
MADE iN
SOUTHERN AFRiCA

COLOFON

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iNTRODUCTiON

IN 2001 THE INTERNATIONAL GARMENT AND LEATHER WORKERS FEDERATION-AFRICA REGION (ITGLWF-AFRICA) AND THE CLEAN CLOTHES CAMPAIGN COMMISSIONED RESEARCH TO GATHER INFORMATION ON LABOR CONDITIONS IN SUB-SAHARAN AFRICA BECAUSE THERE HAD BEEN LITTLE PREVIOUS DOCUMENTATION OF WORKING CONDITIONS IN THIS SECTOR IN THE REGION.

The Centre for Research on Multinational Corporations (SOMO), based in the Netherlands, and the Trade Union Research Project (TURP), located in South Africa, were selected to carry out research on the garment industry in Lesotho, Swaziland, Botswana, Mauritius, and Madagascar. Researchers visited factories and interviewed representatives of management, trade unions, NGOs, employers' organizations, and governmental organizations as well as garment workers. Their findings are presented here. Reports on the garment industry in each of the five countries researched are presented, as well as factory reports documenting working conditions at facilities in the Southern Africa region and the link to retailers selling the garments.

Not only has this research provided insight into investment patterns and labor conditions in the Southern Africa's garment industry, but it has also been an opportunity to document the efforts of national unions to improve conditions in the industry. These efforts to improve the labor conditions in specific factories have been successfully supported by the ITGLWF-Africa and by international campaigning organizations. In some cases this research helped to facilitate positive changes in the workplace. The article on Lesotho in this report gives an idea of the (potential) effects that campaign-oriented research can have.

THE GARMENT INDUSTRY IN SOUTHERN AFRICA

Four of the countries researched belong to the Southern African Development Community (SADC), a trade bloc consisting of 14 countries[1] within sub-Saharan Africa. About 76 million (or 40%) of the total SADC population of 190 million people live in "extreme poverty."[2] Madagascar, which is not part of SADC, is one of the poorest countries in the world, with 70% of its population living below the national poverty line.

Mauritius

In Mauritius the garment industry started to develop in the 1970s, after Multi-Fiber Arrangement (MFA)[3] quotas began to restrict the industry in other garment-exporting countries, especially in Asia. The exemption of Mauritius from these restrictions encouraged the development of the garment sector. Most garment production in Mauritius takes place in export processing zones (EPZs). EPZ development has been a central component of the country's economic development strategy. Through the years, Mauritius has gradually emerged as a "middle income country" and costs, such as wages, have increased. As a result garment manufacturers in Mauritius have started to subcontract the labor-intensive part of garment production to countries with lower labor costs, largely to Madagascar.

Madagascar

The garment industry in Madagascar took off at the beginning of the 1990s and grew to be an industry employing about 65,000 people by 2001. Madagascar's main attraction for garment manufacturers is its labor costs; manufacturers consider Madagascar to be "dead cheap," even when accounting for other problems such as the bad infrastructure. As this publication went to press, the future of the garment industry in Madagascar remained unclear. Since the December 2001 presidential elections, the country has experienced social unrest that has brought production in Madagascar's apparel factories to a standstill.

Both Mauritius and Madagascar export the majority of their production to Europe, profiting from duty- and quota-free access to the European market. In recent years the advantages of quota- and duty-free export to the United States under the African Growth and Opportunity Act (AGOA), set up in 2000 as an extension of the General System of Preferences, have also increased the share of exports from both countries to the US.

Lesotho and Swaziland

In Lesotho and Swaziland investment in the garment industry started in the 1990s, drawn here as well by a favorable investment climate — most importantly the export possibilities presented by favorable and quota-free entry to the United States and European markets. Companies in Lesotho and Swaziland produce mainly for the US market, for large retailers such as the Gap, Wal-Mart and K-Mart. Some companies produce for the regional market as well, mostly for South Africa. A small quantity of goods is shipped to Canada and the European market. The industry has gotten an enormous boost from the AGOA, which brought new opportunities and gave garments from Lesotho and Swaziland duty-free and quota-free access to the US market. This has been the main trigger for the industry's fast expansion in both countries, mainly fueled by Taiwanese investors who set up garment producing factories. Lesotho and Swaziland have also benefited from their eligibility for a "special provision in the cap which allows beneficiary sub-Saharan African countries with an annual GNP of under $1,500 ("lesser developed beneficiary countries") to use third-country fabric inputs for four years" (which can be both sourced within and outside of the region).[4]

Botswana

Garment manufacturers' reasons for investing in Botswana were mainly the strong combination of incentives offered by the government through its Financial Assistance Package (FAP). The FAP incentives, under which the majority of companies have invested, includes an unskilled labor grant with which manufacturers are refunded 80% of their factories' shop-floor wage bill during the first two years of production. This is reduced to 60% for the third year, 40% for the fourth year, and 10% for the fifth year. The strong reliance on the FAP to attract investment has not been a sustainable development option for Botswana as many companies seem to move out after a few years without having made any substantial investment. Initially, Botswana did not qualify for the AGOA special provision regarding third-party fabrics, but AGOA II, signed on August 6, 2002 by President Bush, grants "lesser developed beneficiary country" status to Botswana, and thus eligible for this provision. In light of this new development, it seems that expectations for Botswana's garment industry have risen and new investments have been made in the sector.

Research into the garment industry in Southern Africa has highlighted the changing nature of the industry. This research also documented new trends in the restructuring of the garment industry, bringing into focus the importance of different actors. The garment industry can be described as a "footloose" industry — one that can pack up and move at any time to another country or even another continent where prospects seem to be better. Not only do buyers from North American and European retailers shop around for the cheapest production sites, but so too does the garment-producing industry. Multinational production companies from Asia, such as Nien Hsing and Tuntex, are setting up shop in African countries like Lesotho and Swaziland. These multinational production companies – themselves large empires, which supply the multinational retailers – produce their goods where they see advantages. Operating without the worries of brand imaging and consumer pressure, these production MNCs are difficult to influence on issues such as labor conditions.

When the costs in one country go up, garment production moves to countries that are perceived as being cheaper. The introduction or phasing out of quotas and trade agreements also influences decisions to relocate. Both government officials and factory managers interviewed in the five countries said that the MFA quotas (in place until the end of 2004) are one of the main reasons that Southern Africa is attractive to the garment industry. Many doubted the sustainability of Southern Africa's garment industry following the phase-out of these quotas and the increased competition from Asian countries. Duty- and quota-free access to the US market as a result of the AGOA helps to enhance the countries' competitiveness, but the limited duration of its provisions – the act expires in 2008 – is seen by all involved in Southern Africa's garment industry as a major pitfall. But even before then, the content of its provisions will change. The special rule regarding use of third-country fabrics will expire on September 30, 2004. After that fabrics will have to be sourced either from the US or AGOA-eligible countries, adding to the feeling of insecurity regarding the competitiveness of the garment industry in the region after 2004.

The race to attract foreign direct investment (FDI) is encouraging governments in Southern Africa to offer large incentive packages to investors. These packages don't seem to attract foreign investors as much as do the absence of quotas and favorable trade agreements; instead they are perceived by the investors more as the "icing on the cake." However, for the countries offering the incentives, the consequences of such concessions might make the difference between profiting from FDI or failing to gain any real benefits for the country. Incentives for investors, such as caps on wages, tax holidays, or restrictions on union activity, can mean that workers lose out not only in economic terms but also in social terms. As history has shown in Asia, as soon as workers begin to benefit from foreign investment, for example by negotiating to receive higher wages, industry quite easily packed up and left for a less-complicated or less-demanding environment.

Because the AGOA appears to be an influential factor influencing the development of the garment industry in Southern Africa, some brief background information on this act and its impact on the garment trade between Southern Africa and the US is included here.

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1 Member states include Angola, Botswana, Democratic Republic of Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.

2 SADC Secretariat (2001), *Official SADC Trade, Industry and Investment Review 2001*, Gabarone, Southern African Marketing Company in association with the SADC Secretariat.

3 A GATT agreement that places quotas on volumes of garments and textiles from the main textile and garment producing countries (mostly Asian countries) to mostly North America and European countries.

4 https://www.agoa.gov/

CHAPTER I
THE AFRiCAN GROWTH AND OPPORTUNiTY ACT

THE AGOA, WHICH CAME INTO EFFECT IN 2000, IS AN EXPANSION OF THE US GENERAL SYSTEM OF PREFERENCES. THIS ACT AUTHORIZES THE DUTY- AND TARIFF-FREE EXPORT OF A RANGE OF PRODUCTS FROM 36 SUB-SAHARAN AFRICAN COUNTRIES TO THE UNITED STATES.

The AGOA also provides for limitless duty-free and quota-free access to the US market for garments that are made in eligible sub-Saharan African countries from US fabric, yarn, and thread. The act also provides for substantial growth of duty-free and quota-free imports to the US of garments made from fabric produced in eligible countries in sub-Saharan Africa. The AGOA does stipulate a limit (cap) to this growth, though at this time this limit is far from being reached. As mentioned above, the AGOA grants lesser developed countries (LDCs), those with a per capita GNP under US $ 1,500 in 1998, duty-free access for garments that can be made from fabric sourced anywhere in the world until September 30, 2004 (the first four years that AGOA is in force). As a whole, the AGOA is set to last for eight years, until September 30 2008.[1] Although countries attain eligibility at different times this eight year period is fixed, meaning that those nations that become eligible at a later date have a shorter period to profit from the AGOA provisions.

For the five countries researched, attaining eligibility for preferential access to US markets through the AGOA has bolstered trade through export-orientated garment production. The AGOA's special rule for LDCs allows Swaziland, Lesotho, Madagascar, and, since August 2002, also Botswana to source its fabric from anywhere in the world until September 2004. This helps facilitate the growth of the garment industry in these countries since their domestic textile industries are small. Of the countries researched, only Mauritius is not eligible for the special provision for LDCs.

CONDITIONS FOR ELIGIBILITY

Tapping into the benefits of the AGOA can involve enacting far-reaching changes. There are a range of conditions that countries have to fulfill to become eligible. "The Act authorizes the President to designate countries as eligible to receive the benefits of AGOA if they are determined to have established, or are making continual progress toward establishing the following: market-based economies; the rule of law and political pluralism; elimination of barriers to U.S. trade and investment; protection of intellectual property; efforts to combat corruption; policies to reduce poverty, increasing availability of health care and educational opportunities; protection of human rights and worker rights; and elimination of certain child labor practices."[2]

The act has been criticized as introducing WTO measures that are still under discussion – measures that have met with a great deal of opposition from, among others, African governments. By introducing these measures that are still subject to debate, the US government has been accused of trying to influence the WTO agenda.[3] Critics also feel that enactment of the AGOA by the US in 2000 is a prime example of a foreign policy strategy of replacing foreign aid with trade and investment and thereby exerting control and influence over less powerful but globally significant nations. To qualify for any "assistance" under the AGOA, African countries have to accept structural adjustment and free market policies. The "cap" that the US has put on garment imports from sub-Saharan Africa with the AGOA supports the impression that imports from the region are acceptable as long as US companies do not suffer.

The Bush administration's 2001 and 2002 AGOA reports to Congress note with encouragement that sub-Saharan governments are enthusiastically introducing reforms to their political, economic, and social programs to increase the possibilities of improved trade links with and investment flow from the US. Some of these reforms noted in the reports include:

- ★ improving labor and human rights (including steps to combat the worst forms of child labor);
- ★ ratification of ILO Core Conventions;
- ★ tackling corruption in government, including through the passage of new laws, procedures, or institution of commissions;
- ★ reform of business and trade laws to promote foreign investment;
- ★ removal of currency and exchange controls;
- ★ introduction of new laws to protect intellectual property;
- ★ improvement of customs procedures;
- ★ streamlining of tax systems; and
- ★ acceleration of privatization programs.

US "technical assistance" was used "in a number of instances" to establish these reforms.

AGOA ELIGIBILITY AS A TOOL TO ENSURE WORKERS RIGHTS?

The experience of Swaziland presents an example of how the AGOA eligibility criteria might be used to promote "the protection of workers rights." The US put pressure on Swaziland to change its labor legislation, specifically its proposed Industrial Relations Act (IRA) in 2000, or face the withdrawal of trade privileges. After a visit to Swaziland the International Labour Organization (ILO) reported on the negative repercussions the proposed IRA would have for trade union freedom. Trade unions in the US pressured the government to deny Swaziland AGOA eligibility, citing the eligibility criteria found in section 104 of the AGOA, unless the Swaziland government agreed to amend the IRA. Included in the criteria set out in section 104 is the requirement that eligible countries must protect "internationally recognized worker rights, including the right of association, the right to organize and bargain collectively, a prohibition on the use of any form of forced or compulsory labor, a minimum age for the employment of children, and acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health."[4] The US government objected to the lack of freedoms in the new IRA and demanded changes, threatening to cut off trade relations if these demands were not met. As a consequence the IRA has now been amended to both the ILO's and the US satisfaction. This seems a positive outcome of the use of the eligibility criteria. The question remains however if such issues should be dealt with in the context of the unequal relations of this trade act. The real impact of such legislative changes on trade union freedom is far more complex. To truly facilitate the establishment and recognition of trade unions in garment producing factories, for example, more efforts than just law provisions would be needed.

TRADE STATISTICS US - SUB-SAHARAN AFRICA

The US has expressed a great deal of optimism that the implementation of the AGOA will, in addition to causing economic reform, lead to economic growth and development in the SADC region. The 2001 AGOA report to the US Congress claims that after only one year of implementation, the AGOA "generated a strong trade and investment response." During that period, the report states, US exports to sub-Saharan Africa increased by 6% while sub-Saharan exports to the US increased by 67% to US $23.5 billion.[5]

US exports to sub-Saharan Africa reached record levels in 2001, according to the second annual report on AGOA to Congress, growing by 17.5%[6] to reach nearly US $7

billion.[7] But US imports in 2001 from the region decreased by 9.3% to a level of US $21.3 billion. The cause for this is that trade with sub-Saharan Africa is strongly linked to oil production in the region. Trade increased in 2000 due to a sharp rise in international oil prices. In 2001 the drop in international oil prices was the main reason behind the rapid decrease of sub-Saharan Africa exports to the US.[8]

The AGOA is mentioned by the US government as a factor helping "many countries to expand and diversify their exports and build a manufacturing base to support long-term economic growth."[9] This seems questionable. The countries fueling the growth in trade are quite limited, as well as the amount of sectors involved. US exports to Africa were dominated by aircraft equipment and oil field equipment, with nearly three-quarters of US exports to sub-Saharan Africa going to four countries: South Africa, Nigeria, Kenya, and Angola. Meanwhile, South Africa, Nigeria, Angola, and Gabon accounted for 84% of sub-Saharan exports to the US in 2001, which were mainly limited to primary mineral and crude oil exports.[10]

Looking specifically at the benefits of the AGOA for eligible African countries, the 2002 AGOA report to Congress, also notes that 84% of the products exported under the AGOA provisions are petroleum products. Garments exported to the US account for only 4.3% of sub-Saharan exports under the AGOA (or US $356 million).

Overall, sub-Saharan Africa remains just a small pinpoint on the US trade map. Sub-Saharan Africa accounts for less that 1% of US merchandise exports and less than 2% of US merchandise imports. But taken from the other perspective the view is quite different. For Africa the US is an important trading partner. In 2000 27% of the region's exports went to the US. Most of the products traded are historically important products such as oil, precious stones, and metals. When those are excluded from the trade statistics, AGOA countries saw a 10.7% increase in sales to the US in 2001, led by a 28% surge in garments from Lesotho, Madagascar, South Africa, and Kenya in particular. While these figures register as quite small from the US perspective, for sub-Saharan Africa these increases demonstrate the importance of AGOA for the growth of the garment industry. How this will impact the prosperity of individual African countries and their citizens still remains unclear.

BENEFITS FROM INVESTMENT?

In all the countries researched those who were interviewed mention an increased employment as a positive aspect of the development of the garment industry in their country, something to applaud in countries with a high unemployment rate. While this is a significant positive result that is immediately recognizable, it is however, also important to consider the long-term benefits of these investments. At this time the (largely Asian) garment companies that are transferring their operations to African countries - profiting of the trade agreements and incentives given by the governments - are transferring the profits back to their own countries, feeding little back into the local economy. How much these countries will "benefit" from garment export, after the phase out of the MFA and the AGOA, and especially after the AGOA's special rule for LDCs is lifted, will become clear fairly soon.

As documented in this research project, the working conditions found in garment-producing factories in this region are appalling. Based on the research findings it appears that workers rights are regularly and extremely violated. In the current situation, where most of the governments are not interested to help workers to safeguard their rights, the only choice the market offers workers is "the choice between being unemployed or being exploited," in the words of one of the labor inspectors in Madagascar. The unions, which – through a combination of employer hostility and governmental neglect – have in most countries little power to address the "inhuman working conditions" in the garment factories have real doubts about the potential for garment-driven development to improve the lives of the working citizens. Although it seems that some of the companies that are buying garments are checking on labor conditions at the factories they contract with, they do not seem to be making a real effort to improve conditions at these facilities.

Therefore, concern remains regarding how much the focus on trade and investment, in this case specifically in relation to the garment industry, will result in "improved living standards, shared prosperity, job creation, and improved incomes," as promised by former US President Bill Clinton at the World Economic Forum in Davos in 2000.

1 http://www.agoa.gov/FAQ/faq.html
2 http://www.agoa.gov/About_AGOA/about_agoa.html
3 see for example http://www.twnside.org.sg/title/2105.htm
4 http://www.agoa.gov/
5 Office of the United States Trade Representative (2002) "Comprehensive Report on U.S. Trade and Investment Policy Toward Sub-Saharan Africa and Implementation of the African Growth and Opportunity Act," second of eight annual reports, May.
6 This increase has been motored by aircraft, oil and gas field equipment, and motor vehicles and parts.
7 Office of the United States Trade Representative (2002)
8 Office of the United States Trade Representative (2002)
9 Office of the United States Trade Representative (2002)
10 Feldman, G. (2002) "U.S.-African trade profile", United States Department of Commerce, March.
11 Feldman (2002)
12 Feldman (2002)
13 The White House (2000) "Remarks by President Clinton at the World Economic Forum", Davos, Switzerland," press release, 29 January.

CHAPTER II
TAKiNG THE DEViL'S ROPE: SWAZiLAND

SWAZILAND IS A SMALL COUNTRY WEDGED BETWEEN THE EAST OF SOUTH AFRICA AND THE SOUTH OF MOZAMBIQUE IN SOUTHERN AFRICA. HISTORICALLY, ITS ECONOMY IS DOMINATED BY AGRICULTURAL AND AGRO-PROCESSING INDUSTRIES AND GOVERNMENT SERVICES. DURING THE 1980S SWAZILAND'S RATE OF INDUSTRIAL GROWTH RAPIDLY INCREASED, PROMPTED BOTH BY COMPANY RELOCATIONS AS A PART OF DISINVESTMENT FROM APARTHEID SOUTH AFRICA AND GOVERNMENT ATTEMPTS TO TAKE ADVANTAGE OF THE COUNTRY'S RELATIVE STABILITY IN THE REGION TO ATTRACT INVESTMENT. AGRICULTURAL GROWTH CONTINUED TO DECLINE INTO THE 1990S AND, ACCORDING TO THE GOVERNMENT, BECAME NEARLY STAGNANT BY 1998.

Between 1 million and 1.2 million people live in Swaziland. Sixty percent of the population is below the age of 21. Each year 10,000 college graduates enter the labor market. Formal employment is estimated at around 100,000, according to the Swaziland Investment Promotion Agency (SIPA), while unemployment is estimated at between 21% and over 30% by different sources (the government favors the latter calculation). There is also growing informal employment, according to SIPA.[1]

Investment in garment and textiles is one of the fastest growing forms of manufacturing investment in Swaziland. This is primarily as a result of the still in function Multi Fibre Arrangement (MFA)[2], AGOA and the strong diplomatic relationship between Swaziland and Taiwan (this country being chosen because it is considered a "powerhouse for garments" by SIPA).

Approximately 80% of goods produced in Swaziland are exported. Products dominating exports are sugar-based concentrates and blends, paper products, garments, textiles, and sweets. Swaziland's incorporation into the countries eligible for preferential access to US markets through the AGOA will further bolster trade from Swaziland through export-orientated garment production. Swaziland's duty-free exports to the US under AGOA were valued at US $14.8 million in 2001, primarily textiles and garments (more than US $ 8 million) and agricultural products.[3] Swaziland was declared eligible for AGOA in July 26, 2001. For the first half of 2002 Swaziland exported to the US under AGOA for an amount of nearly US $29 million, almost all within the textiles and garments sector.[4]

There are concerns if Swaziland will remain profitable after the MFA is phased out. One manager of a company producing for 90% for the US mentions: "we must prepare now; we are trying to push up our standards and take advantage of the markets we have now to attract more US buyers – in short, we need to catch up to Asia." Another says: "As the buyers aim for cheaper garments produced at high volume the ability of the company to push up its capacity is critical for success."

SWAZILAND CALLED ON ITS LABOR STANDARDS

Swaziland narrowly averted getting its Generalized System of Preferences (GSP) privileges scrapped by the US when it released the new Industrial Relations Act (IRA) in 2000. After a visit to Swaziland the International Labour Organisation (ILO) reported on the lack of freedom in the act and the repercussions it would have for trade union freedom. Trade unions in the US used the section 104 in AGOA to call for the US to not grant eligibility to Swaziland under AGOA when Swaziland would not amend the reputed IRA. The US objected to the lack of freedoms in the new IRA and required changes otherwise trade relations would be broken. As a consequence the IRA has now been amended to the satisfaction of both the ILO and the US. The Swaziland Federation of Trade Unions (SFTU) welcomed the US and other countries' international pressure around the new IRA and would welcome further international pressure, particularly from the US, to force further changes to the Act. They believe that this is an effective pressure tool as the act still contains many infringements on trade union freedoms.[5]

The Embassy of the US instigated an assessment of the labor situation in 22 companies that are exporting to the US under AGOA, in 2002. More than half of the companies did not comply with the dictates of the Industrial Relations Act, 2000. The labor commissioner Joshua Mndzebele said this was especially so in issues such as underpayment of employees, using child labor and failing to subscribe for workmen's compensation. According to the Embassy's letter dated August 13, 2002, it required "certification from the ministry of enterprise and employment that all companies operating in Swaziland and exporting goods to the United States under Swaziland's African Growth and Opportunity Act status, are in compliance with all labor laws of the kingdom" and required a response.[6] It seems that as a reaction Mr. Dlamini, the enterprise and employment Minister, "recently ordered an end to non-payment of overtime, of locking workers inside factories to meet shipping deadlines and working without breaks." "There is no way we are going to lose AGOA because a few factories are violating workers rights," Dlamini said. "As government we value job creation, but we do not want it to infringe on the rights of workers."[7] At the same time however, at one of the factories in Southern Swaziland, the police fired teargas at striking workers protesting poor payment, killing one of the workers.

INVESTMENTS IN THE GARMENT INDUSTRY IN SWAZILAND

The delay in the final approval of AGOA caused some agitation amongst manufacturers in Swaziland. Swaziland is not considered a cheap investment destination by garment producers compared to Asian countries and even to Lesotho. Some of the managers interviewed mentioned that the ending of the MFA at the end of 2004 could negatively affect Swaziland's foreign direct investment and trade performances. To attract foreign investment SIPA, the Swaziland Industrial Development Corporation (SIDC), and the Commonwealth Development Corporation (CDC) fund the infrastructure costs of foreign investors.[8]

SIPA also believes that AGOA will revive Swaziland's spinning industry, as fabrics for garments exported to the US under AGOA will soon need to be sourced within AGOA eligible countries. They expect some "strategic alliances and natural relocations" as a result and are therefore encouraging "backward integration" in the industry. There is little evidence of this at this stage and the existing cotton industry in the country is having structural problems while not being supported at all.

SIPA is aware that AGOA will not last forever and that garment producers are notorious as "footloose investors." However, they say, "Swaziland is so desperate! When you are drowning and the devil throws you a rope, you will take it."[9] Garment manufacturers put AGOA and tax incentives as the main reasons for their investment in Swaziland. Tax incentives include a five-year tax holiday as well as the ability for individual firms to negotiate lower tax rates.

The trade unions interviewed were wondering if the focus on investment in the garment industry would be beneficial in the end; "The main thing that is offered is employment and no money comes into the country except the wages that are paid."[10] The Swaziland Federation of Trade Unions

sees the garment investment as not sustainable, it pays very little and the economy does not substantially benefit (particularly with a five-year tax holiday).[11]
The manufacturers interviewed complained that labor costs in Swaziland need to be reduced. They indicated that their presence in the country was directly linked to trade facilitation agreements and, in particular, the promulgation of the AGOA. They also expressed that their best opportunities in Swaziland lay in the four years in which the MFA and the AGOA overlapped. They argued that once these ended it would be difficult for them to compete with Asian based producers. Some indicated that they would shift their operations to China.

Swaziland garment companies produce mainly for the US market, for large retailers such as Wal-Mart, Goodies, and K-Mart. A small quantity of goods is shipped to the European market. The interviews revealed that overseas buyers control not only quality standards but in some cases also social and environmental standards. They visit the factories that produce their goods only occasionally, usually staying for about two hours during which they allegedly interview the management and the workers and inspect the factory. This is an inadequate time for thorough inspections. What is striking is that none of the workers interviewed by SOMO and TURP were aware of interviews done by foreign buyers nor had they ever seen any of the buyer's codes of conduct.

BAD WORKING CONDITIONS

Workers in garment and textile companies in Swaziland experience poor working conditions. The Department of Labor complained to researchers that government has urged them to "enforce the law, but don't chase the investors away." This has forced them to be "very diplomatic" as "employers from the East have the support of government." As a result they don't "rush to court" but rather try to "persuade" the employers to co-operate with the law.

In reality this amounts to very little control on the part of the Department of Labor on the implementation of the law. The Department of Labor admits that it is tougher on transgressions by indigenous companies than on foreign-owned companies.

Swaziland has experienced a substantial increase in investment, especially in textiles and garment production. New investment has shifted from being primarily South African companies to predominantly Taiwanese companies. The Taiwanese companies are largely attracted through Swaziland's inclusion as a country eligible for preferential access to US markets through the AGOA and Swaziland's quota free status under the MFA.

According to the 2002 report on AGOA to the Congress, AGOA has contributed nearly 11,000 jobs in Swaziland. About 8 garment factories began or expanded operations in 2001, with more new investment in 2002. There is an acknowledgement by the government that Taiwanese-owned companies (a lot of new investment in the garment industry is done by Taiwanese companies) in particular, have an "unfortunate reputation" of being bad employers. In spite of this and in spite of evidence and complaints of sub-standard working conditions, minimum standards are not enforced. Researchers found evidence of:

★ low wages,
★ unhealthy and unsafe workplaces,
★ substantial and often compulsory overtime,
★ lack of adequate monitoring by buyers,
★ trade union repression by employers and government,
★ extra hardships experienced by pregnant workers, and
★ a lack of government protection for workers.

Low wages

Minimum wages for a "casual laborer" are US $14.00 per week, about US $63 per month, while a first level sewing machinist receives a minimum wage of US $20.70 per week, US $92.17 per month. Instead of using minimum wages as a floor, companies tend to use them as a ceiling for wages. In some companies, the minimum wage is not paid.

TRADE UNION REPRESSION

From the beginning of 1999 on the union, SMAWU, in Swaziland has tried to get recognition in the factory. On January 13, 1999 the union has filed an application with the company to have a headcount of the union members. The company refuses. The union asks for conciliation by the Commissioner of Labor on April 12, 1999. The company does not attend the conciliation meeting in April and May and therefore the issue is declared as an unresolved dispute. Then the matter is referred for mediation and a date is proposed for meeting, which is not followed up. The parties meet on March 20, 2000, where both parties agree on a verification count. On April 10, 2000 managers at the company have signed a memorandum of understanding that confirms that verification of the union members was done. The management has declared there are 336 employees, and that 50%+1 is 169 employees. The union has 173 paid up members. This should result in recognition of the union, but this has not been done so far. Instead the company writes a letter, dated April 10, 2000 that states that the union does not have the membership but is 5 members under the 50%+1 mark and that its own representatives did not have the required authority to sign the memorandum of understanding. Although the Labor Commissioner advised the parties to comply with the Industrial relations Act and the position with regards to the verification exercise the company does not take the necessary steps. SMAWU urges the company once again. On August 1, 2000 a meeting was held between the company and SMAWU at the Labor Commissioner's offices and the company maintained its decision. The case is filed with the Industrial court on October 24, 2000; the dates are postponed until finally the union meets the company in court on October 12, 2001. Although the union wins the case, the company appeals. The outcome is still unclear.

One company, producing for brands such as Adidas, Fila, Bugle Boy, Armani, Guess, Gap, and I&C paid their workers on the 5th and 20th of each month for two weeks work, despite the actual number of work days in between. The result was that the workers were effectively not paid for one month of the year. Overtime is sometimes not paid at all or does not meet legal standards. Although none of the companies interviewed saw the minimum wage as low or an advantage for them, the government keeps the minimum wage low to attract foreign investment. The workers indicated that the wages paid are not enough to live on. Many workers have been forced to go to what they call "shylocks" (micro-lending finance houses) to get high cost loans to supplement their income. Some workers were paying half their monthly wage to these lenders. One worker, from a factory producing for clients such as Goodies, Wal-Mart, and K-Mart, said "we are all going to shylocks, where we have to pay 20% interest. We have extra jobs to make ends meet." The workers from another factory producing for GUS (UK), KarstadtQuelle (Germany) and Mr. Price, Edgars, Ackerman, Pep Stores, and Makro (South Africa) reported that in their factory "a lot of the women don't have a (working) husband and many among them can't even send their children to school."

Unhealthy and unsafe workplaces

Almost all knitting was done manually, an operation that is extremely physically demanding and a reflection of companies taking advantage of cheap labor. Very few of the companies visited provided their workers with protective clothing or safety gear. Some workers brought their own face-masks from home. Workers were also often not protected against workplace noise.

The Employment Act requires that certain employees are designated "first aiders" to provide basic medical assistance in the company. This was largely implemented in the companies visited. In some cases, when workers were injured, they had to take themselves to hospitals for medical care, at their own cost and were not paid for the time they were away from work. Disregard for the health and safety of workers was commonplace. The government has added to these problems by stalling the enactment of an Occupational Health and Safety Bill. The bill was finally passed into law October 1st, 2001, after awaiting royal approval (the final stage before enactment) for three years.

Substantial and often compulsory overtime

Some of the companies visited did not require overtime during the week because of the danger that women workers faced when traveling home at night. However, other companies were less sympathetic to their workers. Weekend work is a common occurrence in the Swaziland garment industry. Some companies introduced full week-end work for three to four weekends in a row during periods of high numbers of orders. Overwork is mostly compulsory. One factory producing T-shirts for brands such as Adidas, Fila, Bugle Boy, Guess, I&C, Gap, and Armani often forces workers to work until late and in the weekends. In a factory producing zippers for more than 250 customers of which the GAP is one of the biggest, one of the workers says that although the overtime is optional they are forced to take on whatever they can get to be able to make enough money to live. He says he is "working a normal 40 hour week and than 21 hours overwork a week, sometimes more until five hours per day," which totals 25 hours overtime per week. Workers said they often felt exhausted and that management was unsympathetic to this.

Inadequate monitoring by buyers

Although researchers found that buyers were making regular or occasional visits to factories to assess the quality of products, they learned that very few were inspecting labor conditions. Those who did carry out inspections did not interact with workers, according to the interviews. In one factory producing for such brands as Adidas, Fila, Bugle Boy, Guess, I&C, Gap, and Armani, workers said that once when an inspector came they were told not to complain to him because then the factory would loose orders and as a consequence the workers would loose their jobs. In another factory one worker complained that companies made cosmetic changes to impress buyers while labor abuses were hidden. "I don't care about nicely painted walls," said the worker, "when workers are dying of bisnossis (a lung disease, developed through long periods of inhaling fibres)."

The workers in all the factories visited had never heard of codes of conduct or other corporate systems to set basic labor standards.

Trade union repression

The companies visited severely restricted the right and ability of unions to organize and represent their members' grievances before employers. The existing labor legislation, mentioned above, also restricts the power of unions to influence working conditions. In one company, a worker that was organizing members for the union was fired and the rest threatened with termination of contract if the organizing continued. In several factories workers were warned not

to join unions. Most of the managers interviewed spoke unsympathetically about SMAWU, the union organizing garment workers, or about their abilities and several mentioned not allowing unions in the factory. In other cases, the employers would use delay or avoidance tactics to prevent meetings from ever taking place. Some employers were verbally abusive to trade union officials.

In one factory producing for GUS (UK), KarstadtQuelle (Germany) and Mr. Price, Edgars, Ackerman, Pep Stores, and Makro (South Africa) the workers said that they were afraid to join the union (SMAWU) or even talk about the trade union in the factory. When the workers have any sort of a meeting, they said, the supervisors attend as well. "If the union waits outside the gate we will run past them," said one worker. "We are very much afraid to be seen talking to the union."

Pregnant workers under fire

The laws regarding maternity leave currently allow for three months leave. For one of those months workers should receive a full month's pay. However, pregnant workers are often only allowed one month's leave, while others can take their three months but are not paid for it. This is a great additional burden on pregnant women which causes them to work right up until they experience contractions and often makes them return to work after a month. In one of the factories that produces for GUS (UK), KarstadtQuelle (Germany) and Mr. Price, Edgars, Ackerman, Pep Stores, and Makro (South Africa), workers report that "some women get their baby on their way home from work." In this factory they are only paid for two weeks leave, and are allowed only one month off in total. Some women will come back after two weeks because they need the money so badly.

Lack of government protection

Lack of protection by the government for the workers was found to be a source of great frustration for unions and workers. The government failed to take care of clear cases of rights violations. Some employers boasted to workers that they would bribe any labor inspector who visited the

factory. At the time this research was carried out Swaziland's industrial court had a waiting period of between two and five years. In addition, the Department of Labor complained, the government's central prosecuting office did not take labor violations seriously and would often not release the necessary resources for such prosecutions. The government's stalling of the enactment of the Occupational Health and Safety Bill is further evidence of this. At the same time the Department of Labor admits that in an attempt to make the investors happy it does not pursue labor law violations to its fullest ability. The Department of Labor has taken "many companies" to court but generally "doesn't rush to court."

This is also because the judicial system does not take labor law violations seriously. The result is that their cases are given low priority and it takes a long time for prosecutors to be assigned to such cases. The Department of Labor is pressing to have prosecution in government decentralized so that they can employ their own prosecutors. The Industrial Court has a huge backlog of cases. A representative of the department of labor said, "you would be lucky to have your first date of trial scheduled within one year."

As a part of government the Department of Labor has to make Swaziland "as attractive to investors as possible." As such, they say, they can't "push investors too hard" but instead are "very gentle and persuasive." They would prefer to write to the federation of employers requesting compliance rather than take a company to court.

Following the research project, SMAWU used the codes of conduct of some of the retailers buying in Swaziland and brought them up in conversations with factory management to ask for union recognition. This has been successful in that the management at some of the factories recognizes the need to talk to the union. However, things are moving slowly.

1 Swaziland Investment Promotion Agency (no date), "Swaziland: the right choice", SIPA, Mbabane, Investment pack
2 A GATT agreement that places limited quotas on volumes of garments and textiles from the main textile and garment producing countries mainly with regard to North America and European countries
3 Office of the United States Trade Representative (2002) "Comprehensive Report on U.S. Trade and Investment Policy Toward Sub-Saharan Africa and Implementation of the African Growth and Opportunity Act," second of eight annual reports, May
4 http://reportweb.usitc.gov/africa/by_country.jsp
5 Interview with SFTU, May 2001
6 Phiwokwakhe Ngidi (2002), "It's goodbye to AGOA benefits?" in *Times of Swaziland*, 17 September
7 "Fighting to save AGOA" (2002) in *Times of Swaziland*, 7 October
8 For example, the researchers learned of the building of one new clothing factory, expected to employ about 3500 people, is costing the government R57 million.
9 Interview with SIPA, May 2001.
10 interview with SMAWU, May 2001
11 interview with SFTU, May 2001

CHAPTER III
MiLKING COW FOR iNVESTORS: FiNDiNGS FROM BOTSWANA

BOTSWANA IS A LANDLOCKED, GENERALLY SEMI-ARID SOUTHERN AFRICAN COUNTRY. IT IS POPULATED BY ONLY APPROXIMATELY 1.6 MILLION PEOPLE, WHO ARE THREATENED BY THE HIGHEST RATE OF HIV/AIDS INFECTION IN AFRICA. ECONOMICALLY, BOTSWANA IS CONSIDERED AN AFRICAN SUCCESS STORY WITH AN EMPLOYMENT RATE, LEVEL OF PER CAPITA INCOME, AND CURRENCY VALUE THAT EXCEED EVEN THOSE OF SOUTH AFRICA.

The government posted a US $24,6 million budget for the 1999/2000 fiscal year. Foreign exchange reserves, which can cover the costs of 28 months of imports, are amongst the highest in the world. The country rates the fourth highest African country on the United Nations human development index and 48th on the UN's gender empowerment measure. Adult literacy stands at 74.4%. The country's economy grew at an average of 7% during the 1990s and it has been one of the fastest growing countries in the world since 1965, achieving an average growth rate of 13% from 1970 to 1990. [1]

This growth and development, of course, has come mainly from the diamond and livestock resources of the country and the export of these products. The government claims that recent growth, however, has come from the abolishment of exchange controls, reduction of personal and company taxes and the privatization of government assets. The government also claims that its drive to restructure the economy towards a diversified, modern manufacturing economy has led to recent growth.

Non-mining sectors grew by 9% in the 1998/1999 fiscal year causing the economy to grow in spite of a 4.4% drop in output in mining during that year. The previous year saw non-mining sectors grow by 7.3%.[2]

Manufacturing grew by 5.4% in 1998/1999 and 4.7% in 1997/1998. Botswana still has a very small manufacturing sector. It makes up just less than 10% of total formal employment (24,000 people) and contributes only 5% towards total export earnings of the country, although its contribution is growing. The government has become increasingly concerned with the inability of the existing mining-dominated economy to provide sufficient employment for the population.[3]

The government has seen the need to build the manufacturing sector of the economy as an answer to this concern. This has previously mainly been done through attracting foreign investment to the country. A recent official list of all manufacturing licenses awarded to clothing and textile firms reveals that 325 manufacturers have been awarded licenses to manufacture "wearing and other apparels." During the research it became clear that not all operating firms, manufacturing clothing and textile, are on this list. About 51% of these companies are totally foreign owned and 25% of the licenses were awarded to joint ventures between Botswana citizens and foreign companies. The remaining 24% were awarded to domestic (or "citizen") manufacturers.

There are foreign investors from a wide range of countries, and no country dominates investment outright. Companies from Britain, South Africa, India, Zimbabwe, Zambia, Ghana, and Pakistan account for 50% of the licenses awarded to foreign or joint venture investments.

Citizen-owned companies tend to be smaller companies (employing less than 50 people) while foreign-owned and companies owned jointly by citizen and foreign investors tend to be larger companies. Of the 97 companies located by the research, 34 of these employed more than 50 people, while the rest employed below 50 (15 of these employed below 10). An interview with the Botswana Export Development and Investment Authority (BEDIA) revealed that many more of the larger companies have successfully engaged in exporting compared to the smaller companies. The implied focus of citizen investors on the domestic market above export markets suggests that foreign-owned companies will continue to dominate garment and textile investment, this is mainly because of larger markets and better prices offered by export markets.

Most of the companies are situated in Gabarone (the capital), although an increasing amount of investment is located in Selebi Phikwe, an industrial decentralization zone on the Eastern border about 500km north of Gabarone.

TRADE AND INVESTMENT PARTNERSHIPS

Botswana is a part of a number of trade and investment partnerships. These include:

★ The SACU, which is currently Botswana's largest market for most manufacturing exports. Botswana's membership to SACU will allow it to benefit from the RSA/EU trade agreement signed.
★ The Cotonou Convention allows quota and custom duty free exports of industrial and agricultural products to the European Union. In particular, the EU is Botswana's largest market for diamond and meat product exports.
★ The SADC Trade Protocol, which sets out a plan for reducing import tariffs between SADC countries to increase trade within the region. In the long term, this may remove the need for the SACU's continued existence and, indeed, will undo a lot of the advantages created for Botswana through the SACU since other SADC countries will get access to the SACU market at reduced tariffs.
★ The GSPs, which allows preferential access for certain Botswana-produced goods to the US and European markets. The US is now Botswana's third biggest market for manufactured goods.
★ A bilateral trade agreement with Zimbabwe, allows for duty-free trade between the two countries subject to local content rules. This agreement accounts for the high level of Zimbabwean investment in Botswana.
★ A bilateral agreement with Germany, that aims to facilitate increased investment between the two countries.

Botswana is also a signatory to the GATT and a member of the WTO. Although it anticipated otherwise, Botswana was initially excluded from the "special rule" for less developed countries under the Africa Growth and Opportunity Act. The special rule applies only to those countries with GDP per capita's of less than US $1,500 and provides extra trade benefits to these countries. However, AGOA II, signed on August 6, 2002 by President Bush, grants lesser developed beneficiary country status to Botswana as well, qualifying the country for the special rule. The 2002 AGOA report to the US congress mentions that in 2001 the duty-free exports to the US under AGOA were less than one percent of the Botswana's total exports to the US,[4] none of these were garments.[5] It seems that the qualification for the special rule has given Botswana an extra advantage as the 2002 AGOA report to the US Congress mentions that at least nine firms in Botswana are already, or soon to be expected to, export garments to the US under AGOA. Some of these represent new investments in Botswana; one is a new US $1.5 million investment by a Sri Lankan company. The expectations are for at least 2000 more jobs by the end of 2002.

FINANCIAL ASSISTANCE PACKAGE

Manufacturers' reasons for investing in Botswana given during the interviews were unanimous: the strong basket of incentives offered through the Financial Assistance Package (FAP). The FAP incentives, under which the far majority above-mentioned companies have invested, included the following tax-free, non-refundable grants and fixed capital assistance:

★ "Unskilled labor grant," in which manufacturers are refunded 80% of their factories' shop-floor wage bill in the first two years of production. This is reduced to 60% for the third year, 40% for the fourth year, and 10% for the fifth year.
★ "Capital grant," which paid about US $164 per job created by a foreign or joint-venture investment and about US $246 per job created by citizen investment.
★ "Training grant," in which manufacturers are refunded 50% of their training costs to citizen employees (costs covered include tuition, board and lodging, travel, materials and wages) for the first five years.

In addition, the FAP, BEDIA, and the Botswana Development Corporation (BDC) all offer financial assistance for building development. The result was that some investors paid little or nothing in making their investments.

This was all provided alongside other commonplace measures including allowing duty-free import of machinery and raw materials used in the production of export goods.

Without the FAP, however, at the time of the research, the manufacturers saw little reason for investing in the country. One Selebi Phikwe based manufacturer mentioned: "Our investment was only possible through the government's incentive program. There are no advantages to investing in Botswana besides these incentives. The import burden from the strong exchange rate is very high."

A Zimbabwean carpet manufacturer set up operation in Botswana because of his country's strong trade links but complained that investing there was "more of a hassle" than a benefit because of the limited domestic market and no locational advantage against strong competition within the SACU market. Yet another company, producing denim jeans, believed that once the benefits of the incentive package came to an end it would be through their skill and experience to negotiate for orders, as well as their strategy to focus on basic, low margin products that they would make it.

The strong reliance on the FAP to attract investment has not been a sustainable development option for Botswana. BEDIA captures it this way: "Many quarters in the country do question the contribution of foreign direct investment to the economic development of the country. Doubts are raised, especially based on the negative experience of previous investors who came to the country and, then sneaked away quietly after having benefited from the Financial Assistance Program (FAP) of the government. Some even came with equipment fit for a museum. Obviously their equity in the project was also very low, if any investment was made at all." [6]

IMPACT OF FOREIGN INVESTMENT

The establishment of BEDIA has been an attempt to improve the impact of foreign investment on the country. In particular, they have introduced the following:

- ★ A screening process for foreign investors to assess their investment intentions and potential impact,
- ★ Placing a limit on government contribution to foreign investments to 50-60% of the total investment, forcing the foreign investor to contribute substantial funds, and
- ★ Providing added incentives for foreign investors who go into joint ventures with Botswana citizens thereby increasing domestic capital and the rate of technology transfer to local hands. [7]

This new approach hopes to avoid the common practice where investments last 5 years (the length of time that the FAP is available to companies). This practice of liquidating operations after or within five years has caused the Botswana Manufacturing and Packaging Workers' Union (BMPWU) to lament that Botswana is "a milking cow to investors." Supporting this comment, government officials in the Department of Industrial Affairs – responsible for administering the FAP – complained that they could not cite a lasting investment example from the FAP's 18-year history.

While the government has taken steps to end this incentives abuse, it is doubtful whether Botswana will be able to attract the same level of investment as in the past. Other reasons for the potentially bleak future for Botswana's garment and textile industry include the signing and implementation of the SADC Trade Protocol, which reduces its privileged access to South African markets through the SACU agreement. At the other side, the recent inclusion of Botswana in the countries eligible for AGOA's special rule seems to open the possibilities to attract more garment producing companies, as has been described above.

LABOR CONDITIONS

Botswana's government has implemented a program of achieving "sustainable development" through trade and investment promotion and privatization of state assets. This it believes will cause it to achieve its Vision 2016 goal of "prosperity for all." The current character of investment and the experience of those employed through this investment tell a different story, however. Instead of prosperity, there is high employment insecurity, low wages, no government protection from labor law violations by employers, poor health and safety, hostility from employers and government interference in trade union affairs. The research conducted in Botswana revealed:

- ★ **The high rate of liquidations leaves workers in desperate financial positions:**
  The Insolvency Act has not been amended in 20 years, and according to the law workers are to receive about US $16,41 each when a company liquidates. This is not even 20% of a month's pay at the minimum wage. Because companies often shut down operations overnight, workers are never prepared and are suddenly without income. Further, the labor laws state that employers need to pay workers severance pay only after they have completed 60 months (five years) of employment.[8] However, most companies liquidate when their government incentives run dry which is just under five years of operation. This leaves workers with no severance pay either.

- ★ **Employers abuse the minimum wage rulings:**
  The Botswana government sets the minimum wage for the lowest job only. In 2001, for manufacturing, this translated to about US $0.23 per hour. Some employers were found to be paying all workers, regardless of skill, task or experience on this level. In most companies visited, over 50% of workers were on minimum wage. In addition, the minimum wage is intended as an "entry point" to be used during probation or induction periods, yet workers in some companies remain on these wages throughout their employment.

- ★ **Poor health and safety:**
  The Act which should be currently responsible for this issue – the Factories Act – is largely silent on occupational health and safety. Currently, the Botswana Federation of Trade Unions (BFTU) is pressuring for an Occupational Health and Safety Act to deal with this issue. Some companies visited did not have basic first aid kits available to workers. There was little ventilation and no protective clothing or dust masks provided to workers. Emergency exits are locked. Labor inspectors are considered by the BMPWU to provide no support or protection in this regard.

- ★ **No government protection against labor law violations by employers:**
  There is an ombudsman for labor issues, but according to the union, "he has not done anything for labor." Also, the Industrial Court does not have the support of workers. Cases take forever to be heard. The right to strike exists, but the procedures are to "labor's disadvantage", according to the union. The complexity of the procedures is such that there has never been a legal strike in Botswana. Wildcat strikes are more commonplace. This concerns the union because "employers are not shy to call the police who act harshly" on the striking workers. The union concludes that: "where there is no union, there is avoidance of labor laws." Further, while the government has made an effort to ratify all the ILO conventions, it has made no attempt to align its labor code to these conventions. A major problem related to this is that the ILO conventions require that employers consult with the trade union when liquidating, however the Employment Act does not require any consultation. The Industrial Court emphasis consultation processes.

- ★ **Government interference in trade union affairs**:
  The labor laws allow for interference of government in trade union affairs. For example, it allows for a district labor commissioner to attend trade union meetings. Elected union officials are not allowed to work full-time for the union. This greatly restricts the ability of unions to organize and effectively represent workers.

- ★ **Employer hostility to workers' exercising their right to organize:**
  The union faces continuous problems from employers who refuse to recognize it or exercise hostility towards the union during its organizing of workers. This is largely expressed in companies' refusal to allow "check off" payment for subscriptions causing the union to gather most subscriptions by hand. The result is that they have many more unpaid members, particularly in outer lying areas, where it is more expensive for the union to travel. Organizing check off systems is currently the union's primary mission and employers continue to be "headstrong" and "play for time" on this issue – in particular, the unionists complain of foreign companies refusing to allow check off systems to be implemented. The union receives no funds other than the subscriptions.

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1 B&T Directories (2001), *Botswana Review of Commerce and Industry 2000/20001*, B&T Directories, Gabarone, 20th edition
2 B&T Directories (2001)
3 B&T Directories (2001)
4 Office of the United States Trade Representative (2002), "Comprehensive Report on U.S. Trade and Investment Policy Toward Sub-Saharan Africa and Implementation of the African Growth and Opportunity Act," second of eight annual reports, May.
5 http://reportweb.usitc.gov/africa/by_country.jsp
6 BEDIA (2000), *Annual Report,* BEDIA, Gabarone
7 BEDIA, (2000)
8 After this length of service employers need to pay one day's pay for each month of service up to 60 months and two days pay for each month worked after 60 months; this money is dispersed when workers are applying for it after they complete these years.

CHAPTER IV
MAURITIUS: THE PARADISE ISLAND?

MADAGASCAR AND MAURITIUS FLANK THE SOUTHEASTERN COAST OF AFRICA; TWO ISLAND NATIONS HUDDLED TOGETHER IN THE MIDDLE OF THE INDIAN OCEAN. YET DESPITE THEIR GEOGRAPHICAL PROXIMITY, THE COUNTRIES ARE FAR APART IN TERMS OF ECONOMIC DEVELOPMENT: MAURITIUS, HARDLY A SPECK ON THE MAP, BOASTS A BEHEMOTH CLOTHING INDUSTRY, WHILE MADAGASCAR, THE FOURTH LARGEST ISLAND ON THE PLANET, IS STILL STRUGGLING TO ESTABLISH ITS GARMENT SECTOR. IT HAS NOT HELPED THAT MADAGASCAR'S PRESIDENTIAL ELECTIONS OF DECEMBER 2001 LEFT POLITICAL INSTABILITY IN THEIR WAKE. AS A RESULT, MOST OF THE BIG ISLAND'S CLOTHING FACTORIES STOPPED PRODUCTION AND SOME OF THEM MOVED BACK TO MAURITIUS.

Mauritius's experience with industrialization and economic development over the last 30 years has earned it international praise. Other countries, struggling through the stormy challenges of globalization, saw in the island nation's clothing and textile industry a beacon, the how-to model to be emulated in pursuit of a home-grown manufacturing base. The people responsible for this Mauritian success story have been its workers and the productivity of their labor. But now, when the storms of globalization have begun to batter the island's apparel economy, it is the workers who are suffering. "At a time when Mauritius' garment industry is facing problems, the workers are seen as second class people,"[1] according to a labor union organizer.

Mauritius is a small Island in the Indian Ocean, to the east of Madagascar. It has one of the strongest economies in Africa, boasting an average annual growth rate of 6% over the last two decades. Until the beginning of the 1970s, when Mauritius embarked on a major industrial development program, its economy had been based almost exclusively on sugar cane (which even to this day accounts for 25% of Mauritius' export earnings). In the shift to diversify and industrialize, the motors driving Mauritius's economic development became garment production, tourism and, most recently, financial services. Certain conditions have been key ingredients in the country's success: stability, in politics, society, and macroeconomics – and a coherent strategy to compete internationally in labor-intensive activities. Along the way, Mauritius has benefited from trade agreements, such as the Lomé/Cotonou conventions (which give preferential access to Mauritius exports to the European market), the Multi-Fibre Arrangement (MFA) (which has allowed Mauritius to build up its garment industry by restricting the garment exports from mostly Asian countries), and recently, the US African Growth and Opportunities Act (AGOA).

Over the past three decades, Mauritius has become a "middle-income" country. But its garment industry now faces competition from other Southern African countries and competition due to rising labor costs. It is trying to compensate enhancing efficiency and upgrading production. At the same time, Mauritius has been developing its financial services sector and looking at new growth pillars such as, for example, positioning itself as an international hub for trade and information technology for the Africa and Indian Ocean region.

GARMENT INDUSTRY

Most of Mauritius' garment production occurs in export processing zones (EPZs). The EPZ sector in Mauritius started in the early 1970s, as a central component of the country's economic development strategy.[2] The EPZs, which expand across the entire island, are the major factor contributing to the country's economic growth.

In 2000, there were 518 enterprises in the EPZ sector in Mauritius, out of which 251 (48%) were involved in garment manufacture. Out of the 92,666 total jobs registered in June 2001, 82,080 (89%) were in textiles and garments factories (77,111 in garments alone).[3] Most of the companies operating in Mauritius' garment industry are locally-based, contrary to the experience of other countries which only recently began garment production (e.g. Lesotho and Swaziland, where foreign, and especially Taiwanese, companies dominate); more than 65% of Mauritian manufacturing companies are locally-owned, according to the Mauritius Industrial Development Authority (MIDA).[4]

According to Textiles Unlimited[5] the value of the garments exported stood at US $891 million in 2000, representing 81% of the total exports of the EPZ. Of these exports, US $544 million (61%) went to Europe and US $275 million to the US. In Europe the main export destinations are France, the UK, Germany and Italy. A portion of the country's garment output goes to African countries (mainly to South Africa) and, according to MIDA, a very small amount is destined for Japan. Mauritius US exports have grown in recent years, mostly as a result of the AGOA.

Garment trade facilitating agreements

Mauritius has benefited from a range of multilateral trade agreements. The garment industry in Mauritius started in the 1970s, after MFA quotas began to restrict the industry in other garment exporting countries. Mauritius's exemption from these restrictions encouraged the development of the EPZ sector and a large garment industry. With the phasing out of the MFA at the end of 2004, Mauritius is set to lose this advantage.

Mauritius also falls under the ACP-EU agreement, which grants it duty- and quota-free access to the European market under certain conditions. In addition, Mauritian exports are eligible for preferential access to US markets through the AGOA. According to employers and government institutions, the AGOA will greatly benefit Mauritius. Exports to the US are expected to increase in the coming years as duties are lifted. However, some people are skeptical about the AGOA's benefits, noting that competition with other AGOA-eligible countries is increasing.

Competition

Both the MIDA and several company managers worry that competition with other garment-making countries from around the world is a real threat to Mauritius garment industry. Eastern Europe, for one, is emerging as a major competitor, especially because of its proximity to the Western European market (particularly Germany). Several Western European countries have intensified their trade with Central and Eastern European countries through Outward Processing Trade.[6] But Mauritius is not only in competition with Eastern Europe. "The capacity worldwide has gone wild," according to the managing director of a small factory in Mauritius. Global competition is taking its toll as "retailers can push the manufacturers against the wall." In addition to other African nations, competition comes from manufacturers in South-East Asia, with their high-volume-output, low-labor-cost garment industries.

At one time, Mauritius used to have almost full employment, but this is no longer the case. Mauritius is losing business due to its relatively high labor costs (compared to much of sub-Saharan Africa) and its location. Production has been seeping away – especially in labor-intensive industries – to Madagascar and other countries in the region.[7] Buyers can pay lower prices for the orders that are still placed with Mauritius firms, and manufacturers then complain that profits are not as lucrative as in the past.

As a result, several companies are closing down or looking for new investors or buyers. Most of these companies have declared bankruptcy and have avoiding paying workers the wages they were due. Other companies closed temporary, or cut back to partial operations. Mauritius' economic problems extend beyond the garment industry, with the sugar industry also falling on hard times. Low skilled jobs have been disappearing.

Mauritius' trade statistics hardly indicate all doom and gloom. Moreover, the government is optimistic that it will continue to attract and keep new investors by offering generous incentives.[8] It is putting energy in having the textile industry fully develop, in order to exploit all the potential advantages opened by the ACP-EU agreement and the AGOA.[9] Some managers interviewed were confident in the future and were even investing in their company to enlarge the production capacity.

> "The capacity has gone wild worldwide, the retailers push the manufacturers with their backs to the wall. For Mast we produce 250,000 pieces per year, for an average FOB price of $4. They are selling on average for $24 (US) per piece. This business is already working on a really short lead time. When we are too late with our order we have to send the products by air, which will cost about US $1.25 for a small dress. The Gap used to have a 10-week order run, four weeks for the fabric, two weeks to get it to the factory, four weeks to make the garment. Now we have to get it FOB within 30 days. If you're late with your order for the US, if they do not need it urgently they will cancel the order. I am finishing an order for the Gap right now, 80,000 pieces, which is an average order. The price is tight. The US develop the garment, we just have to make it, we have to gain on efficiency," explained one of the managers interviewed.

LABOR LAW

Labor relations in the EPZ are covered by the labor laws and by the Industrial Expansion Act of 1993. The Act states specific regulations for EPZ workers and gives employers the right to demand 10 hours compulsory overwork (on top of a 45 hour normal working week). After 45 hours, workers are entitled to overtime pay. Women are not eligible for paid maternity leave after their third child and can be asked to do night work. All of these provisions have made the Industrial Expansion Act come in for persistent criticism from trade unions, who continue to call for its amendment.

One of the problems mentioned repeatedly by union representatives is the current remuneration system. When workers retire they are denied a lump sum payment, as in other sectors,[10] which forces employees to keep on going until they are no longer physically capable or until they are dismissed. One worker we interviewed was 67 years old. She was dismissed for not being able to make the production target any more and was not given any compensation. The trade union intervened and took the case to court, where the company finally settled on 15 days payment for every year of service.

LABOR CONDITIONS

Trade unions

Mauritius, with a population of about 1.2 million people, has hundreds of active trade unions. As a whole, there is a high degree of trade union representation, with a national unionization rate of about 20-25% among the entire working population. However, the union rate is much lower in the EPZs, where the ILO and local unions report that only between 9 –12% of workforce is unionized.[11]

There are many obstacles to trade union activity in the EPZs. Union activists complain that it is difficult to gain access to factories and that they encounter numerous problems with employers who don't want workers to join unions. It is a common tactic for managers to threaten to close their factories if workers begin to join unions. In order to thwart union organizing before it can even begin, managers sometimes ask workers to sign a promise not to join a union. Union organizers have a hard time recruiting workers outside of working hours, since factories make homeward-bound workers board company sponsored-transportation inside factory gates.

Even after a union does succeed in gaining a foothold inside a factory, it can be excessively difficult to get the factory to recognize the union, even when the Industrial Relations commission orders this. Recognition can take two to three years and will cost the union huge amounts of money on legal expenses.

Several of the management interviewed expressed hostility towards the unions, or completely ignored their existence. The recent economic difficulties in the garment sector have also weakened labor's strength. "With the closure of more factories the unions can't flex their muscles anymore," according to another manager.

Legal striking is virtually impossible due to the legal procedures that have to be followed. Illegal strikes do happen though, and according to one of the trade unions, they can be very effective.[12]

Wages

The minimum wage is between 1600 and 1800 rupees (US $53-60) per month. Most workers interviewed earn above the minimum wage, using overtime and bonuses to boost their pay packets to between 2000 and 5000 rupee (US $67-167) per month. During the interviews, the workers complained that they were barely able to make ends meet on their meager wages. One women worker asked: "This salary is very, very low. How can we support children, we can't even pay for their schools?" Lately, workers in factories that have lost orders have seen a substantial decrease in their monthly income. Without the hours of overtime they cannot make enough money for themselves and their dependents. Jobs in the garment industry are among the lowest paying in the Mauritius economy (compared to mining, electricity and water, transport and construction), and do not offer much scope for advancement. All these factors have led to increased frustration among the textile and clothing workers.

Most workers work on "piece rate," which means their earnings depend on how many garments they produce. Some companies have a productivity bonus that "forces" workers to do overtime. If workers cannot make the production target, they will miss out on what can be a substantial bonus. When the workers fall behind the target, the bonus (or part of it) will be cut. When the workers don't make the target the bonus is cut. Because wages are so low, workers depend heavily on overtime and bonus wages for their survival.

Health and safety

There is free public health care in Mauritius. Workers reported health problems because of the dust inside factories; most workers don't get protection. Some factories are very hot and lack appropriate ventilation. Workers in one factory mentioned that they don't get time to go to the doctors, and that often the factory does not approve the required medical certificate. This results in workers not being paid for sick leave.

Working hours

Workers in the EPZ work 45 hours (normal working week) with 10 hours of compulsory overtime. Under the 1993 Industrial Expansion Act, companies have received greater flexibility, especially when it comes to calculating the hours of work for purposes of overtime. Overtime is paid at a rate of 1.5 times the normal wage for the first 10 hours, than double the normal rate for the next five hours and after that three times the normal rate.

The amount of overwork differs from factory to factory. Most workers reported that they had been doing excessive overwork in the years before. Some factories, facing a loss in orders, correspondingly lowered their overtime requirements in 2001. In other factories, where orders are still being placed, management demands long hours from workers, shifts that last well into the night and weekend work. With such a schedule, many employees complain that they have no time for a social life; workers working long overtime shifts rarely see their children. Workers receive no advance notice when overtime shifts will be required. Some factories are demanding compulsory overtime. If workers refuse this compulsory overtime, they will be denied future overtime opportunities – a severe penalty, since workers depend on some overtime wages to supplement the basic, non-overtime wage, which does not cover basic living expenses. Defiance of compulsory overtime may also result in the company cutting a worker's bonus.

There are complaints about the working pace and the rest periods. During an interview, some workers reported that they were only given a 15-minute break for lunch. In several factories, workers are not allowed to go outside the gates on their lunch break to buy food, but are confined within the factory premises.

Labor inspectors

The factories are supposed to be inspected once a year, but in an interview, the labor department confessed that it lacked the human resources to carry out the inspections. Labor inspectors apparently will visit a factory when there is a complaint or a request to do so, and when they do make a visit, they claim to interview both workers and management. The union provides inspectors with the names of the shop stewards, but labor inspectors reportedly only talk to the workers nominated by the management.

EXPATRIATE WORKERS

During the garment industry's heyday, Mauritius faced a shortage of labor. Companies began to "import" workers from other countries so as to be able to fully exploit the production possibilities in Mauritius. Workers were imported mainly from China, India, Bangladesh, Sri Lanka and Madagascar. Almost three-quarters of the migrant workers are women and almost half of the women are married and have children.[13] Foreign workers decide to come to Mauritius foremost for economic reasons; they were attracted by the opportunity to earn high wages. As one woman from China said: "we thought we would earn a lot of money here and therefore came to Mauritius and left our families for years".

Even though the employment rate has decreased since the booming years, factories have not stopped searching for workers outside of Mauritius, since foreign workers were seen as more docile than their Mauritian counterparts. "You can't expect local people to work in the same conditions as foreigners do here," according to the manager of a denim producing factory. The managers interviewed mentioned that the expatriate workers willingly worked long hours without any problems and do not ask for holidays and sick leave. Managers also praised the skill and speed of foreign workers, preferring them to local workers, who, with their social and family obligations seem "demanding, lazy and overall less productive" in the eyes of management. It seems that for management, the ideal situation would be a workforce that was available 24 hours a day.

Most of the expatriate workers in Mauritius are employed in the garment and textile sector. Of the 15,531 work permits issued for foreigners in 2000, 13,451 (87%) were in the garment and textile sector.[14] Of these only slightly more than 1% are in management and supervision positions. While managers are eager to exploit the labor of expatriate workers, their presence in Mauritius has bred resentment among the local population. Especially since working hours – and as a result, income – has decreased with the decline

in orders, local workers feel that their interests are not being taken into account. Often, if there is overtime to be done, it will be assigned to the expatriate workers.
While some expatriate workers reported that they were doing a lot of overwork, other expatriate workers complained about not being able to work enough overtime to earn what they expected to earn when heading for Mauritius.[15] Because of protests from the side of the trade unions about the growing unemployment and their demand that priority should be given to Mauritian workers first, the government seems willing to take measures to discourage companies from employing expatriate workers.

Workers are recruited through agencies in the different countries where they come from. In the course of this research project, SOMO spoke with workers from China, India, and Bangladesh. All complained about the differences in payment between what has been promised by the agencies and what was actually paid by the factories. The workers had to pay a fee so as to be able to get a job in Mauritius. Most of the workers took out loans to pay this fee. Some workers take on additional jobs at night to earn extra money, in restaurants or even as prostitutes.

Labor conditions for expatriate workers
Foreign workers live packed in dormitories, with four or more in one small room. Some of the dormitories are on the top floors of factory buildings. Several workers said that they had a curfew, and could not leave the building after a certain hour. They are not allowed to join unions nor engage in any union activities for fear of being deported and repatriated. One of the labor officers interviewed mentioned that the contracts often don't mention the terms of employment and that there are often problems with payment.

Overall, the salaries for foreign workers are lower than expected. One worker that was interviewed said he had to pay US $817 to get a job in Mauritius. Another worker had to pay US $2,511 to a Bangladeshi agency. They both work for a factory that has been on the verge of bankruptcy. At the moment of the interview, they were not sure whether the factory would close. When coming to Mauritius, they were told that they were going to earn about 12-15,000 Mauritian rupees (US $400-500) while in reality they can only make, even with a lot of overtime, 5000 Mauritian rupees per month (US $167). The Bangladeshi worker's employment permit is valid only for one year. So, even after paying everything he earns to the bank, he will not succeed in paying off the loan that brought him here.

Some factories pay the basic salary directly to the agency or the family in the workers' home country, leaving the workers themselves with only their overtime wages in Mauritius. When there is no overtime they do not get any money at all.

Last year several factories closed down which caused additional problems for the expatriate workers. As most took out loans to be able to come to Mauritius they are not at all too happy to return home without enough money. They had to wait to be transported home and don't get any money in the meantime. Researchers saw Chinese workers selling their personal belongings in order to get money to buy food.

The problems with foreign workers came to a head in the spring of 2002, when two women workers, both Chinese, died. One worker died of pneumonia, the other of a brain hemorrhage. Spontaneous protests erupted, as expatriate workers went on strike and marched to the Chinese embassy. There, they had a sit-in that lasted five days, dispersing only after the Mauritian Minister of Labor convened a meeting between factory directors and the heads of the largest recruitment agencies. Both factory and agency managers promised to reform the system of expatriate labor.

The Mauritius Employers' Federation and the Mauritius Export Processing Zone Association have responded to the critics with drafting guidelines for Employment of Guest Workers in the EPZ Sector in Mauritius, in July 2002. Theses guidelines give among others the terms and conditions of employment and the respect of workers' rights.

CLIENT INSPECTION

According to the MIDA, retail clients are eager to inspect that factories are complying with their standards. European firms, such as H&M, do some inspections, but it is foremost the American buyers who "inspect everything." Some buyers, including the Gap, have additional compliance standards for example when it comes to expatriate workers. The Gap requires that factories employing expatriate workers cover the workers' airplane tickets to Mauritius. Factory owners resent the extra costs this entails – and also the fact it is one less cost for workers to absorb with their wages. As one employer said, "If we would pay everything, like the Gap is wanting, people would not be so committed."

Companies acknowledge that factory inspections are happening. According to one manager, "basically all the buyers check the social side of the production. If you don't comply they do not allow you to supply." The manager of a large garment company in Mauritius notes that large buyers "all have their own code of conduct. In relation to social conditions, they do not want child labor, they want workers to work a certain amount of hours per week." When buyers make audits, they "inspect everything, they talk to the workers, look at health and safety issues like the fire extinguishers, toilets, clean machines, chemicals in the washing department. They have teams to cover the foreign workers; they visit the dormitories, look at the contracts and special conditions within the contracts. Of course there are always issues, it is a continuous improvement process."

Most management representatives mentioned that European buyers were performing fewer inspections. A jeans factory that is producing mostly for the UK for example mentioned they have never a client inspecting the factory.

The workers interviewed mentioned that most clients do not talk with the workers when they make their often-brief inspections. Workers are also skeptical that factory inspections actually make a difference on their working conditions. Workers from one factory mentioned that the Gap interviewed a worker in their factory about the problem with overwork in the factory, but that nothing happened afterwards.

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1 Interview with Artisans and General Workers' Union (AGWU), September 2001
2 EPZDA (2001), "EPZ in Mauritius", *Industry Focus*, EPZDA, Port Louis, July August, issue 57
3 Central Statistics Office, "Economic and social indicators", Ministry of Economic Development, Financial Services and Corporate Affairs, Port Louis
4 Parastatal institution to promote export
5 "The Mauritian textile and garment Industry Unveiled" (2001), *Textiles Unlimited*, February, Volume 3, number 1
6 It means that the buyer delivers all or part of the material. The materials come from the country of destination, with the advantage for the buyer that fewer taxes need to be paid then when purchasing the entire product. Basically, Outward Processing Trade is the conversion of EU fabrics into clothing in low cost countries for subsequent reimportation into the European Union, whereby the EU textile industry is protected.
7 Some of the management of the interviewed factories mention that producing in Madagascar is not as cheap as one might tend to think. There are "hidden" costs, such as the high electricity and water costs, the transport costs, and "grease money" for the customs. It can also be costly to pay for the expatriate management, who are often Mauritian. Infrastructure is another problem, as when, for example, the road to the harbour is blocked. The lead-time is much longer in Madagascar than in Mauritius.
8 The corporate tax used to be 0% but since June 2000 has been set at 15%. No tax to be paid on dividends. No capital gains tax. No customs duty or sales tax on raw materials and equipment. Free repatriation of profits, dividends, and capital. 60% remission of customs duties on buses of 15 to 25 seats used for transport of workers. 50% exemption - registration dues for land purchase. Relief on personal income tax for two expatriate staff.
9 MIDA mentioned that Mauritius has bought land in Mozambique for sugarcane production. It might be possible to have cotton production in the same way as well according to MIDA.
10 In other sectors workers are paid a lump sum at the age of 60, the normal retiring age.
11 Artisans and Allied Workers Union
12 Federation of Progressive Unions
13 Nabasing, V., e.a. (2001), *New Industrial Strategies: A Study of Gender, Migrant Labour and the EPZ in Mauritius*
14 EPZDA (2001), "Overview of foreign Labour needs in Key sectors of the Economy", *Industry Focus*, EPZDA, Port Louis, July August, issue 57
15 An additional problem is that this is causing xenophobia and problems between local and expatriate workers.

CHAPTER V
THE SUFFERING ZONE: FINDINGS FROM MADAGASCAR

THE INTERVIEWS REVEAL THE STATE OF MADAGASCAR'S CLOTHING AND TEXTILE INDUSTRY AS OF OCTOBER 2001, BEFORE THE WIDESPREAD SOCIAL UNREST THAT ERUPTED IN THE WAKE OF MADAGASCAR'S RECENT PRESIDENTIAL ELECTIONS. FOLLOWING THE ELECTIONS, PRODUCTION IN MADAGASCAR'S APPAREL FACTORIES CAME TO A STANDSTILL. ACCORDING TO INFORMATION FROM JULY 2002,[1] THE UNIONS ADOPTED A JOB-SAVING STRATEGY TO TRY TO KEEP THE WORKERS EMPLOYED AT LOWER CAPACITIES, BUT AS THE CRISIS DEEPENED, MOST WORKERS WERE DISMISSED AFTER A FEW MONTHS. SOME COMPANIES HAVE RELOCATED THEIR OPERATIONS TO MAURITIUS AND AT THE MOMENT THERE IS NO GARMENT PRODUCTION IN MADAGASCAR. HOWEVER, THERE ARE SIGNS THAT FACTORIES MAY BE TRYING TO WEATHER THE STORM: SEVERAL FACTORIES IN THE EPZ HAVE MAINTAINED A SKELETAL STAFF OF SUPERVISORS ON REDUCED SALARIES, SO AS NOT TO COMPLETELY LOSE EXPERIENCED PEOPLE WHEN PRODUCTION RESUMES.

Madagascar was a French colony for more than half a century before eventually gaining its independence, along with many other African countries, in 1960. It is the world's fourth largest island and it is located in the Indian Ocean off the coast of Mozambique.Madagascar is one of the poorest countries in the world, with a gross national income per capita of US $250 in 2000.[2] Seventy percent of its estimated population of 16 million people live below the national poverty level. Over the last three decades, growth rates have averaged only 0.6 percent each year. With population growth rates of about 3 percent, per capita income has declined sharply.[3]

The economy of Madagascar is dominated by agriculture. In recent years, weak export prices and increasing competition from other producing countries have cut sharply into Madagascar's earnings for traditional agriculture exports such as vanilla, coffee and spices. On the other hand, mining, tourism, and light manufacturing, especially in the textile and apparel sector, have increased significantly since the establishment of the export processing zone (EPZ) program in 1989.[4] The apparel industry contributes about 13% to the Gross Domestic Product.

Neighboring Mauritius, which is small in size but a garment-producing giant, has been instrumental in the development of Madagascar's garment industry. As Mauritius gradually emerged as a "middle income country" and wages increased, clothing manufacturers in Mauritius began to subcontract the labor-intensive part of the production out to countries with lower labor costs, foremost to Madagascar. Along with Mauritius, French companies have heavily invested in Madagascar's apparel industry; recently, investors have come from other countries as India, Bahrain, and Pakistan.[5]

INTERNATIONAL AGREEMENTS

Several international agreements facilitate Madagascar's apparel production, almost all of which is geared for export markets. The WTO's Multi Fiber Arrangement (MFA) benefits Madagascar by setting up quota hurdles for its main competitors: cheap Asian exports to the United States and Europe. In the last few years Madagascar has attracted new investment for its garment industry. It seems that in a relatively short period of time, even as the MFA is being phased out, countries in southern Africa remain attractive to investors who are eager for short-term gains. Because profits can be made within a few years, investors need not make a long-term commitment to staying. After all, according to the manager of a pajama manufacturing company in Madagascar, the apparel industry "is a fast moving industry," vulnerable to competition pressures, fickle shifts in consumer demand, and the relentless drive to maximize profits.

Madagascar has also attracted investment to its garment industry through the AGOA and the EU-ACP agreement.

African Growth and Opportunity Act (AGOA)
AGOA, which came into effect in 2000, allows dozens of sub-Saharan African countries to export a range of products – especially garments – duty and tariff free to the United States. Madagascar became eligible for AGOA export benefits in March 2001. AGOA's special rule also allows Madagascar to source its fabric from anywhere in the world until September 2004, which helps the country since its domestic textile industry is very small.

Although AGOA hasn't displaced Europe as Madagascar's main export market, the US is becoming more and more important to the island nation's garment industry. Total export to the United States soared from US $80 million in 1999 to more than US $271 million in 2001.[6]

The feelings towards AGOA are ambiguous in Madagascar. Although most of the management representatives interviewed clearly think that duty- and quota-free access to the US market helps to enhance Madagascar's competitiveness, they also see AGOA's short tenure – the Act will expire in 2008 – as a major setback. For their part, trade unionists in Madagascar are skeptical that the road to development really leads through AGOA, which has brought minimal gains to workers.

Whether Madagascar is still interesting for garment manufacturers after the removal of the quotas under the MFA, at the end of 2004, and after the phase in of local content rules under AGOA, in September 2004, remains to be seen.

EU-ACP agreement
Madagascar falls under the ACP-EU agreement, which grants it duty- and quota-free access to the European market under certain conditions. Again, this bi-lateral trade agreement has its ambiguous points. On one hand, the ACP-EU stipulations – that 50-60 percent of an export's value must be added in the beneficiary country (see box) – are seen by many, including the UN's International Labour Organisation (ILO), as "too stringent to ensure significant benefit to the infant ACP countries," newly industrialized countries which are only able to add 20 to 48 per cent added value.[7] On the other hand, some observers predict that the provision will help Madagascar to make its garment industry more profitable by concentrating on labor intensive garment production like hand knitted sweaters and by creating backwards linkages by building up a textile industry. The representative of the employers' association agrees and identifies quality and "added-value" products as the key to Madagascar's future success in the garment industry.

The fabric made in Madagascar is perceived as quite expensive: US $1.96-2.38 per meter. By comparison, fabric bought from Asia costs about US $1.26 per meter. Making a blouse requires one meter of fabric and 12 minutes of time. The added costs (labor, electricity, rent, etc) will cost US $0.67. For export to Europe under the ACP-EU, 60% of the product has to be added value. With a simple blouse, made in 12 minutes, you will not be able to reach this percentage without counting in the fabric and therefore you will have to use locally sourced fabric. If you make a complicated garment however, which will take you 55 minutes, the added value can be reached with the labor and other direct costs alone and you will be able to use cheaper fabric from Asia. [8]

Of course, the deeper concern is whether the focus on trade and investment, and especially the focus on investments in the garment industry, will result in improved living standards, shared prosperity, job creation and improved incomes for Madagascar's workers.

AN OVERVIEW OF THE GARMENT INDUSTRY IN MADAGASCAR

The passage of a new investment code in Madagascar and the establishment of an Export Processing Zone (EPZ) in 1989/1990 had a positive influence on industrial output in general and apparel exports in particular. Madagascar's main attraction for garment manufacturers is its labor costs: manufacturers consider Madagascar to be "dead cheap," even when accounting for other problems, like the bad infrastructure. In the global apparel market, manufacturers compete based on labor costs, and "as soon as the standard of living [wages] goes up in one country we need to go to less developed countries," mentions an investor from Hong Kong.

As most production is subcontracted and buyers shop around for the cheapest prices, this causes manufactures to sell their wares to buyers at lower and lower prices. One manager says that prices have fallen 20% over the last year; another mentions a 50% cut in prices over the last 10 years. Retail customers from the US pay lower prices than the customers from Europe, but the advantage in producing for the US lies in the larger orders placed by big retailers such as the Gap.

In a factory where T-shirts are made for the Gap
★ one line of 32 workers has a target of 1,200 T-shirts per day
★ basic salary is US$1.49 per day
★ labor costs for one T-shirt are US $0.04

A factory produces hand knitted pullovers for H&M, La Redoute, Lerner, Decathlon, and Pierre Cardin
★ The buying company pays US $3 or $4 per pullover
★ The retailer pays US $10 per pullover
★ The pullover is sold to the consumer for US $40

Trousers made for La Redoute or 3 Suisses
★ The fabric will cost US $3.50
★ Accessories will cost US $1.00
★ Transport will cost US $0.17
★ Production costs are US $2
★ Total: US $6.67
★ The trousers are sold in France for US $23.57

Despite the cheap labor, investors must deal with other costs related to infrastructure. Most companies have several telephone lines to make sure that at least one is working. The garment production in Madagascar is centered in and around the capital, Antananarivo, which is about 250 km from the port at Toasmasina. Since there is only one road to the port, when it gets blocked, the delivery of products faces large problems. "The timing for the delivery of the products is very tight and when we can't make the orders in time by boat we have to fly the garments to the buyers, which is very costly" according to a factory owner. Another burden on the manufacturer's profits comes from the costs of maintaining expatriate managers. Most management and supervisors are from abroad and the costs involved for housing, airplane tickets, salaries, etc are sky-rocketing. For example, a house for an expatriate manager is easily 7 million FMG (US $1,053) per month.

EXPORT PROCESSING ZONE

The companies producing garments for export in Madagascar can all be found in the EPZ, called the Zone Franche, which gives lucrative incentives to export companies, including tax-breaks. Madagascar differs from other countries in that the EPZ expands across the whole island: EPZ status can be given to all companies anywhere in Madagascar and is not restricted to specific geographic zones. The national labor laws are applicable for EPZ companies but in practice these laws are not in implemented by the government, which causes serious problems for workers and unions. As a result, the hardships for the workers in the EPZ are multiple and many dub the Zone Franche the Zone Souffrance: the suffering zone.

Most of the production in Madagascar is (hand)knitting and the cutting and sewing of garments. There has been little investment on the raw materials side, towards production of yarns and fabric in order to allow the industry to vertically integrate. When looking at the companies investing in Madagascar, the initial investment was mostly Mauritian and French led, although lately new investment is coming from India, Hong Kong, China, Bahrain and other countries.

According to information of the employer organization in Madagascar and the labor department there are about 160 garment-producing companies in the EPZ, bringing employment for 65,000 people, which is about 30% of the employment in Madagascar. 85% of the employment in the EPZ is within the garment and textile industry. In 2000, the clothing and textile exports amounted to 1,600 billion FMG (US $241 million), which is 40% of Madagascar's total exports, across all categories, and 70% of the manufacturing export.

LABOR CONDITIONS

Both unions and managers agree that there are two kinds of factories in Madagascar: One group follows the labor law reasonably well and tolerates union organizing. The other group of companies is hostile, prohibits union organizing, and thwarts the implementation of the labor laws.

Wage

The low labor costs are seen by many producers as the main advantage to doing business in Madagascar. For the workers, this means a very tight situation. The basic wage is 180,000 FMG (US $28.69) per month, which is by far not enough for one person to live on, let alone to support a family. "We feel exploited" a group of workers who produce garments for clients like Jacadi, Cyrillus, Pierre Cardin, El Cortes Ingles, and Decathlon, said during an interview.

In several factories, the workers said their bosses promised them a bonus provided by the buyer when they completed the order. In one of the factories, producing an order for the Gap, the workers have never seen this money because the director claimed they had spent too much time on the order and therefore the whole bonus was already used up on overtime wages. In another factory the 20,000 FMG (US $3.19) bonus given to the workers by the Gap is added to the minimum wage to make a higher base; those who earn more than 200,000 FMG per month as a basic salary — most of the workers — do not see the bonus at all.

The wage slips the workers are getting are often unclear or sometimes do not state the actual wage for the month.

To get an idea of what the salary will buy the workers:

★ The shacks where they live cost them between 50,000 and 250,000 FMG for a one or two room house per month, without any facilities.
★ 1 light bulb costs 12,500 FMG in electricity
★ 1 kg rice is 3,200 FMG
★ 1 liter cooking oil is 7,200 FMG
★ To send their children to school the costs are between 15,000 and 65,000 FMG per child.
★ Transport costs to the factory are between 500 and 1,500 FMG per travel (25,000 to 75,000 per month)
Some of the workers take on additional night jobs but most do not have the time for this.

The unions mention that the minimum wages have not been negotiated for the last two years as the tripartite structure (government, employers, and workers) does not function; instead the minimum wage has been established by a decree of the Labor Minister.

Piece rate

Workers can earn additional income by doing piece rate or overtime. Under the piece rate system, a worker's wage is tied to how productive she is, i.e. the more items she can make in a specific time interval, the more her wage. The opportunity for earning extra money, however, is thwarted by managers who set the production targets too high or ratchet the target upwards as soon as the workers are able to reach it. When workers can't make the targets within the normal working hours they have to do overtime, which is not paid or if it is paid at all, at a lower rate than the law mandates. Adding to the arbitrariness of the situation, workers will often not be told beforehand what their target is.

Workers from one factory tell in an interview that although they are paid on piece rate, they hardly ever make more money than the basic wage per month. "As soon as we make more money in a month, this extra money will be used to cover other months in which we were not able to make enough pieces to reach the basic salary" says one of the workers who is working on pajamas for Etam at the moment.

Overtime

Managers must, by law, ask governmental labor inspectors for permission to keep workers for overtime. In practice overtime is readily given and companies rarely ask for permission and can schedule overtime with impunity, which means that overtime is a major problem in the EPZ. The typical work day begins at 7 or 7:30 a.m. and goes until 6 p.m.; when there are a lot of orders, the shift can last until 10 or 11 p.m. or even the whole night through. Often the workers have to work in the weekends. Most of the workers do not have free time, not even time to eat with their family: "barely any time to live" says a union activist.

As with piece rate, the overtime system is arbitrarily applied on the factory floor. The workers are not told in advance when there will be overwork or until what time they are expected to work, which means that their family never knows when the workers will arrive home. Overtime is compulsory and managers have a "no excuses" policy. Instead of spending their meager wages on bus fare, many workers will walk home, which can add hours to their already long days. Most of the workers are women with an additional burden of housework and children. Women are not supposed to work at night according to the labor law but in most factories they do, even pregnant women.

Part of the workers interviewed mention that the overtime is not paid according to the law, which stipulates that the overtime wage should be paid at 30% higher for the first eight hours, 50% for the next hours, and 100% for national holidays. For example factories pay only the normal wages for the hours of overwork when the target has not been reached.

Health and safety

Basic health and safety conditions are not respected. Almost nowhere does management provide protective gear like dust masks and for the fabric cutters gloves, nor is there clothing for other workers exposed to high-risk conditions, for example boots for those that work in the washing department. In one of the factories researchers visited, which was working on subcontracted orders for H&M, La Redoute, Lerner, Decathlon, and Pierre Cardin, workers were observed starching garments without any protection right under a warning poster that cautioned them to use protection when operating these machines. Few factories have adequate ventilation system and most factories are very hot.

All factories have a contract with a medical facility. In some of the factories there are restrictions on the amount of workers that may go to the medical facilities in one day. Workers mention that the medical facilities mostly only prescribe aspirins and do not administer any real treatment.

The canteen where the food for the workers is cooked is often dirty and the food barely edible. Workers at one factory producing for various clients including Gap and The Limited, complained that they had to eat their food next to the dirty toilets.

Some factories won't let the workers go outside of the gates during the lunch hour. In some factories, the emergency exits are locked. In other factories, for example in one factory producing for Gap and The Limited, workers are locked inside through the night. Some factories have armed guards and in most factories workers are searched upon leaving the factory. Some factories force employees to register their own sweaters and T-shirts so as to prove they haven't stolen their clothing from the factory. Substantial rewards are given to those that report workers that have stolen garments.

Penalties

Most workers mention a penalty system in the factory where they work. They are punished for being too late, for not making the target, for making mistakes, for refusing to do overtime, for talking to union representatives or for other arbitrary reasons. In most factories the penalty system costs them money: some factories dock 25% of their end of year bonus, after four warnings nothing remains of the bonus. Ultimately the penalties lead to dismissal but how many is left to the manager's whims: in several factories the workers mention not to know how many penalties will lead to dismissal, while in other factories it is clear that, for example, five strikes is out.

Unions

Madagascar has ratified the ILO core conventions protecting trade union rights. Yet the government is not willing or able to enforce its own labor legislation in the EPZs, according to the International Confederation of Free Trade Unions (ICFTU). In practice, workers' rights are violated everyday: they are not free to join or form trade unions or bargain collectively. The government does little to prevent employers from persecuting union members.[9]

Madagascar has many unions, either organized in federations or autonomous. Organizing is difficult as workers that are members of unions are often victimized, degraded, and dismissed. Workers are afraid to even been seen talking to a shop steward. In factories where management accepts the union's existence (according to the law a union has to be recognized when there are five members or more in the factory) it is difficult or forbidden to organize meetings. Workers complain that there is either no communication or very bad communication with the management.

When there is a union in the factory, managers claim to be meeting with union representatives, but in reality managers do not deal with unions in good faith. The legal procedure makes striking difficult, and the workers' threat of a strike is often defused by managers threatening to dismiss union activists. One of the managers put it bluntly: "There are almost no strikes in Madagascar, the people have too much to loose," he said.

On a national level the unions are involved in a social dialogue at the tripartite level of government, employers, and workers, but this structure has not been in operation since 1998. A new labor law is in discussion, but this has not been approved by the social partners so far.

There is only one factory with a collective bargaining agreement (CBA), which have to be renegotiated when it expires in late 2001. Although some workers have derided this CBA as a "fake…it only states what is already in the labor code" and condemned it as "drawn up by the management," other workers interviewed saw the CBA as the first step towards improving conditions inside the factory.

LABOR INSPECTION

The government's labor inspectors do not have the resources to make proper factory inspections, and their influence is consequently insignificant. The labor law requires that each factory should be inspected at least once every year, but in reality the labor inspector can do little proactive investigation, as they do not have the human and financial resources, and must sit passively, only reacting to complaints.

Even when a particularly zealous inspector attempts to inject life into the labor ministry, the bureaucracy's inertia or lack of political will ensures that nothing gets done. For example, one labor inspector spoke of a colleague who filed 52 cases with the labor court in 1997, none of which has been dealt with at the time of the interview, in September 2001. Further exacerbating the weak enforcement regime is official corruption, which both unions and the president of the employers' organization agree is a large problem in Madagascar. The labor court usually does not function, or if it does, tends to delay cases for several years. Workers don't have the means to wait for several years. Another problem is that neither the workers nor the unions can afford to pay for lawyers to file the case and follow it through. It is therefore not surprising that employers are free to dismiss workers and violate their rights with impunity.

TEXTILE INDUSTRY

In Madagascar there is little production of fabric at the moment, but part of the future of the island nation's garment export industry may depend on it. After September 2004, in order to export duty free to the US, Madagascar must source the raw materials that go into its garment production either locally or from AGOA eligible countries. Of course, domestically produced fabric will also help Madagascar to meet the current EU-ACP added value requirement value. In order to stimulate the development of an indigenous textile industry, the Madagascar government has plans to develop the textile industry among others through privatization of the cotton industry.

CUSTOMERS

Most of the managers interviewed mention that their customers – foreign-based retail firms – make visits to inspect the labor conditions inside the factories. According to a manager, when buyers do an inspection, "they check everything: the working hours, the benefits, the emergency exits, the toilets, the canteen…everything. They look at the pay slips, at the overtime, the medical facilities, they also talk to the workers; some even choose them themselves from the factory." Visits usually last between one and two hours. The employers' organization mentions that one of the problems is that the monitoring is mostly done by representatives from Hong Kong or Mauritius that know nothing from the local situation.

In some of the factories, researchers saw the buyers' codes of conduct on the wall. However, most of the workers interviewed were unaware of these codes and did not know what they meant. Some of the workers though had seen buyers in the factory, inspecting the quality of the garments and occasionally looking in the toilets and checking working conditions. One of the workers who was familiar with the code of conduct and with auditors criticized the buyers for "providing a code of conduct which gives rules for working, not for working conditions." Still, in one factory workers confirmed that when the Gap made a thorough inspection, conditions in their factory improved.

In one factory, the Gap visited and talked to workers in the offices of the managing director. They were asking to talk to the shop stewards. The workers were reluctant to talk about major problems. Although they mentioned several problems like the canteen, the transport and the medical treatment, they didn't dare to mention any major problems as it turned out that the translator of the Gap auditors was the brother of the company's managing director.

1 e-mail from the Friedrich Ebert Stiftung, Madagascar
2 http://devdata.worldbank.org/external/CPProfile.asp?CCODE=MDG&PTYPE=CP
3 http://www.worldbank.org/afr/mg2.htm
4 http://www.usmission.mg/guide.htm#CHAPTER%20II.%20ECONOMIC%20TRENDS%20AND
5 interview with the employers organisation; GEFP
6 www.agoa.gov and http://www.census.gov/foreign-trade/balance/c7880.html
7 http://www.ilo.org/public/english/employment/ent/papers/pmd-5.htm
8 interview with the employers organisation, GEFP
9 Internationally-recognized core labour standards in Madagascar. Report for the WTO general council review of the trade policies of Madagascar, Geneva, 19 and 21 February 2001

CHAPTER VI

SELLiNG OUR PEOPLE: PRODUCTiON iN LESOTHO

IN JANUARY 2001 SOMO CARRIED OUT RESEARCH ON LESOTHO'S FAST-GROWING GARMENT INDUSTRY. IN FEBRUARY 2002 TURP CARRIED OUT FOLLOW-UP RESEARCH IN LESOTHO, TOGETHER WITH THE LESOTHO CLOTHING AND ALLIED WORKERS UNION (LECAWU), INTERVIEWING WORKERS FROM SEVERAL FACTORIES. IN JULY 2002 MORE FOLLOW-UP INTERVIEWS WERE DONE BY LECAWU, WITH THE ASSISTANCE OF THE ITGLWF-AFRICA. THE FIRST PART OF THIS ARTICLE IS DRAWN FROM THESE RESEARCH FINDINGS. ALTHOUGH THERE IS STILL MUCH THAT NEEDS TO BE DONE TO IMPROVE CONDITIONS IN LESOTHO'S GARMENT SECTOR, SOME IMPROVEMENTS HAVE BEEN MADE SINCE THESE RESEARCH PROJECTS TOOK PLACE. THE SECOND PART OF THIS ARTICLE DESCRIBES THE INFLUENCE THAT THE RESEARCH FINDINGS AND RELATED CAMPAIGNING HAS HAD AT BOTH THE NATIONAL AND INTERNATIONAL LEVELS.

Lesotho is a poor country, with approximately half the population living below the poverty line. It has been increasingly successful in attracting foreign investment, particularly as a result of its quota-free access to European and US markets. Fueled by foreign investment, the garment industry has been one of Lesotho's fastest growing sectors.

In addition to export benefits, companies have also invested in Lesotho because of cheap labor, an investor friendly labor law, government incentives, and weak trade unions. The government officials interviewed claimed that "we sell our people" to investors and that they are a major reason for growing foreign investment.

While trade is increasingly seen as a catalyst for development and improvement of the quality of life for citizens of developing countries, the research showed that this is not the case for Lesotho's workers. Instead they have been sold into a situation where seven day work weeks without rest periods; excessive, compulsory and often unpaid overtime; repression of independent worker representation through trade unions; unhealthy and unsafe workplaces; environmental degradation; unlawful dismissals; and low wages shape their lives.

GARMENT INDUSTRY INVESTMENT IN LESOTHO

In 1967, directly after gaining independence from the United Kingdom, the government established the Lesotho National Development Corporation (LNDC) to promote industrial investment, with the ultimate aim of raising the level of employment. The LNDC is the government's main parastatal agency for implementing the country's industrial policy. In practice, the LNDC provides factory buildings that are rented out to investors. The LNDC also provides infrastructure, services (for example serviced industrial lands for rent, so companies can build their own factories), and an incentive package for investors.

Between 1973 and 1999 the LNDC worked with 40 companies that have investments in Lesotho. In the 1970s and 1980s the LNDC facilitated investments by 18 companies, who produced a wide range of products including umbrellas, bricks, automotive components, pharmaceuticals, and garments.

Most companies came from South Africa, in order to circumvent the economic sanctions that existed during the apartheid years. In the 1990s investments in Lesotho shifted toward the garment industry: 15 of the 22 companies investing during this time invested in the garment industry. In addition, during this period (and also in later years) there was an increase in the number of Asian investments – 11 of the 22 companies were Taiwanese owned. Most of these garment companies are expanding their factories, mirroring faith in the future possibilities for producing garments in Lesotho. The 2002 AGOA report to the US Congress mentions eleven new factories and the expansion of eight additional facilities as a result of the AGOA.[1]

In 2001 Lesotho's duty-free exports to the US under AGOA were valued at US $129.6 million, almost all of which consisted of garments. In all, this represented 60% of the country's total export to the US. The 2002 AGOA report to Congress further mentions that due to the AGOA 15,000 new jobs have been created in Lesotho.[2]

REASONS FOR INVESTING IN LESOTHO

The garment industry is a fast-moving, highly-mobile, capital-extensive industry, with the ability to relocate production within the country, sometimes into the informal economy, or over borders, and just as easily across regions. The companies are drawn mostly by cheaper labor costs and, as in the case of Lesotho, by trade opportunities.

Most of the Asian companies still profit from the export possibilities Lesotho offers in the form of favorable and quota-free entry to the United States and European markets. The AGOA allows even more possibilities to utilize Lesotho's duty-free and quota-free garment access to the US market. The AGOA seems to be a major trigger for the influx of the (mostly Taiwanese) companies that have come to Lesotho to bypass the quotas that are set in their home countries or the countries where they were previously operating.

One of the larger Taiwanese owned garment-producing factories in the country has started building a textile mill, which will cost approximately US $8.6 million to construct. An investment like this demonstrates that some companies are planning to continue producing garments in Lesotho in the future, beyond the phase-out of the quota system of the MFA at the end of 2004. This move anticipates the lifting of the AGOA's special provision for LDCs in September 2004, and the new requirement that basic materials be sourced in the region.

Although it seems that trade opportunities are the main draw for the garment industry to Lesotho, factory managers told researchers that there were additional reasons for choosing to invest in this country. They mentioned:

- ★ Lesotho's low labor costs for a highly skilled, well-educated labor force;
- ★ the absence of powerful unions;
- ★ a labor code that favors investors; and
- ★ a reasonably stable social and political environment.

In Lesotho the incentives provided by the Government include a low company tax, free repatriation of profits, unimpeded access to foreign exchange, and full rebate on imported raw material or components used for exported goods. This package of incentives don't seem to attract foreign investors as much as do the absence of quotas and favorable trade agreements, still they have an impact on the choice of the investors for Lesotho.

Lesotho's garment factories are not found in official export processing zones (EPZs), but in reality the areas where they are located can be viewed in this way. Lesotho's garment factories are located in several industrial zones; there are two industrial estates in Maseru and two in Maputso (one of which is already 30 years old). They are closed fortresses, secured by (sometimes armed) guards. The industrial zones have their own police station. Companies that set up shop in these zones enjoy incentives that include tax reductions and the lax implementation of labor law.

"We sell our people," said one LNDC representative. "We sell them through their quality, availability, literacy, and competitive wage rate."

WORKiNG CONDiTiONS

The companies who contract with Lesotho's garment factories are almost all from the US. Among the largest buyers in Lesotho are the Gap, K-Mart, and Wal-Mart, companies that allegedly set labor standards for their production through codes of conduct. However, in most factories conditions were found that fall short of acceptable labor standards. Researchers found that working conditions in Lesotho's garment factories do not meet the standards set out in Lesotho's national labor law or the standards found in the codes of conduct of the foreign companies whose garments are produced in these facilities.

In interviews with garment workers and the trade union in Lesotho, researchers found that the norm for the industry included:

- ★ long work weeks,
- ★ forced and often unpaid overtime,
- ★ repression of trade union rights,
- ★ violations of health and safety standards,
- ★ illegal dismissals, and
- ★ low wages.

The following examples of working conditions are taken from discussions that researchers had with workers.

Workers often work seven days per week, with no days off
In an average week, one of the interviewed workers reported that she has to put in 45 hours of regular work (nine hours per day), and most weeks around 27 hours of overtime (on average 2.5 hours of overtime every weekday and 7.5 on Saturday and 7.5 on Sunday). On weekdays she said that she does not get paid for the hours she works after 5 p.m. Another worker producing for K-Mart reports that her normal work week consists of 45 hours of regular work (nine hours a day), and 18 hours of overtime (one hour each weekday, eight on Saturday and five on Sunday).

Workers are forced to work overtime, sometimes unpaid
Researchers learned that most overtime is compulsory, and that sometimes workers are not paid for these hours. This is in violation of Lesotho's labor code. Daily overtime to achieve production targets is often not paid at all. At one factory that researchers visited, management reported that their policy was that if workers haven't finished their targets, then they have to work the extra evening hours on weekdays for free. One of the workers, employed at a factory that produces for companies including the Gap, reported that she and her co-workers are required to work through their lunch breaks if they have not been able to meet the production targets set by management. She said that a lot of the workers are unable to meet these targets within normal working hours. This means no food or rest until 5 p.m. If the production targets are not reached, the workers are clocked out at 5 p.m. but are required to keep working until reaching their target. As a punishment for not meeting the target workers are sometimes clocked out earlier the following day even though they have to remain at work for the full time. A common complaint among workers was that they were notified only at the last minute that they would have to work overtime, usually at the end of regular working hours.

A worker at a factory producing retailers such as Edgars and Mr. Price (South Africa) reported that at her workplace workers have to stay to finish orders, no matter how late, and that overtime payment is irregular. One worker producing for K-Mart told researchers that she starts her job at 7 a.m. and finishes around 7 p.m. She works two hours extra each day. She knows other workers who put in three or more hours extra every day. Workers in the packing department, for example often have to work until 10 p.m. on weekdays. This is compulsory. If they refuse to work overtime, they are fired.

Trade unions are banned from factories
Workers told researchers that they are pressured not to join trade unions. In addition to the intimidation of workers,

trade unions are denied access to many factories. Some examples of how workers in Lesotho's garment industry have been denied their rights to organize include:

★ In 1999 when thousands of workers took part in a procession organized by the trade union, many were fired just for participating.
★ On January 8, 2001 at the end of the day management at one factory told workers that they could not wear trade union caps at the factory. The following morning they extended this prohibition to all headwear. Eleven workers refused to take off their hats and were subsequently sent home.

After the initial research in January 2001, LECAWU, supported by the ITGLWF-Africa and in some instances by international campaigning efforts, has been able to enter factories they were not welcome in before, and have succeeded in signing recognition agreements in factories where management was formerly hostile to the union. However, there are still many factories that continue to deny workers the right to organize. Management in many factories is openly hostile toward LECAWU. One way in which they try to prevent union organizing, for example in factories producing for K-Mart and Wal-Mart, is by forming factory committees to speak for the workers, instead of allowing trade union representation. In these factories management expresses anti-union sentiments to the workers. In another factory, producing for such brands as Woolworth, Edgars, and Mr. Price for the South African market, management representatives tell workers not to join the union on almost a daily basis.

Health and safety violations

Researchers were told about violations of serious health and safety regulations. Most of the workers interviewed reported that in the factories where they work the emergency exits are kept locked with padlocks, creating a grave threat to workers' safety (for example, in the event of a fire). In one factory, producing for Bugle Boy, K-Mart, Sears, Casual Male, and Gap, workers said that they are locked in during the night shift. The main door is locked and the workers do not know who has the key. In another factory, one of the floors where workers sew clothes is always kept padlocked.

None of the factories from which the researchers interviewed workers have temperature regulation. As a consequence of these factories are very hot in the summer and very cold in the winter. Lesotho is a mountainous country and has a climate that is characterized by extreme temperatures. No factories that were covered by the researches provide canteen facilities. As result, workers have to eat their food outside the factory and on the ground with no shelter to protect them from the weather.

Researchers found that almost no safety equipment was being used in the factories. Sometimes cheap facemasks are provided but the workers perceive them as useless because "particles go right through them."

Some women reported that pregnant workers are treated badly in the factories. They have to work hard, standing the entire day and working overtime, said one worker. Most of the women work until their pregnancies reach full term. Because of this in one of the factories, producing for companies including the Gap, a pregnant worker gave birth in the factory, after which the baby died.

There were numerous other incidents reported to researchers. For example, women workers have to walk home late at night, without the possibility of transport and as a consequence workers have been raped. In another incident a woman worker who sustained a head wound was not allowed to leave the factory premises to get medical care. Researchers saw workers being beaten and verbally abused by supervisors, in a factory producing for Wal-Mart and K-Mart. In one factory producing for Wal-Mart, Children's Place, and K-Mart, 32 workers were assaulted by a supervisor

Environmental violations

The industrial water that is used to wash the jeans at certain factories is not filtered. As a result, the chemicals used in this process leave the factory and enter directly into nearby rivers. These rivers provide water for use in the surrounding communities. More research is needed to determine the level of pollution caused by these chemicals of the earth and water supply.

Unlawful dismissals

Workers interviewed reported that sometimes workers are dismissed for "being slow," for not performing well, but also "for no apparent reasons." They claimed that workers are often dismissed without having an opportunity to challenge the grounds for dismissal in a hearing as there is no one to represent them.

Low salaries

Most of the workers in the garment industry in Lesotho are women, and in most cases these women are the breadwinner of sometimes large, extended families.
The salaries paid to garment workers are less than a living wage, and far below a wage that would cover basic needs. In January 2001 the minimum wage in Lesotho was US $67 per month. In July 2002 the minimum wage had dropped to approximately US $58 because the currency (the maluti) is pegged to the South Africa rand, which was devalued during that one-year period. Garment worker salaries are sometimes even below the minimum wage.

All of the workers interviewed complained about the wages. One worker told researchers that the wage she earns is not enough to cover her needs. She has to support two children, one husband, her parents, and her husband's father. Her children do not go to school, because she cannot afford the school fees and other related costs. She explained that she would need at least US $127 to make ends meet – nearly double what she currently makes. Another woman explains that eight people live off her salary (two adults and five children). She is the sole provider for her family. She can only afford to pay for two of her children to attend school. The family lives in one room that is divided by a curtain.

Women workers strip searched

In most of the factories the workers are humiliated and endure verbal or sometimes physical abuse by management and supervisors. When leaving the factory for breaks and at the end of the working day, all workers are searched. Often these searches include workers pulling their pants down, shirt up, shoes off or even taking off all their clothes. While women search women, male supervisors often walk past the line of women being searched. When clocking out, the male workers can view the women being searched. The workers told researchers that these searches caused them much humiliation.

Job insecurity

Researchers found that some factories work with casual workers for years, never giving these workers permanent contracts. At one factory, producing for Bugle Boy, K-Mart, Sears, Casual Male and Gap, workers have to stand in front of the factory gate each day to find out if they are needed for work. They do not know from day to day if they will have any income.

Little support from the labor court

Cases of labor rights violations that have been brought to Lesotho's labor court are not dealt with or are left pending for years, according to the union.

Buyer interest in working conditions

At the beginning of 2001, most workers interviewed reported seeing buyers at the garment factories but that these buyers never spoke to the workers. Buyers check production quality, but nothing else, they said. None of the workers had ever heard about a code of conduct or other buyer's standards.

Since after the first research in January 2001, and the follow up researches in 2002, there has been more international attention given to labor conditions in Lesotho it seems there has also been more interest on the part of the buyers to make sure that conditions will improve. For example, the Gap has taken up several issues that have been brought to their attention, both by national and regional unions and by international campaigning organisations and visited the factories to investigate. This has had a positive impact on organizing efforts according to the union. On the other hand, it seems that some of the factories are now trying to hide problems instead of improving them. For example, one of the companies now clocks all workers out at 6 p.m., even though they work until 9 p.m., according to interviews with workers. Sunday work at this factory is also now off-the-clock, so as "not to jeopardize their contacts with the buyers," management has told workers.

Wal-Mart, which visited factories in June 2002, still interviews workers in the presence of the management which signals that they are not very interested in getting accurate information.

IMPACT OF THE RESEARCH

Following a press conference given in Lesotho by SOMO and LECAWU in January 2001 to officially release the SOMO research findings, the Lesotho government launched its own investigation into the garment industry, and were accompanied by the union. Their investigation included inspections at 28 garment-manufacturing facilities. The investigation's findings supported the SOMO findings. They concluded the following in May 2001: "The inspection revealed that [the] majority of companies operating in the clothing, textile, and leather industries do not comply with the minimum requirements of the Labour Code. Most of the crucial matters affecting employees in these industries are disputes of rights which are easily enforceable by law. We have requested that the Labour Commissioner should instruct companies failing to comply with the provision of the Labour Code to do so before the end of this month (May 2001)." [3]

In summary, the governmental investigation found the following "shortcomings" in company implementation of the country's Labor Code:

★ lack of fair and proper disciplinary hearings prior to dismissals,
★ deduction from wages as punishment for late arrival at work,
★ workers forced to present their "health books" (a health record carried by citizens, considered confidential by the government) when reporting for work, even though workers had presented their employers with medical certificates,
★ lunch breaks of a shorter period than the stipulated period of one hour,
★ deduction from wages as punishment if production targets are not reached or workers forced to work unpaid overtime to complete their targets,
★ compulsory overtime and working through lunch periods to reach production targets,
★ deduction from wages as punishment for talking during work,
★ deducting of tax from workers' wages even though their level of pay is below the threshold for paying income tax,
★ abusive language and insults by supervisors and management as well as physical abuse by supervisors,
★ inconsistent and discriminatory application of disciplinary and punishment procedures leading to victimization,
★ protective clothing not provided as required by the law,
★ sick leave not paid,
★ victimization of trade union members, workers discouraged by management from joining unions, repression and hostility toward trade unions exercising their organizational rights,
★ employees lack of access to clean drinking water,
★ workers paid at levels below the minimum wage,
★ emergency exits and factory doors locked during working hours (whereabouts of key unknown to workers),
★ no special treatment of pregnant women workers to assist them during their pregnancy (for example, easier jobs or relief from standing all day),
★ no training in health and safety or emergency procedures (such as factory evacuations or use of fire extinguishers),
★ allegations that bribes are paid by workers to management to obtain jobs,
★ full maternity leave not granted to women workers as required by law,
★ payment rate for overtime work and weekend work does not meet the required rate,
★ extended probation periods beyond what is legally allowed,
★ workers not provided with protection against high levels of dust emitted from machinery,
★ workers have to repair their machines during lunch breaks with no compensation,
★ shortage of toilets, toilets unclean or without toilet paper, unreasonable time limitations on the use of toilets (ranging between a maximum of two to ten minutes),
★ disciplinary warnings remain on workersí permanent records,
★ companies refuse to allow sick employees to stop working,
★ night shift employees sleep in the factories because of lack of transport to their homes, and
★ casual labor is employed for extended periods, beyond what is legally allowed.

RESEARCH FOLLOW UP

The research projects in 2001 and 2002 led to a variety of other activities. The following list briefly summarizes several of the important outgrowths of these research projects. A number of these initiatives and impacts are ongoing as well as research on the labour conditions. LECAWU has been able to use the research findings to better inform international unions and other organizations and networks concerned with labor rights of the issues that workers in Lesotho are facing. In communicating this information at a more international level, LECAWU has also been able to develop strategic relationships internationally.

★ Labour behind the Label (the Clean Clothes Campaign in the United Kingdom) used the findings on working conditions in Lesotho in the context of their campaign to pressure the Gap to take responsibility for working conditions in the facilities where their garments are produced. As a result, the Gap launched its own investigation into working conditions at one of their contract factories. This investigation caused factory management to recognize LECAWU and allow the union recognition rights.
★ TURP presented the SOMO research findings to the ITGLWF (SADC) annual strategic planning session in January 2001, shortly after the research was completed. As a result, these findings were used as an input for the development of the ITGLWF (SADC)'s program and plan of action.
★ In March 2001, LECAWU and the ITGLWF-Africa participated in the Clean Clothes Campaign's international strategy conference. This participation ensured that information on working conditions in the garment industry in Southern African and LECAWU/ITGLWF input on needs and priorities for the region were taken up in the development of future Clean Clothes Campaign strategizing and activity planning.
★ Through its newly established relationship with the Clean Clothes Campaign, LECAWU became aware of the Clean Clothes Campaign's urgent appeals system and was able to use this system to distribute its call for international support in the case of 600 workers who were locked out and fired from the Super Knitting facility in 2001.
★ During regional workshops conducted by the ITGLWF–Africa with its affiliates in 2001 TURP and SOMO were invited to give workshops on codes of conduct and campaigning. The Lesotho findings were used as one of the case studies during these presentations. The use of this material provided concrete examples on topics that were not familiar to all the participants. In the workshops information from Lesotho was used to give concrete examples on the use of codes of conduct and national campaigning supported by international networks.
★ The ITGLWF–Africa used the information that was developed from the research in developing strategies on multinational corporations in the Soutrhern African region, in relation to respecting labor rights throughout their global supply chains.
★ Retailers buying garments in Lesotho (and all the countries researched) were identified – this information will be used by the Clean Clothes Campaign and other inter-

NiEN HSiNG

In 1991 the Taiwanese company Nien Hsing Textile Co. opened its first factory in Lesotho, C&Y clothing. In 2002 C&Y, which produces jeans, had a workforce of approximately 4,000 workers. In January 2001, the company opened a second jeans factory, Nien Hsing, which employed approximately 3,500 people in 2002 (95% women in both factories). Both factories are wholly owned by Nien Hsing Textile Co. The two factories can be found opposite of each other in the Thetsane Industrial Area, east of Maseru. Both factories produce jeans for the US market, for such brands as Bugle Boy, K- Mart, Sears, Casual Male, Gap, and Cherokee jeans for Canada. The textile mill that they are building, at a cost of US $8.6 million, is a short distance from the Nien Hsing factory. With this mill supplying their other factories, Nien Hsing will be able to comply with the AGOA fabric sourcing requirements, set to go into effect in September 2004 that calls for use of fabric from the Southern African region.

Both the SOMO and the TURP/ETAG research looked into working conditions at the Nien Hsing facilities in Lesotho and reported problems. The minimum wage regulation in Lesotho allows for a lower rate to be paid to workers who are employed for less than six months. Researchers found that both of the Nien Hsing plants employ large numbers of casual workers, taking advantage of this lower wage rate. At C&Y, some daily paid casuals have been working at the company for ten years. The country has a 45% unemployment rate, and it is not unusual to find up to 200 casual workers sitting in front of the Nien Hsing factories, waiting in case they take on additional workers. This puts tremendous pressure on the workers employed not to make demands. In March 2002 daily paid casuals were earning US $2.43 per day while temporary and permanent workers earn the equivalent of US $2.68 per day. Researchers reported that the atmosphere in both plants was tense. At C&Y, the supervisors, verbally assault (yelled at and insulted) the workers, slap them and hit them with clothes hangers, and the garments are thrown in their face. Workers at Nien Hsing say the supervisors often swear at the workers, push them around, and otherwise humiliate them in front of other workers.

Health and safety problems were documented at both facilities. At C&Y, there are far too few toilets (18 toilets for women and two for men). The toilets are dirty, report workers from Nien Hsing. One roll of toilet paper is provided every morning, and if it runs out, which is very soon, it is not replaced. There is a time limit of five minutes to use the toilet. The emergency exits are locked in both plants. At C&Y, the keys are kept next to the door. At C&Y, there are two fans for the entire plant which is not enough according to the workers. Workers in all but the sewing section work standing up all day, including pregnant women. In the sewing section, the chairs have no back support. The workers are provided with protective masks only once, but the workers report that after a month the masks are "useless" and they stop using them. Accidents are common, but if workers are given medical attention any costs incurred are deducted from their wages. Maternity leave is not paid at either plant.

Based on the TURP/ETAG research report Canadian consumer rights groups and the Clean Clothes Campaign in Europe put out "action alerts," in March 2002 calling for pressure to be put on the retailers that buy from Nien Hsing to take responsibility for improving conditions at their supplier. Information was posted on the websites of both organisations as well as on the website from UNITE.

On March 26, 2002, workers at C&Y stopped work to protest management's failure to resolve several of their grievances over pay and problems in the workplace (including an incident in which a manager assaulted a worker).

In July 2002 the ITGLWF-Africa visited Lesotho and started an organizing campaign together with LECAWU, focussing on the two Nien Hsing facilitites.

Nien Hsing was now facing pressure from international trade union federations, the American and Canadian unions and lobby groups and the Clean Clothes Campaign. The senior management of the entire Nien Hsing group had been drawn into the issues and couldn't ignore the situation any longer and the factories themselves were under constant observation by LECAWU. Meanwhile, organized workers themselves were becoming increasingly more outspoken in confronting management with their grievances. In short, there was nowhere that management could hide from the pressure to address the workers' concerns.

In a historic turn around, after talks between LECAWU, ITGLWF-Africa, and Nien Hsing, Nien Hsing signed a memorandum of understanding with LECAWU on July 16, 2002. This memorandum is not a final recognition agreement, but commits the company to recognize the union and negotiate a collective bargaining agreement after the union reaches majority status inside the factories. This is a clear example of how the combination of effective organization on the ground spearheaded by LECAWU and sustained international cooperation and pressure can have an impact on the position that employers take. Both aspects of a campaign are critical as international pressure alone will not be able to change the stance of inflexible employers.

national labor rights campaigning organizations (in partnership with the local ITGLWF unions) for campaign work and lobbying that aims to pressure these companies to take responsibility for working conditions throughout their supply chains.

- Through the Clean Clothes Campaign network (approximately 250 organizations) information was distributed to organizations in their network. The Canadian-based Ethical Trading Action Group (ETAG), for example, noted the presence of the Canadian garment retailer Hudson Bay Company in Lesotho. ETAG used the Lesotho research findings in its work and commissioned further research by TURP into factories producing for the Hudson Bay Company. In February 2002 TURP and ETAG published a report on in-depth research into two large garment factories in Lesotho that produce for Hudson Bay. This report concluded that a wide range of both illegal and unfair activities were taking place at both factories. A campaign was started to pressure Hudson Bay to improve conditions at the retailer's contract factories in Lesotho.
- One of the companies investigated by TURP was Nien Hsing, a Taiwanese company that has two garment factories in Lesotho and is currently building a textile mill there. Nien Hsing had long refused to negotiate with LECAWU. By generating international publicity and interest, the research reports provided ammunition for a global campaign to put pressure on Nien Hsing to improve working conditions. The campaign, taken up by unions and NGOs in North America and Europe, had positive results. LECAWU was able to negotiate an historic agreement with Nien Hsing that commits management to recognizing the union once they organize a majority of the workers. (see box for more on the campaign to improve conditions at Nien Hsing's faciilties in Lesotho)

SUCCESSES IN LESOTHO

Jabu Ngcobo, the general Secretary of the ITGLWF-Africa, who was extensively involved in the organizing efforts in Lesotho explains what he thinks the major reasons were for the organizing successes at the Nien Hsing plants.[4]

"There are many reasons for the successes and most of them are interlinked, but to single some issues out I think I would have to say that the first reason would be the union on the ground. Without this first and critical level of organization it would have taken far longer to develop campaigns about abuses or even come to know about them. At the same time the union showed a lot of courage even when harassment of officials took place and employers continuously refused to adhere to the law. The second important factor was international pressure as these companies do become intimidated when their consumer markets are targeted and the campaigning organizations such as the Clean Clothes Campaign and ETAG, along with unions such as UNITE, need to be commended for their efforts. Another strength was basing the campaign around facts and the use of research in establishing these facts. Having regional solidarity coordinated through the ITGLWF-Africa was also useful.

Finally, I think there was success because the strategy was focused at a number of different levels targeting different key actors. [...] the first level is plant workers who play a key role in organizing themselves and bringing issues to the unions' attention as well as developing a union presence on the shop floor. Then the union plays a key role at a sector as well as national level, coordinating workers efforts and putting issues into the public debate for example through media campaigns. The next level is at a sub regional level, in other words SADC, where the ITGLWF Africa office was able to co-ordinate efforts between different unions in different countries and [...] was also able to assist in the developing of capacity within unions in these different countries.

The research across countries was also an important aspect in that it highlighted many similarities but also because it provided useful information that could be used to strategize an approach to certain employers. Lastly the international solidarity networks such as the Clean Clothes Campaign, ETAG, Solidarity Center, and UNITE were very valuable to build pressure against employers, particularly Nien Hsing."

Recognition of the union

As a result of the research projects, the following attention for the labour rights situation in Lesotho and the governmental report on the inspection in 28 factories, LECAWU has been able to enter factories that they had not been welcome in before, sign union recognition agreements with the management and secure stop orders in some of the factories. By August 2001 LECAWU had already signed four recognition agreements. Since then more have followed.

LECAWU has put a lot of effort into organizing garment workers, supported in some instances by the ITGLWF-Africa and campaigning at the international level by NGOs and trade unions. Their membership has increased from 3,000 workers in early 2001 to 16,000 workers in September 2002.

1 http://www.agoa.gov/About_AGOA/annual_2.pdf
2 http://www.agoa.gov/About_AGOA/annual_2.pdf
3 Department of Labour (Lesotho) (2001), "Report of Inspection in the Clothing, Textile, and Leather Industries carried out by officials of the Labour Department, LNDC and LECAWU delegated by the Labour Commissioner during the period 19th March – 20th April 2001," report to the Labour Commissioner
4 Workers College (2002), Organising booklet for the ITGLWF-Africa, Workers College Research and Publication Unit, Durban, October, draft version.

THE FOLLOWING PROFILES ARE BASED ON INTERVIEWS WITH MANAGEMENT, WORKERS AND OBSERVATIONS MADE BY THE RESEARCHERS DURING THEIR VISITS TO THE FACTORIES. IN SOME CASES, WORKERS FROM FACTORIES THE RESEARCHERS WERE UNABLE TO VISIT WERE INTERVIEWED. THE MANAGEMENT REPRESENTATIVES WERE INTERVIEWED AT THEIR OFFICES, MOSTLY IN THE FACTORIES, WHILE THE WORKERS WERE INTERVIEWED ELSEWHERE, TO HELP ENSURE THAT THEY FELT SAFE TALKING TO RESEARCHERS.

CHAPTER VII
FACTORY PROFiLES SWAZiLAND

FACTORY A

INFORMATION COMPILED FROM INTERVIEW WITH MANAGEMENT

Production:
They produce sweaters, spinning, knitting, linking; the whole product

Capacity:
Approximately 17,000 sweaters per month.

Labels:
Seraglio, RT Jeans

Exports:
10% of the production goes to Europe and 90 % to Africa, the biggest market is in South Africa.

Buyers:
Germany: mail order companies, one mentioned is Quelle and the UK:
GUS, Your More Stores. South Africa: Mr. Price, Edgars, Ackerman, Pep Stores, Makro, Liberty Clothing, Saville

Raw materials:
Fiber imported from South Africa

Work force:
200 workers, 80 of them are women
There is no trade union in the factory, "I shoot them," the manager says not totally joking. "I don't want them. We have 200 persons working here, we deal with them on a one-to-one basis, and they will get more from me than if they would be presented by a union. I work with them all week, I know what they want. We get along nicely without a trade union. 3,000 people will be a different story of course." There is a small workers committee in the factory.

Customer monitoring:
The buyers do come to the factory but not to check the quality. The buyers never ask about working conditions, "but they do not need to."

Labor inspectors:
Labor inspection is not being done. "I made them do it and made them give me a certificate."

FACTORY OBSERVATIONS

The sewing and linking is done in a large space, there are no lines and no supervision. The workers will supervise each other. Bonuses are given to all workers together and when one lacks behind the others will usher her on. There are piles of clothes everywhere. The emergency exits are open, at least at 2 sides of the factory. There are fire extinguishers. The lighting is not very good and not much daylight comes in, as the windows are high up. The women are seated on stools with backs. There is no protective mask being used although there is a lot of dust in the air. In the second space, next to the knitting department the preshrinking and cutting is done. Here all workers are standing. There are no gloves being used, not by the shrinkers, not by the cutters. No protective masks. The knitting is done all electronically. All workers are standing in this department. The lighting is sparse. No protective masks are being used in the knitting deparment. In the spinning and dying department there is a lot of noise. The workers here are using cheap protective mask, no earplugs.

FACTORY A

INFORMATION COMPILED FROM INTERVIEWS WITH WORKERS

Labels:
Jets (Jets Stores), Ladybird (Saleshouse), Smart center

Wages and benefits:
The knitters earn about US $0.44 per hour. They earn thus about US $20.20 per week basic wage. The lowest wages, paid to the carriers, are US $10.10 per week. Some of the sewers earn US $0.30 per hour.
They work with targets, which are set way too high. "If you don't reach the target you are in a lot of problems," the workers say they are afraid to be fired then. They don't earn a bonus for reaching the target.
The wage is a disgrace, "we can't live on that!" One of the workers interviewed has 6 children, another has one child. They would need at least US $315 per month to live on. But the workers in this factory are not making US $ 130, or even US $100 per month. In the factory a lot of the women don't have a (working) husband and many among them cannot even send their children to school.
They have two weeks paid annual leave, one week unpaid.

Working hours:
The workers work 9.5 hours per day. Sometimes they have to work overtime. As their work entails knitting jerseys they have to work more overtime in the winter. Mostly on Saturdays from 7 a.m. until 12:30 p.m. Also in the winter period they have to work overtime sometimes during weekdays from 5 p.m. until 6 p.m. They all don't think they are getting overtime pay, but when they complain about this they are threatened with being fired. Overtime cannot be refused.
Only the knitting and spinning department are working nightshifts and they are provided with transport. If the other workers have to work late they have to find their own transport. They are afraid of walking at night, afraid for being raped or killed.
The factory doors close five minutes after 7 .m. If you are late you can go home again, without pay of course.
Two other workers interviewed work in shifts on the knitting and finishing department and work from 6 a.m. until 6 p.m. Their normal working hours are from 7 a.m. until 5 p.m., but as it is very busy they have to work more. It has however been busy since they have been working for the factory, which is for one of them since 1995. They earn respectively US $20.58 and US $ 22.73 basic wage per week. They work 11.5 hours per day, five days per week. Now, in the winter period they also work on Saturdays usually, from 6 a.m. until 12.30 p.m. Sometimes when it is even busier they will work Saturdays until 6 p.m. and work Sundays too, from 6 a.m. until 6 p.m. In these periods they will earn about US $36 per week.

Union:
There is no union and no workers council. The management does not want a trade union in the factory. The workers are afraid to join the union or even talk about the trade union in the factory. The management will listen in through some of the workers. When the workers are having a meeting the supervisors will be there as well. If the union waits outside the gate for the workers, the workers will run past them, they are very much afraid to be seen talking to the union.

Health and safety:
There is no canteen. The factory used to provide bread but has stopped this. The workers are not allowed to go outside the factory during the breaks. They are not allowed to go to the gates. They are not allowed to receive any messages in the factory, when something is wrong with the children for example.
There is no drinking tap and the workers have to get their drinking water form the toilet.
After some workers were diagnosed with TB, a long time ago, they were provided with protective mask. It did help, but they never got them again.
When the workers go to the toilet they have to place their card and are checked how often and how long they go.
When pregnant the women will work up until the nine months, until delivery. "Some women get their baby on their way home from work." They get paid leave only for two weeks, and get one month off in total. Some women will come back after two weeks as they need the money very badly.
They have a lot of back problems, from sitting in the same position the whole day without proper chairs.
There is one door that is open; the other doors are only open when the packing is being done.
The factory has no heat regulation and is thus very cold in winter and very hot in summer. There is no ventilation in most of the factory and only a very small insufficient fan in the steaming department.
There is no first aid in the factory and when you are sick you are not allowed to go and see a doctor.

Customer monitoring:
The workers see customers in the factory, but they never talk to the workers. They only talk to the management and look at the procedures and the quality of the garments. Before the customers come they have to clean the factory.

FACTORY A

Additional:
The workers feel threatened the whole time. People are suspended for one or two weeks or even fired for making mistakes, for breaking a machine, or talking to each other. Recently they installed a video system with which the management can watch the workers constantly.
When leaving the factory they are searched, they have to pull their shirts, their dresses and skirts up. Sometimes the men walk past. "What can you do? They are a lot of people out there looking for jobs."

FACTORY B

INFORMATION COMPILED FROM INTERVIEW WITH MANAGEMENT

Ownership:
Swaziland/UK

Production:
The company makes denim shirts, jackets and jeans (CMT and washing).

Capacity:
450 pairs of jeans per day

Buyers and export:
The company currently only has one buyer; Texacan Trousers from the UK.

Labels:
For Texacan, known labels include Hombre, Attitudes, Madam Roger, Jesse, and Tammy.

Raw materials:
They source denim fabric from South Africa and Botswana

Work force:
30 workers, 90% are women. They often employ temporary workers to assist with massive orders (up to five at a time).

Collective bargaining agreement:
The company has signed one with the union.

Customer monitoring:
The buyer also visits the company once per year to check quality. They stay for a week and during that time they control the production. The buyer also does environmental and labor conditions inspections.

FACTORY OBSERVATIONS

The sewing section is very full; piles of jeans are lying around. The lighting is not up to standard: strip lights are placed haphazardly above the sewers. The section is dusty, one can see the dust and rest material on the workers clothes, but no one wears protective masks. There is no ventilation. There are fire extinguishers and a fire hose. The cutters don't wear gloves. The washing section is behind the room were the sewers work. This section is brand new, the department smells of chemicals. There are grates on the ground that are not closed properly so one could step in the holes underneath.

INFORMATION COMPILED FROM INTERVIEWS WITH WORKERS

Wages and benefits:
The workers are paid every fortnight (a machinist 1 receives US $44.57 and a machinist 2 receives US $42.92). They receive no other allowances from the company. In 2001 they tell they have not received wage increases for two years because the employer said "the government has not yet released the government gazette for those years." They do not receive any production bonus and last year did not receive their annual bonus because, according to the employer, "the company did not do well." They are on the Swaziland National Provident Fund but do not receive the statutory workmen's compensation (an insurance fund for industrial accidents and injuries). They said that their wages are "not enough, we can't count on that." They have between one and three children dependent on their salaries. Some of them are living with their parents so are not responsible for rent. Others pay between US $12.62 and $18.93 per month on rent. They spend about US $63 per month on food but often have to buy food on credit. In addition, clothes are purchased on credit. They pay between US $6.31 and US $18.93 per week on transport because workers live very far from the factory. School fees for their children are around US $253 per year. They have tried to obtain cheap loans from micro-lending companies but were refused because they earn too little. They have also been unsuccessful in opening bank accounts because they earn too lit-

FACTORY B

tle. The company used to provide them with loans, but no longer. They estimate that they will need about US $152 per month to meet their needs.
The wages are paid per fortnight, but are sometimes paid too late, on Monday instead of Friday. This causes a lot of problems for the workers as they are counting on it and can't make it through the weekend without.

Working hours:
They work 10 hours per day, from 7 a.m. to 5 p.m. This is two hours per week over the statutory 48-hour working week. They have complained to the employer that he is cheating them out of two hours per week overtime but his response is that the workers owe him 30 minutes per day because of the tea and lunch breaks they take. Lunch is only 20 minutes and tea is 10 minutes. The workers joked that if the interviewer could see them at lunch break it would be a funny sight as they gulp down hot tea and their lunches to get back to their work stations on time. If they are late in returning to their stations, they are shouted at and the employer threatens to deduct pay for the lost minutes. They used to work some overtime in the week but this has stopped since the company stopped providing transport. During these times they would sometimes work until 11 p.m. during the week. The overtime is not compulsory but it is difficult to decline the request from the employer. They have to justify why they won't work the overtime and the excuse that they are tired is not accepted by the employer. The employer says that if the order is not completed on time then it will be cancelled and it will be the workers' fault. Currently, overtime is restricted to weekends. Workers are paid 1.5 times the normal rate for Saturday work and double pay for Sunday work. During busy times they have worked for 3 full weeks (21 days) without a break. The factory gates are locked at 7:15 a.m. and if any workers arrive late they are sent home without pay for that day.

Union:
The workers have never gone on strike because they are worried about their jobs ("we are working for our children"). All are members of the union. The employer refuses to talk to the union and has literally been seen running away from the organizers. He regularly slams the phone down as soon as he recognizes the voice of one of the organizers. They do not think that the company is a good one to work for but they have no time to look for work elsewhere. In addition, they are afraid that if they move from this company they will not find work elsewhere.
Health and safety: If a needle gets stuck in a worker's finger through an accident, then the employer drives them to the hospital. If the employer is not at the factory, which he regularly is not, then the worker would have to wait for him to return to take them to the hospital. If an ambulance is called the factory has to pay cash to them when they arrive, and "the factory does not carry money for those instances."
The workers cannot rest if they are feeling ill. The employer tells them to go home and then they are not paid for that time. The workers are suffering from health problems. Their hands are callused and sore from hemming the hard denim garments (they do not receive gloves). Their eyes, throats and chests hurt from the dust in the factory. Their backs and legs hurt from sitting in non-supporting chairs. They fear that the recent introduction of washing machines will cause damage to their ears because it is very loud.
They receive a total of one month's maternity leave. This causes the women to work until their full term. There have been instances where workers have had to return before a full month is complete.
The toilets provided for the workers are dirty. The employer uses another toilet.
Customer monitoring: In contradiction to the management, the workers say they last saw the buyers at the factory in 1998. The workers were told that they were not allowed to speak to the buyer. The buyer stayed in the factory for one or two days.

FACTORY C

INFORMATION COMPILED FROM INTERVIEW WITH MANAGEMENT

Ownership:
Taiwanese

Production:
T-shirts (crew neck, v-neck, and polo neck) and tracksuits

Capacity:
The original factory produces 30,000 dozen pieces per month, with a total capacity for producing 35,000 dozen pieces. Once the second factory, a new factory, gets up and running, capacity will expand to 50,000 dozen pieces per month.

Exports:
90% of production is sent to the US, the rest goes to Europe (mostly UK but also France).

Buyers:
AMC (an agent) buys about 33% of the total production, for clients including Guess, I&C, Gap, and Armani. There are about eight to nine buyers in total. Most of these buyers are agents for New York and Singapore based retailers; "It is very seldom that we interact with the buyer directly."

Raw materials:
Sourced from Hong Kong, Singapore, and Taiwan.

Prices:
The company is not that comfortable with its prices. On average it receives US $4 to US $5 for a garment, which costs US $3 to produce. This garment retails in the US at between US $9-15. They say that buyers aim for cheaper garments produced at high volume. The ability of the company to push up its capacity is therefore critical to future success.

Return on investments:
The company paid off its investment costs within three years of operating.

Work force:
In 2002 the company employs 1,800 workers in two factories.

Collective bargaining agreement:
The company has signed an agreement with the union. They say that they interact with the union "through disciplinary hearings." The management finds that "people's customs here are different to Taiwan and our management style must be adjusted." Targets are not reached because "education levels are low". "In Taiwan, you push people once and they are fine, not here. You have to constantly push people to get things right".

Customer monitoring:
The agents send quality controllers, South African, to the factory to inspect. The buyers also send inspectors to investigate "human rights" at the company. They submit "vendor compliance certificates" to the company. A consultancy from the US comes often – they give one or two days notice. They find that the US puts human rights "high on the agenda." They speak to the workers during this evaluation.

INFORMATION COMPILED FROM INTERVIEWS WITH WORKERS

Labels:
Labels seen include Bugle Boy, French Toast. The workers mention FILA and Adidas.

Wages and benefits:
The workers earn about US $44.82 to 52.40, with US $4.17 attendance allowance. For late coming US $0.70 is deducted. The workers receive US $0.25 a day if the target is met, and the workers get often warnings if targets are not met. Food is not provided. No retirement benefits. Men earn more in the factory and men get different overtime pay too. Money is generally seen as not enough to live on; a wage of US $126 was seen as a subsistence wage. The workers interviewed were supporting between four and five people. Workers do supplementary activities to supplement income - such as cosmetic sales loan sharking etc. Workers felt that others were being paid more in other factories and were aggrieved that wage payment was split on the 5th and 20th of the month as opposed to fortnightly like other factories as this prejudiced them financially. A grievance had been raised and management promised to change when the new factory opened but they went back on their word. Workers were paid on time.

Working hours:
The workers work 9.5 hours per day, from 7 a.m. until 5 p.m. People are forced to work overtime. The clock cards are taken just before 5 p.m. after which they are told they must work until 9 p.m. Overtime is paid at 1.5 times the normal hourly wage. Often the workers have to work up to four hours overtime a day. On Saturdays they work 7.5 hours paid at 1.5 times and on Sundays 6.5 hours paid at 2 times. Often the workers have to work a seven day week, at times for whole months. Holidays are paid but not if absent before or after the holidays. The workers get normally 14 days leave in December but sometimes this is not given.

FACTORY C

Union:
There is no recognized trade union in the factory, but part of the workers are members of the garment trade union. Management says people must belong to a works council rather. There is a works council but it is useless as there is only 1 person on it and it does nothing. The management has refused to recognize the union although they have more than 50% + 1 member.

Health and safety:
If you ask for sick leave let's say for two days the supervision will tell you: "no, why don't you take three months unpaid?"
No medical facilities.
There is a medical kit and sometimes people get tablets. They can't rest if they feel ill, "sometimes if you cry they let you go." There is no medical aid. You can get 21 days paid sick leave if you produce a doctor's certificate. Maternity leave is 30 days paid and a further two months off, unpaid.
Doors of the factory are locked, there is only one open entrance. Factory is too hot and too cold in summer and winter respectively. The factory is very dusty. No masks in the factory despite requests for them. A lot of people have been treated for lung problems; one of the workers reports that during two months of treatment she received no pay. Accidents happen; needles in fingers and cuts. The workers get no compensation or paid treatment.

Customer monitoring:
There was an inspector at one time and workers were called into the office and threatened not to complain or they would loose orders and the workers would loose their jobs

FACTORY D

INFORMATION COMPILED FROM INTERVIEW WITH MANAGEMENT

Ownership:
Singapore

Production:
Basic knitted garments, tops and bottoms for men, women, and children.

Capacity:
Approximately 500,000 pieces per month.

Export:
Almost all export goes to the US. They have done a small order for the UK, for GUS.

Labels:
Basic Editions, OCI for Goodies

Buyers:
Their biggest customer is Goodies, other customers are K-Mart and Wal-Mart. To fill in the gaps they occasionally do orders from other smaller customers.

Work force:
1100 workers. Last year management reports that they had to take on temporary workers to deal with the volume of orders. Now they try to cope with the volume. Last year when orders were down they laid off workers for one or two weeks, two lines at a time for example, and "in all fairness everyone got its turn."

Wages and working conditions:
"The workers are not like in Asia," according to the manager. In Asia people want to do overtime. "Here it is a problem as we have to finish the orders and the people are not eager to work long hours." Also at 7 p.m. there is no more transport, so we have to arrange something for the workers that are working late. They have a lot of overtime. The workers expect to do the overtime; "otherwise you will not be employed anymore".

Union:
The trade union is trying to get recognition in this factory but they don't have the numbers. "We didn't want [a factory they sold] anymore as they have a trade union." "When the organization is rotten... These people don't know what a trade union is all about, they become unreasonable. They don't have the knowledge. In this way we have a no-win situation while actually we should have a win-win situation."

Customer monitoring:
The customers occasionally come to the factory to check and evaluate it, also on issues as complying with the national labor law, if there is no child labor etc. They come in for a day, take pictures, check the machines. Some talk with the workers in the factory. They ask questions to the management about for example the hours of work.

FACTORY OBSERVATIONS

Labels:
In the factory children clothes are now produced; T-shirts "TJ Maxx" for the US, sold for US $6.99; "Marshalls" sold for US $6.99
The factory is in a large building. There are piles of clothes everywhere. The lighting is not up to standard. No facemasks are being used for protection. In the linking department everyone is standing the whole day. In other departments the workers are sitting on benches without backs. One of the emergency exit is closed, another two are open. Before one there are piles of boxes. It is dusty in the factory. In the cutting department no gloves are being used. There are fire extinguishers. Upon leaving the building we see the workers are searched.

INFORMATION COMPILED FROM INTERVIEWS WITH WORKERS

Labels mentioned by workers:
Mountain Lake, OCI, Good Kids, Julia's Closet, Ivy Crew T-Shirts

Working conditions:
"We are just working there as we have no other option." "We are shouted at for making mistakes, but no-one explains us how to do things." "The targets are set too high. If you fail to make the target you get a warning. After four warnings you will be punished. The punishment seems to be arbitrary; sometimes you are suspended for two weeks without pay, sometimes you are not, when there are large orders for example. The warnings stay for a year." In December they get a bonus and payment for leave. These also depend on the warnings. Sexual intimidation by managers happens, and is threatening; also as they are afraid they will get fired. The supervisors are shouting at the workers and sometimes shaking them.

Wages and benefits:
The target is set way too high. They get paid every two weeks, US $42.92 per fortnight. The helpers will earn US $31.57 per two weeks. One woman reports that her colleague earned nothing in the last two weeks as she was on suspension. Most workers earn between US

FACTORY D

$35.35 and US $50.50 per fortnight. They say that they do not know if they are paid for overtime because their wage slips do no indicate what they are being paid for, only a total amount.
When you don't make anything or not enough you borrow money from a micro-lending finance house where they have to pay 20% interest, the women explain. Sometimes they have extra jobs to make ends meet. One of the women is selling products on a provision basis.
Sometimes they don't get the yearly holidays, at the end of the year, but only the public holidays on December 25th,26th, and 31st. Sometimes they are paid for the holidays, sometimes they are compensated with extra days off. They have for example worked the whole Easter weekend without getting any pay for that.

Working hours:
The normal working hours are from 7 a.m. until 5 p.m. Workers usually work until 6 p.m., sometimes until 7 p.m., later or even until 2 or 3 o'clock in the morning. They also work on Saturdays and sometimes also on Sundays. "You can't refuse overtime. If you don't do the overwork you don't have to come back tomorrow."

Union:
The workers were told never to join the union by the management. There are about 1,500-1,600 workers of which the requisite 50% plus one are union members but the union can't get in the factory.

Health and safety:
There are a lot of problems with dust in the factory. Women who are pregnant work until labor pains and take then two weeks off. When sick you are paid, only for one day, when you produce a note from the doctor. The workers wear no protection. The toilets are only open between certain times.

Customer monitoring:
They see buyers in the factory, the designers check the design and quality, others the whole factory, but only on the production of the orders, not on anything else. They only come in once, when they have orders in line.

FACTORY E

INFORMATION COMPILED FROM INTERVIEW WITH MANAGEMENT

Ownership:
Taiwanese

Production:
Jeans and school uniforms

Capacity:
The target is about 3000 pieces per day.

Exports:
US only

Buyers:
K-Mart, Target Stores, Wal-Mart

Fabrics:
Far East

Work force:
500, but there are plans to increase the number to up to 900-1000.

Customer monitoring:
This is being done through the parent company, they also check the wages, the rules and regulations, what material is being used, ensure that no prison or forced labor is being used. They do not interview the workers. The evaluating consultants stay one or two days.

INFORMATION COMPILED FROM INTERVIEWS WITH WORKERS

Labels workers mention:
Mississippi River Blues, Basic Edition, Bugle Boy, French Toast, and Jungle Boy

Workers:
95% of the workers are women. The average age is 22 years. The company does not employ women over the age of 35 years. The workers do not experience any sexual harassment or discrimination in their wages against those of male workers doing the same work. There is no child labor in the factory.

Wages:
Workers are employed on four types of contracts, the lowest paid workers receive US $1.89 per day. These workers are on probation or induction time. The highest paid workers receive US $0.40 per hour, and the next level down receives US $0.37 per hour. Overtime is paid to the highest paid workers at US $0.19 per hour above their basic wage. They do not receive any other benefits besides monthly contributions to the Swaziland National Provident Fund.

Working hours:
Workers work a 10-hour day from 7 a.m. to 5 p.m. They have a one-hour lunch break at 12 p.m. They have no tea break. They work an average of three hours overtime per day. They say that they cannot refuse to work the overtime. If they suggest that they do not want to work, they receive a barrage of questions requiring them to justify and motivate their response. This is an uncomfortable experience and deters many of them from refusing the overtime. Sometimes workers who refuse to do overtime are punished by being clocked out early the following day (while they are required to continue working). They work an average of two weekends per month. This work takes place from 7 a.m. to 1 p.m. They have complained about their working hours but this has produced no results. They requested a tea break of 15 minutes during the day. The management would only agree to it if they extended the working day to 5:15 p.m. The workers are not sure how much annual leave they receive, since the factory is new. They report, however, that they were only allowed end-of-year leave between December 22 and January 3. They were not paid for this period.

Union:
About 250 of the workers are unionized. One worker was fired for organizing members for the union. Management threatened to do the same to others so most union activity takes place very quietly. The employer continues to be hostile to the union.

Health and safety:
There is a first aid kit in the factory and "first aiders" have been appointed in accordance with the law. The company has fire extinguishers in place. There is no nurse or doctor on the premises. If workers feel ill, they cannot rest anywhere but are sent home without pay. If they are injured on duty they have to pay for their own medical care. Workers say that not many accidents happen at the factory. The workers claim that they do not get any sick leave and are only allowed one month for maternity leave. They complain that the factory is very hot when the weather is hot and very cold when the weather is cold. They receive dust masks but do not like to use them because "they are very smelly." They feel the masks are of poor quality. They complain that they have back, leg and buttock pains from working on hard benches. There are emergency exits but these are locked. The workers use one main entrance for all their entry and exit to the building.

CHAPTER VIII
FACTORY PROFiLES MAURiTiUS

FACTORY A

(no interview with management or visit to this facility took place)

INFORMATION COMPILED FROM INTERVIEWS WITH WORKERS

Production:
Jeans

Labels:
Tommy, Ali

Work force:
Approximately 3,000 workers

Wages and benefits:
Workers are paid on a piece rate basis. Workers always get a minimum payment and then in addition are paid for each piece they complete. There is a policy when there are not many orders the workers are paid a certain amount of money per day. This amount differs depending on the work category of the worker. Helpers only get paid this basic amount, no additional payment per piece. They say that this is not enough. There is a target system, but workers say that the targets are not too high. There is an attendance bonus of 300 rupees (US $10.23) per fortnight.

Working hours:
When the factory received a lot of orders the workers say they had to work about three hours overtime per day. In 2001 there were fewer orders and therefore not that much overtime. Production is underway at the factory 24 hours per day. Usually the foreign workers (Chinese) work the night shift. They work from 4 p.m. until 1 a.m. or 2 a.m. When there are no orders, researchers were told, the Mauritian workers will sit around and do nothing, while the Chinese workers will be taken to another section to work. In the past overtime was compulsory, but since the factory was bought by an American company overtime is no longer compulsory.

Union-management relationship:
There is no trade union in the factory. Workers say that management does not want a union. When there are problems a delegation from each section discusses these problems with management.

Health and safety:
If workers present a medical certificate, their sick leave is paid. Workers report that there is enough light in the factory, there is ventilation, and protective masks are provided for the workers, as well passes for yogurt and fruit for those that work in dusty surroundings.

Customer monitoring:
The customers look in the factory, according to the workers, and sometimes talk to the workers inside the factory.

FACTORY B

(no interview with management or visit to this facility took place)

INFORMATION COMPILED FROM INTERVIEWS WITH WORKERS

Labels:
Tommy, ANF men, ANF boys, Brooks Brothers, Eddie Bauer, Debenhams

Wages and benefits:
One of the workers reports that she earns about 2,500 rupees (US $85.23) per month as a basic wage. The attendance bonus is 120 to 130 rupees (US $4.09 to 4.42) and the productivity bonus, which depends on seniority and salary, is about 480-500 rupees (US $16.36 to $17.05) for her. She is not married and has no children: "On my salary? That is not possible," she told researchers. Since there are fewer orders in the factory overtime has been cut. Workers say that they used to be able to take home about 6,000 rupees (US $204.54) per month, but now only earn 3,000 rupees (US$102.27). There are Chinese workers in this factory. The money these workers earn is less than they expected before they arrived in Mauritius.

Working hours:
Normal working hours are from 7 a.m. until 4 p.m., with overtime until 7 p.m. On Saturday workers say they usually work from 7 a.m. until 12.30 p.m., and with overtime until 4 p.m. They never work more than 12 hours per day. When there is a lot of work, they work every Saturday, but after the first 10 hours of overtime this work is not compulsory. The Chinese workers in the factory work long hours and when there is work they always work on Saturdays.

Union-management relationship:
There is no trade union in the factory.

Health and safety:
Workers say that there is no problem with taking sick leave or holidays. Only workers that are absent a lot receive warnings and are suspended.

Customer monitoring:
Workers report that when clients come to the factory everything is cleaned. Clients do not speak to the workers and are always accompanied by supervisors or management. The workers have not seen a code of conduct in the factory.

Additional:
There are some problems in the factory with supervisors that use foul language when speaking to workers. One worker informed management that a supervisor was threatening her but no action was taken.

FACTORY C

(no interview with management or visit to this facility took place)

INFORMATION COMPILED FROM INTERVIEWS WITH FOREIGN WORKERS (FROM INDIA, CHINA, AND BANGLADESH)

Production:
Shirts

Labels:
Café Cotton, Chevignon, Esprit, Club, Mast, Thomas

Wages and benefits:
The foreign workers from India earn a basic wage of 2,165 rupees (US $73.80), without overtime. They are eager to work overtime in order to earn more money. They report that they have never earned the level of income that was promised to them in India (6,000 to 7,000 rupees). The Chinese workers are paid a basic salary of US $120. The workers interviewed are paid on a piece rate.

Agency:
The Indian workers report that they had to pay approximately US $1,033 to the agent who got them their jobs. The workers from Bangladesh say they paid approximately US $1,858. One Chinese woman reports that she had to pay US $725 to the agent and another US $363 as a guarantee which she will get back after returning to China. The foreign workers took out a loan to be able to pay the fee. They are paying interest on the loan and they find it difficult to pay off this debt. For the Chinese workers their basic salary is sent directly to the agency, so they live off what they earn for overtime work.

Working hours:
Normal working hours are from 7:30 a.m. until 5:15 p.m., five days a week (45 hour work week). When there are a lot of orders workers say they work until 9 p.m. on weekdays and Saturdays and Sundays from 7:30 a.m. until 5:15 p.m.

Living spaces:
The workers live in dormitories, three to four people per $9m^2$ room. There is a cook in the house, which is arranged by the factory. Workers say they have to pay 80 rupees (US$2.72) each per month for the cook's services.

Health and safety:
The workers say they feel tired most of the time.

Management and supervision:
Workers report that the supervisors insult them if they do not work fast enough. If their family phones them while they are at work, workers say that they are not allowed to take the calls. If there is a problem their family has to send them a letter.

FACTORY D

INFORMATION COMPILED FROM INTERVIEW WITH MANAGEMENT

Ownership:
Mauritian

Production:
100,000 pieces per month

Export:
50% to the US, 50% to Europe

Buyers:
Gap, Mast (US); Next (Europe), Cyrillus, Harris Wilson (ladies wear), Devred (boxer shorts) (France), Belfe (Italy)

Work force:
360 in one factory, 70-75% are women and 40 workers are from India; 100 employed in a second factory owned by the same company

Customer monitoring:
Management reports that their customers want to see the accounts, check the payroll, and inspect the working conditions. “We had to sign a statement that we would not have people work more than 60 hours per week regularly.” The Gap requires that factories employing expatriate workers cover the workers’ airplane tickets to Mauritius. “But if we pay everything like the Gap is demanding, people would not be so committed,” according to the factory manager.

INFORMATION COMPILED FROM INTERVIEWS WITH WORKERS

Labels:
Gap, Next, Harris Wilson

Wages and benefits:
The basic wage for the workers is 110 rupees (US $3.75) per day, according to workers. Those interviewed said that they receive a bonus between 23 rupees (US $0.78) and 51 rupees (US $1.74) per day. The bonus is cut to 10 rupees (US $0.34) when they are unable to reach the production target. Workers say that if they arrive one minute too late for work the bonus is cut by 10 rupees. If they arrive late twice the bonus is cut by 10 rupees for five successive days. In this factory one woman refused to do overtime and after that was not allowed to work any overtime and was not paid the daily bonus for about one year. The union has taken this up and after 1.5 years finally the woman has received some of the bonus back pay that she was owed. The workers report that they take home between 2,500 and 4,500 rupees (US $85.22 to $153.41) per month, a bit more with excessive overtime. “Not enough too live on,” one worker tells researchers.

Working hours:
Workers report that they only have to work overtime when there are a lot of orders. Sometimes during the weekend and sometimes late in the evening, until midnight, and then the next day as well. Although by law they are entitled to a meal allowance when they work overtime into the evening, workers say that they do not receive this allowance. During five to six months per year there are a lot of orders, starting in August or September. Workers report that they work all day from 7:15 a.m. until 5:15 p.m. normally, and during busy periods each day until 9 p.m. or 10 p.m. or sometimes even later, and on Saturdays and Sundays from 7:15 a.m. until 5 p.m. Overtime is encouraged. If they refuse, workers say, their bonuses (which are substantial) are cut. If workers take a vacation day off (nine hours), they say that their overtime payment is cut by nine hours. On a national holiday 200 of the 250 workers refused to come in and work overtime. The next day as a punishment they were not allowed to clock in with their time cards until 25 minutes after the start of the working day, even the 50 workers who did work during the holiday.

Health and safety:
“When you are ill they cut the bonus, when you have to bring your child to the hospital too,” one worker told researchers. The toilets are dirty and the whole factory is not very clean, according to workers. There are no lockers for their bags and they cannot leave them anywhere because there are rats everywhere. The last 10-20 minutes before the breaks workers are not allowed to go to the toilets. Workers report that there is a lot of dust in the factory, no ventilator, and no protective gear is provided.

Union:
Workers report that among the issues that the union has taken on are demands that transportation be provided to bring sick workers to the hospital and that workers be allowed to take their 14 days holiday at one time (now they can only take one day off at a time).

Customer monitoring:
The workers say that they have seen clients in the factory from the Gap and from Next. Workers have to clean the factory before these visits. Normally the clients do not talk to the workers except on one occasion when a Gap representative talked to some workers. The work-

ers say that they told the Gap representative that there were problems at the factory, for example with overtime. Following this discussion working conditions did not change. Workers report that there are codes of conduct posted in the factory, one from the Gap in French and another from l’Avis in English. The workers are aware of the contents of the Gap code because every worker had to sign it.

FACTORY E

INFORMATION COMPILED FROM INTERVIEWS WITH WORKERS

Production:
shirts and pants

Export :
US and Europe

Labels:
adidas for Europe and the US

Work force:
There are more than 70 Chinese workers in this factory and about 100 workers from Mauritius, according to the workers interviewed. They report that the same owner has another factory with about the same number of workers. Chinese workers say they had to pay about US $1,160 to an agent to get their jobs at this factory. They borrowed money from the bank to pay this fee and estimate that they will work about one year to pay off their loans. The company sends their basic salary directly to the agent in China, where the loan is paid back and the rest of the money is going to the family.

Workers report that they cannot touch their salary from the first seven months of work; it goes directly to the agent who is supposed to give this amount to them when they return to China. Chinese workers report that they also have to pay for half of their airfare, about US $600-700. The Chinese workers depend on the money they will make by doing overtime. When there is no overtime work, they have no money and the workers have to live off of the money they earned the previous year. The factory pays for the food. “We have come here to earn money, but we have no money,” says one Chinese worker. “We would be pleased to go back home, we can’t earn money here.” They report that their most important reason for coming to Mauritius is to make money. A second reason, researchers are told, is to see something of the world. In China they were told they were going to earn much more than they are actually making. Of the four workers interviewed, three are married, each with one child. They say that most of the Chinese women in their factory are married and have one or sometimes two children.

Wages and benefits:
The basic salary for the Chinese workers is US $105 per month. They are not paid overtime rates but they are paid per piece; after reaching the production target the workers are paid per each additional piece.

Working hours:
Workers report that they work from 7:30 a.m. until 7:15 p.m. In 2001 they had very little overtime work, while in 2000 there was much more. When working overtime in 2001 they say they worked until 9 p.m., while in 2000 they sometimes worked until midnight. Generally, the workers say, they work overtime on Saturdays from 7:30 a.m. until 12 p.m. and sometimes on Sundays for half a day, but not very often in 2001.

Health and safety:
Workers report that no protective masks are provided.

Customer monitoring:
Workers say they have seen customers talking to management in the office but these visitors do not inspect the factory.

CHAPTER IX
FACTORY PROFiLES MADAGASCAR

FACTORY A

INFORMATION COMPILED FROM INTERVIEW WITH MANAGEMENT

Ownership:
Hong Kong

Production:
Approximately 200,000 pieces per month

Exports:
20% of the production goes to Europe (mainly the UK and Germany) and 80% to the US

Buyers:
Large orders done directly for buyers (ex. Old Navy brand for the US retailer Gap), but also through agents for retailers

Raw materials:
Yarn is imported from Hong Kong and China through the factory's Hong Kong office.

Work force:
4,800 workers in three factories, 60% are women

Unions:
Management reports that there are no strikes in the factory; any problems that exist are largely communication problems; and that there is a trade union in the factory that meets with the director occasionally.

Customer monitoring:
Management reports that customers from both the US and Europe visit the factory to check social conditions ("everything," including working hours and benefits). Management's quality control practices are also checked.

FACTORY OBSERVATIONS

Labels:
When a researcher visited one of the three facilities, production was underway on blue sweaters (with yellow stripes) for the Gap (Old Navy brand). The sweaters are sold to the public for US $19.50. The researcher observed workers being searched by security officers when they left the factory. At the entrance to the facility the code of conduct (in English and Malagasy) of US retailer The Limited is posted. Inside, the researcher found two large spaces cramped full with hand knitting and linking machines and control tables. Very few workers were wearing protective masks although the factory is very dusty. The two washing departments, generally in the same space as the other departments, produce a very strong chemical smell. No one has protection here as well -- no gloves, no masks, no boots. There are barrels full of chemicals that are not covered. There is a lot of rubbish on the floor, as well as boxes and piles of garments; as a result, there is not much space to walk. There are ventilators on the ceiling. One of the emergency exits is open. There are no windows. Everyone seems to be working very hard and the atmosphere is tense.

INFORMATION COMPILED FROM INTERVIEWS WITH WORKERS

Wages and benefits:
Workers report that they do not know how their salary is calculated. For example, they do not know how their overtime pay is calculated. Workers say that they

FACTORY A

receive one wage slip that indicates one part of their salary and another piece of paper with an amount of money that is referred to as a bonus. Both amounts are paid. The workers who are working on the machines get paid per piece. One worker, who works on the hand knitting machines, estimates she will complete approximately 10 pieces in three days. This worker will earn between 40,000 FMG (US $6.37) and 50,000 FMG (US $7.97) for the 10 pieces. When workers do not meet their production targets they will not even earn the basic salary for their category. Production targets, set by management, vary from job to job and some targets are very difficult to reach. Sometimes workers are not informed beforehand what the targets are and therefore do not know how many pieces they need to knit to be able to earn the basic wage. Workers staged a short strike at the factory in order to get more clarity on this issue. Management declared the strike to be illegal. Their position was that when a difficult order comes in it is not possible to give workers piece rate information. The factory provides no food for workers and does not give them extra money for food. They do provide transport. Annual leave is 30 days per year of which only 15 days are given, for all workers at the same time. Working hours: Normal working hours are from 7:30 a.m. until 4:30 p.m. Workers get a one-hour break for lunch. Usually that break is cut to half an hour since people are ushered back into the factory again as soon as they have eaten their food. Overtime is compulsory each day between 4:30 p.m. and 6 p.m. In addition to that, both men and women regularly work from 6 p.m. and 9:30 p.m., although night work for women is prohibited under Madagascar's labor law. When working in the evenings the workers get 1,500 FMG (US $0,23) cash extra. The transport arranged by the factory for workers leaving the factory at night is inadequate. Sometimes there is not enough space in the bus and the workers have to sit on the roof. One worker in the stitching department, who inspects pieces, reports that sometimes she has to work until the morning the following day. Workers are not allowed to leave the factory until the work is finished. On Saturday workers usually put in seven hours of compulsory overtime. On Sunday workers can put in six hours of overtime, though this is not compulsory. For work on Sunday workers are given a cash payment of 4,000 FMG (US $0,62). Workers report that it is never announced in advance when they will have to work late or until what time. When they do not work overtime, workers are given a warning. When workers arrive at work more than half an hour late, they are not allowed to enter the factory anymore that day and their wages for that day is subtracted from their salaries.

Union-management relationship:
Workers report that it is difficult to get permission to see factory management. They say that they cannot file any complaints with management because they fear they will be fired. The personnel manager has appointed delegates to represent the workers, which is unconstitutional because the trade unions in the factory should first be given the opportunity to propose worker delegates.

Discrimination:
Workers report that sexual harassment is a problem in the factory. Factory managers and supervisors pressure young women workers to see them outside of working hours.

Production targets:
If workers fail to meet production targets several times they are fired. Workers say it is unclear how many times they are allowed to miss targets.

Health and safety:
Workers mention problems with the dust level in the factory, and that management does not provide protective masks. No protective gloves are provided for the cutters.
The factory has an arrangement with a nearby medical facility, which provides care for workers. Workers and management both pay a premium for these services. Ten people can go to the medical facility in the morning and another 10 people in the afternoon. Beyond those 20 people no workers are allowed to leave the factory to obtain medical care.
Workers report that if they work overnight and become sick they are not allowed to leave the factory, if they do they will be fired. The emergency exit is open during the day but locked at night.
Workers have to get a badge from the supervisors to go to the toilets. There is one badge for 80-100 workers.
Workers report that the time during which they can eat changes each day, but is generally between 11:30 a.m. and 1 p.m. They say that the quality of the food on sale in the canteen is not very good. The canteen, situated next to the toilets, is very unhygienic. Workers say that if a visitor comes to the factory, the workers have to delay having their meal because management does not want the visitors to see where they eat.

Customer monitoring:
When clients come to the factory workers say they are instructed to clean the factory and wear clean clothes. The clients do not appear to check the factory and

FACTORY A

never talk to the workers. The visitors only speak to the personnel manager and other members of the management team. Workers report that there are documents from different customers posted in the factory (Gap and Eddie Bauer, both in French and Malagasy) "But it only gives directions on how to work, how to make the different articles."

Wanings:
Warnings are given to workers who do not work overtime, for talking to a shop steward, and for being absent without a medical explication. The penalties are sometimes given arbitrarily, for unclear reasons. Workers are fired after receiving five warnings. Workers are fired for arbitrary reasons as well, and not receiving any payment upon dismissal, not even any salary that is owed to them.

Additional:
Workers explain that they are searched when leaving the factory and that this process can take a long time (if everyone leaves at the same time). For example, workers report that on one occasion they were leaving work at 9:30 p.m. and by 10 p.m. many workers were still waiting to leave. Some started pushing to try to get out of the factory. One supervisor began hitting a worker. Workers also report that supervisors regularly yell at workers.
When someone is wearing a pullover or a T-shirt they have to register these with the security to make sure it is not stolen. Security staff earns 50,000 FMG (US $7.97) for every thief they apprehend.

FACTORY B

INFORMATION COMPILED FROM INTERVIEW WITH MANAGEMENT

Ownership:
Hong Kong (since 2001, formerly Malagasy owned)

Production:
Jeans

Capacity:
Approximately 200,000 jeans per month

Exports:
100% for export, 30% of which goes to Europe, 70% to the US

Buyers:
For the US, they produce for Wal-Mart, K-Mart, and Target through buying offices from Hong Kong. For Europe, they produce for French-based retailers; including Carrefour and Auchan.

Fabric:
Imported from Asia (China and India)

Prices:
The great profitability in producing for the US lies in the volume. The factory gets US $5.5 - 6 for a pair of jeans.

Work force:
1,200 (550 work at machines, the rest are helpers, finishers, cutters, and quality controllers)

Unions:
There are two unions in the factory. Management says they talk with the shop stewards regularly if there are problems. Customer monitoring: US buyers visit the factory to monitor production, both in relation to quality and social standards. They check the emergency exits, toilets, canteen, pay slips, overtime, and whether the medical care is arranged. They also talk with the workers; some even choose those they will speak to from the factory themselves. All the buyers do this; the management specifically mentions K-Mart and Wal-Mart. One of the buyers returned a second time to check the factory, because security did not meet their standards. Sometimes buyers make appointments for these visits, sometimes they come unannounced.

FACTORY OBSERVATIONS

Label:
No boundaries

Most of the work is done in one large room. Though the room is large, there is not much space, because it is very crowded. Lighting seems to be insufficient. There are windows, but very high up on the walls providing little light in the workplace. The doors of the emergency exists are not locked. There appears to be no ventilation system. There is a lot of dust in the factory. Workers sit on low stools, or, at the quality control or folding tables, they stand the entire day. The atmosphere seems relaxed. In the cutting room, most of the workers use protective masks. The fire extinguishers in the factory have been checked recently.

INFORMATION COMPILED FROM INTERVIEWS WITH WORKERS

Wages and benefits:
Workers receive a bonus if they meet the production target. The target depends on the kind of work. The bonus ranges from 4,000 to 5,000 FMG (US $0.64 - $0.80) per day. It never goes much higher, workers say, because managers always increase the target. Salaries are often paid late, sometimes up to eight days later then they should be. Transportation is provided for workers coming to work, but not to take them home. There is no canteen in this facility.

Working hours:
Workers report that they have to work a lot of overtime, an estimated 16 hours per week over the normal 40 hours work week. Two days per week workers say they have to work until 8 p.m. On Saturdays they work from 7:30 a.m. until 4 p.m., with a half-hour break between 12 and 12:30 p.m. Most of the workers do not work on Sunday, but some do. In total, workers put in anywhere from 80 to 100 extra hours per month. Finishers work especially long hours. All overtime is compulsory.

Union-management relationship:
Workers say that management is not very open to discussing things with the shop stewards and only gives them attention when they themselves want something from the workers.

Health and safety:
The emergency exits are left unlocked. There is a siren to be used in case of fire or any emergency. There are protective masks but the workers say that they do not like to use them because they cannot breath through them. Protective gloves are provided for the cutters.

Customer monitoring:
Customers come to the factory to monitor the quality of the work, according to workers, and to look at such things as the toilets. They do not talk to the workers. They provide a document “which gives rules for working not for working conditions,” one worker reported.

FACTORY C

INFORMATION COMPILED FROM INTERVIEW WITH MANAGEMENT

Ownership:
Malagasy (family owned)

Production:
Shirts for babies, children, and adults

Capacity:
3,000 pieces per day

Exports:
100% for export: 60% to the US, 40% to Europe

Buyers:
For the US they produce for Gap (Old Navy brand), Target, and Kohl’s; for France for Decathlon.
Raw materials:
For export to Europe they use fabrics from Madagascar and Mauritius. For export to the US fabrics from Asia are used.

Prices:
The prices paid by the European customers are much higher than the prices paid by the US customers. But the advantage of producing for the US is that they place large orders. For example for a short-sleeved shirt the European customer will pay US $2.15, while the US customer only pays US$1.25. However, the European customer orders only 5,000 pieces, while the US customer orders more than 100,000. Management says that they find the European customers to be less demanding on the factory than the US customers.
They understand if there are difficulties, with the fabrics for example, or when an order is delayed getting through customs. If an order for the US is going to be late, it has to be sent by plane, and the factory has to cover the costs. US customers never forget mistakes, according to management. The orders for the European customers have a margin of 5%: the factory is allowed to deliver either 5% more or 5% less shirts. If there are mistakes with the fabrics or if there is a surplus of fabric this will therefore not cause any problems. The US customers want their order filled precisely.

Work force:
522 workers (200 sewers)

Union:
There is a trade union in the factory. According to management, there are no problems with the trade union. Union representatives come to voice their concerns when problems arise and solutions are always found.

Customer monitoring:
The Gap has an office in Madagascar. They send someone to do quality control before the order is placed, in line - while production is going on- and just before the order is shipped. The Gap also evaluated the factory on working conditions before production started. There were some minor adjustments to be made. Since then the Gap has been doing inspections as well but have not suggested any changes. Gap representatives look at the factory, at the emergency exits, fire extinguishers, and also talk with the workers. These inspections last a maximum of one hour. Target and Kohl’s also do social audits, management reports, but none of the European customers.

FACTORY OBSERVATIONS

Labels:
When the researcher visited, production was underway on Decathlon shirts. There is a large window in the management offices (located upstairs) through which the work floor can be seen. Windows in the factory are high up and not glass but yellow plastic and therefore natural light is limited. There are continuous lines of strip lights and the lighting seems all right. There are 10 production lines in the whole factory, in one room. The room is packed. There is no room to walk, the tables with sewing machines are very close to each other and most of the corridors in between are blocked. The room is very dusty. There are fire extinguishers throughout the factory. The emergency exits are unlocked. Overall, the atmosphere seems relaxed. There is no canteen in the factory. Outside a few women wash the clothes, standing in bare feet at a cold-water tap.

INFORMATION COMPILED FROM INTERVIEWS WITH WORKERS

Labels:
Gap, Supreme

Wages and benefits:
The basic salary at this factory is 182,000 FMG (US $28.99). The factory works with a target system, but according to the workers the targets are not fixed. First the production target for sleeves was set at 35 sleeves per day, they said, then it was increased to 40, 45, and then 50. Workers are never able to earn a bonus because as soon as they can

FACTORY C

make the target it is adjusted upwards. Workers report that one time they were promised 35,000 FMG (US $5.58) each for finishing an order for the Gap. After finishing the order the director told them that too much had been spent on overtime costs in relation to the order and therefore the workers had already been paid their bonus, via this overtime pay. When workers are one hour late or go to get medical care they loose their monthly attendance bonus of 12,000 FMG (US $1.91).

Working hours:
Workers say that permission for a factory to have workers work overtime has to be requested from the labor inspectors, but management has not done this. According to the law, women cannot work in the evenings or at night. At this facility though women often have to work from 7 a.m. until 10 p.m. They work on Saturdays from 7 a.m. until 6 p.m. and on Sunday from 7 a.m. until 12 p.m. When there are a lot of orders, for periods of two or three months at a time, the workers work every evening. Overtime work is compulsory, say workers. If they refuse they are given a written warning which they have to sign. Those working in the finishing and packing sections have to work quite a lot of overtime. The factory provides transportation for those working late. However, there is only one minibus that seats 18 to 20 people so most workers have to wait for the transportation or walk home. Because of the distance and the lack of available transport, workers who finish at 10 p.m. are sometimes not home before 2 a.m.

Union-management relationship:
There are 10 union delegates in the factory. For three years management has not held an election to select union delegates. As a result only four delegates remain from the original 10, because the other six no longer work there. The union in the factory has repeatedly requested that a new election be held but management is delaying. Communication between the union and management has not been good. The personnel manager, who the union deals with delays responses to any requests. Because the personnel manager has been changed twice in the last year there are more delays in resolving issues.

Health and safety:
There is only one exit in the factory, which consists of two successive doors, but these are often blocked by piles of garments and boxes. There is not a single real window in the factory that allows light into the workplace. The lockers where workers store their food are located right next to the rubbish, as a result the rats which are running freely get into their food. Workers say they are not allowed to go to the medical care unit in the morning. The factory was painted recently. Because there are no windows in the factory and almost no ventilation the workers complained that they could not work while the room was being painted. They were told they could leave and not be paid or stay and work. Workers complain that the factory is very hot.

Customer monitoring:
Clients send inspectors to the factory. The last time the Gap came to the factory there were some problems, say workers. There were problems with the ventilation, the smell in the factory, with forced targets, and with a bonus that the Gap has given for the workers but which workers never received. The factory has been working for the Gap for a couple of years, but since the last visit no new orders have been placed. Other clients visit the factory. None of them speak to the workers. Workers report that there are regulations from customers hanging on the factory wall “which state the way of working, the target should not be too high, no child labor, minimum wage, etc.”

Warnings:
As mentioned above, when workers make mistakes they have to sign a warning slip. If they refuse to sign the warning they are fired. Workers said they could be fired after receiving a number of warnings but did not know how many. They said it seemed to be quite arbitrary.

FACTORY D

INFORMATION COMPILED FROM INTERVIEW WITH MANAGEMENT

Ownership:
Italian (since 1998, factory was opened in 1996)

Production:
Knitted sweaters

Exports:
Almost 100% to Europe

Buyers:
Upscale European, including Christian Dior and Bon Point (for France), Armani (Italy), Pierre Cardin (UK), and El Cortes Ingles (Spain)

Raw materials:
Yarn is imported from Italy and Scotland

Work force:
876

Union:
There is a union in the factory. They always have the same demands, says the owner of the factory, “like everywhere in the world, work less and be paid more.”

Customer monitoring:
The customers send their stylists about every six months. They do not do quality control, according to the owner because “I assure good quality.”

FACTORY OBSERVATIONS

Labels:
(At the time of the visit) Martha, Chattawak, Jacadi, Cyrilly, and Decathlon

A window in the management office looks out over the work floor, which is very, very crowded. The only place to walk is alongside the walls. There are piles and boxes everywhere, and the machines are positioned very close together. Workers stand at the hand-knitting machines. At the linking and looping machines the workers sit on low benches. No one is wearing any protective gear. The lighting seems very inadequate; with only strip lights hanging loosely throughout the space. The ceiling is low and the windows are closed and high up. The emergency exits are unlocked.

INFORMATION COMPILED FROM INTERVIEWS WITH WORKERS

Labels:
Jacadi, Cyrillus, Decathlon, Tartini, Chocolat, Martha, Bravo

Wages and benefits:
Workers say that the wages are low, as they are throughout the EPZ. They “feel exploited.” The category (on which their salary is based) they worked in used to be higher. However, when the basic salary went up, their category was downgraded. They had a meeting with the labor inspector about this but no change was made. Salaries are paid on the last day of the month, when the work day is finished. Sometimes, workers say, they have to wait for two or three hours to be paid.

Working hours:
For those working on a piece rate basis there is no paid overtime. They have to meet their production target each day and are not allowed to leave until they do so. The extra hours they work to reach those targets are unpaid. Workers complain that the target is set too high. Often they work from 7 a.m. until 6 p.m. or even until 9 p.m. The doors of the factory are already open at 6 a.m. and workers can start earlier if they want to. They always work at Saturdays and sometimes on Sundays, from 7 a.m. until 4:30 p.m. Some of the workers said they are able to make much more than the basic wage when they work long hours. There are old and new machines in the factory and workers report that the machine they work on makes an enormous difference in the number of pieces they can be completed per day. However, this is not considered when production targets are set. Those who are not working on a piece rate basis are paid for overtime work. When workers cannot reach the targets they are sanctioned. There are numerous warnings given every week, say workers, and each warning costs them 25% of the end of year bonus (a “13th month”). If workers receive four warnings, they receive no bonus. Workers report that if they request time off they have to give a reason and wait for approval from management. If there is no work they are forced to take their holiday at that time.

Union-management relationship:
Workers says that the owner does not want a union in the factory. There was a strike in the factory, which the owner blamed on the president of the union who was transferred to another factory. The workers have spoken to management about the production targets but so far the only response they have had is that they do not have to stay – those that do not like the target can leave. The union representatives have also asked management if the factory has authorization to work at night but have not yet received a response.

FACTORY D

Working conditions:
As mentioned above, the women sometimes have to work until 9 p.m. Transportation is arranged by the company but only to certain points. One woman worker reported that she is afraid to walk to her house. She was told by the supervisors that she could sleep in the factory.

Health and safety:
There is a canteen. While the workers do not have to pay for the food, they say that the quality is very poor. No protective masks are provided. When there is a lot of work in the factory they are not allowed to go to the doctor. At the end of they day when they leave the building, they must leave section by section and are searched on their way out.

Customer monitoring:
The clients that visit the factory only talk with the management not with the workers. Workers say that when customers visit they do not look around the factory.

FACTORY E

INFORMATION COMPILED FROM INTERVIEW WITH MANAGEMENT

Ownership:
French

Production:
10,000 pajamas per day.

Export:
100% to Europe, of which 80% goes to France and the rest to the UK, Belgium, and the Netherlands.

Buyers:
Carrefour, Auchan, Bon aux Prix, Monoprix (France); Bon Blue (UK); GB (Belgium); and Hunkemöller (the Netherlands).

Fabrics:
80% from Madagascar, the rest from Portugal and Spain

Prices:
Hypermarkets pay less than other customers. Because the currency in Madagascar is linked to the euro, and the euro has been weak this has cost the factory money.

Work force:
820 workers (500 machines)

Union:
There are two unions in the factory; management says there are no problems with the unions

Customer monitoring:
Most customers ask about child labor and the law. Monoprix does audits in the factory. Veritas and SGS do quality control for customers in the factory, and for some they also do social audits. Technicians to carry out the audits come from Mauritius and France.

FACTORY OBSERVATIONS

Labels:
At the time of the visit, production was underway on purple pajamas for Etam.

The factory has two buildings. In the older building there are boxes in the corridor, which makes it difficult to walk through. The factory's sewing section is upstairs and is made up of seven production lines. There are windows. Lighting is inadequate. The factory is very hot. The workers sit on small non-adjustable chairs. In the second building, the women working stand the entire day or sit on low stools. There is an emergency exit that is not locked. The space is filled with boxes and rubbish is lying around. In the sewing section and ironing room in this building it is also very hot. The lighting is better in the newer building.

INFORMATION COMPILED FROM INTERVIEWS WITH WORKERS

Wages and benefits:
The workers interviewed earn between 195,000 FMG (US $31.06) (in the finishing department) and 207,000 FMG (US $32.98) (in the cutting department or as machine operators). All of the workers interviewed have been working in the factory for over 10 years. The machine operators are paid on a piece rate. If they do not complete enough pieces in month A to earn a basic salary they will still be paid the basic salary for that month. However, this money has to be paid back as soon as they earn more than the basic salary in the subsequent months. In reality, workers say, it is only a few months per year that they earn more money than the basic salary. They report that half the cost of transportation is paid for by the factory.

Working hours:
Workers say that there is not much overtime work. They do not work during the weekend.

Management:
The relationship with management is good, according to the workers. Workers are only dismissed when they are caught stealing from the factory.

Health and safety:
No protective masks are provided for the workers in general, except for the cutters. Cutters however do not use the masks because they say they cannot breathe when wearing them. "We do not get any air," they say. The factory is very warm. In the first building there is no ventilation, in the second there is. There is no canteen in the factory. The workers have asked for an extra break around 10 o'clock, to be able to eat. So far they have not gotten this. They get a piece of bread from the factory before they start working, and nothing more during the entire day.

Customer monitoring:
Workers say they do not see customers on the work floor. Customers only visit the manager's office and they do not talk to the workers.

FACTORY F

no interview with management or visit to this facility took place)

INFORMATION COMPILED FROM INTERVIEWS WITH WORKERS

Production:
T-shirts

Buyers:
Gap and others

Work force:
Approximately 920 workers

Wages and benefits:
The basic wage is 180,000 FMG (US $28.68) per month. A worker in the higher OS2 category is paid a basic wage of 197,000 FMG (US $31.38), while workers in the OS3 category earn 221,000 FMG (US $35.21). Workers report that wages do not meet legal standards and are not paid on time. When the basic salary was increased the new wage rate was not paid for four months. The workers say that at this facility the pay rate for overtime work also does not meet legal standards. All overtime work is paid at a rate of 130% only. Though this rate is legal for the first eight hours of overtime, after eight hours the rate should be 150% and any hours worked on national holidays should be paid at a rate of 200%. The workers say they have to reach production targets, which are set based on the type of T-shirt they are working on. If they do not reach the target they have to work extra hours. These hours are paid, but until they reach the target they are not paid at the overtime rate for these hours. One category OS3 worker reports that he will earn approximately 270,000 FMG (US $43.01) per month. This includes 70 hours of overtime per month. He has two children, both go to school, which costs him 28,000 FMG (US $4.46) per month. Workers report that no bonuses are paid, and no transport is provided by the company. There is a canteen in the factory, where workers can eat for the equivalent of 1,200 FMG (US $0.19) per day.

Working hours:
Workers report that they have to work until very late in the evenings. They start work at 7 a.m. and work their normal hours until 3 p.m. Then they have to work extra hours until 6 p.m. and most days they work on until 9 p.m. (men and women). These hours are compulsory. Then they work on Saturdays from 7 a.m. until 12 p.m., and then overtime from 1 p.m. until 3 p.m.

Union-management relationship:
The right to organize is not respected in the factory, according to the workers. They say that they can raise issues with the personnel manager but there are no channels to follow up on them. There are two unions in the factory, one of which has been formed by the minister of labor.

Health and safety:
The only water available to workers to drink is in the toilets, but this is not potable. They do not wear protective gear, not even protective masks, although dust is a large problem. Cutters do not wear gloves. There is one toilet in the factory for women, one for men, and one for management. The two emergency exits are unlocked but the workers believe that in case of an emergency the two exits will not be enough for 920 people to leave the factory safely. When workers become ill they can go to the medical facility near the factory, but only five people per day are allowed to go. Workers report that management sometimes hits the workers. When workers present a medical note to give a reason for absence from work, the management ignores or destroys it.

Customer monitoring:
When customers visit the factory they only look at the quality of the garments, according to the workers interviewed. They are not interested in working conditions.

FACTORY G

(no interview with management or visit to this facility took place)

INFORMATION COMPILED FROM INTERVIEWS WITH WORKERS

Work force:
Approximately 900 workers

Production:
T-shirts and polo shirts for the Gap and others

Wages and benefits:
The basic salary for a worker (category OS2) is 208,000 FMG (US $33.14). One worker reports that she earns 250,000 FMG (US $39.83) and with overtime 300,000 FMG (US 47.79) If she works every day of the month, until late each night, she can earn 422,000 (US $67.22). In the contract with the Gap it states that the workers will get a 20,000 FMG (US $3.19) bonus after finishing an order. Workers report that those who earn more than 200,000 FMG (US $31.86) basic salary will not receive this bonus because they make 20,000 FMG more than the minimum wage and only those who earn less than 200,000 FMG will benefit. The factory works with targets, sometimes, the workers say, they can reach the production targets, sometimes not. One of the workers reports that she has to make 462 collars in one day to reach the target. When workers are five minutes late one hour's worth of their pay is deducted.

Working hours:
Working hours depend on the orders, but usually run from 6.30 a.m. until 6.30 p.m., but sometimes go as late as 10 p.m. There is no possibility to refuse overtime, workers say, because if they refuse they are given a warning, and three warnings will lead to dismissal. Workers also work on Saturdays, from 7.30 a.m. until 11.30 a.m. or later until 6 p.m., depending on the orders. They regularly work on Sundays as well. The hours they work on Saturdays and Sundays are paid cash, the same day. At the time of the interviews, the workers had been working the last three months on orders for the Gap and have been working every Saturday and Sunday.

Union-management relationship:
Workers say that there are problems organizing a union in this factory. The managing director refuses to talk to the workers.

Customer monitoring:
The workers do not know if clients inspect the factory, they say they have not seen any such inspections taking place nor heard about it. They have never seen a code of conduct.

Health and safety:
The factory is on the upper story of a building and there is only one way down. There is a lot of dust in the factory; there are ventilators on the walls but mainly they blow dust throughout the entire factory.

CHAPTER X
FACTORY PROFiLES LESOTHO

FACTORY A

(no interview with management or visit to this facility took place)

Interviews conducted July 2002

INFORMATION COMPILED FROM INTERVIEWS WITH WORKERS

Ownership:
Taiwanese (same company owns two other factories in Lesotho)

Production:
The factory produces T-shirts, pullover shirts, and tracksuits.

Buyers:
Zellers, K-Mart, and Wal-Mart
Labels: Farah (T-shirts), Just My Size, Dress Barn

Work force:
800-900 workers

Wages and benefits:
The workers interviewed were paid at three different wage levels. The training wage in June 2002 was US $56.55 per month. One of the workers interviewed had been working as a trainee for almost twice as long as the training period of six months. Another shop steward reported earning US $58.56, which is the wage for trained workers. One worker interviewed was a supervisor and her wage was US $65.63. There is a bonus paid in December. It is US $5.25 for the worker in the hand-tagging department; US $12.12 for the machinists; US $12.62 for the supervisors; and US $5.35 for quality control. The time cards are often processed irregularly. If a worker arrives at 7:05 a.m. her clock card will read “7:30,” if she arrives later, by 7:15 a.m., her card will read “8:00.” If she arrives after 7:20 a.m., she will be dismissed for the day. If the electricity goes out or a machine malfunctions, a worker will not be paid for the time she is kept away from production. If the entire factory malfunctions and a worker is sent home, she will not be paid for the day. The workers have to fulfill targets. There is no bonus for reaching targets. If a worker does not make the hourly target, she must sign a warning slip.

Working hours:
There are two shifts, the day shift from 7 a.m. to 5 p.m. and on weekends from 8 a.m. to 5 p.m. Overtime lasts until 6 p.m. The night shift is from 7 p.m. to 6 a.m.; Saturday nights from 7 p.m. to 5 a.m. Some workers have to do compulsory overtime on Sunday morning, during periods of high orders. Overtime is paid. The lunch break is officially from 12 p.m. to 1 p.m., although in reality many workers do not leave the factory until 12:20 or 12:30 after passing through individual searches. The workers eat lunch outside the factory, either inside or outside the gates. There is no canteen facility.

Union:
The managemnet says they “want to work with the union,” according to one shop steward. But it has set up a “disciplinary committee” inside the factory, which usurps the duties of shop stewards. The company denies the union officials access to the factory for recruitment or meetings.

Health and safety:
There are “many problems with the toilets,” according to the workers. There is one toilet pass for every 54 people. The factory had 12 toilets, of which seven are now closed, leaving five toilets for 800-

FACTORY A

900 workers. Supervisors hit workers to make them work faster or when workers talk to each other. Workers are assaulted with an assortment of objects: shoes, scissors, and fabric punchers. If a worker strikes back she is automatically dismissed. Workers must leave their bags and personal parcels outside. Bags and personal items are often stolen because there is no security. Pregnant women must stand at their machines and work in the cold. Maternity leave is unpaid.

Additional:
Workers are searched before lunch and before using the toilets.

FACTORY B

Interviews conducted January 2001

INFORMATION COMPILED FROM INTERVIEW WITH MANAGEMENT

Ownership:
Taiwanese holding company with several factories in Lesotho

Production:
Knitted garments: T-shirts, pants (CMT)

Capacity:
The total production capacity of the four factories owned by this company in Lesotho is about 3,000 dozen per day.

Export:
100% for export, to the US and the UK

Buyers:
Gap, K-Mart

Prices:
The competition is described as "harsh." Management says they cannot compete with Asian countries like Bangladesh, where the prices, the input costs and labor costs are lower. The margin is too small on CMT production to make a "reasonable" profit and they "can't compete in the international market."

Work force:
3000 workers, 95% are women

Customer monitoring:
The buyers check the production on line and after production, before shipping. Their clients have serious codes of conduct, especially on child labor where the buyers are very strict. Therefore, the company requires that every worker should have an ID to verify their age. Every day people wait in front of the factories in order to get a job. Gap and K-Mart ask about labor standards when they visit. Gap monitors want to see the factory, to see if they are operating according to international labor regulations. They check the toilets and talk to the workers (workers they select themselves). The buyers sometimes come unannounced. They check the wage records, the clock cards etc.

FACTORY OBSERVATIONS

The factory is very crowded and untidy (clothes piled all over). There is insufficient space for walking between the sewing machines. There are fire extinguishers. There is no canteen. At lunchtime people bring their food outside the factory and eat sitting on the ground. There are no chairs, tables, or overhead shelter to protect them from the weather. There is no temperature regulation and it is very hot in the factory. It is very dusty but only a few workers are wearing protective masks. A fence surrounds the factory and the entrance is opened and closed by guards.

INFORMATION COMPILED FROM INTERVIEWS WITH WORKERS

Labels:
Old Navy (Gap) and Starter (T-shirts and track suits) and Caroline Bay

Wages and benefits:
One of the workers, 30 years old, reports that she earns US $67.94 per month as her basic wage. She makes between US $112 and US $133 a month depending on the amount of overtime. Together with her husband (who earns US $152 per month) she takes care of a family of six. It troubles her that she can only spend a little time with her four children. She would need at least US $114 as a basic salary to make ends meet. There were problems that the factory was not paying salaries on time. "[The factory] owes us money. Our 12-day leave pay and some overtime money. They promised we would get it the first of January. They broke that promise, than promised we would have it by the 15th of January. Still we got nothing. Now we are fed up." Some workers even worked through their holidays and did not get paid for that either.

Working hours:
Workers say that they have been required to work through their lunch breaks if they fail to meet their production targets. The workers report that a lot of the workers cannot make the target within normal working hours. They have to work nearly all the time, workers say, and can only take two days off each entire month. The previous six months they had to work substantial overtime. On weekdays, they would start at 7 a.m. and finish at 10 p.m. They would also have to work the whole weekend usually from 7 a.m. until 5 p.m. - 7 p.m. "And the management made it clear we had no choice about the extra hours: they were very compulsory." The workers complained that management would bluntly say, "we could choose to either work these hours at [the factory] or not work at all."

Health and safety:
The workers report that one of the factories has three fire exits, which are open but the three fire exits at the second factory are locked. There is no safety equipment worn according to the workers interviewed and many women faint from the heat. This is apparently especially the case in the ironing department where workers are required to stand throughout the day in very hot conditions. Most of the toilets have no running water and are very dirty. There is enough drinking water. They have to ask permission to go to the toilets.
When workers are off sick, they do not get paid. If they fall ill at work, they have to remain at the factory until 6:30 p.m. If workers fall ill at home, they need to take a doctor's letter to the management that morning and only then if the management agrees that the illness is legitimate can the worker go home. "The [factory's] management is oppressive," says one of the workers. "They pinch our ears, kick and slap whenever they like."

Union:
The union has a memorandum of understanding with the management. After telling the company that an international campaign would be launched, the company agreed in 2002 to allow for stop orders for the union.

Customer monitoring:
Workers report that when buyers come into the factory, they only check the work not the working conditions. They never speak to the workers.

Additional:
Workers are dismissed without justification, workers report. If they do not want to work overtime in the weekend or if they do not work fast enough, they can be fired – anything could be grounds for dismissal.

FACTORY C

(no interview with management or visit to this facility took place)

Interviews conducted January 2001 and July 2002

INFORMATION COMPILED FROM INTERVIEWS WITH WORKERS

Ownership:
Taiwanese

Production:
Tracksuits, T-shirts, and trousers

Buyers:
JC Penney, Family Dollar, Mr. Price.

Labels:
RT Jeans Co. and Oak Ridge Chinos (trousers)

Work force:
Approximately 200 workers

Wages and benefits:
One worker reports that in January 2001 that she has been working for the factory for the last five months. She is 25 years old and earns US $18 a week trimming garments. If you add her overtime earnings to her normal wage she makes around US $27.55 a week. Eight people live of her salary (her parents and five children). She is the sole provider of her family. Of all her children only two attend school. The family lives in one room that is divided by a curtain. What she makes is not enough for her family to live on.

FACTORY C

Another worker reports that she supports her two children (seven and two years), her mother and three brothers. She is the sole provider for her family. What she makes is not enough to live on; she says she needs at least US $127 as a basic wage.
The factory works with daily targets for its workers. The targets are to be finished in nine hours and change every day. If the target is trimming 220 pants a day and one of the workers trims 230, than the target is automatically adjusted (always raised, never reduced). Sometimes the target is raised several times a day. Nobody reaches the target in the nine hours given and therefore working late is structurally, without getting paid for these extra hours. One woman reports that in June 2002 she earns US $63 per month, after three years of working in the ironing department.

Working hours:
The day shift begins at 7:10 a.m. and ends at 5 p.m., except on Fridays workers finish at 3:30 p.m. Workers often work until 6 p.m. and sometimes as late as 8 p.m. Overtime is compulsory. There is a weekend shift, with the same hours as weekdays.
One worker, who has been working at the factory since 1997, is in January 2001 21 years old. She reports that since the beginning of 2001, they have had to work overtime on Saturday, and are not paid for these extra hours. The management says they do not have the money to pay for this since the beginning of this year. It is compulsory to come in on Saturday. In 2000 this was only once a month.
Sometimes the workers have to come on Sundays to do repairs, unpaid.
One worker reports in July 2002 that she has been working the weekend shift non-stop for two months in a row. The workers officially have one hour to eat lunch, from 12 p.m. to 1 p.m. In practice, most workers have between 30 and 40 minutes for lunch, since before leaving the factory they must pass through searches.

Health and safety:
Though very dusty at the factory, there is no safety equipment provided. Nor do workers at the cutting machines wear safety gear. One worker reports that there is no medical service at the factory. If injured or sick workers can buy a band-aid or aspirin at the factory.
Accidents with machines and scissors happen a lot. And a lot of the workers have problems with their chests, with breathing. There is no heating or air-conditioning at the factory. Therefore it is really hot during summertime and cold during wintertime. Sometimes women faint because of the heat.
The factory has a 42-day, unpaid, maternity leave, and workers are getting their jobs back when they return. Pregnant women have the same targets and have to follow the same rules as non-pregnant workers.
The toilets are dirty and have no running water. Workers are allowed to go to the toilet between 8:30 a.m. and 9:30 a.m.; 11 a.m. and 11:50 a.m.; 2 p.m. and 3 p.m.; and between 4 p.m. and 4:50 p.m. And you need to be in possession of a toilet pass. Every line of workers has one toilet pass. There are 45 people per line.
The supervisors assault workers by hitting them on the back and shoulders; it is extra hard for people who joined unions.

Union:
The factory dismissed shop stewards in 2002. The union achieved majority membership and submitted membership forms to the company who "lost" them. The company did not want to sign the recognition agreement for a long time. In August 2002 the union finally succeeded in signing a memorandum of understanding with management.

Customer monitoring:
When buyers come to the factory the workers have to clean the factory and they are told not to look at the buyers. They never talk to the workers or look at the working environment; they are only interested in the merchandise. The workers never have seen codes of conduct or posters with workers rights on it in the factory. Buyers never ask any questions to the workers during their visits. The workers report that the manager asked them to bring their passports to check their ages. It seems that in the past there were children working in the factory.

Additional:
When leaving the factory (at breaks and at the end of the day), all workers are searched. Women are searched by women and men by men. Some workers are forced to take off their clothes. Menstruating women are forced to remove their pads to show they are not stealing anything.
There is no transport out of the industrial area when you work till late (10 p.m., 11 p.m., or later). This has resulted in several women getting raped when walking home from work. The workers asked the management to provide for transport for the workers that work late. Management refused, arguing that it is the workers own responsibility. Workers say that it is much too expensive to call a cab for individual workers.

FACTORY D

(Interviews conducted January 2001 and April 2002)

INFORMATION COMPILED FROM INTERVIEW WITH MANAGEMENT

Ownership:
Hong Kong

Production:
Jeans (CMT)

Capacity:
Approximately 2,000 pairs per day

Export:
100% to the South African market

Buyers:
Woolworth, Edgars, Foshini, True Worth, Mr. Price

Fabric:
Purchased in South Africa and Macau

Work force:
There are about 160-170 workers at the factory. The average age is 24. About 90% of the workers have only been working at the factory for a short while; only 10% has been with the factory for a longer period of over seven years.

Union relationship:
The manager has no problems with the union and says that "the workers in this factory do not join the union".

FACTORY OBSERVATIONS

Labels:
The workers were working on "RT" jeans during the visit.
The factory is quite full and dark. It is very warm and there is no heat regulation. The windows are very high up and closed. In the cutting department the lights are not on and it is dark. Fire extinguishers are not visible. The atmosphere is quite relaxed; people are talking, making jokes and laughing, even when the manager is there. No one is using any protection gear. The emergency exit is unlocked.

INFORMATION COMPILED FROM INTERVIEWS WITH WORKERS

Wages:
One of the workers reports that in January 2001 he earns US $67 per month (the minimum wage in Lesotho). He makes a bit more money as he works overtime. When asked what he would need to be able to live normally, he has a baby and a wife, he reckons about US $152 would meet his basic needs. The first three month one earns a training wage of US $64. Workers in the factory that are cleaning and doing other choruses are earning much less. In April 2002 the minimum wage is US $52, the cleaners only earn US $16.

Working hours:
A normal workweek contains 45 hours of regular work (nine hours a day), and 14 hours of overtime (one hour each weekday, eight hours on Saturday, and five hours on Sunday). The overtime pay rate is 1.25 times the normal weekday pay rate. During the weekends the pay rate is two times the normal pay rate.

Health and safety:
the manager harasses women workers. When workers make mistakes the supervisor shouts at them. Management warns that too many mistakes means getting fired.

Union:
there is no union inside. Only five to ten workers joined a union. The rest did not join because they are afraid of being fired. There has never been a strike at the factory. In April 2002 a worker reports that the management tells the workers every day that they are not allowed to join a union.

FACTORY E

(no interview with management or visit to this facility took place)

Interviews conducted July 2002

INFORMATION COMPILED FROM INTERVIEWS WITH WORKERS

Ownership:
Taiwanese

Work force:
Approximately 1200 workers

Production:
Tracksuits, T-shirts, tights, dresses, jackets, and two-piece suits for women

Buyers:
Buyers include Mr. Price, Edgars, and Truworths

Labels:
Reservoir Clothing, Dress Barn, Gnarly, Cherokee, Jet, and Foshini brands

Wages and benefits:
The workers earn US $31.5 per fortnight. The starting wage is US $4.44 per week. Managers do not tell workers how much will be paid for overtime and it is irregular.

Working hours:
The morning shift begins at 7:10 a.m. There is no specific clock-out time: sometimes the shift lasts until 5 p.m., 6 p.m., or 7 p.m. There is no difference in pay if you finish at 4 p.m. or, say, 6 p.m. The hiring agreement between worker and management sets normal shift from 7:10 a.m. to 5 p.m. At the afternoon break, a supervisor tells the workers how late they will stay; workers "can't leave until the work is finished." If you finish very late (8 p.m. or 9 p.m.), in the case of very high orders, management will organize transport home. There is weekend work. Workers are informed that they must stay for Saturday at the end of the shift on Friday; for Sunday at the end of Saturday shift. The overtime is compulsory. Supervisors force workers to stay overtime even if a worker has other obligations. For the past two months every weekend has required overwork, 7:30 a.m. to 4 p.m. Managers do not inform workers how much will be paid for overtime. It was reported that before the trade union was in the factory, management did not pay any overtime. Now, they do pay some, although it is irregular. Infrequently, the factory goes into "extended time," with workers working day and night. This is common for workers in the trimming, ironing, and packing departments, where finishing happens. The lunch break is officially from 12 p.m. to 1 p.m. At noon, five to six women supervisors search the workers. By the time the search end it is 12:20 p.m. and workers must report back to work by 12:55 p.m., so the lunch break in practice is little more than one-half hour.

Management and supervision:
Supervisors often come by to shout at workers. They accuse the workers of being slow or lazy. They utter insults in Chinese and English, including "Fuck you," "You are mad," "You are too angry/too fat/too old."
Supervisors issue warnings if workers talk amongst themselves, even about work-related issues. Supervisors physically abuse workers. They routinely push and shove workers. In April 2001 a supervisor was training a women worker on a sewing machine when he beat her severely, smashing her head into the machine, drawing blood. The worker did not see a doctor, although she was advised to. Management offered her US $0.63 as "reconciliation." Supervisors are accepting bribes; this practice is widespread. In order to get a job, a potential worker must pay the supervisor anywhere from US $20 to $45 as a bribe

Union:
The management is hostile to the union. Management transferred the shop steward to a department without union members. The management does not allow the union to have meetings inside the factory gates, so they meet outside the gates.
Management has refused to implement the stop order facility, even though the union has furnished membership forms on three occasions (once in 1999, another time in 2001, and in 2002). Each time the personnel manager verified the names and promised to initiate the stop order facility, although nothing has happened yet.

Health and safety:
Workers get injured at work. There was a case of a worker in the packing department cutting herself with a tape cutter. Her supervisor refused to allow her first aid, and instead, a colleague wrapped the wound with toilet paper. There are many unprotected electric wires and workers on the machines get shocked. The floor is in bad condition – often greasy and there are holes in the ground. There is a clinic inside the factory, staffed by a nurse who splits her time between this factory and another one. There is no heater inside the factory. Often the door will be left open in winter. No protective clothing – masks, gloves, thimbles, overalls – is provided.
There are 20 toilets for 1200 workers. The toilets are only open during specific

times: between 8:30 a.m. and 9:30 a.m., 11:00 a.m. and 11:50 a.m., 2:15 p.m. and 3:00 p.m., and between 4:00 p.m. and 4:30 p.m. There is one pass for each line, which must be requested to go to the toilet.
Pregnant women have to stand at their machines and work in the cold. Maternity leave is unpaid. Women can go on leave from 6 weeks before birth until six weeks after giving birth. As a rule, management does not allow women to leave earlier than six weeks, if, for example, the woman is ill or having health problems. The company will allow up to three days paid sick leave if the worker has a form from either a specific doctor or the government hospital. The company will not accept excuses from other doctors.

Additional:
For the searches workers strip off their clothes, and are touched, frisked, or patted down by supervisors.
Two workers have been raped when they left at 6 p.m. (overtime) and were not provided transport.
There is no designated place for eating lunch. In rain or inclement weather workers must stay outside.

FACTORY F

Interviews conducted January 2001

INFORMATION COMPILED FROM INTERVIEW WITH MANAGEMENT

Ownership:
Taiwanese (owner has other factories in Lesotho)

Production:
sportswear, underwear, men swear, swimming suits, jeans (CMT).

Capacity:
All factories together produce 10,000 - 11,000 dozen pieces of garments (jeans, skirts) per month.

Export:
Sears, Wal-Mart, K-Mart, and Gap (including Old Navy)

Fabric:
The fabric is bought in the Far East (Singapore/Taiwan)

Customer monitoring:
The customers send people to the factories that check the quality of the product. According to the factory owner some practically sleep in the factory during the production of their brand. Gap will also check their code of conduct ("they look in the toilet, ask about the environment", says the owner). He meets their standards. Gap will pay such a visit to the factory twice a year. The factory does not die the jeans fabric so does not need to take strong environmental protection measures in his operations.

Work force:
There are 1,500 people working in the factories, about 95% women. The average age of the employees is 25 (with a range between 18-38).

Union:
There is no union in the factory, but the owner thinks they should be in every factory. He claimed that workers did not support trade unions because their subscription fees were too high and that they brought more trouble for their members than benefits. In place, instead, the owner has workers' committees.

FACTORY OBSERVATIONS

Labels:
Basic Editions and Sears

The factory seems spacious and allows for adequate walking space between workstations. It is tidy and clean. There appears to be a high work pressure.
There is no canteen. During lunchtime workers bring their brought food outside the factory and eat it sitting on the ground outside the factory premises. There are no chairs or tables and no shelter from the weather.
There are about four toilets each for women and men – even though 95% of the workers are women. The toilets look clean.
None of the cutters are wearing protective steel gloves. Except for two or three workers, no one is wearing a facemask. All workers, with the exception of the sewers are standing. None of the seated workers have back support and neither their chairs nor tables are adjustable.
Daylight enters the factory from windows placed high up and there seems to be adequate artificial lighting. There is no temperature regulation and it is very hot

FACTORY F

in the factory. There are no medical facilities at the factories.
The factory has two fire exits which are locked. Fences surround the factories. The entrance is locked and two guards armed with rifles stand in front of it. Also another man, armed with a pistol, is on the property.
All workers are searched before they can leave the factory to have lunch. They are required to lift their shirts up and pull their pants down during the search.
This searching is done in full view of managers.

INFORMATION COMPILED FROM INTERVIEWS WITH WORKERS

Labels:
Judis Pride, IQ, RT, and Mr. Price

Wages and benefits:
Two interviewed workers have been working at the factory for 8 months and 2 years. They both earn US $60 per month (which is below the minimum wage). The wages are not correct calculated but the workers do not know what to do about it. The salary levels are allocated at random, it seems and they rang from US $60 up until $71.
The company sets production targets. If these are not reached, the workers have to work unpaid overtime (since they are clocked out at 5 p.m.). The targets are set depending on the tasks the individual workers have. Punishments for not achieving the targets can include being clocked out earlier the next day, even though the workers have to remain at work.
One of the workers explains that she has one child and is pregnant with her second. Her husband does not have a job. In her extended family of 12 there are only two with paid jobs. The other worker has one child. Her extended family is more than 20 with only one paid job. Both feel that for covering basic needs they would need much, much more. Their salaries would be, with a lot of overtime until 10 p.m. or 11 p.m., about US $89 per month. They sometimes borrow money from friends to make ends meet.

Working hours:
Working overtime on Saturdays is compulsory and not paid at an overtime rate. Sunday work is paid at the overtime rate (double pay). On Saturdays, they work from 7 a.m. until 4 p.m., but sometimes also until 9 p.m. or even 11 p.m. On Sundays they work from 8 a.m. until 4 p.m. When working late the workers miss their transport home.

Union:
Workers are afraid to join the union. When someone joins a union meeting on a Friday, they are reported and on the following Monday they are called into the office and dismissed. The union has some members at the factory, but this is not openly.

Management and Supervision:
Sometimes workers are dismissed without a hearing. There is also no one to represent them. People are dismissed for “being slow,” for not performing at high quality, but also “for no apparent reasons” sometimes.

Child labor:
There are “many” workers, some under 15 years of age, even one or two who are 12 years old. The children, when starting work at the factory, were not expecting to work full time but they are.

Health and safety:
When workers become ill at work, they have to seek medical attention at their own expense. This is about US $1.27 per consultation with a public doctor each time. Workers are allowed a total of five minutes per day to go to the toilet. Sometimes there is no water in the toilets. Pregnant workers are treated badly in the factory. They have to “work hard, standing the whole day and doing overtime.” Most of the women work until the full term of their pregnancy. Some are even known to try to hide their pregnancy, when they are not supported by anybody. Most women take only a month off for maternity leave.

Customer monitoring:
Buyers do visit the factory from time to time, they never speak to the workers, never ask any questions and never check the toilets – the workers claimed, “they are only interested in their production.”

Additional:
The workers feel degraded by being searched; sometimes men workers and management walk past when they are being searched, which adds to the humiliation.

FACTORY G

Interviews conducted January 2001 and April 2002

INFORMATION COMPILED FROM INTERVIEW WITH MANAGEMENT

Ownership:
Singapore (also owns another factory in Lesotho)

Production:
Sportswear and t-shirts (CMT)

Export:
Mainly for the US market with a small part of the production for the European market

Buyers:
Wal-Mart, Ms. Erica, Children’s Place, and K-Mart

Fabric:
Taiwan and Singapore

Customer monitoring:
The personnel manager said he did not know anything about buyers doing quality or health and safety checks.

Work force:
714 workers, 95% are women

Union:
The factory has union members, but no negotiations take place with the trade union.

FACTORY OBSERVATIONS

Labels:
the factory is working on sport shirts for Starter, Contact, and Route 66.

The factory is crowded and there is a lot of rubbish on the floor. There is little space for walking between the sewing machines. There appears to be high work pressure. Only few workers wear protective caps. No cutter is wearing protective gloves. The women are sitting on benches without backs. There are fire extinguishers and every building (there are three) has its own fire exit. There is no canteen. At lunchtime people bring their own food and eat sitting on the ground outside the factory premises. There are no chairs, tables, or shelter from the weather.

INFORMATION COMPILED FROM INTERVIEWS WITH WORKERS

Wages and working conditions:
One of the interviewed workers has been working for the company for one year. She operates a sewing machine and earns US $67 per month. The first three months she was paid US $63 (training wage).

Working hours:
Weekdays from 7 a.m. until 6 p.m. or 7 p.m.; in total 10 or 11 hours per day, with one hour off for lunch. The overtime is not compulsory but the workers need the money and will work one or two hours overtime every day. They also work overtime sometimes during the weekend, Saturdays from 7 a.m. until 4 p.m. and Sundays from 8 a.m. until 1 p.m. Weekdays overtime is paid 1.25 times the normal pay rate and weekend work is paid double (according to the law).

Health and safety:
Two fire exits for the 714 employees, one of which is always closed and locked, because of the smoke coming from a nearby factory. There is no medical facility. If they are injured (accidents with machines happen every day) people are allowed to go to the hospital. Costs are entirely theirs and the hours not worked are not paid. A lot of the workers struggle with chest pains. Only some workers wear protective caps. Most do not although it is very dusty at the factory as it is too hot at the factory to wear them. None of the cutters wear steel gloves. There is no heating or air-conditioning at the factory. In the summer it is very hot and in the winter it is very cold.

Management and supervision:
Some of the management are hostile. They shout at and hit the workers and do not take their complaints seriously. In an interview with the union in April 2002 the union recounts an incident where one supervisor assaulted 32 workers and where the workers downed their tools in protest at the physical abuse.

Union:
The management is very anti-union and constantly threatens the union, one union official reported in April 2002.

Customer monitoring:
The workers do not see customers controlling the working conditions nor do they know of codes of conducts.

Additional:
Twice a day all workers are body searched, fully dressed.

GLOSSARY

AGOA	African Growth and Opportunity Act
BEDIA	Botswana Export Development and Investment Authority
CBA	Collective Bargaining Agreement
CMT	cutting, making, trimming
EPZ	export processing zone
ETAG	Ethical Trading Action Group
FAP	Financial Assistance Package
FDI	foreign direct investment
GSP	Generalized System of Preferences
ICFTU	International Confederation of Free Trade Unions
ILO	International Labour Organization
ITGLWF	International Textile, Garment and Leather Workers Federation
ITGLWF-Africa	International Textile, Garment and Leather Workers Federation-Africa region
IRA	Industrial Relations Act
LDC	lesser developed country
LECAWU	Lesotho Clothing and Allied Workers Union
LNDC	Lesotho National Development Corporation
MFA	Multi-Fiber Arrangement
MIDA	Mauritius Industrial Development Authority
SADC	Southern African Development Community
SFTU	Swaziland Federation of Trade Unions
SIDC	Swaziland Industrial Development Corporation
SIPA	Swaziland Investment Promotion Agency
SOMO	Centre for Research on Multinational Corporations
TURP	Trade Union Research Project

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