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C&A, THE SILENT GIANT

From garment retail
multinational to
female homemaker

A SUMMARY

This summary has been prepared for the seminar:

NEW LABOUR REALTIONS: INTERNATIONAL DEVELOPMENTS
IN THE GARMENT INDUSTRY AND ITS CONSEQUENCES FOR
THE WORKERS

Dordrecht, June 19, 20 and 21, 1989

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Marijke Smit,

Lorette Jongejans

SOMO, Amsterdam,
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Introduction.

In our research about subcontracting and flexibilization in the garment industry we constantly ran across the giant retailer C&A. Subcontractors told us that they worked for, C&A Nederland, C&A Germany, C&A Spain etc. Owners of sweatshops showed us the receipts and invoices with Clockhouse or Canda on it, two of the sixteen labels of C&A.

Before we started the C&A record in our documentation centre at SOMO the C&A record was very thin and the information was very out of date.

C&A is a mysterious firm, it does not publish an annual account¹ so we do not know where and for what it invests. And, very important, we do not know the consequences for the people who work for C&A of take overs like that of Voss [Foxy Fashion] in the seventies and big close-downs like the move of the main computer centre for the distribution from Amsterdam to D sseldorf in Germany.

This and the fact that the C&A share of the Dutch retail market is approximately 20 %, which is a very powerful share on a highly fragmented market, made us choose C&A as the guide through recent developments of subcontracting and flexibilization of labour.

Therefore we start to introduce C&A to you.

C&A, a catholic family company.

C&A is a family owned company. The Brenninkmeijers originally comes from Germany, settled definitely in Holland during the second World War. Then they already owned retail shops [garments only] in several European countries.

Nowadays C&A owns garment departmentstores in almost all European countries, in the United States, in Latin-America and in Japan. C&A subcontracts all over the world, especially in Third World countries like Taiwan, Hong-Kong, China, Bangladesh and the Philippines, but also in the poor and not highly industrialised countries in Europe like Turkey, Poland and Portugal.

C&A is not only a garment retail empire, but also an investment and financial power. The holding company Intercena, is not only the unofficial headquarter of C&A but also the base of more than 100 investment companies. One of the lawyers of Intercena told a Dutch weekly ten years ago that the Brenninkmeijer investment enclose "billions and billions of guilders".

The organization structure of C&A.

The organization structure of C&A is complicated because the company does not want to be described as a multinational. So they say that every C&A is a national company, completely independent and free to manage C&A their own way. The reason for this strategy is, that it is one way to avoid any openness to their employees and to the public [the juridical form is an other

¹ C&A is not a limited company but a limited partnership, not only in the Netherlands, but also in Western-Germany, Belgium and the United Kingdom.

way]. In reality however we find in every country where C&A operates in the retail market five or six male Brenninkmeijers who are nationally responsible. One of them is the national managing director. All the managing directors together form the board of the parent company Intercena.

The national C&A company in the Netherlands is called C&A Nederland and the Brenninkmeijers in charge are Walter, Franciscus Ernst, Leo Felix Maria, Martinus and Michael Louis Maria, who is also the managing director.

C&A Nederland counts 89 branches and 37 Foxy Fashion shops. One of our informants told us that they employ 6000 people.

The C&A hierarchy.

Nationally the organization is highly hierarchical. In fact there are two separated hierarchies, one for the buying and one for the selling.

The purchase department is of course headed by a Brenninkmeijer, under him we find a manager, under that manager we find the purchasers. They are very important and they have had years of special C&A training and education. The purchasers always work in teams of three with a special purchasing object. Team 709 for example is the team that buys ties only. Under the purchasers we find a manager who is responsible for the sale and directly under him we find his substitute.

In the second hierarchy we find at the foot the part-time shop assistant with a flexi-contract, than the apprentice shop assistant, than the full-time shop assistant and than the head shop assistant. Than we find somebody who is in charge of two departments, she is responsible to the branche manager and to the salesmanager of the other hierarchy. The branche manager is responsible to somebody who is in charge of three branches. And that manager, who is always male, is responsible to three sector managers. And than we are back at the Brenninkmeijers.

The company culture.

The Brenninkmeijers are practising members of the catholic church. That is something you recognize not only in the corporative organization structure but also in the way C&A treats its personel. Divorce and living together instead of getting married, was not done until recently. It is impossible for women to make a carreer at C&A; manager of one branche is the top of the bill. At C&A Germany men are better paid than women. And in Holland women have to be thirty years old and five years employed at C&A before they can enter the pensionfund. The men can enter two months after they started to work at C&A.

C&A does not like union membership of its employees. If there is any trouble C&A tries to buy it off. It also helps that the wage is better than at other retailers. The part-time shop assistant with a flexi-contract earns about three guilders an hour more than the same shop assistant at Vroom & Dreesman or the Bijenkorf, two other chains of garment departmentstores. The shop assistants also have a seven weeks paid holiday a year, travel expences compensation, 8% holiday allowance, extra children's allowance and a saving fund.

Drivers and shop assistants in the Netherlands.

We talked to drivers of the C&A distribution centre and to shop assistants about their labour circumstances. Both groups recently had a labour conflict about flexibilization.

The C&A drivers work 36 hours a week and earn a good living, a gross monthly wage of 3250,- guilders. Coffee and meals are compensated, they get a travel expenses compensation and a worksuit compensation. The drivers and their family get 20% reduction on purchasings at C&A. All drivers are in the C&A pension fund. C&A helps them with their mortgage. January last year C&A tried to change a settlement about slack periods. In quiet periods the drivers have to 'save' the hours they did not work because there was no work and they had to 'spend' these hours again in high season. A driver cannot take a leisure day when he wants it, except when he has to 'spend' some hours. The drivers did not agree but the union was not allowed to enter the negotiations. In the end the drivers reached a compromise: the 'saved' hours disappeared after six month and the extra hours did not.

December 1988 C&A tries to change the contracts of part-time shop assistants with a flexi-contract. They work twelve hours a week and they work at fixed hours. C&A wants to change the fixed hours in flexibel ones. Several of our informants tried to make a copy of the contract to discuss the consequences of it with their husband or the union, but that was not allowed. In the end all the shop assistants signed.

At the same time C&A tried to change the twelve hour-contracts in less than twelve hour-contracts. Some of the shop assistants signed that as well, because C&A told them that it was just a minor change with no consequences at all.

But the consequences were not minor, it meant no over-time money on saturdays and thursday evenings and half of the number of the 20% reduction coupons.

Here again C&A successfully kept the union out. Made possible of course because so few shop assistants are a union member.

C&A abroad.

This for C&A in the Netherlands. According to Fortune magazine C&A has approximately 500 department stores worldwide. C&A keeps silent. We traced part of the C&A interests abroad, but it gives an incomplete and fragmented picture of the retail giant.

The United Kingdom.

In the United Kingdom there are 77 C&A branches at the moment. Between 1978 and 1983 the C&A market share expanded from 3 to almost 5 percent. In ladieswear only the share is in 1983 more than 6%, that makes C&A second biggest ladieswear retailer, immediately after Marks & Spencer.

Like the Dutch C&A, C&A UK aims at several different consumers, with different life styles. They sell much sportswear, also ski wear. And special for the UK a lot of underwear.

C&A UK sells the same labels as in the Netherlands. The labels which are not meant for fashionable young people, are not so

expensive as in Holland.

Most of the garment is manufactured in the UK, 20 to 30% is imported. In the UK C&A subcontracts to sweatshops and homeworkers under the same conditions as in the Netherlands. (see subcontracting in the Netherlands)

All retailers spend a lot of money on advertising. We have some figures about it on C&A UK. Their total budget [newspapers and television] was in 1976 12.993.873,- guilders, the next few years the budget is approximately the same and than in 1980 the budget is raised to 18.396.121,- and in 1981 to 22.631.073,-. The raise is especially due to the increasing use of television commercials.

Western Germany.

In Western Germany there are 153 C&A branches, a sales office Eteha and a branche of the international sales office Mondial. C&A in Western Germany is called C&A Brenninkmeijer. Although C&A Brenninkmeijer is also an unlimited partnership, the firm has to publish a balance sheet and the profit and loss account. The turnover increases from 7.6 billion guilders in 1985 to 8.1 billion guilders in 1987. The net profit increase from 216.8 million guilders in 1985 to more than 238.2 million in 1986 to 257.4 million guilders in 1987.

The United States.

C&A owns 221 branches in the United States. You cannot find C&A under the name C&A:18 branches are called DeLodge, 175 branches are called Maurices and 28 branches are called Howland and Steinbach. The holding company in the US is called Amcena and the managing director is mister Roland Brenninkmeijer.

Japan.

C&A is only recently operating in Japan. In 1979 C&A starts a pilot departmentstore in the country. In 1981 C&A starts a large departmentstore in a suburb of Tokio. In 1986 C&A owns a departmentstore in Funabashi City, one in Chiba City and two more in Osaka.

The Japanese holding company is Trafico Ltd in Hong Kong, Trafico is the owner of C&A Japan Co Ltd. Members of the national board are mister F. Mistunobu and mister P.E.C. and mister S.R.M. Brenninkmeijer. According to the Japanese union [dienstebond ???] C&A employed in 1985 174 people. Japan has its own sales office the Meiko Trading Company.

Brazil.

Brazil is the only Third World country where are C&A branches. In 1975 C&A opened the first branche in Sao Paolo and in 1983 there are 22 departmentstores all over Brazil.

The rest of the C&A interests will be found in the survey on page 32 of C&A: the silent giant.

C&A as a manufacturer of garment.

For a long time, anyway from the thirties till the seventies C&A was not only a garment retailer, but also a garment manufacturer. In several European countries C&A had founded Canda [C and A], later called Canda International, to produce part of the C&A garment products and to get more information about the process of manufacturing, so that the C&A sales managers would be able to drive a harder bargain with subcontractors.

In the seventies, the highlight of the C&A owned production, there were 23 Canda factories in Europe with 7500 employees. Canda then produces 20 % of the C&A garment.

In the following ten years the textile and garment industry in the Netherlands vanishes almost completely. What was left, were the subcontractors. The design, the cutting, the management, the finance and selling takes place in the Netherlands and the production is subcontracted. At first to Northern-African countries like Tunis and later to the Far-East.

In 1985 C&A Nederland sells what's left of Canda by a management buy-out to the president-director F. Schulte. The new corporation gets the name Interface Fashion. C&A is its biggest customer.

Interface Fashion.

Interface Fashion is one of the biggest garment manufacturers in the Netherlands. It has its own production facilities: two factories in Holland and one in Belgium and a large automated distribution centre in Vianen in Holland. Besides their own production Interface subcontracts in several European low-wage countries, like Italy, Portugal, Poland and Yugoslavia. But also in the Netherlands.

They produce 75.000 to 80.000 pieces a week and 80 % of it is meant to go abroad. Most of it is exported to C&A-Germany and to the German wholesale dealer Elegarde. So they produce a lot of different private labels, but they also have own labels.

The employees of Interface are mainly female [90%] and permanent staff [90%]. The managing board wants to hire more flexible workers, because that is cheaper. In Belgium that is already functioning, because there we find a social security benefit system for temporary unemployed.

March the 29th 1988 Interface Fashion takes over Swinging Fashion. Swinging Fashion is quite the same sort of corporation as Interface, except that they do not have production facilities at all, they only subcontract. Swinging Fashion is also much smaller, they produce 50.000 pieces a week. Most of it is subcontracted in the Netherlands, some of it in Belgium and a little bit in Poland.

Swinging Fashion employs 65 people, more than 50% of them is female and also permanent except for the women who prepare the dispatch of the designs and the cloth.

The production of Swinging Fashion is on order for commissioners and they have one label of their own: The Limit.

Like Interface Swinging Fashion produces mainly ladieswear and some childrenswear. The main commissioner of Swinging Fashion is, as with Interface Fashion, C&A Germany and to a lesser extend C&A Swiss and C&A Austria. According to our informant, Swinging Fashion is the most important supplier to C&A Nederland. [although

C&A is not Swinging's only customer]

In short, these two subcontracters, so closely linked to C&A, although juridically independent, are responsible for the subcontracting of more than 100.000 pieces of garment a week only in the Netherlands. If we look to page 51 of C&A: the silent giant you find an example of profits and costs of the several links in the subcontracters chain. If we add this example to the figure above, we find a weekly turnover for Interface Fashion and his subsidiary Swinging Fashion of 700.000 guilders a week. A sweatshop keeper can make 5000 guilders in that same week and the homemaker 95 a week.

C&A fits, with this management buy-out to Interface, in the general tendency of the eighties to concentrate on what they consider their core activities: the garment retail. This renewed specialization is the other side of subcontracting. The specialization at C&A is an answer to the market demand. The consumer wants fashionable wear fit for an individual taste. C&A starts to sell small and fashionable series. The endless rows of the same cheap dresses or blouses or C&A's specialty the sailor suit for everyone, is something of the past. Nowadays C&A has 16 labels all aiming for a special consumers group. Now you can buy a not so cheap coat of Westbury or a very expensive coat of Incognito at C&A. C&A does not longer direct itself towards the poor lower class but to the middle class with more purchasing power.

In the struggle for that new customer not only the content of the departmentstores changed, also the appearance did. Several C&A's were redecorated in the last few years in a luxurious way. They are the example of what will happen to the rest of the C&A branches.

The new subsidiary: Marca.

This management of upgrading and market segmentation meant the birth of a new subsidiary. The cheapest garment had to move out. In 1985 the new departmentstore Marca was a fact. Unlike C&A Marca was to be found in the country and recently also in the suburbs. At Marca's you buy cheap garment for every member of the family. They have their own labels but -in contrast to C&A- they also sell labels of other companies, for example Adidas sport shoes.

At the moment, after four years, there are 33 branches in the Netherlands and 18 in Belgium. At the 33 Dutch branches and in the at the headoffice in Amsterdam work approximately 1000 people, most of them women.

Marca is like C&A a limited partnership and juridically independent of C&A. But we traced several links with C&A. Three Brenninkmeijers are managing partners and members of the board of Intercena are also members of the board of Marca. Besides Marca makes use of the distribution centre of C&A. C&A and Marca claim however that there does not exist any link and C&A denies Marca is a subsidiary.

SUBCONTRACTING PRACTICES OF C&A IN THE NETHERLANDS AND IN THE THIRD WORLD

Nowadays C&A subcontracts both in the Third World and in the Netherlands. First we will take a look at the subcontracting practices of C&A in the Netherlands. Later at those in the Philippines, Bangladesh and Thailand.

SUBCONTRACTING IN THE NETHERLANDS

From the beginning of the 1980s onwards garment retailers want to be able to buy small quantities of highly fashionable garment products alongside the 'normal' garments. Because of the required fast delivery of the highly fashionable garments it is not possible to import these goods from abroad. Certainly not from Third World countries in the Far East. An order placed there would take 6 weeks or more. The garment retailers demand delivery in one to three weeks.

Because of this demand of the retailers like C&A small garment producing firms come into business. Often not official working firms, but illegal sweatshops. We find this system not only in the Netherlands, but in other countries as well; especially in the UK and the USA. In the UK we have visited sweatshop that produce C&A garments, too. (But here we'll concentrate on the Netherlands)

C&A buyers don't place orders at sweatshops directly. They do this via a chain of subcontracting. C&A operates through a number of middlemen.

How does it work? C&A buyers contact a middleman or agent. Sometimes this middleman calls himself 'manufacturer', although he doesn't produce the garment products. Sometimes he sells the design to C&A. Often he has to adjust the design first to the wishes of C&A before it is accepted. Usually he buys the cloth. After C&A has placed the order the middleman subcontracts the actual production process to a few sweatshops. The sweatshops sometimes subcontract part of the order to homeworkers.

An example: a blouse

Let's look at one example: the production of a blouse for C&A.

A C&A buyer contacts a middleman and asks for a new type of blouse, a nice blouse for Sundays and holidays. The middleman buys a design for 1.000 guilders. He buys cloth and haberdashery (the buttons, thread, etc). He orders to produce one or two blouses. Sometimes this is done in his 'factory', sometimes in the house of a homemaker. The production of these blouses cost about 30 guilders.

The middleman shows the blouses to the C&A buyer. The buyer wants to change a few things and then accepts it. He orders 10.000 blouses and wants to have them delivered next week. He supplies the C&A labels.

Now the middleman buys a large quantity of cloth. Per

blouse the cloth costs about 7,50 guilders. The middleman sends the cloth to a cutter, usually a small - only in cutting specialised - firm. The cutting costs 75 cents a blouse.

The middleman now wants to subcontract in order to produce all the blouses. He looks for some sweatshops. He tries to find sweatshops that accept the order for the lowest possible price. An average sweatshop produces approximately 2.000 blouses a week. Therefore, the middleman subcontracts to 5 different sweatshops.

The middleman provides the design and cloth only. The sweatshops buy the buttons, thread, hangers etc.

Quite often the sweatshops subcontract part of the production to homeworkers. For some of the sweatshops subcontracting to homeworkers is an integral part of the production process. Others only subcontract to homeworkers if there is no alternative, for instance if they have accepted more orders than they can handle.

One of the sweatshops subcontracts 250 blouses to 5 different homeworkers. The homemaker is payed at piece rate. She receives 4 guilders a blouse. After reduction of the costs made (thread, electricity, taxes) she earns 1,90 guilders a blouse. Or 95 guilders for 50 blouses in one week.

The blouses return to the sweatshop to be completed there. Often the button holes are made there. The garments are ironed in the sweatshop as well. The sweatshop receives 14 guilders a blouse from the middleman. The sweatshop has made a lot of costs: wages, the hire-purchase of sewing machines, the rent of a building, electricity, buttons, thread, taxes, social security contributions, etc. The costs the sweatshop has made are 12 guilders a blouse for the 1.750 blouses produced in the sweatshop itself and 8 guilders a blouse for the 250 blouses produced by homeworkers. On average a sweatshop earns 2,50 a blouse. And only if not all taxes and contributions required are actually payed. Each of the 5 sweatshops earns 5.000 guilders for 2.000 blouses that week.

The middleman sometimes subcontracts the sewing of the C&A labels to still another firm (in order to avoid an easy linking between C&A and an illegal sweatshop). The middleman then sells the blouses to C&A for 30 guilders a piece. His costs for the design, cutting, cloth, sweatshop, transport, storage, income for himself and his employees are around the 23 guilders. He earns 7 guilders a blouse. So that week he earns 70.000 guilders for 10.000 blouses.

C&A sells the blouses for 50 guilders to the consumer. C&A has made costs as well: 30 guilders to pay the middleman, part of the costs for the shops, wages of buyers and sellers, etc. C&A earns 18 guilders a blouse. When all the 10.000 blouses are sold, C&A has earned 180.000 guilders.

To summarize:

| | <u>price</u> | <u>costs</u> | <u>income</u> <u>a blouse</u> | <u>number</u> | <u>total</u> <u>income</u> |
|------------|--------------|--------------|----------------------------------|---------------|-------------------------------|
| homeworker | 4,00 | 2,10 | 1,90 | 50 | 95 |
| sweatshop | 14,00 | 11,50 | 2,50 | 2.000 | 5.000 |
| middleman | 30,00 | 23,00 | 7,00 | 10.000 | 70.000 |
| C&A | 50,00 | 32,00 | 18,00 | 10.000 | 180.000 |

(in guilders)

The middlemen

C&A operates with quite a number of middlemen. One of the most important of those is Interface Fashion BV (private company) in Amsterdam, the former Canda (C and A), which is de jure not a subsidiary of C&A anymore, and its subsidiary Swinging Fashion BV (see above).

The other middlemen usually work for more than one retailer as well. They often produce not only for C&A in the Netherlands, but for C&A in the Federal Republic of Germany, France, Spain, UK, Switzerland and Austria, too. Usually C&A FRG is far more important for these middlemen than C&A Nederland.

One of the companies of a middleman we have given the pseudonym Rozen Confectie BV. It supplies C&A in the FRG, its main customer, with about 150.000 garments a year. Rozen works for other Dutch garment retailers, too (Peek en Cloppenburg, Vroom en Dreesmann, Bijenkorf, Fooks, Mexx). The owner of Rozen frankly admits that he subcontracts to sweatshops, but he does not want to go into detail. He explains why:

"Those foreign-run sweatshops have been in the publicity in a rather negative way. Mistakenly. Circumstances in Sri Lanka are far worse than in the illegal sweatshops in the Netherlands. In Sri Lanka people are tied to the machines. Besides, no job is worse than a bad job. The sweatshops make good money. The Turkish sweatshops employ skilled workers: most of them are tailors, men of course."

The sweatshops

The sweatshops work partly illegal. They are registered at the Chamber of Commerce. But they do not account for alle the employees who are actually working for them. Furthermore they lie about the number of hours the officially employed workers actually work. Most workers don't have a labour contract. They are only payed if there is work. Some employees are illegal in the country (without the required permits). The conditions in the collective labour agreement are not applied. There is no equal pay for equal work. If there is a division of labour between the sexes women get the lowest payed jobs. Overtime is not payed extra. Etc.

The sweatshops don't pay all the social security contributions and taxes required. Especially because of this fact the state tries to put an end to these practices. It has been estimated that some 300 million guilders a year are not payed by the sweatshop owners.

People start sweatshops because they are unemployed and their opportunities on the labour market are minimal. There are sweatshops run by Dutch and Turkish people. The majority is run by Turkish migrants. Most owners and keepers of sweatshops are men, but there are some female sweatshop owners and keepers as well. In practically every sweatshop we have found relatives of the owner or keeper who are working there as well. Often wives, daughters and sons.

Most sweatshops are located in Amsterdam, an estimated 450 - 500. There are, however, sweatshops in other large cities and in

villages as well. The total number of sweatshops in the Netherlands is estimated at 800 - 1.400. About 6.000 - 8.000 people are employed. In the officially working garment industry about 10.000 - 12.000 people are employed. The Dutch trade unions are concerned about the "dishonest competition" of the sweatshops with the factories because they fear that this might lead to loss of jobs in the officially employed circuit, where their membership is.

The sweatshops are often located in cellars, attics, sheds in the garden, etc. Of course, there is no sign on the door. The curtains are drawn, etc. They don't want to alarm the police and other authorities. Because the garments are ironed with steam and the sweatshops are often very crowded, the working conditions are bad.

Some sweatshop workers produce the whole garment product. But most of the time the production process is fragmented. Workers who do the easiest part of the work earn less than highly experienced ones who do the difficult part. Workers who work overtime (usually men, because women are bound to perform their domestic tasks as well) are able to earn a larger weekly income than the rest. People who are illegally in the country for a short period - at the height of the sweatshop season - are euphemistically called 'tourists'. The 'tourists' are almost always men and earn more than the other workers, and a lot more than the female workers. Often a few female workers are the only ones with a real labour contract; although in reality they always work more hours than the contract indicates.

In some weeks of the year the sweatshops are very busy. Then the experienced workers make good money. But they often have to work 60 hours a week. The season lasts about 7 months. Some sweatshops close down after that period. The workers are unemployed then. Often they are not entitled to receive social benefits.

The sweatshop keepers and owners complain about the increasingly fierce competition. A few years ago they received for instance 17 guilders a blouse, nowadays between 11 and 15 guilders. Some sweatshops only operate a few weeks. The average time is 6 months. After that period they close down. Often because they are really bankrupt. Sometimes in order to avoid the fiscal authorities.

The homeworkers

Most of the homework is done by women. We have interviewed exclusively female homeworkers. Women of different ages. Dutch and Turkish women. All women had children.

They are all paid by the piece. Usually the piece-wage is determined by the sweatshop keeper, but sometimes it is the result of negotiations between the sweatshop keeper and the homeworker. How much a homeworker earns an hour also depends on how fast she works. She needs time to prepare things, to tidy up, etc. Most homeworkers only earn a few guilders an hour. Only very experienced homeworkers with a rather steady and good relationship with a sweatshop or factory sometimes earn around 10

guilders gross an hour.

An example. We have spoken to a homemaker who sews shoulder pads for a factory. Her piece-wage is 7 cents a pair of shoulder pads. Her children help to put them in a box when she has finished them. She produces 1.000 pairs of shoulder pads a day. She works 7 hours a day. She receives 70 guilders.

Most homeworkers don't have a labour contract. Many homeworkers pay taxes and social security contributions. When they fall ill or become unemployed they don't get any social benefits.

Homeworkers in the garment industry often have no work between November 15 and January 15 and between May 15 and July 15.

Who is responsible?

C&A maintains that it is against sweatshops and that C&A tries to fight those illegal practices. They advocate measures against the sweatshops. C&A even challenges researchers to give them the names of the sweatshops that produce garments for C&A. Those researchers may then be present when the police raids these sweatshops! And the middleman involved will be told that C&A does not agree with his way of subcontracting.

According to us this is highly hypocrite: C&A wants to look like a decent corporation to the public in large, while it silently profits from illegal practices. We have found that the profit margin of the female homeworkers is extremely low, that of the sweatshop is low, too and those of the middlemen and especially of C&A - and other large retailers - is very high (see the example above).

In our opinion C&A has to bear the ultimate responsibility for the payment of taxes and social security contributions in other parts of the subcontracting chain. The Dutch legislation on ultimate responsibility ought to be adjusted in this way. A very rough estimation learns that C&A then ought to pay around 60 million guilders a year more on taxes and social security contributions.

Furthermore we support the demands of the Solidarity Committee of Sweatshop Workers:

- * Both the retailers, like C&A, and the middlemen have to accept lower profit margins. SOMO thinks the consumer prices don't have to be raised if the retailers and the middlemen could be forced to accept lower profit margins.
- * A system of minimum prices (payed to the sweatshop for every type of garment) has to be introduced. Then all taxes and social security contributions can be payed.
- * Sweatshop workers without a residence permit have to be notarized.

Besides both homeworkers and sweatshop workers ought to get a labour contract, better wages, conditions according to the collective labour agreement in the garment industry, etc. Female migrants who do homework or work in a sweatshop ought to receive all permits (residence, live and work) personally (instead of

remaining dependent on the permits of a relative or her husband).

Specialization

The garment industry in the Netherlands is highly specialized. There are for instance cutters of the cloth, sewing machine leasing companies and shoulder pad factories.

Sewing machine leasing companies, like Rivalco BV, make good profits these years. They use the hire-purchase system in their contact with sweatshops and homeworkers. When everything is paid the sweatshop or the homemaker becomes the owner of the machine. The prices the sweatshops and homeworkers have to pay differ much. When a sweatshop ends up bankrupt, the company has received money for the machines for some months and gets the machines back as well.

Practically every sweatshop uses the hire-purchase system for its industrial sewing machines, button hole machines, irons, etc. Some homeworkers use it as well for an industrial sewing machine. Other homeworkers buy their own machine (2.000 guilders) right away. Some homeworkers receive a machine from the factory for as long as they work for it.

The shoulder pad factory Bara has a large market share. In many C&A garment products we find their shoulder pads. Bara uses the incentive wage system for most of its 144 factory workers and the piece-wage system for all its 22 homeworkers. Almost all the factory workers and all the homeworkers are women, both Turkish and Dutch.

New technology

Professional journals in the garment sector advertise with new technology products, but not many of these products have already been introduced.

The Computer Aided Design (CAD) has hardly been introduced in the Dutch garment industry. Let alone the Computer Aided Manufacturing (CAM).

Interface Fashion has a 'Pattern Design System' for 10 years or so. The patterns are changed by using the computer. The designing phase can be done by computer as well, but offers too few advantages to Interface. The company hardly designs itself: the customers, like C&A, supply the design.

The company could use the computer to place the pattern on the cloth, but that is not done either. It is cheaper to do this by hand. The cutting is done by hand, because this is also cheaper.

The industrial sewing machines in its production units are programmed. They stop automatically and its possible to program them to sew up as well. The steering is still done by hand. The hand-time is still very long.

Interface has recently shifted from main-frames to networks. Interface replaces its machines gradually: 2 or 3 at a time. The price of the machines varies between 30.000 and 120.000 guilders a piece.

Its subsidiary, Swinging Fashion, uses exactly the same technology. A spokesperson says:

"Without the computer we would have needed 15 employees, where we now only have 4 persons. And that whereas we doubled production since the introduction of the computer system."

SUBCONTRACTING IN THE THIRD WORLD

C&A subcontracts in many countries in the Third World. Large series of less fashionable garments are produced there. We have focussed on three Asian countries: the Philippines, Bangladesh and Thailand.

We will start, however, with some remarks regarding the Multi Fibre Arrangement.

The Multi Fibre Arrangement

The Multi Fibre Arrangement is a measure to protect the textile and garment industry of the countries of the EEC, the USA, Canada, Japan, Austria, Swiss, Norway and Finland against cheap imports from Third World countries. The Multi Fibre Arrangement determines that Third World countries have to conclude bilateral agreements about the amount of garment products, the quota, they can export to the industrialised countries.

The first Multi Fibre Arrangement dates back to 1974. Later on it has been adjusted and extended. Because some countries, like South Korea and Taiwan, already have quota arrangements with the more industrialised countries, it is very hard for newcomers, like Bangladesh to conclude good arrangements as well.

The Multi Fibre Arrangement has often lead to 'second runaway' tendencies. Multinationals closed down their factories in a country with small quota goods (or if the quota were already met) and opened new ones in countries that could hardly fill the quota agreement.

In 1985 a shock went through Bangladesh when the USA suddenly decided to introduce a quota arrangement for garment products from Bangladesh. Garment production grew with 300 % a year, but the export to the USA (the main buying country!) was cut down to a growth of 6 % a year! The same year an agreement with the EEC limited the export of shirts from Bangladesh to the UK to 2.2 million and to France to 1.7 million pieces a year. Some buyers immediately turned their back on Bangladesh and started to buy in other countries. The wages of the workers went down even further. Bangladesh now tries to export to non-quota markets as well and to produce garment products for which no quota have been set.

Thailand used to sell most of its garment products to the USA, but was hit by restrictive measures by the USA government in 1985, too. In 1986 the EEC had become its biggest market.

Other countries, like South Korea, try to move 'up-market' because of the quota and the competition: they have started to

produce garments with more value added. South Korean businessmen have become very active in other Asian countries as well, often in the form of joint-ventures with local businessmen.

THE PHILIPPINES

The Netherlands import for somewhat more than 375 million guilders from the Philippines. The import of garment products amount to 50 million guilders.

A lot of garment products used to be produced in the Bataan Export Processing Zone in the Philippines. This zone is one of the most notorious in the world. The wages are low, the workers have few rights to organize themselves, etc.

IGMC

The Intercontinental Garment Manufacturing Corporation (IGMC) is one of the garment producer in the BEPZ. The company produces garments for C&A and other multinational corporations. Other retailers that buy at IGMC are for instance Debenhams, Littlewoods and Next. Most of the garment products are bought by Telemac in Reddish, Stockport, UK. But the products are sold in the FRG, Ireland, USA, Japan, Australia, Chili and other countries as well.

C&A is described as a "consistent buyer" at IGMC. It places its order once a year. IGMC produces garments under the Canda-label of C&A. It is not known if these garment products are only sold in C&A shops in the UK or in C&A shops in other countries as well.

IGMC is a subsidiary of Telemac (Hong Kong) Ltd, which is an subsidiary of Thomas Marshall Investments Ltd, which is a subsidiary of William Baird Plc (UK). William Baird has subsidiaries in about 10 countries.

IGMC only provides the labour. The cloth is cut and sewn at IGMC. But even the cutting instructions are telexed directly form Baird's office in the UK to the IGMC cutting room. Everything else comes from Hongkong: the cloth, zippers, buttons and thread.

About 90-95 % of the IGMC workers are women. They work as sewers. The men are cutters. Almost all women are somewhat younger than 30 years. In some periods the IGMC-factory employed around 1.500 workers. In November 1988 only 1.000.

The permanent workers work 8 hours a day, 5 days a week. Recently management decided that the workers had to work 2 - 4 hours overtime a day in case the workers did not produce 75 % of the standard.

In November 1988 one third of the workers, more than 300 women, were 'on probation'. They receive only 75 % of the minimum wage; they have no right to organize themselves and they can be told to work 2 hours overtime a day and to work 6 days a week.

A worker who is employed for 13 years earns 9,42 guilders (101,16 Pesos) a day. The lowest wage of a permanent worker is 8,01 guilders a day. Workers who have just started to work at IGMC receive 5,96 guilders. The wages are relatively high

(compared to other wages in the BEPZ), because of the strength of the IGMC Workers' Union.

The factory is overcrowded and badly ventilated. The workers complain about the insufficient protection against dust, the absence of proper medical care and the pressure of work (because the standard layed down by the management is very high).

Establishing a trade union is not legally forbidden in the Bataan Export Processing Zone, but workers who try to do so have often been intimidated by the government and the employers. Still the IGMC workers succeeded in establishing the IGMC Workers' Union in 1976. It has become one of the most militant unions in the zone. It participated in many strikes, although strikes are forbidden in the BEPZ. This union is one of the founders of AMBA-BALA, the Bataan Alliance of Labor Unions, in which unions cooperate.

The IGMC workers have been involved in a number of solidarity strikes with workers in the zone (Interasia, Astec Electronics, etc). In one of these solidarity strikes 18.000 workers of the zone participated! The IGMC workers joined the general strike against the dangerous Morong nuclear plant in 1985 and the general strike against the anti-strike legislation in 1987 as well.

In 1983 the union negotiated with the management in order to obtain the payment of back wages. Management reacted with a lock-out after a slow-down campaign. The workers organized a picket-line to prevent the finished goods to be exported. After a week management gave in.

In 1985 management suspended 560 workers because of their participation in one of the general strikes. The workers didn't wear their uniforms in protest against the suspension when a C&A buyer visited the factory on January 14, 1986. Later on they went on strike. In the end 12 of the 11 demands of the workers are granted.

Many multinational corporations start to leave the BEPZ. The workers have become more organized than the managers expected. Furthermore the infrastructural problems have not been solved (power failures, harbour situated on the wrong spot, still no air field). In January 1988 the management announces the close-down of the IGMC factory as well.

The IGMC management must have been preparing this close-down for many months. They had doubled production in the period prior to the announcement. Furthermore IGMC had already started in 1987 to subcontract to companies outside the zone. And IGMC started a factory of its own, Ideal Manufacturing Co, in Manila. This has been facilitated by the Omnibus Investment Code, which extends the privileges for companies in the zone to other parts of the country. Besides all this the parent company, William Baird, opened a new factory in Indonesia.

The first step of the IGMC management is a lock-out and the dismissal of 214 of the 1.300 workers. The workers respond with a picket-line. Negotiations start. Management threatens to shift all the production to Indonesia. AMBA-BALA enters in the negotiations. After a few months an agreement is reached. The dismissed workers receive redundancy pay. The factory does not

close down.

NAGC

Another company that produces garments for C&A in the Philippines is the North Atlantic Garment Cooperation (NAGC) in Manila. It produces winter coats for C&A in the FRG.

The work is highly fragmented. Each woman only produces a part of the garment product. A female trade unionist says that its very ironical that all workers sew all day but can not make their own garments.

The pace of work is very high. Women behind the button hole machines make 240 holes an hour.

There are kidney complaints, because the women are insufficiently allowed to visit the toilet. Many women have eye complaints, because they have to peer. The union organizes surgery hours to check on the eye sight. The dust causes health problems as well. The union asked for dust caps two years ago, but they still have not been supplied. The union has negotiated in vain - until now - about air-conditioning as well.

BANGLADESH

The Netherlands import for nearly 40 million guilders from Bangladesh, of which somewhat more than 22 million guilders of garment products (1987). The average hourly wages are among the lowest in Asia (1986, in guilders):

| | |
|-------------|------|
| Bangladesh | 0,27 |
| Sri Lanka | 1,95 |
| India | 3,59 |
| Hongkong | 5,39 |
| South Korea | 7,18 |

Average hourly wages in the UK and the USA are respectively 19,75 and 30,52 guilders.

Although the productivity in Bangladesh is lower than in the competing Asian countries, it is a very interesting country for garment producers. In industrialised countries labour costs form 75 % of the total costs of a garment product, in Bangladesh around 25 %.

120.000 young women are working in the garment industry in Bangladesh. Most of them are between 16 and 20 years old. One of every ten garment workers is a child. Girls of ten years old work as 'assistants'. Only one third of the garment workers earn the minimum wage of 17,06 guilders (214 Taka) a week (1986) or 0,36 an hour. They work at least 48 hours a week. In 1988 wages are even lower. An apprentice then earns 8 cents an hour (instead of 20 cents in 1986).

Rashed Khan Menon of the Workers Party of Bangladesh told us that workers are sometimes maltreated. In some cases they have been tied to the machines.

Its very hard to organize because of the intimidation

practices. Only 16 % of the workers are trade union members. Besides, many unions are 'yellow': they co-operate with the employers in order to avoid labour unrest.

Sinan Garment Ltd

C&A buys garments at Sinan Garment Ltd, a joint-venture of businessmen from South Korea and Bangladesh.

98 % of the workers are female. They work 13 hours a day instead of 10. They receive their wage at irregular intervals. In 1985 they earned only 3 cents an hour.

In the Netherlands a church woman, Irene van der Woude, gave an interview to a Dutch magazine about these low wages. She said:

"Large companies like C&A have women in Bangladesh working for them for starvation wages. They even send their own cloth. The consequence is that we show off with nice, cheap clothes, while the women in Bangladesh come off poorly."

C&A reacted disturbed:

"In Bangladesh and in other places the government and the workers are very pleased to work for a Western importer. They welcome that incentive to their economic development. The wage may be low in the eyes of the Western consumer, but it means a lot in an economy in development."

THAILAND

The Netherlands import for more than 1 billion guilders from Thailand; the garment products from Thailand amount to nearly 70 million guilders (1987).

In Thailand we both find small family sweatshops and large, modern factory plants. About 1.000 garment producers with 20 or more sewing machines are registered. 150 produce for the export. 17 of those export oriented companies are stimulated by the Thai government with tax exemptions. Most of these companies are joint-ventures between businessmen from Thailand and investors from Japan, Hongkong, Taiwan and the UK. Some companies subcontract to smaller companies.

Dynasty Knitting in Bangkok produces garment products for C&A. The wages of the women are low. The owner assaults them.

Child labour

Child labour is rather common in Thailand. Girls of 12 years old work in garment factories without a labour contract.

Does C&A subcontract to producers who employ children? This question has led to quite a debate in the Netherlands. Members of Parliament (from the Dutch Labour Party, the social democratic party) have raised this question. C&A reacted ambiguously: the company seemed to need a smoke screen. In the end Michael Brenninkmeijer, the present managing director of C&A Nederland, said:

"C&A does not employ, in Thailand, or anywhere else, children; besides we don't wish to violate laws."

Mister Bukman, the minister of Development Aid, declared:

"In all probability no children younger than 15 years are employed in the factory. It is, however, a possibility we can't rule out completely that these factories subcontract some work to smaller production units where younger children are employed."

CONCLUSION

C&A is a multinational operating corporation that is very secretive about its activities. More openness is required.

Because of its large market share in the Netherlands the way C&A operates is an example for its competitors. C&A determines where, what, how and under what circumstances garments are produced.

C&A stands at the top of the subcontracting pyramid. At the bottom of the pyramid the wages are low and the working conditions are bad. This applies both to factory workers in the Third World and to sweatshop and homeworkers in the Netherlands. Women are the main producers of garments for C&A everywhere.

C&A's advertising slogan that it is more economical seems to apply more to its buying prices than to its selling prices. C&A is more economical for its own purse than for that of the consumer.

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