

A close-up photograph of several spools of thread in various colors including yellow, green, purple, and pink, arranged on a dark surface.

Stitching for South Africa

Taking Responsibility for Working Conditions in Garment
Supply Chains for South African Retailers



This publication is an introduction to the issue of South African garment retailer responsibility for working conditions throughout their supply chains. If you have comments about this publication, please send your feedback to info@somo.nl.

Stitching for South Africa:

Taking Responsibility for Working Conditions in Garment Supply Chains
for South African Retailers

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Introduction

Apparel From Africa & Beyond





Clothes are a growing, multi-billion rand industry in South Africa.¹ But while shoppers might know a lot about the latest fashion trends or where to go for a good bargain, most people perusing the shopping centres of Cape Town, Johannesburg, or Durban will generally have a fairly low awareness of where their clothes are made, who's stitched them, and in what conditions.

This is not surprising: Information on the "where" and "how" of clothing production is not widely distributed by the top retailers in South Africa and articles on this topic do not receive much attention in the press. Only recently, in May 2005 was legislation passed that requires all clothing, textiles, footwear, and leather goods to carry a label stating in which country they were made.

Your favourite T-shirt, dress, or trousers could have come from a variety of places. Some clothes for South African shops are made right in South Africa, however the level of local production has been decreasing in recent years. Some retailers place orders with suppliers in other parts of Africa, for example in Lesotho, Swaziland, and Malawi. Increasingly, retailers are sourcing their orders with factories in China and India. Many of the retailers are multi-national corporations – they have shops not only in South Africa, but in other countries as well.

At the moment South African clothing retailers are doing well – turnover has increased and profits are up. But what are conditions like for the men and women who actually make the clothes? And what are South African retailers doing to ensure that working conditions at their suppliers meet good standards?

This publication looks into what some of the major garment retailers in the South African market are doing about working conditions in their supply chains. Short profiles of several South African retailers are presented, along with available information on their policies and practices for ensuring that good standards are met at their suppliers. Some examples of manufacturers in other parts of Africa that produce for some of these same companies are also presented to give a sense of what conditions can be like.

A Visit to the
Shopping Centre
South Africa's
Top Garment Retailers





Mr. Price Group

Average Joes

Mr. Price Group Limited started with one small retail outlet in Durban in 1987 with the aim of targeting “average” South African consumers. Now the group is made up of six retail chains with some 816 stores across Southern Africa, focusing on clothing, footwear, accessories, and homewares. Mr. Price, with such brands as RT, Red, Body Material, and Maxed, pitches itself as a value retail chain that sells clothes for the family at affordable prices.

Milady’s, the group’s women’s fashion retailer (targeting women between 30 and 55), has more than 160 stores across South Africa, Swaziland, Botswana, and Namibia. Brands include Rene Taylor, MI, and Sequel.

Turnover for 2005 was approximately 4.5 billion rand, up 13% from the previous year. 2005 profits were nearly 400 million rand, an increase of 31% from 2004. In 2005 the group announced plans to increase its trading space by another 50% by 2010; this followed on a previous three-year expansion program.²

Garment production

According to Mr. Price chief executive Alastair McArthur about 40% of the goods they sell are imported, with a large part of that production sourced in China.³ The Southern African Clothing and Textile Workers’ Union (SACTWU) reports that some in the industry question whether the amount of locally produced goods is so high. When contacted by SOMO to provide information on where they produce their garments and how they go about monitoring conditions at their suppliers, Mr. Price Group declined to comment.



Pepkor Making the Desirable Affordable

Pepkor, the South African-based holding company, focuses on the “value” market with its subsidiaries: Pep in South Africa, Botswana, Namibia, Zambia, and Mozambique; Shoe City in South Africa; Ackermans and Dunns in South Africa, Botswana, Lesotho, Namibia, and Swaziland; Best & Less in Australia; and the Pepco chain of stores in Poland, which Pepkor acquired in 2004. All together they have about 2,200 stores. The company dates back to the 1950s and a small discount store in Upington in the Northern Cape. By 1965 a chain of stores named “Pep” had emerged. In 1986 the Ackermans discount chain was acquired. Pep (now with 1,310 stores) went into a slump in the ‘90s but a new management team in 1998 rejuvenated the company, launched a new look for its stores, brought back customers, retrained staff, and boosted morale: *Sikhula Kun Ye* (we are growing together), became the in-house motto. Ackermans, with its 313 stores, is South Africa’s largest retailer of children’s wear in terms of market share, value and distribution, and owns ABC Baby Company, the largest baby wear brand marketed in southern Africa. The chain acquired the US brand Hang Ten, and in addition to selling the brand at all Ackermans stores 40 stand-alone Hang Ten stores have been opened.

Major restructuring took place at Pepkor in 2000 and in late 2003 shareholders voted to accept a buy-out offer from Pepkor Holdings Limited; in early 2004 the company was delisted from the JSE Securities Exchange. In March 2006 Pepkor reported that its operating profit was up 53% from the previous year, to 534 million rand.

Garment production

Pepkor has its own clothing manufacturing operation called Pep Clothing, which manufactures clothing for Pep and Ackermans. Pep Clothing is one of the largest clothing manufacturers in South Africa with 2,000 workers. According to Pepkor, "the factory currently produces a sizeable portion of Pep's annual clothing requirements and plans to increase output through improving efficiencies and increasing capacity."⁴ Pep Clothing is participating in the Cape Cluster initiative to upgrade local manufacturers to make them more competitive with foreign suppliers (see box page 21).

Sean Cardinal, merchandise director for Pep stores, explained that the chain has about 150 local suppliers and 80 overseas suppliers. It is unclear what this means in terms of percentage of production carried out locally and percentage of garments produced outside of South Africa. In addition to South Africa, Pep sources from Zimbabwe, Lesotho, China, Pakistan, and India. According to Cardinal compliance with good labour standards is ensured by having buyers visit all factories and inspect the premises, and is supported through the long-term relationships developed with suppliers. However, there is no staff specifically charged with compliance with labour standards. While Pep does not have a code of conduct ("We have never had cause to believe or suspect our suppliers of illegal and unfair practices" according to Cardinal. "We deal with reputable companies."), it does have a supplier manual which includes stipulations regarding fair and legal labour practices. No external verification of labour conditions takes place.

Ackermans was also contacted for information on their supply chain and what action they undertake to see that good labour standards prevail where they produce their goods, however they declined to comment.

Woolworths Most to Say on Corporate Responsibility

Woolworths, founded in 1931, is a retail chain that extends throughout Africa (South Africa, Zambia, Botswana, and Namibia) and into the Middle East. Woolworths Holdings also has a presence in Australia and New Zealand with a majority share in the retail chain Country Road (40 stores), acquired in 1998. Woolworths has 149 owned and 120 franchise stores.

Woolworths describes clothing as one of the "core pillars" of their business. All of their apparel (children's, men's, women's) is sold under their own brand name. After stepping away from the classics they were known for, Woolworths reports that they're now "back on track" with their product line. Turnover for the entire group was 12.2 billion rand for the year ending June 2005, up nearly 15% from the previous year. At that time before tax profit was just over 1 billion rand, up 22% from 2004.



According to Debby Zuanni, the commercial product developer at Woolworths menswear, and Claire Sage, sourcing technologist of Woolworth, the company sources 70% of its clothing in South Africa. Their sourcing policy is to first look for products made in South Africa, then within the Southern African Development Community (SADC),⁵ and then outside of the SADC.

"Woolworths is committed to local manufacturing and production. The vast majority of our total merchandise is sourced from South African suppliers. Woolworths has engaged extensively with government, unions and manufacturers on this subject and we have been clear that we would prefer, where possible, to manufacture locally as it offers us greater flexibility with shorter lead times. We have also said that we believe that the local clothing and textile industry needs to become more competitive and that helping local business improve technology and productivity to compete with the best in the world is the answer to growing successful, sustainable South African businesses."⁶ Upgrading the local industry that they term "inefficient" is the motivation behind their participation in the Cape Clothing and Textile Cluster, along with Edcon, Foschini, and Truworths (for more information see related box). According to Zuanni and Sage, Woolworths aims to have a "Made in South Africa" label on its garments.

In addition to South Africa, Woolworths sources apparel from Brazil, China, Mauritius, India, Lesotho, Madagascar, and Cambodia. Woolworths reports that they have streamlined the number of suppliers they use on a regular basis: "...this means larger volumes and improved

values for our customers.”⁷ However, they maintain that “long-term relationships” with suppliers are part of the strategy that they use to make their supply chains more sustainable.

Woolworth’s describes itself as a “socially responsible organisation”. In 2004 the company adopted a code of conduct, according to Burger van der Merwe, head of supply chains for Woolworths. All Woolworths suppliers, irrespective of their location, are bound by the company’s Supplier Code of Business Principles and according to the company’s website “compliance with the code is monitored through a formal auditing process and covers such areas as labour practices, health and safety, environmental issues, hygiene and safety.” Suppliers in South Africa are checked for compliance with South African labour laws and bargaining council agreements.

The Woolworths code includes standards prohibiting forced labour, child labour, discrimination, harsh or cruel treatment (ex. no physical or mental abuse, punishments or threats), as well as standards calling for respect for freedom of association and the right to collective bargaining and the provision of a safe and healthy workplace (in compliance with relevant local laws) and the minimum wage (or where no minimum is stipulated, a “reasonable” wage). Hours of work (including rest periods, overtime payment, and leave periods) must be in compliance with local laws or in the absence of local laws employees cannot be required to work more than 48 hours per week. Woolworths also stipulates minimum requirements for occupational safety with regard to garment cutting protection, noise protection, eye protection, and respiratory protection.

New suppliers are assessed on labour practices and if there are major concerns, such as working hours, the factory will not be approved but will first be asked to implement an improvement plan. If the concerns are less serious the factory will be approved but the problems will be “highlighted.” Woolworth’s Sage and Zuanni explain that the company chooses “middle of the road” factories, because they cannot afford the top factories. Do their purchasing practices, such as the prices they pay to supplier undermine the good labour practices outlined in their code? According to the Woolworth representative, Woolworths pays 20% more to their suppliers than their competitors.

Woolworth currently uses commercial auditors (such as ITS) to audit their suppliers once a year. They also accept audits done for other companies, such as the UK companies Marks & Spencer (to which Woolworths reps say they have a strong line due to “family ties”) and Next, as well as any other retailers that use the same criteria that they do. Interviews with a sample of workers are part of the auditing process, according to Zuanni and Sage. Buyers also visit factories when possible, they explained; each group (for example the women’s wear group, the men’s wear group) has a two-person sourcing staff, of those two one person is charged with working on compliance with the standards outlined in the Woolworths code, however they receive no training for this. Woolworths representatives say that the company looks with interest at the UK-based Ethical Trading Initiative programs and information, and are looking into fair trade organic cotton.



Edgars Consolidated Stores Leads the Sector

The first Edgars store opened in 1929 in Johannesburg. Today, Edgars Consolidated Stores Ltd., known as Edcon, is the leading South African clothing, footwear, and textile retail group that includes such major chains as Edgars and Jet, with 700 locations in South Africa, Botswana, Namibia, Swaziland, and Lesotho. Along with Edgars in the group's department stores division is CNA, Boardmans, Prato, and Red Square, geared toward middle and upper income markets. Edcon's discount division, targeting middle and lower income markets, includes Jet, Jet Mart, Jet Shoes, and Legit. Jet has one of the largest shares of the South African children's wear market. Jet has over 220 stores in South Africa, Botswana, Namibia, Lesotho, and Swaziland.

The Edcon group's revenues from retail sales was 16.3 billion rand in 2006, up 20% from the previous year.⁸

Garment production

According to Edcon's executive manager for investor relations, Tessa Christelis more than half of the clothing it sells is manufactured in South Africa.⁹ Meanwhile, in the face of newly imposed quotas on Chinese imports for the next two years, Edcon's head of logistics, Martin Deall, believes that Chinese imports are important to the company and if some production will have to be sourced elsewhere those orders might go to local suppliers and Cambodia, Vietnam, and Bangladesh will also be under consideration.¹⁰

Edcon has a code of ethics, which all suppliers are required to comply with. It includes the following:

- Edcon respects the right of employees to be members of recognised trade unions and also complies with the agreements that it has with these unions.
- Edcon strives to treat all employees equally.
- Edcon is free of discrimination on the basis of race, age, disability, nationality, ethnic or national origin, religion, creed, gender, HIV status, sexual orientation, marital status, family responsibility or political persuasion.
- Edcon gives employees fair remuneration for the work they do and complies with the terms of contracts of employment.
- Edcon does not exploit labour.
- We will not knowingly associate with suppliers who exploit labour or use child labour.¹¹

Edcon states that their product suppliers are initially engaged through a vetting process whereby issues such as working conditions and legal compliance are confirmed prior to becoming approved suppliers. Once approved, periodic audits on suppliers are conducted. Approved suppliers must sign a document entitled “Conducting Business with Edcon,” in which these conditions are stipulated.¹² It is unclear how often suppliers are audited, by whom or what the audits consist of, and what the follow-up process is for dealing with problems. Though contacted by SOMO Edcon did not provide any feedback on these issues, nor did they provide the full text of their code.





Truworths International Youthful and Fashionable

Fashion retailer Truworths International is made up of Truworths Limited, which operates 257 stores in South Africa, and international franchise operations in Africa and the Middle East. Truworths's 14 international franchise operations are made up of five stores in Botswana, three in Bahrain, two in Dubai, and one each in Kenya, Lesotho, Zambia, and Qatar. According to the company, further franchise operations are being considered in Southern Africa as well as the Middle East, with negotiations in progress in Saudi Arabia, Tanzania, Ghana, Uganda, and Nigeria.

Gross profits in 2006 were 2.1 billion rand up from 1.74 billion rand in 2005.¹³

Garment production

When contacted by SOMO to provide information on where they produce their garments and how they go about monitoring conditions at their suppliers, Truworths representatives declined to comment.

Garment industry website Just-style.com recently reported that Truworths sources approximately two-thirds of its clothing from South Africa and the remainder from China and India.¹⁴

Foschini Group

Leading Specialty Retailer

The Foschini Group consists of 13 trading companies, dealing in products that range from fashion and jewellery to homeware. Foschini Limited operating divisions include Foschini (branded as Foschini, Donna Claire, and Fashion Express); Markham (branded as Markham and RJL); Exact!; The Sports Division (branded as Sportscene, Totalsports, and DueSouth); and the TFG Apparel Supply Company. The Foschini Group, which started trading in 1924, now has over 1,200 stores. In 2006 the group had record sales of R6.4 billion. Turnover for clothing and footwear (Foschini, Donna Claire and Fashion Express) rose to 2.2 billion rand in 2005, a 22% increase from the previous year. At the end of the year the group was predicting that 70 new stores would be opened in 2006.¹⁵

Garment production

According to the Foschini Group's annual report: "Our suppliers have been issued with supplier agreements for signature, which require their compliance with, inter alia, labour and customs and excise legislation. Regular audits are undertaken at their premises; we require any recorded deviations from agreed standards to be addressed in order for us to maintain a business relationship."

Though contacted by SOMO to provide more detailed information on where they source, what exactly their auditing practices consist of, and how they follow-up on problems spotted in the workplace, Foschini representatives did not provide any feedback.



The Labour Behind
the Labels
Issues Raised by
Garment Workers





Garment factory, Swaziland, 2005. Low wages mean that workers are not able to pay for an education for their children.

Swaziland

Trade agreements (such as the African Growth and Opportunities Act, which encouraged exports to the United States) resulted in growth for the garment industry in Swaziland before 2004, although in the last two years several factories have shut down. The workers in Swaziland have not reaped the benefits of increased investment in the sector: they regularly have to contend with long hours, unsafe working conditions, and wages so low workers must take out loans to get by.

The following is what workers told SOMO about the situation in their workplace, a factory that produces for South African retailers:

Conditions in their workplace are better than in most in Swaziland, explained workers at a Swaziland factory producing clothes for a range of South African retailers, including Edgars, Jet, Truworhs, and Milady's. Approximately 259 of the (mostly women) workers are members of the Swaziland Manufacturers & Allied Workers Union (SMAWU).

But being better than average means wages so low that workers live in poverty. On the job they have to contend with heat that becomes unbearable, there are no ventilators and masks to prevent them from inhaling the fabric fibres that fill the air are not provided by management.¹⁶

The basic wage, which most of the workers are paid, is 205 rand per week. Most workers have to borrow money at high interest rates from informal lenders in order to get by.

School fees for their children are about 1,000 rand per year for primary school and up to 5,000 rand per year for secondary school. Given the low wages, workers are often unable

to afford school fees for their children, or they have to borrow money to cover the fees. One worker told researchers that her wages had not increased since 1997. New workers, meanwhile, receive only a fraction of the basic wage during their “training” period which is nine months long (instead of the legally allowed three months).

Workers told researchers that there was forced overtime – one hour most days and also all-day Saturday. “If you don’t come on Saturday,” they are told by management “don’t come on Monday as well.”

Workers SOMO spoke with in January 2006 said that they had never been interviewed by South African buyers about the working conditions at this workplace.



Garment workers, not allowed to leave the factory premises during their lunch break buy food over barbed wire fence, Swaziland, 2005.

Lesotho

Lesotho is another example of an African country where the garment industry boomed due to trade agreements that allowed for quota-free access of garments to US and European markets. The textile and garment industry still remains Lesotho’s single largest formal sector employer. Lesotho is the largest sub-Saharan exporter of garments to the US and is sending increasing amounts to South African retailers.¹⁷

Investment into the sector (coming mainly from Asia) does not mean it has been a boom time for garment workers, who struggle to get by. While workers report that there have been some improvements to health and safety and less management harassment of workers who try to organise in defense of their rights common problems still include long



Garment worker organising her co-workers during lunch break, Lesotho, 2006

working hours, unpaid or forced overtime, violations of health and safety standards, illegal dismissals, and low wages. Most factories pay the minimum wage or just a bit above the minimum, however workers report this is not a living wage – they are not able to live off of these wages and as a result garment workers have to borrow money at high interest rates from informal lenders (“loan sharks”) in order to get by, thereby landing themselves in debt that is difficult to move out of. Bad planning on the part of management results in workers being sent home for weeks at a time (without pay) followed by weeks where extensive overtime is required. According to workers, if buyers come to visit, the factories are cleaned, the exit doors and bathrooms are suddenly unlocked, and unsafe chemicals are hidden. There are reports from government officials and unions that investors are lobbying the government for an increase in the legal amount of working hours per week from 45 to 48 hours per week with overtime to 12 hours.

Some examples of the workplace reality experienced by Lesotho’s garment workers:

One woman at a factory producing for Woolworths and Mr. Price, as well as several US brands/retailers, told a researcher in June 2006 that when she is at work the toilets are locked for several hours and even worse the three exits are all locked. Workers are worried that if a fire breaks out they won’t be able to get out of the factory in time, however when they complained, management refused to unlock the doors. She also explained that the employment situation is insecure: workers are constantly being fired, others hired, including many casual workers without contracts who are then fired and rehired. She and her colleagues have to meet targets for the T-shirts, sweater, trousers, shirts, and dresses that the factory produces; the targets are high and many people have to work straight through their lunch breaks to reach them.

At another factory in Lesotho, also producing for Mr. Price, workers get a warning when they don't reach the production targets and after three warnings they are fired. Refusing to work overtime also results in a warning. Workers are legally entitled to a hearing when they are given a warning. One woman, a mother of two who needs to leave the factory at 5 p.m. to pick up her children, told researchers she was fired when she refused to stay and work overtime. However the union, LECAWU, was able to help her get a hearing and her job back.

Workers at a Lesotho factory producing for Jet, Pep, and Edgars reported that in their workplace there was discrimination against union shop stewards. For example they had to meet higher production targets than other workers and they were barred from joining training sessions on health and safety and AIDS.



Inside a garment factory, Lesotho, 2001. Poverty wages in the garment sector force workers to enter into a cycle of borrowing and debt.

South Africa

According to a recent report from Just-style.com, about 200,000 people are employed in South Africa's clothing, textile, and footwear industry.¹⁸ The clothing industry is concentrated in the provinces of KwaZulu-Natal (KZN) and the Western Cape. SACTWU, the industry's main union, reports that job losses in the sector have been heavy in recent years, with more than 69,000 jobs reportedly lost between January 2003 and October 2006.¹⁹ They believe that cheap imported garments from China account for most of the job losses.²⁰ According to a recent statement from Ebrahim Patel, head of SACTWU, China "now accounts for more than half of all consumption in major clothing products" in the South African market.²¹ Women, who form the majority of workers in the South African garment

sector, were hardest hit with job losses. Several initiatives — the Cape and KZN Clothing Clusters and Proudly South African — are currently underway to help support local industry (see related boxes below). Most of the garments that are produced in South Africa supply the domestic clothing retail sector.

National Branding: The Proudly South African Initiative

In 2001, at a time when many sectors in South Africa were experiencing job losses, the National Economic Development and Labour Council (Nedlac) set up the Proudly South African (PSA) initiative to help give local industry (not just the garment industry, but various sectors) a boost. The not-for-profit company aims to promote South African organisations, companies, products, and service that are high quality, at least 50% local content, and are made under "good labour and environmental practices." Currently of the major garment retailers, PSA lists only Ackermans as a member.

On why they haven't joined up to the initiative, a Woolworth's representative explained "We believe that market forces of supply and demand should regulate sourcing decisions."²⁵

Companies who meet the standards set by Proudly South African can use the campaign's logo to identify themselves, their products, and services.

The companies have to meet the following criteria in order to use the logo:

1. The company's products or services must incur at least 50% of their production

costs, including labour, in South Africa, and be "substantially transformed" (in other words a product that is merely imported and re-packaged would not be eligible).

2. The company and its products or services must meet high quality standards.
3. The company must be committed to fair labour and employment practices.
4. The company must be committed to sound environmental standards.

When it comes to labour standards, PSA requires members to be in compliance with South African labour law. The initiative carries out compliance investigations, though it is unclear how often and by whom these investigations are carried out, what they consist of, and if findings are independently verified and made public.

The annual fee for membership is .1% of sales, with a minimum of R500 and a maximum of R500,000.

The initiative boasts high brand recognition: PSA cites research findings that show that 71% of the South African population "is familiar with and has a passion for the PSA logo."

In August 2006 a memorandum of understanding between China and South Africa was signed into force setting up import restrictions on Chinese clothing and textiles (31 product categories) for the next two years. Following strong protests from the top garment retailers, the South African Department of Trade and Industry announced in September that the implementation of the quotas, originally set to take place that month, would be delayed until January 2007. In consultations with the retailers, local manufacturers, and labour, key concerns that were cited included the need for longer lead times, the methodology for quota allocation, and domestic supply issues (particularly the ability of local manufacturers to meet the increased sourcing needs of retailers in the lead up to the busy Christmas shopping season).²²



South African participant at an ITGLWF-SOMO workshop on Asian investment in the African garment industry and worker organising, Swaziland, 2005.

In addition to the problems arising from massive job losses, another issue within the domestic garment sector is the use of “informal” workers and workplaces. These are workers and workplaces that are not legally recognised as such (and therefore are not protected by labour law and do not receive social benefits).²³ Locating these workers and ensuring that their working conditions are in compliance with good standards presents serious challenges.²⁴

An example of informal jobs in the garment industry are home-based workers who are paid less than formally-employed factory workers, working extremely long hours and receiving no benefits, such as sick leave or severance pay. When orders for clothes are subcontracted to home-based workers or informal workshops, manufacturers are able to cut their costs. Of course the mainly women who work in these production units are subsidising them with their labour.

Becoming More Competitive: The Cape and KwaZulu-Natal Clothing and Textile Clusters

In January 2005 the Cape Clothing and Textile Cluster, a private-public partnership between the Western Cape Provincial Government and 16 regional clothing and textile manufacturers was launched. The initiative grew out of a six-month pilot project and focuses on benchmarking best practices, human resource development, technical skills development, value chain alignment, and stakeholder interface. In April 2006 retailers Edcon, Foschini, Truworths, and Woolworths joined the cluster; in July Mr. Price Group joined the other retailers in a similar initiative in KwaZulu-Natal. Together with the manufacturers, most of whom are already suppliers of the five retailers, the clusters will look at upgrading the local industry to make it more competitive with foreign producers. Pep Clothing, the manufacturing arm of Pep Retail, is also participating in the initiative.

Commenting on the value of the project to retailers, Hassim Randeree, president of the Clothing Trade Council of SA, told the press "While they have realised that pricing would not be ideal, the competitive advantage would be compensated for by the quickness to market needs and the fact that retailers would not be required to commit themselves to large volumes

and long delivery times. They have also realised the disadvantage of importing when a fashion style is successful and quick resupply is not possible."²⁶

Main funding comes from the Western Cape Provincial Government, with the cluster firms contributing about 25% of the project's budget. The retail participants have also provided additional funding to help support expansion of the Clusters' activities. Compliance with good labour standards throughout supply chains is not an issue that comes up directly in the activities of the cluster, according to Matthew Fletcher, of B&M Analysts, the company hired to get the project off the ground. Trade unions have not been involved in the clusters.²⁷

One SACTWU representative told SOMO that while the clusters have value for the participants, the overall impact on industry is minimal due to the small number of companies actively involved. In his view the retailers' participation has been a "white washing" exercise in which support for a few companies has been portrayed as larger-scale support for local industry, while continuing to source from Asia.



Chinese garment workers, 2006.

China

Who are the workers in China's vast garment industry? Most of the young women working in the garment factories of Shenzhen and Guangdong provinces are from the poor, rural areas of China. They come to the southern coastal provinces in their late teens to work in the factories of the special economic zones. Their families need their economic contribution, all the more so since China's entry into the WTO is said to be exacerbating poverty in the countryside by putting already vulnerable rural communities in competition with food producers all over the world.

The young people look forward to life in the city but they are soon disillusioned. Often poorly educated, they have limited employment prospects. Very low wages make it difficult to survive in cities where the cost of living is considerably higher than where they come from. Very long hours — a twelve to fourteen hours per day — are the norm, as is one day or half a day off per month. There are no annual holidays. Overnight work is common when orders are pressing. Stress from poverty, long hours, and loneliness make the young workers, who lack the support of friends and family, vulnerable to illness and accidents. Unlike the city's permanent residents, they are not entitled to subsidised housing, education, training and medical care, or to social welfare. They are often without written contracts.

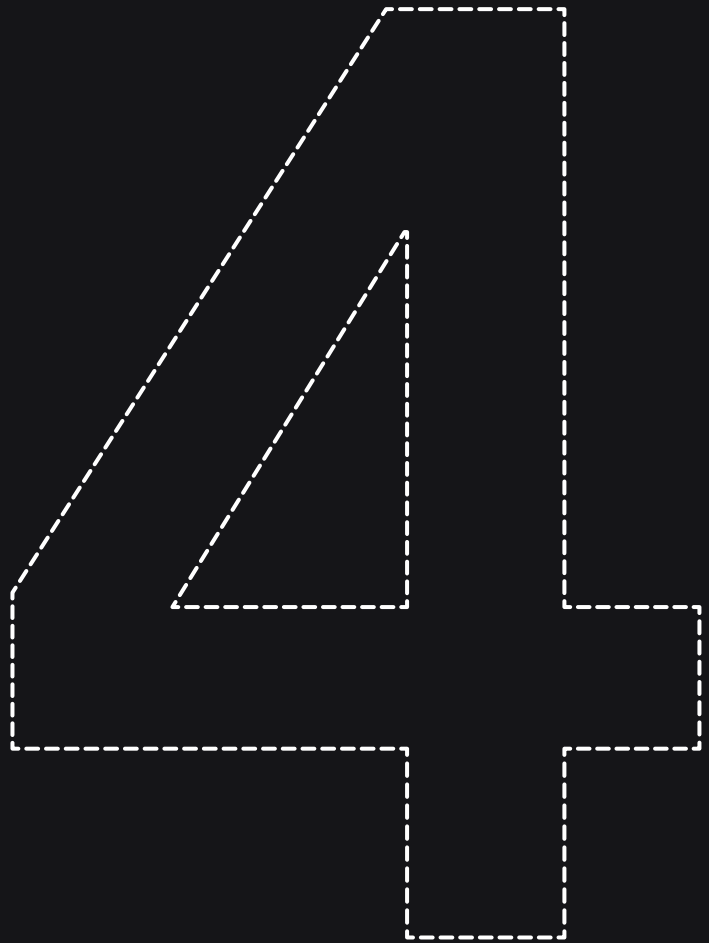
Although China's labour legislation is quite good in many aspects, it goes mostly unimplemented so as not to put off investors. This position is supported by the official trade union (under China's current system no trade unions independent of the state-controlled ACFTU are allowed). The only information workers get is from the factory, and this is often inadequate. At the time of the SARS (Severe Acute Respiratory Syndrome) epidemic for instance, workers were only given officially-sanctioned information: the impact of the sickness was deliberately hidden.²⁷



Garment workers' dormitory, China, 2006. Photo this page and page 24 courtesy CWWN.

For more information on conditions for workers in China's garment industry, see for example *Gender and Global Labor Organizing: Migrant Women Workers of Garment Industry in South China* by Jenny Wai-ling Chan (Chinese Working Women Network, 2005).

Round-up of
Retailer Efforts
More Action Needed





Garment factory in Swaziland, 2006

Problematic Conditions Require Attention

South African retailers place orders for the production of the garments they sell with a variety of suppliers in a number of countries. However, as suggested in the examples listed above, conditions in these workplaces do not always meet internationally-recognised standards, sometimes falling short on a number of important points such as wages, hours, and freedom for workers to form unions of their choosing. Research over the years in the region suggest deep-rooted problems that retailers must address. Research done by SOMO, between 2000 and 2004, in Lesotho, Swaziland, Malawi, and other countries in cooperation with organisations and trade unions in the region revealed extremely problematic working conditions including forced overtime, verbal abuse, sexual intimidation, unhealthy and unsafe conditions (including locked doors), unreasonable production targets, and anti-union repression.²⁸

Beyond the region, for example in China and India, where several SA retailers are sourcing, extensive research has documented serious issues that retailers must also acknowledge and address, notably with workers' rights to freely organize into unions of their choosing and to bargain collectively to improve their working conditions.

South African retailers have an important role to play in ensuring that good conditions prevail in the factories where their garments are made.

More Transparency

At the time that this publication was being prepared, few retailers were willing to share information on what, if anything, they do to ensure that workers' rights are respected throughout their supply chains. Transparency about where their clothing is produced and under what conditions is an important step in demonstrating a greater commitment to addressing pressing issues regarding respect for workers' rights in this sector. Some major brand name companies in the industry have taken steps toward greater transparency. Nike, for example, makes public the list of their suppliers (see www.nike.com/nikebiz). Through participation in multi-stakeholder initiatives, such as the Fair Labor Association (www.fairlabor.org) to monitor and verify that conditions at their suppliers are in compliance with good labour standards, information on conditions at these factories are shared with the public via an online database.

There is no excuse for the violation of human rights in the workplace and certainly no excuse for not taking concrete steps to correct existing problems. The boom in profits that the major South African retailers are enjoying makes clear that they have the scope to commit resources to improve the conditions of the workers throughout their supply chains.



Garment factory, Lesotho, 2006. Retailers have a responsibility to regularly monitor conditions at their suppliers to ensure that workers' rights are respected.

Taking Responsibility

It is not acceptable for companies to ignore their responsibility, for example by saying that this is a job for the state wherever these workplaces are located. Of course, governments do have a major role in ensuring good labour standards in these countries. But in some garment-producing countries labour legislation is inherently weak. In many countries with good labour legislation, enforcement is lax. Either due to lack of capacity, resources, and infrastructure and/or because the government has prioritised attracting investment in the garment sector over workers' rights.

Some retailers will say that they do not interfere in the relationship between an employer and the workers/unions. However, with their contracts, which stipulate prices and delivery times, retailers do quite a lot to set the standards for conditions at their suppliers. Therefore they can take concrete steps to improve conditions. As valued customers, workplace management is interested in their views.

In most countries where garments for South Africa are produced garment workers' unions are frequently in a difficult position because they often lack bargaining power to improve labour conditions due to threatened relocation or informalisation of production. In many countries unions and their members suffer from discrimination or repression.

Some South African retailers are beginning to acknowledge their responsibility for conditions in their supply chains on paper. Some have developed **codes of conduct** that list the labour standards they say they are meeting in their workplaces. This can be a good step forward if the code is a strong and clear one.

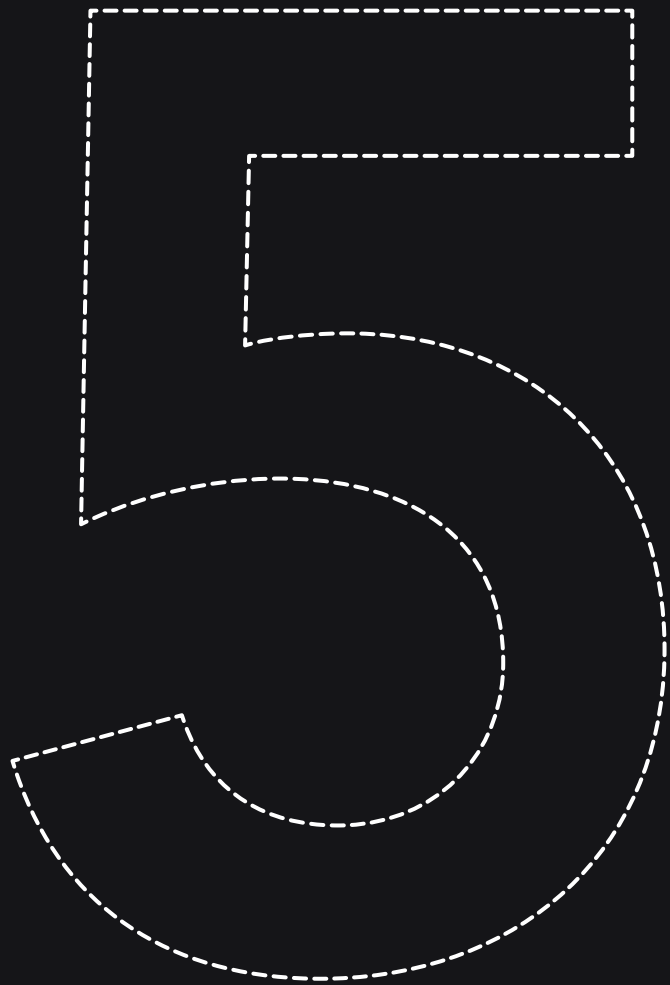
However, even with a good code, the reality in the workplace can still be quite different from what is outlined in the code. Wages that are too low to live on, extremely long work weeks that make family life or relationships difficult for workers, and conditions that undermine the health and safety of the workers should not be the case in today's workplaces, yet sometimes they are.

Workers in global garment supply chains often lack security of employment, women are discriminated against and harassed, sometimes sexually. Obstacles are often put in the path of workers who try to organise to improve their working conditions by forming unions and negotiating collective agreements with their employers. In January 2006, a representative of SMAWU told SOMO that working conditions at garment factories in Swaziland have not improved during these years that there has been more talk of "corporate social responsibility"; workers face the same difficulties in asserting their right to organise as they did five years ago. This at a time when even the Swaziland Investment and Promotion Authority (SIPA) conceded that garment workers there would have difficulty living off of the wages they earn.

"The workers are more afraid now," explained the SMAWU representative, "they are scared of losing their jobs, and are unwilling to organise as they fear that every factory that organises will close." Indeed some factories on the verge of a recognition agreement did close.

Working with suppliers to ensure compliance with good standards will take a longer-term commitment and will go beyond lip service to social responsibility, vague and unimplemented codes, and hiring commercial auditors to drop in for brief visits without sufficient follow-up (the quality of commercial social auditors has also come under fire: often their investigations are superficial, sloppy and incomplete, not sufficiently delving into the root causes of workplace problems).

Moving Forward
Improving Conditions
in SA Supply Chains





What Can Retailers Do?

Implement good standards throughout your supply chains: Clothing retailers can commit themselves to ensuring decent labour conditions at all levels of their supply chains by adopting and enforcing a good, clear code of conduct,³⁰ and including it as a condition in their purchasing agreements with all their suppliers (no matter how big or small the unit is and no matter where precisely it is in the subcontracting chain). The code should also include provisions for the implementation and regular monitoring and verification of the standards it contains. If the code is not implemented and no follow-up monitoring or verification of compliance takes place it is little more than a worthless piece of paper filed in a desk drawer or taped to a factory wall.

Retailers should ensure that their suppliers are in compliance with the law. The provisions in codes of conduct should never be used to undermine national legislation (where it provides better protection). Codes of conduct can be no substitute for adequately enforced protection under national law.

Instead of over reliance on quick fix commercial social auditors, companies should adopt a more comprehensive “toolbox” approach if they want to make a credible effort to face up to their responsibilities to workers in their supply chains. Quality social auditing includes unannounced visits, interviews of workers outside of the workplace, and involves skilled local experts and civil society organisations. This alone however is not enough and should be combined with other tools — for example partnerships with local organisations; grievance and complaints mechanisms; education and training; a pro-active approach to freedom of association — in a broader and longer-term program in order to really address the problems at the heart of workers’ rights violations.

Don't forget – all levels: A company's responsibility encompasses its complete sub-contracting chain all the way down to home-based garment workers. These are the clothes they sell and profit from after all. Restricting compliance of the code to only one or a limited number of tiers of suppliers could actually result in *more* subcontracting to suppliers whose workers are not covered by the code of conduct.

Don't cut and run: If a retailer is informed about rights violations at a supplier cutting their contract is *not* a constructive reaction. "Cutting and running", as this practice is known, does not solve the problem. Instead it punishes the very workers who were brave enough to speak out about the reality in their workplace. Cutting orders could result in workers losing their jobs and the existing violations will continue. Buyers have a responsibility to stick by their supply workers and work with management to develop sustainable solutions for core problems in the workplace. By cutting and running retailers send a message to suppliers and workers that they are not serious about workers' rights; that they would rather source from workplaces where problems are kept quiet. When faced with the knowledge that conditions fall short of good standards, a responsible retailer will develop an improvement plan with local and international NGOs and trade unions to remedy the situation.

Proactively develop sector-wide solutions to known problems: Retailers should not just seek improvements on an ad hoc basis, when they come to light. They can actively work together with others in the garment sector to develop solutions for the problems that are well-known throughout the sector. In some countries multi-stakeholder initiatives (MSIs) bring together numerous retailers who work together, along with trade unions and other workers' rights organisations to come up with ideas on how to improve conditions. For example, in the Netherlands there is the Fair Wear Foundation (<http://en.fairwear.nl/>) and in the UK there is the Ethical Trading Initiative (www.ethicaltrade.org/). In addition to monitoring and verification of compliance with good labour standards, members of these initiatives also engage in research and training activities that support better conditions throughout supply chains. Sharing lessons learned is one of the important characteristics of these MSIs. South African retailers can benefit from the experiences of retailers elsewhere who have already become involved in the development of codes, internal monitoring systems, and complaint mechanisms. Retailers and brand name companies currently participating in credible MSIs include H&M, adidas, Gap, and Marks and Spencer.³¹

What Can Civil Society Organisations Do?

While it is clear that retailers have a duty to play a constructive role in improving conditions in their supply chains, there are also many opportunities for civil society organisations to help push for the empowerment of workers. For example, locally at the point of production there is a need for more research on working conditions, capacity building for local organisations that support workers' in their struggles, support for workers' organising efforts, gender-sensitive leadership training for the mainly women workers in the industry,



Bangladesh garment workers and labour rights advocates demonstrate in Dhaka, 2006, to demand safer working conditions in factories, following a spate of factory fires and a factory collapse, which left hundreds dead and injured. International action groups, such as the Clean Clothes Campaign, supported their demands for better conditions and higher wages.

while in South Africa where the goods come to market there is a need to encourage retailers to take the necessary steps to make real their commitment to respect workers' rights. This means not only engaging in a dialogue with companies and acting as critical watchdogs in relation to current policies and practices, but also raising public awareness of this responsibility and providing creative ways to engage people in using their power as consumers to push the process.

Organisations taking up these issues will not be starting from scratch. During the past two decades much information has been gathered and shared about the working conditions where clothes are produced. When this raised awareness has been coupled with clear action requests organisations and individuals have responded by putting pressure on brands and retailers to improve the situation. In various countries around the world there are examples of trade unions and other non-governmental organisations (such as human rights, womens' rights, consumer, and solidarity organisations) coming together with the public to voice their preference for clothes that are made in fair and safe conditions. This vibrant movement fuelled by consumer action has put corporate responsibility on the garment industry's agenda. A few examples...

In Europe for nearly two decades the **Clean Clothes Campaign** (www.cleanclothes.org) has joined together consumers, NGOs, and trade unions in numerous campaign activities to raise awareness and push companies to improve conditions in the workplaces that make their clothes. Through its urgent action system the CCC has taken up some 300 cases of workers' rights violations in garment and sports shoe workplaces around the world, creating space for workers' demands to be heard and pushing for positive action. The CCC, with coalitions in 10 European countries, plays a leading role in the ongoing debates regarding corporate responsibility in the garment and sportswear sectors, regularly publishing



The Play Fair at the Olympics campaign in 2004 was a joint initiative of the Clean Clothes Campaign, Oxfam, and the Global Unions, to push for better working conditions in the global sportswear and sports shoes sectors. Campaigners brought their message of justice for sportswear workers to the Athens Olympics (left) and put pressure on national-level Olympic Committees to take responsibility for Olympics-licensed clothes.

research reports and discussion papers on critical issues for those who are serious about improving conditions and empowering workers. In 2004 the CCC teamed up with Oxfam and the Global Unions to mount the Play Fair at the Olympics Campaign (see <http://www.fairolympics.org>), said to be the largest anti-sweatshop mobilisation to date (hundreds of organisations in some 35 countries participated). With its Clean Clothes Communities project, the CCC also pushes communities to act as ethical consumers and ensure that all clothes they purchase are made in good working conditions.

In the United States a diverse movement of students at some 300 university campuses across the country, **United Students Against Sweatshops** (www.studentsagainstsweatshops.org), pushes companies that produce sportswear under license to their schools to start taking responsibility for working conditions at their suppliers. Active since late 1998, USAS mobilises thousands of college students to take part in its campus-community campaigns in support of workers' rights to earn a living wage and to organise. As part of their Sweat-Free Campus campaigning, USAS pushes US universities to join the Worker Rights Consortium, an independent monitoring organisation (www.workersrights.org).

Meanwhile, in Australia as awareness grew that sweatshops were an issue at home, not just abroad, the **FairWear campaign** (www.fairwear.org.au) emerged to actively encourage Australians to think critically about where the clothes they wear are produced and under what conditions; the campaign specifically focuses on the issue of homeworkers — those who stitch clothing at home and generally are the most vulnerable to rights violations. FairWear reports that in Australia homeworkers, mostly women, earn \$2 to \$3 an hour, work seven days a week, 18 hours a day to produce clothes for retailers. In response to this FairWear has waged numerous campaigns that bring together schools, churches, community groups, and consumers to push retailers to sign and implement a code of conduct developed by the Textile, Clothing and Footwear Union, along with representatives of the retail and manufacturing industries. See the FairWear website for a list of companies

that have signed onto the code and information on the campaign to encourage those who haven't to do the right thing.

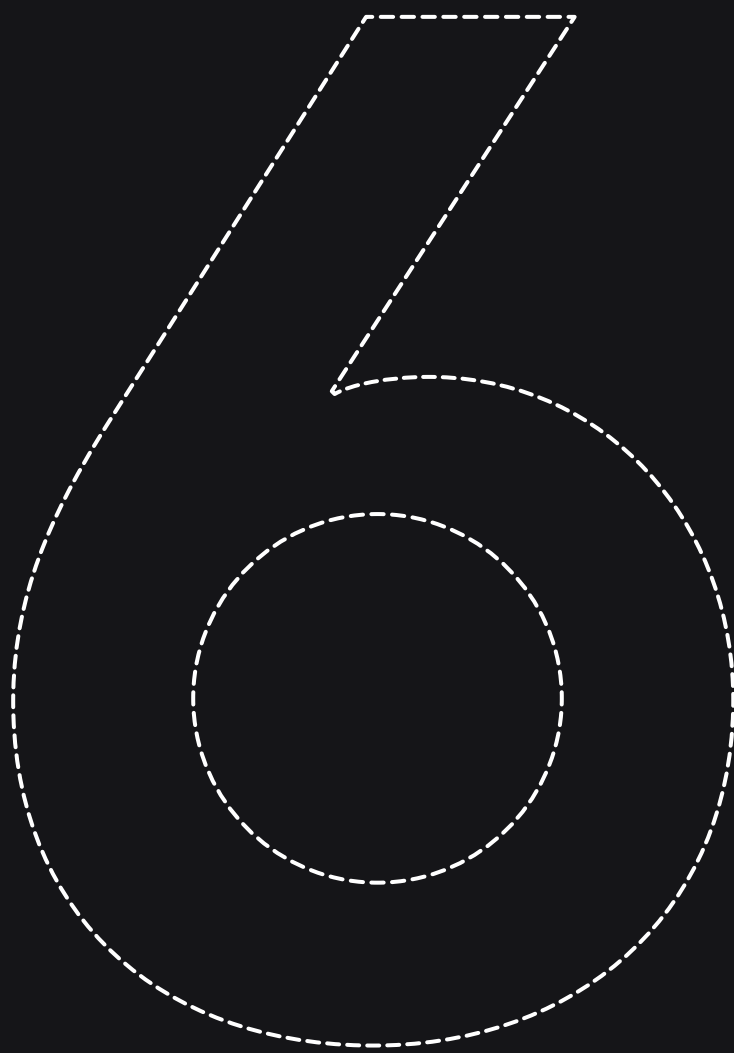
These are just a few of the inspiring examples out there; links at each of the above websites will lead you to many more. In your own community, contact local human rights organisations and trade unions to find out more about campaigns that focus on garment workers rights and how you can get involved.



University students in the United States demonstrating in front of a US garment retailer to push the company to ensure that the rights of workers at their Thai supply factory are respected, 2006.

For more information about this publication, related research, and how companies can become constructively involved in supply chain responsibility, please contact SOMO (info@somo.nl). To contact garment workers' unions active in Africa, contact the International Textile Garment and Leather Workers Federation regional office (admin@itglwf-africa.co.za).

Resources



Who Pays for Cheap Clothes:

Five Questions the Low-cost Retailer Must Answer



Published in 2006 by the UK branch of the Clean Clothes Campaign (Labour Behind the Label) this brochure features research on the trend toward “fast fashion” being pushed by low-cost retailers and supermarkets to get trendy new clothes to consumers quickly and at rock-bottom prices. They investigate the impact this has on garment workers and recommend asking retailers five basic questions to get some answers as to whether or not good value clothes come at the cost of human rights.

Available at www.labourbehindthelabel.org/images/pdf/low-cost-retailers-070706.pdf

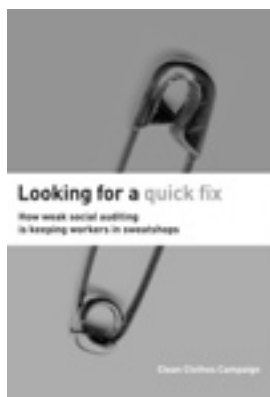
Clean Clothes Campaign: Frequently Asked Questions

Provides basic information on this international campaign to improve conditions in the global garment industry, with sections specifically geared toward consumers, brands/retailers, and manufacturers.

Available at www.cleanclothes.org/faq/index.htm

Looking for a Quick Fix:

How Weak Social Auditing is Keeping Workers in Sweatshops



Social audits to check working conditions in garment production facilities emerged in the mid-1990s after a number of high profile companies were widely scrutinised for substandard working conditions in their supply chains. At that time, a growing number of companies (Nike, Gap, Levi Strauss, and C&A) adopted codes of conduct that in essence were pledges to prevent exploitation and abuse of workers producing their goods. Labour advocates soon challenged these companies to demonstrate conformity to the standards they had adopted. Calls for independent, civil society-based forms of workplace assessments were made. The large majority of companies ignored these calls and actually did very little to implement or enforce their codes of conduct. Drawing upon research from 40

factories across Asia, Africa, and Eastern Europe, this publication details the shortcomings of a system over-reliant on commercial social auditing and offers ideas on alternatives.

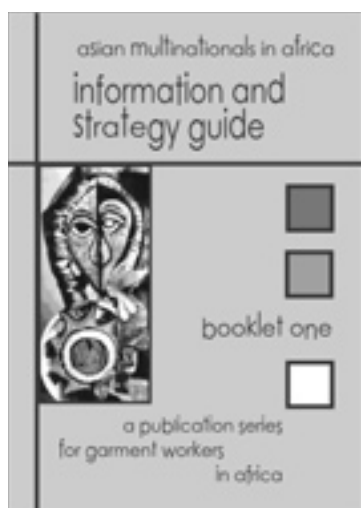
Available at www.cleanclothes.org/publications/quick_fix.htm

A Call to Action: Organising Garment Workers in Southern Africa

Booklet written in 2003 by the Workers' College (Durban, South Africa), the Trade Union Research Project (TURP) at the University of KwaZulu-Natal (UKZN), and SOMO for workers in the garment industry in Southern Africa. The booklet provides information on organising, workers rights, and international campaigning. Published by the Clean Clothes Campaign.

Available in English or French at www.cleanclothes.org/publications/GarmentWorkersSA.htm; available in Siswati, Sesotho, Setswana, Chichewa, French, and Malagasy upon request from info@somo.nl.

Booklet Series for Garment Workers in Africa



Three-booklet series — (1) “Asian multinationals in Africa: Information and strategy guide”; (2) “Organising and campaigning: Developing union strategy and capacity”; and (3) “A story of organising: A shop floor workbook” — produced in 2005 as an educational tool for shop stewards in Africa to provide a wide range of information, from contextual issues relating to the garment sector in global trade to practical considerations. Joint publication of International Textile Garment Leather Workers Federation (ITGLWF) Africa, Civil Society Research and Support Collective (CSRSC), and SOMO.

Available at <http://www.cleanclothes.org/publications/05-africa-booklet.htm>



Lesotho trade unionist, Lesotho factory owner, and representative of US-retailer Gap participate in panel discussion at ETI conference, UK, 2005.

Ethical Trading Initiative (ETI) Briefing Papers

The ETI's fourth biennial conference in May 2005 brought together more than 370 participants from over 20 countries, including leading international brands and retailers like Nike, Gap, Asda, H&M, and Tesco face-to-face with the Clean Clothes Campaign, Anti-Slavery International, Oxfam GB, and other labour rights NGOs, international trade union organisations and other ethical trade practitioners. With over 35 workshops and five plenary sessions, this broad mix of participants generated open, stimulating and practical discussions on topics ranging from how to tackle excessive overtime in China to developing code management systems in supplier factories. The six conference briefing papers based on presentations and discussions from the conference, were designed to provide new ideas and practical guidance to ethical trade practitioners struggling to address difficult challenges in code implementation.

Available at <http://www.ethicaltrade.org/Z/lib/2005/05/eticonf/index.shtml#plenaries>

Notes



- ¹ According to SACTWU, the annual reports and financial statements of the top five listed South African retailers (Edcon, Woolworths, Truworths, Foschini, and Mr Price) show that their aggregate turnover has increased by more than 60% from 2002, when it was R28,2 billion to 2006, when it was R45,8 billion. According to the South African Department of Trade and Industry the aggregate published profits of the top five clothing retailers has grown from R1.7 billion in 2002 to R6.6 billion in 2006, source: DTI, (2006a) "Import restrictions on Chinese Clothing" Sept. 7.
- ² Sources this section: www.mrpricegroup.com; Mathews, Charlotte (2005) "Mr Price rolls out expansion plans to 2010," *Business Day*.
- ³ McArthur speaking on "Business Day" program on Classic FM, 102.7 FM, Braamfontein, South Africa, September 7, 2006.
- ⁴ Sources this section: www.pepkor.co.za; Irwin, Ron (2002) "Pep Recharged," *Brandchannel.com*, November 25. Available at www.brandchannel.com/features_profile.asp?pr_id=100.
- ⁵ SADC member states are Angola, Botswana, the Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, United Republic of Tanzania, Zambia and Zimbabwe.
- ⁶ Source: www.woolworthsholdings.co.za
- ⁷ Source: www.woolworthsholdings.co.za
- ⁸ Source: 2006 annual report, available at www.edcon.co.za
- ⁹ Quoted in Robbins, Tom (2006) "Edcon to partner Western Cape's clothing makers" *Business Report*, March 31.
- ¹⁰ Deall speaking on broadcast of "Business Day" program, Classic FM, 102.7 FM, Braamfontein, South Africa, September 4, 2006
- ¹¹ Extract of Edcon Code of Ethics available at www.edcon.co.za/Edcon/About+Edcon/Corporate+governance.htm.
- ¹² www.edcon.co.za
- ¹³ www.truworths.co.za
- ¹⁴ Just-style.com (2006) "Will China deal help South Africa's textile makers," June 29.
- ¹⁵ www.foschinigroup.co.za/
- ¹⁶ Information for this section is from research carried out by SOMO in January 2006
- ¹⁷ ComMark Trust Lesotho Apparel Project (2006) "Briefing Memo: The Current State of Lesotho's Textiles & Apparel Industry," May.
- ¹⁸ Including design and direct supplier industries (source: Just-style.com, June 28, 2006)
- ¹⁹ SACTWU initiated a proposal that led to the birth of the Proudly South African campaign (described in this publication) and campaigns for retailers to sign a local procurement code. Source: www.sactwu.org.za/
- ²⁰ As this publication was going to print the benefits of a free trade agreement between China and South Africa -- which the two countries agreed to negotiate more than two years ago, though talks have yet to start -- was still being hotly debated. See for example "July still out on costs and benefits of SA trade deal with China, amid fears of severe job losses" by Carli Lourens, *Business Day*, South Africa, June 22, 2006.
- ²¹ Sources for this box: Sources: www.proudlysa.co.za/. Just-style.com (2006) "South Africa: Growth package sought for clothing, textiles," March 22.
- ²² Sources: Just-style.com (2006a) "Will China deal help South Africa's textile makers?" June 29; Just-style.com (2006b) "Woolworths attacks quotas proposal" Sept. 4; Just-style.com (2006c) "Government warns retailers after quota backlash" Sept. 13; Department of Trade and Industry, South Africa (2006a) "Import restrictions on Chinese Clothing" Sept. 7, www.thedti.gov.za; Department of Trade and Industry, South Africa (2006b) "Extension of deadlines for restrictions for Chinese Clothing" Sept. 15, Hall, Wendy (2006) "Retailers want import quotas to be scrapped," Sept. 7, *Business Day*.
- ²³ Source: Deedat, Hameda and Christi Westhuizen (2004) "The Socio-economic Impact of Trade

Liberalisation and Employment Loss on Women in the South African Clothing Industry: A Cape Town case study," FOCCISA.

- ²⁴ For a case study on organising in and more background on South Africa's informal garment industry, see Bennett, Mark (2003) "Organizing in the Informal Economy: A Case Study of the Clothing Industry in South Africa," SEED Working Paper No. 37.
- ²⁵ Correspondence with Burger van der Merwe, head of supply chain, Woolworths, May 26, 2006.
- ²⁶ Sources: Inggs, Margie (2006) "Clothing makers, retailers unite around local needs," *Business Report*, April 19; Inggs, Margie (2006) "Mr Price joins cluster to boost competition," *Business Report*, July, 5; Just-style.com (2006) "South Africa: Retailers back industry improvement efforts," April 13.
- ²⁷ This section adapted from *Made by Women: Gender, the Global Garment Industry and the Movement for Women Workers' Rights*. Based on information supplied by the Chinese Working Women Network (CWWN).
- ²⁸ Sources: De Haan, Esther & Phillips, Gary (2002), *Made in Southern Africa*, Clean Clothes Campaign; De Haan, Esther, Koen, Michael & Mthembu, Ntokozha (2003), *Garment Production in Malawi*, SOMO

- ²⁹ A good code of conduct is one which makes clear reference to the International Labour Organization (ILO) conventions regarding freedom of association, the right to collective bargaining, no discrimination of any kind no forced or slave labour, a minimum employment age of 15, and should also stipulate that health and safety measures be adhered to, that the maximum working week not exceed 48 hours and voluntary overtime not be more than 12 hours, that workers are guaranteed a living wage, and that an employment relationship is established (workers must be legally recognised as workers).
- ³⁰ Some initiatives that promote themselves as multi-stakeholder monitoring or verification initiatives are in fact company-led and lack the input of workers, their representatives, or other local stakeholders and do not provide credible monitoring and verification programs, for example the Worldwide Responsible Apparel Production (WRAP) initiative in the US and the Business Social Compliance Initiative (BSCI) in Europe have been severely criticised.

