to improve wages will not be met with a shift of orders to other countries.

"If you're a brand," Zeldenrust concludes, "you need to know the current wage levels in your supplier factories and what would constitute a living wage by local standards. We're going to measure you not by whether you got the numbers exactly right, but by whether you make a meaningful proposal and show a willingness to negotiate in good faith to actually achieve wage increases that lead toward a living wage." ■

LOW AND GETTING LOWER

A recent study conducted by the Worker Rights Consortium (WRC) of real wage rates in 15 garment producing countries worldwide found that between 2001 and 2011, workers' wages have actually declined in real terms. The study found that "on average, prevailing straight-time wages—pay before tax deductions and excluding extra pay for overtime work—in the export-apparel sectors of these countries provided barely more than a third—36.8 percent—of the income necessary to provide a living wage." In some countries, like Vietnam and Bangladesh (two of the world's largest and fastest-growing sourcing destinations), prevailing wages were only 22% and 14% of a living wage, respectively. Although real wages actually grew in Vietnam, the WRC calculates it will take another 37 years at this rate to arrive at a living wage. ■

FLA fails to act on CODEMUH complaint

Two complaints about the impact of high production targets and long work shifts on women workers' health has exposed the limitations of existing multi-stakeholder code monitoring initiatives.

MORE THAN TWO and a half years after filing formal complaints with the Fair Labor Association (FLA) alleging that workers at Honduran factories owned by Hanesbrands Inc. and Gildan Activewear have suffered debilitating injuries caused by long work shifts, the intense pace of production and high production targets, the Honduran Women's Collective (CODEMUH) is withdrawing their complaints in frustration because of the lack of concrete appropriate action by the FLA.

CODEMUH announced their decision to withdraw their complaint against Hanesbrands in an April 3 letter to the FLA, stating, "In this particular case, the FLA has demonstrated delay tactics, negligence, and an evident lack of competence or pressure to ensure that the

brand complies with its Code of Conduct, thereby justifying the violations against the workers."

CODEMUH filed two separate complaints about health and safety violations and discrimination against injured workers, one against Hanesbrands and the second against its Canadian competitor Gildan Activewear. CODEMUH has also informed MSN that it is withdrawing the complaint against Gildan, expressing the same frustration with that process. CODEMUH has provided the FLA with detailed responses and critiques of draft reports on both the Hanesbrands and Gildan investigations.

The primary problem, according to CODEMUH, is that the FLA investigations have ignored the central issues raised in the two complaints – that long work days

and high production targets are resulting in debilitating muscular-skeletal injuries suffered by Hanesbrands and Gildan employees.

Instead, the FLA investigated the ergonomics programs at both Gildan and Hanesbrands factories to determine whether they were sufficient to reach their stated goals.

In its April 3 letter, CODEMUH also expressed anger over the reported dismissal of 11 Hanesbrands workers that they charge are suffering work-related health problems.

The FLA's third-party complaint system allows workers and other interested parties to request investigations into specific labour rights violations at factories producing for FLA-member companies.

Such investigations are supposed to be concluded in a timely manner, and the results and corrective action plans reported publicly on the FLA website. The CODEMUH complaints, however, have been outstanding for more than two and a half years, and no reports have yet been issued.

"One possible reason for this inexcusable lack of action by the FLA is that the CODEMUH complaints have challenged something more fundamental than a discreet incident of abusive behaviour by managers or the lack of fire

extinguishers in a factory, but point to systemic problems at the heart of the production process," says MSN Executive Director Lynda Yanz, who resigned from the FLA Board of Directors in February.

"Most multi-stakeholder initiatives, including the FLA, have steered clear of issues related to the negative impacts of production processes on workers' health and wellbeing, and have paid little attention to the cumulative health impacts of higher and higher production targets," says Yanz.

This problem has been consistently raised by workers and their organizations in Honduras and other Central American countries, most recently in various studies by CODEMUH and ergonomics experts from Mexico's Universidad Autónoma Metropolitana Plantel Xochimilco. At a May MSN-sponsored workshop in El Salvador, women labour rights activists from Central America and Mexico identified long work shifts and high production targets and their impact on women's health and wages as priority issues for women maquila workers.

"If the FLA is incapable of dealing with the root causes of these serious work-related injuries, the two companies that were the subject of these complaints must answer for themselves as to what changes they are prepared to make in order to prevent such injuries from happening in the future," says Yanz.

The Fair Labor Association has not yet responded to CODEMUH's April 3 letter or to its previous comments on the Gildan and Hanesbrands draft reports. ■

Maria Luisa Regalado, CODEMUH



Apparel brands challenge short-term contracting in Peru

A MARCH 6 OPEN LETTER FROM SIX INTERNATIONAL apparel companies has created a lively public debate in Peru regarding proposals to repeal three articles of a decades-old “emergency” law allows employers in the garment and textile export sector to hire workers on consecutive short-term employment contracts.

LEGAL DECREE 22342 has been used by employers to deny workers job security, seniority rights and other benefits, access to health and pension coverage, and their right to organize and bargain collectively.

The joint letter signed by New Balance, Nike, PVH Corp (owner of the Tommy Hilfiger and Calvin Klein brands), VF Corporation (owner of Wrangler, Lee’s, North Face, Nautica and Timberland brands), 47 Brand, and Life Is Good calls on the Peruvian Government “to demonstrate its strong support for social inclusion and decent working conditions by supporting the repeal of the labor provisions of DL 22342.” MSN worked with the companies to develop the letter.

The Fair Labor Association also submitted a letter to the Peruvian government supporting the repeal of the provisions allowing consecutive short-term contracts.

One of the country’s main newspapers, *La Republica*, praised the joint letter in an editorial, calling it “a powerful demonstration of the ethical

principles that international companies are now developing as a result of their CSR policies.”

The editorial went on to state that Peru’s export labour regime “impedes the exercise of freedom of association and maintains tens of thousands of women and men in short-term contracts even though their work is permanent in nature.”

Industry counter-attacks

Within a few days of the letter’s release, Peru’s Association of Exporters (ADEX) went on the attack, declaring that Peruvian manufacturers comply with all labour standards and provide decent work, and charging that it was “inappropriate for representatives of these companies to interfere in the internal politics of Peru.”

That declaration was followed by a letter to the president from ADEX and five

other industry associations, including the American Chamber of Commerce in Peru, arguing that the right to hire workers on consecutive short-term contracts is essential to create employment in Peru and accusing US unions of coordinating the brand letter to undermine Peru’s competitiveness.

The industry association letter was followed by public comments from Peru’s Minister of Foreign Trade and Tourism, José Luis Silva (not coincidentally, the former head of ADEX) parroting the industry’s line word for word.

Support for repeal grows

Congressperson Javier Diez Canseco Cisneros responded in his own editori-

al calling Silva a “liar” and noting that the Ministry of Labour’s own technical review had concluded that the law impacts negatively on the right to freedom of association. He charged that the law “serves only to defend the privileges of a small segment of the textile sector that includes the most profitable companies in the country.”

Peruvian union federations FNTTP (Federacion Nacional de Trabajadores Textiles de Peru), CGTP (Confederacion General de Trabajadores del Peru) and FTTP (Federacion de Trabajadores en Tejidos de Peru) are continuing to pressure Congress to repeal the short-term contracting regime in this session.

According to the union federations, the letter “represents a huge support for the workers in their struggle to repeal an unjust special labour regime.”

As we go to press, however, the movement to repeal the law is still facing an uphill battle. The Peruvian Minister of Labour told the media that due to the economic crisis it is not the appropriate time to change the short-term contracting regime, signalling that the fight is far from over. ■



Historic Accord

● continued from page 1

natory companies to collaborate on a comprehensive safety program that includes:

- independent factory inspections and public disclosure of the results;
- health and safety training for workers and management personnel;
- the right of workers to file complaints and to refuse unsafe work;
- union access to the factories and worker representation on health and safety committees;
- brand contributions to factory upgrades; and
- a requirement that brands cease doing business with factories that refuse to make upgrades.

Although most of signatory companies are based in Europe, four North American companies – PVH (owner of Tommy Hilfiger and Calvin Klein brands), Abercrombie & Fitch, Sean John Clothing, and Canada's Loblaw (owner of Joe Fresh brand) – have also signed the Accord.

Other major North American buyers from Bangladesh, including Walmart and Gap, are stubbornly refusing to join forces with their European counterparts.

As the Accord moves to the implementation stage, the outstanding issue of compensation for the victims of Rana Plaza disaster is still under negotiation. To date, six companies whose products were made in one of the five factories housed in the eight-story building have agreed to

provide some compensation to the families of those who were killed and/or the workers who were injured.

Of those, only Primark and Loblaw have promised to provide compensation in line with the calculations of Bangladeshi union federations.

The Rana Plaza building collapse was only the latest in a series of preventable factory fires and building collapses that have taken the lives of over 1,700 workers since 2005. In that year, the Spectrum factory, located in another illegal multi-story building, collapsed killing 64 workers and injuring 74.

In both the Spectrum and Rana Plaza cases, large cracks were found in the structure of the buildings prior to the collapse, but workers were forced to go to work despite the obvious dangers. In the numerous factory fires that have taken place since 2005, exits were locked or blocked or there were no external fire exits. Workers who had to jump from windows to escape the flames either died or were seriously injured.

As was the case in other factory disasters in Bangladesh, many of the brands and retailers whose products were made in the Rana Plaza building initially denied having any connection to the factories.

Walmart Canada, whose name was listed as a client on

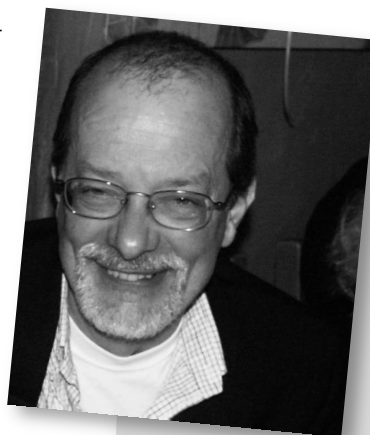
the website of one of the factories in the Rana Plaza building, initially denied that any "authorized" production was done in the facility. However, when shipping documents were also found in the rubble, indicating that Walmart products were made in the factory in 2012, the company revised its story, stating that none of its products were being made in the factory at the time of the building collapse.

Loblaw, however, was in no position to deny its relation-

ship to the factory, since its Joe Fresh label was found in the rubble among the bodies of the garment workers who had been making their products.

To its credit, Loblaw has accepted its share of responsibility to the workers who died or were injured in the Rana Plaza building collapse, and has been the only Canadian company to sign the Accord to date.

The question remains, will other North American companies follow their lead? ■



Remembering Stephen Coats

On the morning of April 2, MSN received the devastating news that our good friend and colleague Stephen Coats, Director of the US-Labor Education in the Americas Project (USLEAP), had died in his sleep of a heart attack the previous night.

Many of us in the international labour rights movement expressed the same feeling – we couldn't imagine the movement without him.

Stephen was a modest, self-effacing man known for his hard work, tenacity and concrete achievements. Everyone who knew him – from trade union activists to government officials to corporate CSR staff – respected Stephen as an honest player willing to dialogue whenever possible and campaign when necessary, someone who always had the best interests of workers at heart.

Our first working experience with Stephen was way back in 1996 when we mobilized support in Canada for his organization's groundbreaking campaign that helped Phillips-Van Heusen workers win the first collective bargaining agreement in a Guatemalan maquila factory.

Most recently, we were coordinating on a brand letter to the Government of Peru calling for the repeal of legislation that allows clothing manufacturers to hire workers on repeated short-term employment contracts, thereby denying them their lawful rights and benefits. (See article on page 7)

Stephen was the thoughtful steady hand of the international labour rights movement. He was also a special friend of MSN and a kind and generous man, generous with his time, his thoughts, and his advice. We will and do miss him dearly. ■