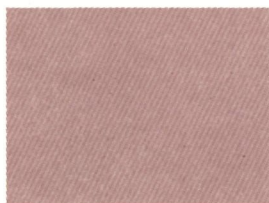


Feb 1994



**BUYING PRACTICES OF FOUR LARGE
DUTCH CLOTHING RETAILERS**

Marijke Smit



s o m o

stichting onderzoek multinationale ondernemingen
centre for research on multinational corporations



**BUYING PRACTICES OF FOUR LARGE
DUTCH CLOTHING RETAILERS**

**Case studies in Hong Kong,
China en Indonesia**

Marijke Smit

SUMMARY IN ENGLISH

of

SOMO-Werkdokument nr. 15

ISSN 0923-8190

February 1994

**Stichting Onderzoek Multinationale Ondernemingen (SOMO)
Centre for Research on Multinational Corporations
Keizersgracht 132, 1015 CW Amsterdam
telephone: 020 - 6391291
fax: 020 - 6391321**

SUMMARY

'Buying Practices of Four Large Dutch Clothing Retailers. Cases in Hong Kong, China and Indonesia' is largely based on interviews with managing directors of three of the four retailers in the Netherlands and on field visits to clothing factories in the above mentioned countries.

This report tries to answer questions like: who are the largest clothing retailers in the Netherlands, what are their buying policies and practices and are labour conditions and labour relations in the factories in the South (developing countries) important issues in their buying decisions?

The report focuses on the four largest clothing retailers in the Netherlands: **C&A**, **Vendex International**, Koninklijke Bijenkorf Beheer (**KBB**) and the Peek & Cloppenburg (**P&C**) Group. For Vendex International its subsidiary Kreymborg is described in most detail. For KBB its subsidiaries M&S Mode and Bijenkorf are elaborated upon.

The large retail chains sell about 40 % of all outerwear (some 5 billion Dutch guilders) to the Dutch consumer each year. It is roughly estimated that C&A sells outerwear for about 2 billion, Vendex International and KBB each for about 1 billion and the P&C Group for somewhat less than 0,5 billion Dutch guilders.

The Brenninkmeijer family owns C&A shops in 12 countries. C&A Nederland owns 91 C&A clothing shops. Besides the family has connections with Foxy Fashion (50 clothing shops) and Marca (30-31 clothing shops).

Vendex International is a very diversified company, owning jewellers, temp agencies, clothing shops, etc. Vendex International sells outerwear in 195 shops in the Netherlands: 61 V&D department stores, 49 Kreymborg clothing shops, 71 Kien (low budget) clothing shops and 14 Claudia Sträter (high budget) clothing shops. There are 15 Kreymborg shops in Belgium and Luxembourg and 9 Claudia Sträter shops in Belgium, too.

KBB sells outerwear in no less than 568 shops in the Netherlands: 6 Bijenkorf department stores, 223 Hema variety shops, 123 M&S Mode clothing shops, 116 Amici clothing shops, 23 Signature Jeans shops and clothing for pregnant women, babies and children in Prénatal, Babyhallen en Wonderwereld shops. M&S Mode owns 155 shops in other European countries as well.

P&C Group owns 83 shops selling outerwear in the Netherlands: 42 P&C shops, 9 Somebody shops and 32 Mac & Maggie shops. Besides, the Group owns 23 clothing shops of these formulas in other Western European countries.

The research for this report shows that paying attention to the labour conditions in the factories producing the clothes later sold by the clothing retail chains and department stores in the Netherlands is no common practice. The clothing retailers and department stores acknowledge the demand of consumers for 'Clean Clothes' (clothes produced under good labour conditions in the South or the North), but they have not adapted their buying policies to these new conditions. They say they try not to buy clothes via middlemen from illegal

sweatshops in the Netherlands, but most of them cannot guarantee that this never happens at all.

In Hong Kong I visited two producers: Easey and Loyaltex. I also visited two of their factories in China. In Indonesia I visited the Wearwel factory.

Easey is a producer of especially (blue) jeans, based in Hong Kong. It produces jeans and trousers for Kreymborg (my entrance), C&A and P&C. I visited one of the three production facilities of Easey in Hong Kong and one of the two factories in China. Easey also owns one clothing factory in Macao. The factory I visited in Hong Kong employs 400 workers, the factory in China 500 workers. In the five facilities about 1.500 workers, mainly young women, are employed.

At first glance the labour conditions in the two factories did not seem to be too bad. Especially the newly built factory in the Shenzhen economic zone looked clean and spacious. The labour conditions at the pressing and washing departments looked less favourably (hot steam and slippery floors -perhaps with chemicals- respectively).

In both factories piece rate is payed, leading to a high working pace. The seamstresses have to perform the same operations all day long. They sit on chairs without backs. The piece rate is not determined in negotiations with a trade union; management unilaterally sets it. In both factories no trade union is active.

In Hong Kong the seamstresses earn between HKD 4.000 and 7.000 a month, according to management. They work 48 hours a week. In China the seamstresses at the Easey plant earn about HKD 1.000 a month. Officially working time is 48 hours a week, too. But in practise it seems working overtime is a regular part of factory life in the Chinese Easey plant. These wages are at a normal level for Hong Kong factory and at a rather high level for China.

The manager of the Easey factory in China employs as many young female workers from other parts of the country as the local authorities allow him to. These women have never worked in a factory before. About 8 to 10 women sleep in one room in a dormitory building. The rooms are about 12 square meters.

The Easey factory in China seems to violate the quota rules under the Multi Fibre Agreement by using quota of the Hong Kong parent company for exports of clothes, which have completely been produced in China.

Loyaltex is a producer of outerwear, casual wear, denim products and rain coats, based in Hong Kong. Producing coats and jackets seems to be its speciality. Loyaltex produces for M&S Mode (my entrance; KBB), C&A, V&D (Vendex International), de Bijenkorf (KBB), Hema (KBB) and Berghaus in the Netherlands. Furthermore, C&A Germany is an important customer of the company.

I visited the head office in Hong Kong and one of the about ten factories in China. In the Chinese plant in Dongguan about 1.900 workers, mainly young women, are employed. Besides, Loyaltex owns production facilities in Hong Kong, North Korea, Vietnam, Cambodia, Indonesia and the Philippines. Some 8.000 workers are employed in all these plants.

The Loyaltex factory in China is a few years older than the Easey factory in that country, and it certainly shows. The seamstresses are crowded together. Ventilation and airconditioning systems are not used sufficiently, in order to save electricity. In some parts of the buildings it is sweltering, even at the beginning of the evening. The chairs of the seamstresses do not have backs either.

Recently the company stopped paying piece rate wages and changed to a fixed hourly wage in an attempt to raise the quality of the clothes produced. The hourly wage is unilaterally set by management. No trade union is active in the Chinese plant. The managing director of the Chinese plant said he will not allow trade union people entering the premises in order to start organising the workers.

The managing director of the factory in China says workers earn about HKD 600 a month, but two workers told me they earn about half that amount. They work 54 hours a week. Forced overtime working occurs. Working overtime often takes place one or two hours in the evenings, but sometimes also on Sundays. This means that working 77 hours a week may occur.

The manager tries to employ as many young women as possible from other parts of China. These women usually sleep in dormitories provided by the factory.

Wearwel is a producer of mainly mens shirts and ladies blouses in the export processing zone Tanjung Priok near Jakarta, Indonesia. Smaller volumes of shorts, trousers, skirts, dresses and sleepwear are produced as well. One of Wearwel's customers is P&C (my entrance) in the Netherlands. Other customers are Levi Strauss, Phillips van Heusen, J.C. Penney, Marks & Spencer and Neckermann.

I visited the two factory premises in Tanjung Priok. Over 3.000 workers, mainly young women are employed.

The premises look clean and spacious. The ventilation system in the production rooms seems to be adequate. Some workers have to stand on their (bare) feet all day long, for instance sewing buttons on shirts and at the cutting department. At the cutting department the women cutting the fabric have to stand on their toes and bend over the cutting table in order to be able to perform their tasks.

The wage is a combination of a fixed hourly wage and a bonus for high volumes of production, based on piece rate. Most workers seem to earn about Rp 100.000 (about 87 Dutch guilders) a month. Working time is 48 hours a week, but it appears that the workers have to work overtime a lot. The workers in this factory earn less than their colleagues in the Easey and Loyaltex factories in China. The Wearwel factory does pay the legal minimum wage for the area to its workers; a lot of other (clothing) factories do not. However, the minimum wage is insufficient to fulfil the basic needs of the worker and her dependant family members.

Management unilaterally sets the wage level. There seems to be a unit of the SPSI, the yellow union, but neither management nor workers seem to expect anything of it. The real attempts to try and organise the workers take place underground.

According to an underground organiser of Wearwel workers a lot of reductions of the wage take place, for example for visiting the toilet. It is said that Rp (rupiah) 500 is reduced from the wage of Rp 3.000 a day for going to the toilet. Furthermore, she told me that these workers do not get holiday and menstruation leave, which would be in violation with the legal regulations in Indonesia.

Management employs many young female workers from other parts of the country, similar to the way Easey and Loyaltex operate in China. The workers sleep outside the export processing zone in rented rooms, usually shared with many women (in order to be able to pay the rent). They sleep on plastic spread on the floor.

The labour conditions in the factories I visited in Hong Kong, China and Indonesia, all producing clothes for the Dutch retailers, do not seem to be worse than in other factories in the area. Still some comments should be made. Many conditions are not in accordance with

conventions and declarations of the International Labour Organisation (ILO), which can be seen as universal standards. These ILO conventions form the base of the Fair Trade Charter on Garments, developed by the Clean Clothes Campaign in the Netherlands. The Clean Clothes Campaign tries to assist (women) workers in their efforts to try to improve labour conditions in the clothing industry all over the world. Dutch clothing retailers will be asked to sign and abide by the Fair Trade Charter on Garments; a controlling system will be established.

The following violations of ILO conventions and declarations I noticed in all or some of the factories I visited:

- No freedom of association;
- No right to organise;
- No security of employment;
- No equal opportunities for women;
- No collective bargaining;
- No consultation of the workers;
- No grievance settlement procedure;
- Too long working hours and forced overtime;
- Wages not high enough for the fulfilment of basic needs;
- Arbitrary dismissal.

The above mentioned issues ought to be known by C&A, Vendex International, KBB and P&C (and their subsidiaries). Both buyers and quality controllers regularly visit the same factories I saw only once. It would be very positive -and in accordance with the Clean Clothes Campaign and its Fair Trade Charter on Garments- if these major clothing retailers would start to discuss labour conditions with their business partners in Hong Kong, China and Indonesia.

This chapter describes the visit to clothing factories in Hong Kong and China.

1. Easey

1.1 Easey in Hong Kong

On November 16, 1993, I interviewed Mrs Ursula Tong from Easey Garment Factory Ltd. in Hong Kong.¹ Mrs Tong, Wu Yiu Kwan and Chan Lee Pak are the managers of the Easey-concern.² The company is a partnership, owned by several people.³ At the reception desk, one can see the bust of the founder, a Mr Tong. The company was founded in 1967. The factory has been located at different places before it was established at the Hensey Industrial Building in the New Territories in Hong Kong. Here we find the head office and the departments for cutting, sewing, washing and packing. Mrs Tong says that the deying is not being done in this building, but during the guided tour, we see a department called 'Hensey washing & deying'. The building has several floors and at the elevators, employees with carts wait to go up or down.

Easey produces clothing which was designed by others, but also has its own design department. The designmaking and cutting is computer-controlled.

The product

The main product of Easey is the jeans. It also produces jeans jackets, overalls, 'ordinary' trousers, shorts, blouses, suit-jackets, dresses and skirts. The products are either marketed under the factorylabel 'Easy' or under the label of the customer. During the guided tour I see a lot of jeans with the label 'Easy' and jeans jackets with the label 'Lorton'. Besides blue jeans, I also see white jeans, and other trousers in light brown, light green and dark red.

Easey produces around 0,5 million trousers a week. The yearly turnover is around 4 billion Hong Kong dollars (HKD). That means an average of 153 HKD per garment. Mrs Tong claims that no profit is made.

The Easey-Group has around 1.500 employees, 900 to 1050 of them are women (60 to 70%). The number of women is so high, because a lot of the work is sewing and women are seen as most suitable workers to do that. Of total production, 99% is for export. Europe is the main market for Easey,⁴ followed by Canada and Australia. Although quota would not be a problem, Easey will nevertheless also focus more on non-quota countries.

In the past, Easey also produced for Levi Strauss. The reasons for stopping this relation, are kept somewhat vague. It is stated that they wanted different things.⁵

Just a small part of total production is exported to the Netherlands. Easey produces for Kreymborg (my entrance in this company), but also for C&A and P&C. Easey stitches the shoplables of these retailers in the garments. Export goes to the branches of these companies in the Netherlands, but also to their subsidiaries and branches in other countries, mainly Belgium. For Kreymborg, mainly men's clothes are produced, not in very large amounts.⁶ Easey produces since ten years for Kreymborg, and for some of the other customers since more than 25 years. According to Mrs Tong, the buying agents of the Dutch retailers have faith in the Easey-group. She does not want to say how often quality checks on the spot are being made by these customers. The buying agents visit Easey at least twice a year and also order twice a year. No orders are guaranteed, not even by the customers for whom Easey produces since many years. Untill now, the relation between Easey and the Dutch clothing retailers is friendly, and Easey hopes for more orders from the Netherlands in the future.

According to Mrs Tong, most of the clothes made by Easey are being produced in Hong Kong. She says that Easey owns five factories: three in Hong Kong, one in China and one in Macao. In China, it turned out that Easey has two factories (see later on).

The labour

In the visited factory, 400 people of the total 1.500 Easey employees are working, at piece rate. Mrs Tong says they earn between 4.000 and 7.000 HKD per month. Unfortunately, I was not allowed to talk with the workers myself to confirm this information.

There is a sexual division of labour. The women do the sewing, the men do the washing and packing, according to Mrs Tong. During the guided tour in the factory, it became clear to me that the packing is being done by men as well as women, just as the ironing and pressing. There is a day-shift for the sewing and two shifts for washing.

The pressing of the jeans is done with new machines. It produces a lot of steam and it is fairly warm in this department. One man is working stripped to the waist. After the pressing, the lower part is being ironed. I see five men and one woman doing press and ironwork. They also get paid at piece rate. Washing is considered to be warm and heavy work, so it is supposed to be paid better than sewing. Only men get this better payment.

During the guided tour, it turns out that at the washing department, the temperature is considerably high. The men work in their undershirts. The floors are wet and slippery. The washing department is called 'Hensey washing and dyeing'. Chemicals are being used for bleaching. At the washing department, I see big sacks with stones in different sorts and sizes for the stone-washing of the jeans.

The workers work 8 hours a day and 6 days a week. Overtime occurs. Mrs Tong says that the permitted overtime per year is limited, and that overtime should be paid extra. She did not say whether Easey follows this regulation.

At the moment, Easey has exactly the right number of employees, says Mrs Tong. Easey does not give any sort of training. The workers usually know what they have to do, says Mrs Tong. She finds Easey a reasonable and honest employer: "Otherwise the workers would not stay".

The company does not have a collective job agreement. Few workers seem to be member of a clothing union.

Subcontracting occurs in busy times, to a subcontractor who owns a small factory. No subcontracting to homeworkers occurs.

1.2 Easey in China

On November 18th 1993, I spoke with Mr Tang Wing Hoi, supervisor production of Shenzhen Xingshinian Clothing Co. Ltd and Shensha Sha Yi Fashion Factory, two clothing factories of the Easey Group (Hong Kong) in the Shenzhen export processing zone in China. The second factory, which Mr Tang helped to establish, is located in Sha Tau Kok, and is producing since 1989. Land is already bought to establish a third factory. So contrary to what Mrs Tong told me at the head office of Easey in Hong Kong, her company does not have one, but two factories, with a third under way. Besides, Mr Tang told that Easey plans to establish more clothing factories in China.

The conversation with Mr Tang, the guided tour and the short talks with the workers all took place in the Xingshinian factory.⁷ Mr Tang himself is from Hong Kong and is still living there. He works since 20 years for Easey.

The product

This factory started producing in 1991. It was established in close cooperation between Easey in Hong Kong and the Chinese authorities. The four storeyed factory building and the building with the dormitories were supplied by the Chinese government. Easey in Hong Kong invests in the machines, supplies the management and carries out the production.

This factory produces mainly jeans. I see, among others, pilot models with the labels Easy (the factory label), Eagle, Jinglers (C&A), Wrangler (VF Corporation, parent company of among others Wrangler and Lee). The factory also produces trousers for Kreymborg and P&C. There are jeans in light and dark blue, green, black, red and beige. During the guided tour I see again Jinglers jeans (C&A), Tess, Carlo Comberti Fashion Line, Via Cortesa, Women's Reserve Wear, Relaxed Fit, Club Petites Denim, Flash. In the future the factory also want to produce coats. The capacity is 150.000 pieces a month. Profit is being made, but all of it goes to Easey in Hong Kong.

The factory buys the cloth. There is a cutting department, but it is not as modern as the one in Hong Kong. Easey in Hong Kong supplies the marker; the paper that indicates how the cloth should be cut. That marker is made in Hong Kong by computer.

The sewing machines are 7 or 8 years old. Singer machines are used for the jeans and Juki machines for the trousers made of less heavy cloth. There are Big Jim MK II machines of Pantex Netherlands for the pressing. One such a machine would cost around 100.000 HKD. The new washing machines are from Belgium, but old ones are also still in use.

All production is for the export. There are plans to start selling at the domestic market. According to government regulations, 10% of total production could be sold at the domestic market. Mr Tang says it is not easy to find the right selling points in China. The finished clothes are transported over land from the Easey factory in China to the parent company in Hong Kong, which also has the contacts with the clients.

Export goes to European countries (among others the Netherlands, Switzerland, Germany and the United Kingdom), Australia and Japan. Every now and then, buying agents from the Netherlands visit the factory. More often, the buying agents are from other European countries. They do quality checks, just as the parent company in Hong Kong. Sometimes there are misunderstandings between the head office in Hong Kong and the customers, then corrections have to be made. Mr Tang thinks his factory produces good quality, compared with other factories in the region.

Mr Tang estimates that 10% of total production (15.000 pieces a month) are exported to the Netherlands. He states that his factory is not bothered by the quota-system. Although full production takes place in China, quota of Hong Kong are being used. This seems to be an illegal use of quota.

The labour

In the factory, 500 people are working: 400 women (80%) and 100 men. Most of the women are young (around 20) and unmarried. There is a sexual division of labour. Men would do

heavier work and accordingly get better pay. Only women work with the sewing machines. Every department has one supervisor and two under-supervisors. The under-supervisors usually are women. Most women finished primary school, and some of them also did 'junior high school' (three years secondary school). The workers partly come from the area around the factory and partly from other provinces.

Mr Tang has no problems with recruiting new employees. Women come to the factory to ask for a job and employees introduce their friends. The company keeps up with the prescribed procedure by registering vacant jobs. The local authorities however, never send job-applicants. Mr Tang started with recruiting workers from other provinces. He states that the people in Shenzhen are richer than elsewhere in the country. So they rather work in the service sector than in the industry. Legal regulations protect the job possibilities of the local population in special economic zones. That is why there is a limitation on the number of people from elsewhere that the factory is allowed to hire. The quatum used to be 100, but now 220 people from other provinces work in the factory (44% of all workers). According to Mr Tang, 60% of the initial workers are still working in the factory.

The factory looks clean and well aired. The air conditioning is functioning. According to Mrs Cheng Ching of the Hong Kong Confederation of Trade Unions, who used to work in clothing factories in China herself, and who accompanied me at this visit, it is a rather good factory, among others because of the ventilation. In smaller factories, that often function as subcontractor, the conditions are often worse.

A few hundred meters from the factory building, there are two buildings with the dormitories of the workers. Every dormitory is approximately 12 square meters. Eight to ten people 'live' here. There are bunk beds. People actually 'live' on their bed because there is no room. Every dormitory has a window and there is ventilation. The workers have little freedom: at midnight the doors of the dormitories are locked. The space between the two buildings is used as canteen (without walls). Under a roof we find long tables and benches. The workers eat here together. They pay 0,75 RMB per meal, this is subsidised by the factory.

Mr Tang says that -in accordance to the Chinese law- working hours are eight hours a day, six days a week. Overtime occurs occasionally, one or two hours a day. Most of the work is done in one shift -a dayshift.

However, the washing department works in two shifts. The factory has enough work. Mr Tang says that there is need to work hard, but that the pressure of work is lower than in most other factories. During the guided tour, one of the translators reads the text of a sign: 'Everybody must work overtime'. This was dated the day before. One of the workers complains of forced overtime. Mr Tang says there is no subcontracting. If it is too busy, the order is done by one of the other Easey factories.

This Easey factory in China pays piece rate to the workers. According to Mr Tang, the workers earn approximately 750 Renminbi (RMB) per month. Wages in Hong Kong are four to seven times as much.⁸ During a training period of two months, the workers are not fast enough to get a full wage. In this period, they get half of that. Currently, 5% of employees (25 persons) are in training. When the factory had just opened, this number was ofcause much higher.

During the guided tour, a worker tells that she gets 0.149 RMB for stitching one seam of a trouser. So to get the before mentioned wage, she should stitch 5.033 seams a month. It is

not clear if she can make this. Another worker is folding trousers with a 'Tess' brand. She is 21 years old and finished 'junior high school', nine years of education. She earns 400 to 500 RMB, so far less than the wage mentioned by Mr Tang. She says this is because she doesn't have enough experience yet. Since less than a year she works in this factory. Her village is in the same province as the factory, but still 600 km away. So she lives in a dormitory near the factory.

Another worker at the packing department works a year in this factory. She earns 800 RMB. At the washing department, a man is cleaning the floor. He earns more than the women, 1.200 to 1.300 RMB. In general, he is satisfied with his work. He does complain about forced overtime, sometimes he even has to work on sundays.

There is no union in the factory. According to Mr Tang, the Chinese government does not allow unions in foreign companies. Mrs Wong Wai Ling and Mr Apo Leong of the Asia Monitor Resource Center (AMRC) deny such a regulation. There is no negotiation about wages. The company determines the wages. According to Mr Tang, this is done by studying the amount of work and the speed of the workers. This is compared with the average hourly wage. Individual negotiations about the piece rate are not possible. The workers do know on forehand how much they will get for each operation.

According to Mrs Wong Wai Ling, who accompanied me on this visit, the workers in this factory earn a decent wage. Normally women in Chinese clothing factories earn between 400 and 500 RMB per month. She thinks that workers in this factory can send money home to their families.

2. Loyaltex

2.1 Loyaltex in Hong Kong

On November 16th 1993, I interviewed Mr Francis Hung, owner-manager of Loyal Garment Ltd., Loyaltex China Ltd. and Fitto Textile Ltd. at his office in Hong Kong.⁹

The product

Mr Hung tells me his company is in existence since 20 years. Loyaltex produces all sorts of garments, jeans, raincoats. In the reception room, with luxury leather armchairs, I see racks full of approved pilot models, mainly coats of good quality (Nordica Sportswear coats and East Boy raincoats).

Production is approximately 400.000 pieces a month. Turnover is approximately 510 million HKD per year, which makes an average of 105 HKD per produced and sold garment (compare Easey: 92 HKD). Profit is 'reasonable' and Mr Hung expects his Group to grow in the near future.

In the factory I visited in Hong Kong, there is a pattern-refining department with modern computer equipment. There is also a computer controlled cutting table. Mr Hung tells me this cutting table will be moved to China, the factory in Hong Kong will then get a new, more modern one. I see bags of cloth from Korea, Taiwan, Japan and Italy.

All products from the Loyaltex Group are for export. The main market is the EC, with 85%. Within the EC, Germany is the first country, followed by the UK and the Netherlands.

Especially the orders from C&A Germany are important for Loyaltex. They produce all sorts of clothing for C&A, but mainly jackets. They are probably the largest producer for C&A Germany in Hong Kong.

The Loyaltex Group produces for M&S Mode in the Netherlands (my entry), but also for C&A, V&D and for the 'sistercompanies' of M&S Mode (the same parent company): de Bijenkorf and the HEMA. According to Mr Hung, he also produces for the P&C Group, but manager Van der Veer denies this.¹⁰

Mr Hung says his Group has a good, sustainable relation with the Dutch retailers. For example, for M&S Mode they produce since five years, like for C&A. For the HEMA even 10 years and for the Bijenkorf since more than 12 years. Mr Hung says, he knows the Dutch clothing market, and thinks it is a difficult market. However, the Dutch are satisfied with his products. The Dutch buying agents visit the Group two to four times a year, and orders are also placed two to four times a year. Loyaltex, contrary to Easey, never uses a factory label. The customers always use their shoplabels.

Mr Hung explains that the clothing industry in Hong Kong is going through a rough time. They can feel Europe is in a recession. The ordered amounts are smaller than they used to be. He says that for trading companies in Hong Kong, problems are more severe than for his sort of company. The producing companies have designs and collections, and most of all: they start looking for cheaper locations of production.

Mr Hung uses this solution of finding new locations of production himself. Loyaltex has and/or is building new factories in Hong Kong, China, North-Korea, Vietnam, Cambodia, Indonesia and the Philippines. The factory in Vietnam has been operational since three years. In the Cambodia factory, Loyaltex put machines from the Vietnam affiliate, but because of the instable political situation, production has not started yet. The building of the factory in

Indonesia was finished recently. It is located in Tangerang, an industrial area near Jakarta. They are now doing a trial run. The factory in the Philippines will be finished in February or March 1994 and production will start in April 1994. Mr Hung is considering to start producing in Egypt as well.

The low wages are not the only reason for setting up clothing factories in other countries. Quota are a main reason as well. For example, by starting a factory in Indonesia, Mr Hung can use the Indonesian quota. He thinks China is a problematic country concerning quota. He is considering to start producing in Japan because of this. Loyaltex in Hong Kong sometimes subcontracts to factories that do not belong to the Group. They do not subcontract to homeworkers.

The labour

The Loyaltex Group has 8.000 employees. More than 75% (over 6.000 persons) are women. In China, Loyaltex has 5.000 workers in around 10 factories. The largest factory in China has almost 2.000 workers. In the factory in Indonesia, 2.000 to 3.000 women will work.¹¹ In Hong Kong, in several affiliates, 600 people are employed. Loyaltex used to pay piece rates, but changed to day wages, on advice of a Belgian technician. It would improve the quality, because the amount of produced garments would be less important.

The workers in Hong Kong earn 600 HKD a month for 8 hours a day, six days a week. The wage is the same for men and women, but they have different tasks. On the sewing department, only women work, while the men do the cutting, ironing and packing. There is one (day)shift.

Mr Hung, like Mrs Tong from Easey, says that it is difficult in Hong Kong to find employees. New workers always have to go through a training period, whether they are experienced or not.

Only workers outside Hong Kong are getting a trial period. In the south of China, Loyaltex pays 17 HKD to 21 HKD a day, including housing and lunch. So wage costs in China are six to eight times as low as in Hong Kong. Mr Hung thinks Loyaltex is a good employer.

During the guided tour in this branch of Loyaltex in Hong Kong, we see that the sewing and stitching, the most labour intensive part of the clothing production, does not occur here. In this branch, the buying and selling agents work, and the office personnel. Mrs Joyce Ho is working at the trading department for China. She is very helpful, and gets permission from Mr Ho to give me the name and address of a Loyaltex factory in the south of China. She takes all time to explain to me how to reach the factory.

2.2 Loyaltex in China

It is getting dark when I reach the Dongguan Loyaltex Garment Factory, part of Loyaltex China Ltd. in the village of Wan Kon, near the town of Dongguan, in the Guandong province. The factorygate is opened and the taxi enters a large site with several buildings. There are two factory buildings, (one of them is more than 160 meters), one dormitory building, one (two storeyed) cantine, a clinic and a disco. At the large yard, two company busses are parked.

I talk to Mr H.K. Leung, 52 years old, and general manager of the factory.¹² He is from Hong Kong and used to have his own clothing factory. Since 6 or 7 years he is working for Loyaltex, first in Hong Kong and since 1988 in Wan Kon. All together he works since 29 years in the clothingsector. Currently he lives in Dongguan. He is a shareholder in his boss' company.

The product

The Dongguan Loyaltex Garment Factory opened in 1988. Local authorities supplied the land and receive a monthly percentage. The factory pays taxes in China over the estimated profit. The building and the machines come from Hong Kong. The factory will be enlarged further. During the guided tour, it becomes clear that another reorganisation is taking place. The cutting tables are moved to the oldest factory building (which used to be a sauna before it was a clothing factory) and the production lines are set up differently.

In 1988 the factory started with new machines. There were 20 machines and 300 to 400 workers. Nowadays there are about 1.400 machines and 1.900 workers.

The factory produces women's and men's clothing, 10.000 pieces a month. An order takes four months.

There is a pattern refining department. Sometimes the factory uses her own patterns. There is no design department.

Mainly sewing and stitching is done at this factory. Brother and Toyota sewing machines are being used, Reliant pressing machines and KM cutting machines.

Cloth is imported through the parent company in Hong Kong. The clothes are exported, mainly to Europe (Germany, UK, Netherlands) and a bit to the US. The prices are set at the head office in Hong Kong. Mr Leung says that the prices are satisfactory.

The factory owns two trucks. They drive every other day to Hong Kong to get cloth and to deliver the clothes. For export, Chinese quota are used. Loyaltex has enough Chinese quota for exporting.

In the long term, Mr Leung hopes to be able to produce for the Chinese market as well. That will not be easy, because Chinese retailers have problems paying cash, and also because the style of the clothing will have to be adapted to Chinese taste.

This Loyaltex factory produces for several Dutch clothing retailers, namely C&A, V&D and M&S Mode. However, not for the Bijenkorf, so it must be other Loyaltex branches that produce for them. Also clothes are produced for Berghaus, in the Netherlands known as a producer.

Mr Leung says that there is a good relation with the clients from Holland. The relation with Berghaus was established several years ago and they usually order several thousand pieces. During the guided tour I see raincoats with a Berghaus label, in the colors red, blue, green, yellow and mint, and women's summer jackets with a Canda (C&A) label in pale yellow and pale green. I also see clothes with the labels Cityline Scherer and Camel Trophy Adventure Wear.

According to Mr Leung, it does not happen that clients refuse the produced clothes. This is due mainly to the direct solving of problems. The clients have seconded technical personnel for quality checks. He also states that the planned delivery date is always met. He expects to get more orders in the future.

Because of the quality checks, there is no subcontracting. However, there are two other Loyaltex factories in the same town, one has 300 employees, the other one 100. They do the

same work as is being done in the large factory. Unfortunately, Mr Leung does not give me permission to visit these smaller factories.

The labour

During the guided tour, it becomes clear that labour conditions are worse than in the Easey factory in Shenzhen. Although the factory has its own generator and a ventilation and air-conditioning system, it is very hot in some of the departments. And that, while I was visiting them at the end of the afternoon and in the early evening. The ventilation and the airconditioning are not being used to save energy. According to Mr Leung, it is tried to keep the temperature at 22 degrees Celsius. It seems to be quite a lot warmer. Besides, the setting is tighter, everything is more packed.

As said before, in this factory 1.900 people are working, 1.700 of them (90%) are women. Mr Leung says that the youngest employee is 18 years old and the average age is around 22-23. Most women only went to primary school. He says the turnover of labour is low.

Behind the sewing machines I see only women. Men do the pressing and the heavy work like lugging. They also work in the kitchen, at the security and the transport. During the guided tour I also see one woman work with the pressing machine.

Mr Leung says the recruiting is easy, there are enough employees available. Just 20 of the employees originate from the village where the factory is located, which has 1.600 inhabitants. This factory is the largest in the area. Only 500 of the employees (26%) are from the province Guangdong. Most of the employees are recruited in other parts of China.

At the day of my visit, the company bus goes to the station in Guangzhou (formerly Canton) to pick up 40 women from the province of Hunan. Contrary to the Easey factory in Shenzhen, Loyaltex is not limited by the quota-regulations according employees from other provinces. This is because Dongguan is not in an export processing zone. This has another advantage, pointed out by Mr Leung: the standard of living in Dongguan is 40% lower, so it is possible to pay lower wages as well. Besides, the new motorway will be completed in two months, which will improve the connection to Hong Kong.

Dongguan also has a reputation of being more open and independent than other cities in China. According to Mr Leung, there is a lot of space in Dongguan to develop an enterprise.

The managers of the ten sections are all from Hong Kong. They have a higher education. At the office, people with a completed secondary school or university education are employed.

New employees have to go through a schooling programme first. During this time, they work in the schooling section. In this period, which lasts up to 1,5 month, the employees earn a salary of 200 to 300 RMB per month.

As Mr Hung in Hong Kong already told me, the Group recently switched from piece rate to day wage. This would improve the quality. The day wage is measured according to the average piece rate that the employees used to earn. A seamstress gets 600 RMB per month. This is 7,4 times as less as the wage at Loyaltex in Hong Kong.

During the guided tour, I speak with a female worker from the province of Hunan, who works since one year in this factory and still is getting no more than 300 RMB. She is supposed to be still in training as a seamstress. She does not live in the dormitory, but rents a room together with a colleague, from the same native village.

Another female worker, from Sichuan, also gets 300 RMB after one year of working in the factory. She does 'live' at the dormitory. It is remarkable that the two workers I spoke with,

both earn 300 RMB instead of 600 RMB the manager claims they would get. If more workers are only getting this amount of money, wages at Loyaltex in China are almost 15 times as less as in Hong Kong.

Normally the workers work 9 hours a day and six days a week, in one (day)shift. According to Mr Leung, overtime occurs, at evenings as well as at the seventh day. Workers cannot refuse to work overtime. At evenings they only get the extra hours paid, but no more than 100%. Overtime on sundays pays a little bit more.

So compared with Loyaltex in Hong Kong, working hours are much longer. In Hong Kong a standard week is 48 hours, while in China this is 56 hours. On top of that, 1 to 2 hours a day overtime is not unusual in China. Together with overtime on sundays, this results in a work week of minimum 56 hours to maximum 77 hours a week.

Besides the dormitories next to the factory, Loyaltex also has facilities outside the factory grounds. In the dormitories, 10 women share a small room with bunk beds. Loyaltex just opened two new dormitory buildings. According to the manager, the buildings have warm water and electricity. Mr Leung says there is a permanent presency of a doctor and two nurses in the clinic at the factory site. Small accidents occur, especially with the fingers. The workers have no say in the work or the wages. Mr Leung thinks it is enough that Loyaltex offers employment. About the workers he says: "If they don't obey or are unhappy, I just send them away". He does not want to hear anything about a union: "That will never come in here!"

In this chapter the visit to the garment factory Wearwel will be described, and there will be given some background information about Indonesia and the (garment) industry.

3.1 Wearwel

On 8th of april 1993 I spoke mr J.W.C. van der Veer, chair of the board of directors the P&C Groep. During this interview he promised me to send the names and directions of two factories in the Far East. A week later I indeed received the adres of a company in Thailand and one in Indonesia. I only could visit the factory in Indonesia, P. T. Wearwel International.

23 November 1993 I visited both factory buildings of Wearwel in the Free Trade Zone Tanjung Priok, North East of Jakarta¹³. To enter the zone, one has to pass a guard. The zone is enclosed by a gate of barbed wire. One of the production establishments is close to the water.

Unfortunately, mr Roopak Malik couldn't talk to me because he was ill. So the interview took place with mr Green, Executive Vice President. Part of the interview was attended by mr Devender Gupta, successor of mr Roopak Malik as Marketing Manager. Mr Arunotpal Thakur, 'Marketing Executive', showed me around through the factory buildings. At the place I was given a two pages brochure with data about the company and an article in which Wearwel is mentioned.

Mr H.M. Mahtani is President Director and owner of the company. He is, like most of the other Wearwel managers, an Indonesian from Indian roots.

The product

Wearwel is founded in 1979. The factory has had the same location since its beginning. The production began in Unit I. Currently there is also a Unit II in which are production departments as well as the office. Wearwel produces Men's Shirts, Ladies Blouses, Dresses, Skirts, Tight Shorts and Pants. Blouses and Shirts are the most produced products. Wearwel doesn't produce coats. The minimum order is 6.000 pieces for every type of garment. The company is owner of a lot of quota. Wearwel is considered to be the biggest quota holder of ladies blouses and men's shirts.¹⁴

Wearwel has a reasonable quality standard: "middleclass" as mr Green says. There is no factory label; only customers labels are used. The capacity is used completely. There are 1500 machines, of which 900 in the one and 600 in the other Unit. The production is divided into 11 lines with 135 electric sowers (Singer and Juki) each. The smallest line counts 90 machines; 100 to 125 women working on them.

The biggest part of the 300.000 pieces a month are sold as garanteed production, which is ordered a long time before. Two production lines stay open most of the time, for the smaller European retailers, who order a few times a year 30.000 to 50.000 pieces.

The sales are more or less Fl 42 miljoen (1992). The sales increase steadily, as well as the profits. Mr Green expects that Wearwel will grow in the coming years. He considers Indonesia as the country with the biggest industrial potential in the region. He expects it will take years before Vietnam will be able to compete in the garment sector. From China he hardly gets any competition, although he does compete with other companies in Indonesia. Green: "We always -no matter how much the loans will increase- will be cheaper than other

top producers. Retailers who go to Bangladesh, Sri Lanka and Vietnam always have problems and then come back to Indonesia. We build a good relationship with our customers through the years".

Green expects a lot of the co-operation between growing garment companies and the national textile industry. He thinks that the Korean and Taiwan Joint Ventures in the Indonesian garment industry will be replaced by Indonesian companies.

Wearwel only imports cloth if the retailers wants them to. Nowadays about 80% of the cloth is imported, for example out of Taiwan, Hong Kong and South-Korea. The other 20 % is bought from the textile industry in Indonesia.

Wearwel needs three months to finish the whole production proces (including model examples). If it is approved to buy the cloth on the national market, Wearwel can deliver in three months.

As Wearwel is based in a Free Trade Zone, the complete production is being exported. The most important market for Wearwel is the United States (US, 65%). The European Community (EG) follows with 30 %. Wearwel exports to (combinations of) the following EG countries: United Kingdom, France, Germany, Italy, Spain, Denmark and the Benelux. They export also to Scandinavian countries. The export to Europe is becoming more and more important to Wearwel.

Mr Green considers Europe as more challenging than the US. If a product is doing well in New York than this will be the same in the rest of the US. In Europe it is a bit different. It is possible that a product which sells very good in France doesn't do the same thing in the United Kingdom. Price differences between sales to the US or the EG are neglectable. 5 % of the production goes to non-quota countries.

Wearwel may count big companies to its customers. Levi Strauss, Phillips van Heusen, J.C. Penney, Liz Claiborne en VF Asia belong to the biggest buyers of Wearwel in the US. In the EG Mark & Spencer, BHS, Primark, Seidensticker, Dunnes Stores and Neckermann are their biggest clients.

The Dutch P&C Group plays only a modest role. During the tour, mr Thakur called the P&C a small customer, who only buys men's shirts from Wearwel. Each season (four times a year) P&C places an order of approximately 12.000 to 24.000 pieces. This means that they order between 48.000 and 96.000 pieces a year.

Mr Green told me that the P&C Group is the most important customer in Holland. Wearwel buys the cloth, buttons and other things for the production of their garment. Wearwel also develops colors for this company. The transport takes place in boxes, in contrary to a hanging transport which is used for some American customers.

Mr Green tells that the buying agents from the different retailers of the P&C Group (so P&C, Mac & Maggie, Somebody) did place seperately their orders. Those and other buyers visit Wearwel at least twice a year.

During the tour I see Women workers produce white and light yellow men shirts with half sleeve-length of the label P&C 'Alias Q'. Some where else white men shirts are produced of the label Halbarm-Hemd, meant for a German retailer. In an other department workers are packing green men shirts for Levi Strauss. I also see ladies blouses for Maggie & Lawrence and dresses for Options also for the American market. A white shirt with a sleeveless vest of the label Pacific Prints from J.C. Penney, is already priced.

Manager Green says that M&S Mode also buys from Wearwel, but according to the president of M&S, mr Snijders, this information is not correct.¹⁵ Mr Green hopes that next year the HEMA (Dutch retailer) also will place orders at Wearwel. The Bijenkorf (Dutch retailer also) doesn't belong to its customers. He doesn't want to mention other Dutch retailers.

Wearwel gets only quota's for men's shirts and ladies blouses in the EC. They men's shirts five times as much as ladies blouses. So, in Europe the consumer has the biggest chance to come across a men's shirt.

Mr Green proudly said that they took over the quality-control-system of J.C. Penney. Clients hardly ever refuse products made by Wearwel. Examples of the product are being sent to the clients, in the different stages of the production process, and before the production of the product really begins. However, the clients occasionally refused a set of garment, but that was because the market wasn't as good as the client did expect at the time he placed the order. In this situation the clients will search for every reason to refuse the set of articles. Wearwel holds complete production lines open to serve regular clients. Also some small lines are kept open for small clients. Often the retailers begin with small orders and come back with bigger ones.

The workers organizer says that Wearwel subcontracts to another company which is nearby. There is no subcontracting to home workers. Question is whether the retailers know about this subcontracting.

The products go in small ships to Singapore or Taiwan. There the clothes are shipped to other big ships, which go for example to Rotterdam. Only a very few times direct transport out of Jakarta takes place. Wearwel sells the clothes most of the times 'Free on Board.' This means that the responsibility of Wearwel stops at the point of shipping. The client takes the costs of further transport.

Labour

When Wearwel started production, approximately 100 people were working at the place, most of them women. Five years ago, Wearwel counted 1200 to 1500 workers. Nowadays they have more than 3.000 labourers, of which 2.400 - 2.550 women (80 - 85 %).

Most people stay for a long time working at Wearwel, says Green. The variation of labour is around 5 %. Indraswari, a researcher from Akatiga, Bandung, describes this as a low percentage. Yet, another researcher, Verdi Yusuf, considers a variation of 5 % as a high percentage.

Both factory buildings seem clean and everywhere are white tiles. The workers have to put their shoes into a cupboard, before they reach the workfloor. Mr Thakur explained that this rule was necessary to prevent that the garment becomes filthy. In the past some clients refused a set because of filthy garment. The production sites are sufficiently aired. Only in the hallways it's very hot. Some workers have to stand all day, for example to place buttons, to cut threads or to make bundles. Sitting is prohibited.

In the cutting department a woman is cutting cloth. She has to stand on her toes and has to bow over the cutting table to reach the other side. Most of the women wear uniforms. Some wear blue ones and in another production line they wear yellow ones. Thakur told me that this difference in color makes it easier for the chiefs to keep an eye on the workers: a woman

with a yellow dress in a department with blue dresses doesn't belong there and is easy to pitch. The women also wear headcloth and name-cards.

Green tells that the workers on the sewing machines earn a bit more than the minimum wage. (which is at that moment 3.000 rupiah (Rp) a day in Jakarta and surroundings) He says he doesn't know what they earn exactly. The workers can win premiums. There is a bonus for always being present during one and three months. The wage is a combination of daily wage and piece rate. The women must get a certain amount of production with which they get their minimum wage. Above this amount of production they can get a bonus.

Green says that Wearwel pay a bit more than the minimum wage in order to prevent workers shifting to another place. Whether the minimum wage is enough for a living, he considers the responsibility of the Indonesian government and not his. Moreover the minimum wage will raise in 1994. Women and men are earning the same, he says. They only do different jobs. One can't find a man behind a sewing machine for example. Some men who are doing heavy work, earn more than women. During the tour I talked with five women workers.

One woman, working behind a sewing machine, tells me that she comes from Sumatra. She's already working three years for Wearwel. It is her third job in Jakarta. The other two jobs also were in a garment factory. She earns 100.00 rupiah (Rp) (approximately \$ 47,-) in two weeks. She likes the work in this factory more than in the other two. She is married and doesn't have children. Her husband works in an industrial zone in Tangerang. They have their own house.

Another woman comes from North West Java. She passed junior high school.¹⁶ She works two years at Wearwel. This is her first job and she did get this job via a girlfriend. She doesn't earn as much as her colleagues, only 100.00Rp a month.

The third worker I come to know, comes from the Nusa Tenggara Islands (East of Bali). She passed senior school, is 24 years old and works since a year at Wearwel. This is her first job. She applied for it directly at the enterprise. She shares a room with a girlfriend. She also earns Rp 100.000 a month. This is not enough to cope with.

The fourth worker comes from Semarang. She also passed senior school. She is 23 years old, single, and works two months for Wearwel. She quits her job everytime she wants to go home. In Jakarta she lives with a sister. She also earns Rp 100.000 a month.

A fifth worker makes bundles of the textile after cutting it. She also comes from Nusa Tenggara. She passed senior school and works two years at Wearwel. She did get this job via girlfriends. She earns Rp 3000 a day (approximately \$ 1,40 a day). That is exactly the minimum wage.

The women work eight hours a day and six days a week in one shift (the day-shift). They do overtime, certainly if an order has to be finished. According to Green, overtime is only done voluntarily. He says that every hour overtime is paid 1,5 times the hour wage. Overtime is mostly two hours a day and if there has to be worked till late, the company takes care of transport home.

Wearwel recruits its workers by advertisement and through contacts. Green explains that the labour force is big enough and that they therefore have no problems to fill in their jobs. According to Green do most labourers come from villages in Middle-Java. They don't have any experience with working in a factory. Green speaks about "green labour", workers who

didn't ever see a machine before. The factory gives education. There is a probationary period of three months, in which the workers only earn the minimum wage (without the bonuses). Most women are in the beginning of their twenties and most of them passed senior high school. According to Green are women with higher education getting a better job at Wearwel. However mr Thakur told me later that Wearwel doesn't take into account the education of the women; what counts is there skills.

There is an internal promotion system. Wearwel (according to Green) mainly has female chiefs. During the tour I see as well female as male chiefs.

Wearwel is settled in a closed Free Trade Zone which means that no living is allowed. The factory doesn't have a place to stay overnight for the workers. Most women do live, although outside the zone, nearby. There is a canteen: some tables and chairs are placed under a roof near the waterside, in front of Unit II. According to Green again, the women don't ever use this facility. They buy there food from street vendors, who can enter the Free Trade Zone with a special permit. It doesn't become clear why the factory facility isn't used by the workers. Between the two factory buildings is a street. In this street you find also the clinic which can be used by all labourers of the Free Trade Zone, including those of Wearwel.

Green says that Wearwel is a good employer. And: "Slavery doesn't exist here." He tells me that there is a SPSI Unit in the factory. According to Green the management is having a good contact with the trade-union. There were no strikes. There were individual conflicts between the management and some labourers, but this never ended into a lawsuit.

According women of the Women Institute, acquainted to the SPSI, The SPSI is 'yellow' (very much controlled by and in favour of the management), "like most SPSI-units".¹⁷

A secret organiser¹⁸ of Wearwel labourers tells me afterwards, outside the factory, that most workers aren't even aware of the existence of the SPSI Unit because this unit never comes up for there rights. According to her, this unit must have been started by management. She tries to organise the workers in secret, independently of SPSI. To reach that she has to visit the workers at home, she can't do this in the factory, during work.

According to her, most labourers count between the 15 and 30 years and most of them (70%) are single. She tells that there is no collective bargaining at Wearwel.

The organiser says that most labourers of Wearwel work 14 hours a day and earn around 5.500 Rp (approximately \$ 2,50) a day, which means less than 20 dollar cents an hour. Every time that women needs to go to the toilet they have to get a card from the security and they have to pay Rp 500 (more than an hour wage!). Neither can the women get a leave for having their period, which are their rights by law in Indonesia.

The circumstances of working aren't ideal either. Women has to stand all day and the sowers do have to sit on chairs without a back.

For women who are in their probationary period, hardly any medical service is available. Women who are working longer at Wearwel can visit a doctor if they need to. She tells that some workers have to travel an hour to reach the factory. They have to pay their transport themselves. They share rooms, often with one other person, sometimes with more women. If a room costs Rp 25.000 a month, five women will live there. The women don't have a bed, but sleep on plastic on the ground. Most women come from urban and harbour places out of Middle and West Java.

The labourers don't spend enough money on their food. Sometimes because they don't earn enough and sometimes because they set other priorities. Most of the times they buy for Rp 300 to 500 a (not very healthy) meal from a street venter. They are not allowed to bring food into the factory: the clothes can become dirty. They try to send money home. If there is any money left after that, most of the women buy cosmetics and jewelry.

Reactions from the Dutch retailers on the Clean Clothes Campaign and the Fair Trade Charter:

Clean Clothes Campaign

In a meeting from members of the VGT (Dutch Retailers Organisation) in the end of 1991, the Clean Clothes Campaign (CCC) was discussed. Also the Daily Staf of 'de Raad Nederlandse Detailhandel' (Council for Dutch Retailers) discussed the activities of the CCC. The aims of the CCC are acknowledged by this meetings. However the retailers do not agree with CCC about the way of dealing with the problems, namely at the level of enterprises. The CCC should focus more on governments instead of on companies. And they also should focus more on an international level and than especially on the International Labour Organisation (ILO). Mr Fokke says that the consumer has to pay more if they expect the retailers to sell 'Clean Clothes'. This is to be expected very difficult: the Dutch consumer is very carefully to pay the lowest price.

The members of the VGT are not deaf for the demand for 'clean clothes', but they constantly weigh profits against losses: Consumers are interested in clean clothes, there is a commercial possibility to profile ones company on clean clothes but it always will cost money. If the consumers don't strain for clean clothes and as long as retailers aren't very bothered by actions of the CCC, one shall not work differently. But for example: the super-markets in Holland picked up environmental issues under pressure of the consumers very quickly. The difficulty with the Code of Conduct of the CCC is the mechanism to control whether demands of the code of conduct will be metted by the retailers and their producers.

C&A

The CCC partly became initiated as a result of the publication 'C&A the Silent Giant', in which was described where C&A did buy their garment.

'More information about our buying' from C&A (a big Dutch retailer) did came of press November 1990, with the start of the Clean Clothes Campaign (CCC). C&A also mentions the Clean Clothes Campaign in this folder: "We became a target from an action group which support labourers in the Third World and people who work and live illegal in Holland" However, says C&A in this folder, they agree with the aims of the CCC: "C&A only wants to sell clean clothes."

Kreymborg

Kreymborg knows the Clean Clothes Campaign and their Code of Conduct. They also attend discussions about eco-cotton and eco-collections (environmentally friendly produced). Mr Suidman considers his customers as socially conscious but also very aware of prices. For example you can see consumers prefer to buy their articles if there are sales.

Suidman's consumers care in the first place about fashion and are much less interested in labour circumstances. Consumers should also be aware of the fact that expensive clothes are not especially produced under better labour conditions. Suidman mentions the label Naf Naf which is produced in Asia.

Suidman thinks that attention to labour conditions can be dangerous, because of protectionism. The employment which comes with the textile and garment industry in the Far East is very important for those countries. They won't gain anything if they lose their export product.

Suidman doesn't agree with a label for clean clothes or for retailers who sell clean clothes. He doesn't want to discriminate other companies or clothes. A world wide control system he considers impossible.

Kreymborg is doing fine on labour conditions, Suidman says, but doesn't need to profile itself towards consumers.

M&S

Mr Snijders, president of the retailer M&S, considers the CCC and the Code of Conduct as nice aims, but not very realistic. He thinks that a code of conduct only can work if it becomes forced upon. It has to be forced not only in Holland but also in the rest of Europe. If it is already difficult to come to a European agreement to mention the country where the garment was made, it will be problematic to come to any kind of code of conduct.

Snijders doesn't believe that employers ever will use their influence towards their producers considering working conditions. He also thinks that countries and garment workers need the employment too bad to set demands.

Although his doubts, he would consider signing a Fair Trade Charter if it will be more realistic. Especially the controlling mechanism should be good. According to him attention should be given first at illegal workers in sweatshops in Holland, the Far East will come later.

Bijenkorf

Mr Huisman, President of "de Bijenkorf" (retailer), speaks more generally about ethics and consuming. De Bijenkorf doesn't sell very fashionable clothes, therefore it can be more critical than fellow-companies. De Bijenkorf wants to operate decent: "they are clients themselves". De Bijenkorf wants to offer alternatives to its clients. For example they sell cosmetics which are made without the use of experiments with animals, as well as the more traditionally made cosmetics. For garment there is the problem that customers can't see in which way the garments are made. The Bijenkorf has thousands of garment products and can't guarantee that everything was made under correct labour conditions.

Huisman says he doesn't know the details of all their production companies, and probably there will be some with which he wouldn't have dealt if he knew beforehand about the labour conditions.

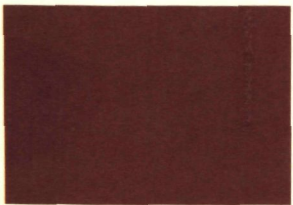
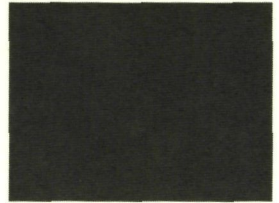
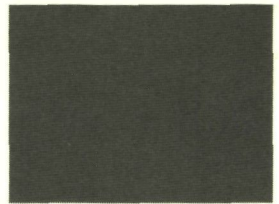
Huisman doesn't want to sign a Fair Trade Charter for clothes; The Bijenkorf does the best it can.

P&C

Mr Van der Veer, President of P&C, knows about the CCC. He acknowledges his responsibility as human being. He believes that production processes, also painting of clothes, should be done in an environmental friendly way. He sees an important connection with technology. In Hong Kong, where they work with Japanese cloth, they will find environmental solutions much easier than in Bangladesh where they work with Indian cloth. Van der Veer would like to consider signing the Fair Trade Charter of the CCC. He has his doubts about the impacts: "One signs, one turns around and what does the producer do?" Illegals will come everywhere, looking for welfare. Also in the Far East he foresees problems, especially in controlling mechanisms. If the P&C Groep signs they will accept control by an independent institute.

1. On her card are also the names of Henry Clothing Manufacturers Ltd. (with the same address as Easey) and Hensey Garment Factory in Macao. At the interview another woman of the company was present (who did not introduce herself, but was a bit more open) and Shui-Hum Lam, who would translate for me if I would be allowed to talk with clothing workers.
2. Hong Kong Business Directory 1993-1994, p. 334
3. Mrs Tong did not want to confirm whether the managers are the joined owners.
4. Mrs Tong did not want to go into the relative importance of the different European countries. Mr Tang (see the paragraph on China) did name some important European countries for their export.
5. This information was given during the guided tour by a man who did not introduce himself.
6. Mrs Tong did not want to tell the amount of the production for Kreymborg, C&A and P&C.
7. I was accompanied by Mrs Cheng Ching of the Hong Kong Confederation of Trade Unions, Mrs Wong Wai Ling of the Asia Monitor Resource Centre in Hong Kong and Mrs Lam Shui-Hum of the Industrial Relations Centre in Hong Kong. Cheng Ching worked in the clothing industry in China for seven years; she was my guide. Wai Ling translated to and from Cantonese and Hum to and from Mandarin.
8. It doesn't give much information that wages in China are so much lower than in Hong Kong, if we do not look at the costs of living. In China, these are much lower as well. However, the lower wages in China make clear why it is profitable for companies to produce there.
9. Wong Wai Ling from the Asia Monitor Resource Centre accompanied me on this visit if translation would be necessary.
10. Reaction by telephone on the concept text of this report, January 25th 1994.
11. Information from Mr H.K. Leung, general manager of the Dongguan Loyaltex Garment Factory in China, November 18th 1993.
12. The visit takes place together with Mrs Cheng Ching of the Hong Kong Confederation of Trade Unions; she is my guide, Mrs Wong Wai Ling of the AMRC in Hong Kong; she translates Cantonese and Mrs Lam Shui-Hum of the Industrial Relations Centre in Hong Kong; she translates Mandarin.
13. Madame Indraswari van Akatiga from Bandung accompanied me and translated during the visit my talks with the women workers.
14. Josephine Bow, Indonesia Makes It Into the Top 10. Textile-apparel exports aimed at worldwide market', DNR, 25 oktober 1993, p.10.

15. Letter of mister C. Snijders on the 17th of Januari 1994.
16. Almost 80 % from the Indonesian labour force does have only 'junior high school'. Ari Sunarijati en Lilly Purba, The Role of Women in Trade Unions (translation of Peranan Wanita dalam Serikat Pekerja), 20 februari 1993, p.13. In 1988, alfabetisme was 74,1 %. For women it was 65,1 % and for men it was 83 %. Nico Schulte Nordholt, Indonesië. Landenreeks, KIT/NOVIB, NCOS, 1991, p.72.
17. Interview on 27th November 1993
18. It isn't possible to mention her name; otherwise her efforts to organise the workers would probably be useless.



s o m o

stichting onderzoek multinationale ondernemingen
centre for research on multinational corporations

Keizersgracht 132
1015 CW Amsterdam
the Netherlands
tel 020-6 3912 91
fax 020-6 3913 21
E-mail: Internet:
somo@antenna.nl