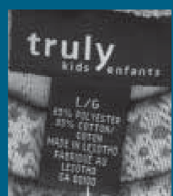
The anti-sweatshop movement is now as global as the garment, sportswear and toy companies it is challenging.

In *Brand Campaigns and Worker Organizing*, Canada's Maquila Solidarity Network (MSN) profiles three cases in which labour rights campaigners in the global North supported garment workers' efforts to defend their rights and win better wages and working conditions in garment factories in Lesotho, Thailand and Honduras.

Based on its direct experience in these three campaigns and on interviews with other participants, MSN draws positive and negative lessons for labour rights activists in the North and South.



BRAND CAMPAIGNS AND WORKER ORGANIZING • Maquila Solidarity Network

Lessons from Lesotho, Thailand and Honduras

Brand campaigns & worker organizing

Maquila Solidarity Network

Lessons from Lesotho, Thailand and Honduras

Brand campaigns & worker organizing

Maquila Solidarity Network

WRITING AND EDITING: Bob Jeffcott, Luc Lampriere, Georgia Marman, Lynda Yanz, Marc Young
TRANSLATION: Anibal Viton
DESIGN: Kevin Thomas

THANK YOU
We would like to thank the individuals and organizations that were not only important actors in the campaigns described in the Case Studies, but also volunteered to review various drafts of the text: the Independent Monitoring Team of Honduras (EMIH); the Lesotho Clothing and Allied Workers' Union (LECAWU); Phil Robertson, former AFL-CIO Solidarity Center country field officer; and Esther de Haan of the Dutch Centre for Research on Multinational Corporations (SOMO).

For more copies and/or information:
Maquila Solidarity Network
606 Shaw Street
Toronto, Ontario, M6G 3L6
info@maquilasolidarity.org
www.maquilasolidarity.org
416-532-8584 telephone
416-532-7688 fax

September 2005
ISBN 0-9686681-5-1

TABLE OF CONTENTS

Introduction 1

Lesotho: the Sun Textiles / Nien Hsing Story
- The Context 7
- The Story 11
- Postscript 17
- Sources 18
- Statement by Jabu Ngcobo, former General-Secretary, ITGLWF-Africa 19

Thailand: the Gina Form Bra Story
- The Context 23
- The Story 26
- Postscript 35
- Sources 35

Honduras: the Gildan Story
- The Context 39
- The Story 41
- Postscript 54
- Sources 56

The Lessons 59

Appendix A: Who's Who? 71

Appendix B:
Labour Standards Monitoring and Certification Programs 79

Introduction

Over the past ten years, the anti-sweatshop movement has become as global as the garment, sports shoe and toy industries themselves. Reports from local labour, human rights and women's organizations of worker rights violations in export factories in Asia, Latin America and Africa have sparked international campaigns involving consumers, unions, faith groups, students, ethical investors and institutional buyers around the world.

In most instances, international campaigns have targeted well-known retailers or brand merchandisers that do not own the factories where their products are made, but have enormous influence over the production and labour practices of their suppliers. In fewer cases, multinational manufacturing firms that own the production facilities, such as Gildan Activewear and Sara Lee Corporation, have been the targets of anti-sweatshop campaigns.

Increasingly, international campaigns have not only raised consumer awareness of the conditions under which the brand-name products they buy are made, but have also helped to pressure employers to respect their workers' right to organize and bargain collectively and to take corrective action when workers' rights were violated. These successes give us hope that local organizing efforts combined with international campaigning could potentially increase the democratic space for workers to exercise their rights and improve their wages and working conditions.

Through practical experience working on joint campaigns, Northern campaign groups and Southern labour, women's and human rights organizations are learning how to make use of a variety of leverage points in order to influence corporate behaviour and defend workers' rights. These include documenting labour practices and releasing timely public reports, lobbying governments and multilateral institutions, promoting letter-writing by consumers, staging media-friendly store actions, encouraging action by institutional buyers and investors, directly lobbying parent companies, filing third party complaints with multi-stakeholder code monitoring initiatives, and encouraging cooperation among brand-name buyers to increase pressure on shared suppliers to take corrective action.

In recent years, the major US and European brands that have been the primary target of anti-sweatshop campaigns have also become more sophisticated in how they respond to the actions of campaign groups. The largest brand merchandisers have created whole departments dedicated to monitoring compliance with company codes of conduct, participating in multi-stakeholder forums and initiatives, and engaging with campaign groups to minimize risk to their reputation.

Although the original motivation of most brand merchandisers in adopting codes of conduct and creating monitoring programs and code compliance departments was largely to avoid negative publicity and damage to brand reputation, many of the compliance staff they hired were genuinely committed to worker rights and determined to make labour standards compliance an important aspect of corporate decision-making. As a result, engagement with compliance officers of brand-name companies has become yet another option for trying to resolve worker rights violations, prior to launching public campaigns. Not surprisingly, it was the very companies that suffered the most serious damage to brand reputation that began to see the need to go beyond a PR response to persistent allegations of sweatshop abuses.

While Northern-based campaign groups have focused a great deal of their energy on campaigning against and engaging with the brand buyers, Southern labour, human rights and women's organizations that deal more directly with the day-to-day problems in free trade zones and garment export factories continue to place more emphasis on organizing at the factory level, providing legal advice, training and support to workers and lobbying their governments to enforce national labour laws. However, the failure of national governments to monitor and/or enforce labour legislation, particularly concerning the practices of foreign investors, has prompted many Southern civil society organizations to seek alliances with Northern campaign groups that have greater access to the brand buyers.

The development of these North-South alliances and the emerging role of Southern groups in the international anti-sweatshop movement have brought to the fore a whole range of issues concerning how campaign targets and goals are established, and by whom. Southern civil society actors have raised new questions about the brand-focussed campaigns targeting the clients of their employers. Overall, they are demanding more sensitivity to the potential harmful impacts of such campaigns on workers and their communities. Bridging the North-South divide on these issues has become increasingly challenging for labour and other civil society groups in both the North and the South.

Even more challenging has been the fallout from the phase-out of the import quota system under the Multi-Fibre Arrangement (MFA) at the end of 2004. In the new free trade environment now prevailing in the garment sector, retailers and brands are consolidating production in fewer factories and fewer countries. As companies move orders and investment to countries and suppliers offering the best price and most favourable conditions, plant closures and the threat of massive capital flight are increasing the downward pressure on wages and labour standards.

At the same time, the ongoing industry restructuring and consolidation could open the way for more stable relationships with trusted suppliers, thereby offering new longer term opportunities for labour rights groups in the North and South to demand that labour standards compliance become an important factor in sourcing decisions, as well as in government policy.

As we enter this challenging new period, it is time to take stock of the rich experiences of the international anti-sweatshop movement over the past ten years.

The Case Studies

The three case studies profiled in this publication look at specific experiences in which unions and other civil society organizations in the North and South collaborated on joint campaigns to defend workers' rights. In these three cases, workers were either attempting to organize to improve their wages and working conditions or to defend what they had gained through union representation and collective bargaining. In each case, the workers could not have succeeded in achieving their goals without the support of national and international labour rights organizations.

The events in these three stories took place prior to 2005, before the full impact of the quota phase-out was beginning to be felt. Yet, there is little doubt that the anticipated changes in the industry were an important factor in motivating the employers to resist or attempt to undermine workers' efforts to organize and make improvements in wages and working conditions. In each case, employers' demands for increased labour flexibility, lower labour costs, and limitations on workers' rights provoked worker resistance. Also, facing the very real prospect of foreign investors shifting production elsewhere as part of their post-quota restructuring plans, governments failed to hold employers accountable when workers' legal rights were violated. This inability - or unwillingness - of governments to enforce their own national labour laws forced workers and their allies to develop alternative strategies to defend their rights.

In all three case studies, we examine the successful strategies employed and alliances created in order to defend workers' rights and achieve solutions to workplace problems. We also consider some of the lessons learnt from more negative experiences and suggest how to avoid some of the pitfalls of international campaigns and North-South alliances.

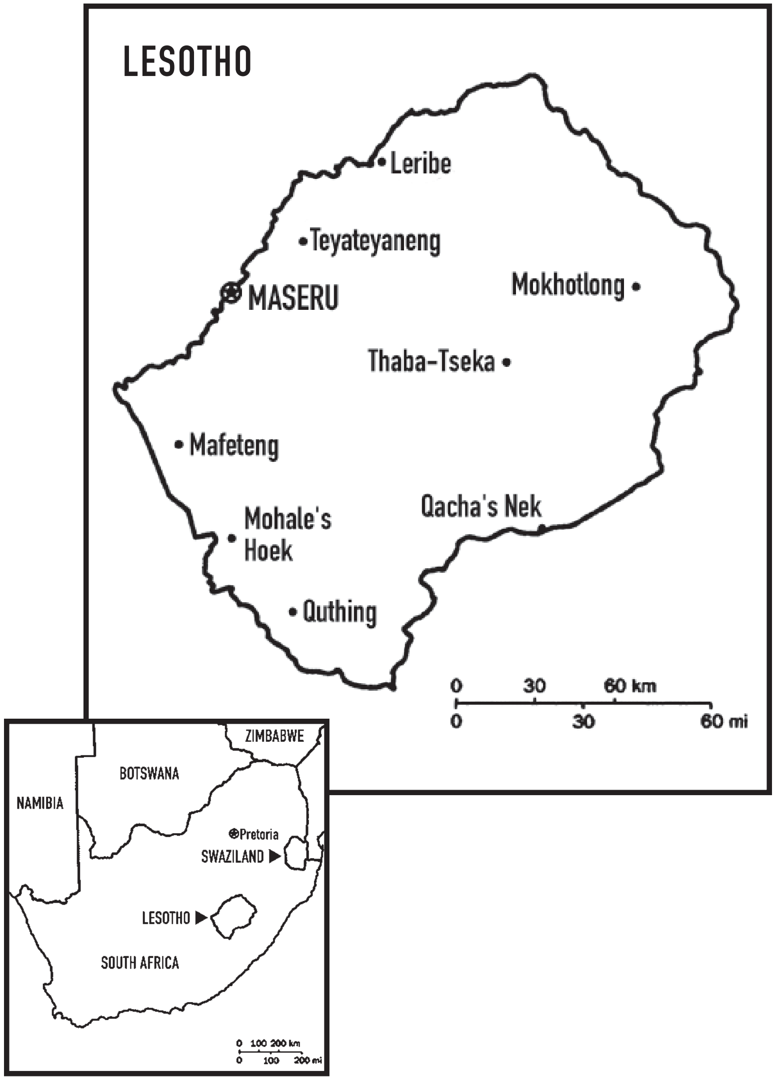
Along with the case studies, we also include at the end of the publication a listing and brief description of the various actors involved in the three campaigns (Appendix A "Who's Who?" on page 71) and a comparison of the major code monitoring initiatives that positively and negatively impacted the workers' efforts to defend their rights (Appendix B "Labour Standards Monitoring and Certification Programs" on page 79).

Although the Maquila Solidarity Network (MSN) was directly involved in all three campaigns profiled in this publication, we have attempted to provide an objective assessment of the strengths and weaknesses of each campaign, as well as our role in them. We offer our special thanks to our sister organizations that collaborated with us on these important, precedent-setting efforts. As a small Canadian labour rights organization, we were privileged to be able to work with these important local, regional and international actors in the global anti-sweatshop movement.

Maquila Solidarity Network, September 2005

LESOTHO

The Sun Textiles / Nien Hsign story



LESOTHO:
The Sun Textiles / Nien Hsign story

1. The Context

Terms of garment trade: the international context

Over the past six years, the people of Lesotho, a small Southern African country of approximately two million citizens surrounded on all sides by the Republic of South Africa, have experienced first hand the consequences of neoliberal globalization.

Low wages, an “investor-friendly” regime, quota benefits under the Multi-Fibre Arrangement (MFA), and duty-free access to the US clothing market via the African Growth and Opportunities Act (AGOA) triggered a boom in the country’s garment-for-export business.

Multi-Fibre Arrangement (MFA)

The Multi-Fibre Arrangement (MFA) was established in 1974 to regulate global trade in textile and apparel products. Under the MFA, Canada, the US, and the European Union (EU) could set limits, called quotas, on the amount of foreign-made apparel and textiles they would allow into their countries from any specific country. In 1995, the Agreement on Textiles and Clothing (ATC) came into effect, under which quotas were phased out in four stages over a ten-year period and eliminated on January 1, 2005.

Africa Growth and Opportunities Act (AGOA)

AGOA is a US trade law implemented as part of the Trade and Development Act of 2000 that provides 37 Sub-Saharan African countries with duty-free access to the US market in exchange for the elimination of barriers to US trade and investment, as well as the adoption of other neo-liberal policies. The agreement was originally to expire in September 2008, but in July 2004 was renegotiated to last until 2015, with a special "third country" fabric provision for apparel and textiles extended to 2007.

Illustrative of global investment patterns resulting from the quota system, the majority of companies that set up garment manufacturing facilities in Lesotho were Taiwanese producing for major US retailers and brands, including Wal-Mart, Kmart, Levi's and Gap.

In 2003, of all textile products from Africa sold to the United States, almost one-third came from this small kingdom. By early 2004, Lesotho's garment industry employed approximately 50,000 workers.

Jobs but few benefits

Although the boom in Lesotho's garment export industry created desperately needed jobs, workers have received few other benefits.

A research project carried out by the Dutch Centre for Research on Multinational Corporations (SOMO) and the South African Trade Union Research Project (TURP) between 2000 and 2002 showed that garment workers' wages only met about half the basic needs of their families.

Common workplace abuses documented by project researchers included:

- Excessively long hours of forced, and often unpaid, overtime;
- Workplaces that are extremely hot in the summer and cold in the winter;
- Locked emergency exits;
- Lack of face masks and other personal protective equipment;
- Verbal and physical abuse;
- Unlawful and arbitrary dismissals;
- Humiliating strip searches when workers leave the factory;
- Job insecurity associated with short-term contract employment;

- Abusive treatment of pregnant workers; and
- Discrimination against and unjust firings of union supporters.

The US State Department's 2003 and 2004 country reports on human rights practices in Lesotho found "credible evidence that most employers in the textile and garment sector use blacklists" to keep "workers who have been fired by another employer" out of their factories. Research by SOMO and TURP shows that such blacklists are used to weed out union activists.

Social consequences

As thousands of people migrated to the capital city of Maseru seeking employment in the garment export industry, the rapidly growing industrial neighbourhoods became increasingly plagued by crime. Rape is a constant danger to women garment workers who must work late either because of economic need or management decree.

The HIV/AIDS pandemic is undoubtedly the most significant threat to the health and lives of garment workers in Lesotho. In one factory where workers were tested fully one-quarter of those examined were HIV positive.

As elsewhere in Africa and other regions of the global South, Lesotho's garment workers live in urban settlements with insufficient access to basic services, such as clean water, paved roads, sanitation, electricity or decent housing.

However, despite the enormous problems associated with the rapid growth of Lesotho's garment export industry, the biggest uncertainty facing Lesotho garment workers and their families has been the very real possibility that foreign investors would pack up and leave the country after the elimination of the import quota system at the end of 2004.

HIV/AIDS is a major problem for the whole society in Lesotho, but because the garment sector is the country's number one industry, it needs to be addressed also at the workplace level, says Shaw Lebakae of the Lesotho Clothing and Allied Workers Union (LECAWU). LECAWU is collaborating on voluntary testing programs in the factories and shop stewards are being trained as councillors.

Impact of MFA phase-out

At the time of this writing, it is still uncertain whether Lesotho's garment export industry can survive in the post-quota environment. However, the negative effects of the quota phase-out were already being felt in 2004. According to the Lesotho National Development Corporation (LNDC), in the last six months of 2004, 12,300 garment workers lost their jobs as a result of eight plant closures, and an additional 10,800 workers were thrown out of work in the first month of 2005.

Despite these devastating job loses, there are reasons to believe that Lesotho will remain at least in the short term a clothing exporting country. One of these reasons is the US government's decision to renew AGOA until 2015 and to extend until at least 2007 an AGOA provision allowing least developed countries (LDCs) like Lesotho to source textile for their garment factories from third countries.

According to an industry expert with experience in Lesotho, the LDC textile provision is only a short-term solution: while currently a large part of the clothes made in Lesotho are produced with imported textile only the development of a domestic textile production capacity could bolster the long-term prospects for the Lesotho garment industry. As a sign of a move in that direction, the AGOA's official report for 2004 notes that Taiwanese investors (Nien Hsing being the largest) have invested more than $150 million in new facilities capable of supplying most of the denim and knit fabric needed by Lesotho's garment industry.

As early as 2002, the European Clean Clothes Campaign had reported that in Lesotho many government officials and factory managers from the sector "doubted [its] sustainability" after the MFA's phase-out. However, in 2005, at least some investors and buyers seem to believe that the country's garment export business can survive in the highly competitive post-quota environment. At the May 2005 biannual meeting of the UK's Ethical Trading Initiative (ETI), Lakshmi Bhatia of Gap Inc.,[1] a company that played an important role in the Nien Hsing story, promised publicly that her company would continue to source from Lesotho in the post-quota period and pledged to work with industry, labour and non-governmental organizations to improve labour practices in the country.

Least Developed Countries (LDCs)

LDCs are a group of 50 countries identified by the UN as "least-developed" based on their low GDP per capita, weak human assets (nutrition, health, school enrolment and literacy) and economic vulnerability. In some trade agreements and unilateral trade bills, LDCs are given trade preferences. For example, the "third country" fabric provision of the African Growth and Opportunity Act (AGOA) allows garment exporters in member countries to use textiles sourced from outside the sub-Saharan African region and still qualify for duty-free entry into the US market.

2. The Story

Worker organizing

Despite overwhelming challenges, garment workers in Lesotho have shown that they are willing and able to defend their rights and interests.

In the fall of 2001, LECAWU staged mass mobilizations, demanding an increase in the minimum wage and enforcement of labour legislation in the country's garment export industry. In October of that year, 35,000 workers marched in procession to the Prime Minister's office and then on to the Parliament building to present their list of demands to the government.

In response to this "extra-legal" action and the threat of a general strike, the Employers' Association agreed to sit down with LECAWU in order to negotiate broad wage guidelines independent of the minimum salary set by the government.

Ultimately, not much came from this negotiation. However, it is significant that garment and textile employers across the board were, for a time at least, convinced of the union's relevance and its popular backing and forced to negotiate on a sectoral basis.

Building international connections

According to Esther de Haan of SOMO, LECAWU was extremely effective in using the findings of the research project in which she participated in 2000-2002 to gain local media attention to workplace problems, as well as popular support for the workers' demands, and push the Lesotho government to conduct factory inspections. LECAWU also used the SOMO/TURP research findings to put the Lesotho workers' story on the agenda of regional and international labour and anti-sweatshop organizations. Of particular usefulness was information on brand-name products being manufactured in the various factories profiled in the study.

In March 2001, delegates from LECAWU participated in the Clean Clothes Campaign's international strategy conference in Barcelona, and as a result, the issues and priorities of Lesotho and other Southern African workers were included in the CCC's agenda. The links developed by LECAWU with labour rights organizations in Europe and North America, gave it the opportunity to learn quickly the value of brand-focussed consumer campaigns. It also exposed the union to the potential of urgent action networks in leveraging buyer pressure on local manufacturers to respect workers' rights, and particularly the right to organize and bargain collectively.

Sun Textiles and Nien Hsing campaigns

In September 2001, LECAWU contacted both the Maquila Solidarity Network (MSN) and the North American garment workers' union UNITE (now UNITE HERE), requesting support for workers at the Sun Textiles garment factory who had been fired for expressing their support for LECAWU by wearing union caps to work.

During the same month, MSN received a report from the Clean Clothes Campaign on the findings of the SOMO/TURP research cited above, which confirmed that Sun Textiles was producing clothing for Zellers, owned by Canada's Hudson's Bay Company (HBC).[2]

The report also revealed that Sun Textile workers were being paid US$50 a month, required to work up to 75 hours a week, repeatedly hired on short-term contracts rather than as permanent employees, and subjected to verbal and physical abuse. In addition, the report found that emergency exits were locked during working hours causing a serious fire hazard.

MSN brought LECAWU's request for support to Canada's anti-sweatshop coalition, the Ethical Trading Action Group (ETAG), which includes a number of major national faith, labour, international development and teacher organizations (MSN acts as the Secretariat for the coalition).

HBC campaign

In October 2001, ETAG representatives met with senior HBC management to discuss the SOMO/TURP research findings and what the company could do to address the worker rights violations documented in the report. ETAG urged the HBC not to "cut and run" from the factory, but to work with factory management and LECAWU to eliminate the abuses.

The HBC agreed to investigate the situation and report back on its findings. However, the company later refused to meet with LECAWU to hear its side of the story, suggesting that doing so would threaten its ability to work with its supplier.


LECAWU General Secretary Daniel Maraisane outside HBC headquarters in Toronto

Four months later, the company sent a letter to ETAG indicating that an audit had been carried out at Sun Textiles and hinting that it might no longer place orders with the factory. No information was provided on the audit findings or the company's reasons for "cutting and running" from the situation.

Meanwhile, in February 2002, TURP had undertaken follow-up research at ETAG's request. Its new report documented continuing worker rights violations at Sun Textile and noted that the union members who had been fired believed they were being blacklisted at other factories. Interviews conducted by TURP researchers with 14 workers who had taken part in the HBC audit also revealed that no questions had been asked by the auditor about freedom of association violations.

The researchers confirmed that twin plants, C&Y Textiles and Nien Hsing International, owned by Taiwanese investor Nien Hsing,[3] were also producing clothes for Zellers, as well as for the Gap. In TURP interviews, Nien Hsing workers revealed similar worker rights violations to those found at Sun Textiles.

Upon receiving the letter from HBC that suggested that the Canadian retailer might stop placing orders with Sun Textiles, ETAG released the new TURP report to the media and initiated a letter-writing and store leafleting campaign. The main demand was that instead of leaving Lesotho, the Hudson's Bay Company should work with its suppliers and other buyers to improve local conditions and ensure respect for workers' rights in the three factories.

In Europe, the Clean Clothes Campaign posted the report on its website and sent out action alerts to its contacts around the world, requesting protest letters to the HBC. In the US, UNITE used the report as part of its ongoing campaign targeting Gap, which was also sourcing from the two Nien Hsing factories.

MSN also contacted Gap, Inc., urging it to pressure Nien Hsing to clean up its act.

Workers take action

On March 15, an in-plant strike by workers at Sun Textiles convinced management to sign an agreement that provided for significant improvements in working conditions. Management also pledged to sign a union recognition agreement as soon as the union demonstrated that it had the support of more than 50 percent of the workers. Although the union eventually signed up 80 percent of the workers, management refused to sign the recognition agreement.

In that same month, workers at C&Y Garments also staged an in-plant work stoppage to protest management's failure to resolve several grievances.

Regular communication between LECAWU and MSN allowed Canadian campaigners to generate media coverage of events in Lesotho and increase the pressure on the Hudson's Bay Company. Meanwhile in the US, UNITE was using the same information as part of its campaign against Gap.

In May, LECAWU general secretary Daniel Maraisane visited North America at the invitation of UNITE. In the US, Maraisane attended Gap, Inc.'s annual meeting where he told the Nien Hsing workers' story to protestors and shareholders. In Toronto, he marched with ETAG members to the Hudson's Bay head office where he demanded, and won, an opportunity to make his case to HBC senior management officials.

At that meeting, Maraisane told HBC executives that the workers' in-plant strike had resulted in improvements at Sun Textiles and that the HBC code of conduct had been posted in the factory. However, he explained, factory management was now backtracking on its promises. He urged HBC to resume placing orders with the factory and to use its buying power to pressure Sun Textiles to carry through on its commitments and Nien Hsing to respect its workers' right to organize.

On May 22, while UNITE and MSN picketed outside the HBC annual shareholder meeting in Toronto, the campaign received a huge boost when 37 percent of shareholder votes were cast in favour of a resolution demanding more transparent reporting on the HBC's labour practices.

While the campaign and the victory at the shareholder meeting did result in the Hudson Bay Company providing more information to consumers and ethical investors on its workplace monitoring program, they failed to convince HBC to return to Lesotho and work with other buyers to leverage improvements in working conditions and labour practices in that country.

LECAWU demonstration

Engaging with Gap

Engagement with the Gap Inc. proved to be more productive than efforts to engage with HBC. Clearly, the US-based speciality retail chain, itself the target of several campaigns since 1995, had considerable experience dealing with brand campaigns and engaging with the anti-sweatshop movement. As a company marketing exclusively its own brand-name products, it also had invested more in its brand image than had the Canadian department store and discount chain.

Responding to information brought to its attention by MSN, as well as through UNITE's campaign in the US, Gap Inc. agreed to investigate the alleged worker rights violations and to report back to MSN on its findings. Unlike HBC, Gap delivered on its promises: its compliance officers reported back regularly to MSN on the company's findings and the corrective action the company was prepared to take.

While Gap's findings differed in parts from the TURP report, they confirmed that Nien Hsing workers' right to freedom of association was being violated at the twin factories. Gap agreed to pressure its supplier to refrain from interfering with that right and to comply with legal requirements.

More importantly, Gap's willingness to meet directly with LECAWU to hear their story and to facilitate dialogue between factory management and the union was key: by establishing a direct contact between the affected workers and representatives of the brand, it gave them a significant role in achieving a resolution of their problems.

Dialogue was not easy, given the lack of trust and conflictive relationship between management and workers at the two factories, but it represented an important first step toward resolving persistent workplace problems.

The Hudson's Bay Company could have collaborated with Gap in this process, as was suggested by ETAG. Unfortunately, it chose not to do so.

Organizing breakthrough

One positive outcome of the management-union dialogue, facilitated by Gap, was that LECAWU organizers were given access to the two Nien Hsing plants during lunch breaks to discuss the benefits of union membership with the workers. Such access is provided for in Lesotho labour law, but is seldom, if ever, complied with by factory owners.

The union was highly successful in signing up new members, and, with an increased presence inside the factories, union shop stewards became more active in bringing workers' grievances to management. Even before formal union recognition was achieved, the union had become an effective force on the shop floor in representing workers' interests and resolving workplace problems.

In July 2002, Jabu Ngcobo, then secretary-general of the African section of the International Textile, Garment and Leather Workers Union (ITGLWF) travelled to Lesotho to lend his support to the organizing efforts at the Nien Hsing facilities. Meanwhile, in Montreal hundreds of UNITE members marched through the Hudson's Bay store, demonstrating their support for their Lesotho brothers and sisters.

The result of this effective worker organizing effort on the ground, combined with engagement and campaigning in North America and Europe, was the signing of a Memorandum of Understanding on July 16 that included a promise by Nien Hsing to recognize the union once 50 per cent plus one of the workers had signed membership cards. Ngcobo played an important role in meetings between LECAWU and Nien Hsing management that resulted in the agreement.

However, even after LECAWU had signed up more than 50 percent of the workers at both factories, additional lobbying by Gap was needed to convince Nien Hsing's head office in Taiwan to take steps to ensure that management in Lesotho accepted the union.

On December 5, 2002, LECAWU achieved an historic breakthrough when Nien Hsing, the largest and most important investor in Lesotho's garment export industry, signed a second agreement recognizing the union at both the C&Y and Nien Hsing International factories.

3. Postscript

Unfortunately, the aftermath of the successful organizing campaign at Nien Hsing has not been an especially happy one. A split in LECAWU, which gave birth to the rival Factory Workers Union (FAWU), has undermined worker unity and political influence.

According to a US State Department report, the percentage of the organized workforce in Lesotho plummeted from approximately 10 percent of the workforce in 2002 to approximately two percent by the end of 2003. According to the report, this dramatic drop in union membership was, in part, the result of the rivalry between the two unions.

Both LECAWU and the FAWU are currently present in the two Nien Hsing factories. But since neither union represents more than 50 percent of the workers in the twin factories, no collective agreement has been negotiated. Despite this major setback, relations between workers and management at the factories have reportedly improved.

In August 2005, MSN traveled to Lesotho as part of a delegation of the MFA Forum, a new multi-stakeholder initiative promoting joint action to support vulnerable national garment industries and greater respect for workers' rights. The delegation, which included representatives of Gap, Levi's, the ITGLWF, the World Bank and MSN, met with government departments, industry associations, NGOs, and the two garment workers' unions. Although collaboration between business, labour and government in Lesotho will not be easy, all sectors expressed their commitment to the survival of the industry with decent working conditions.

SOURCES

Made in Southern Africa, Esther de Haan and Gary Phillips, Clean Clothes Campaign, 2002, www.cleanclothes.org/ftp/Africa-report.pdf.

"Lesotho: Country Reports on Human Rights Practices – 2003," Bureau of Democracy, Human Rights, and Labor, US Department of State, February 25, 2003, www.state.gov/g/drl/hr/c1470.htm.

"Lesotho: Country Reports on Human Rights Practices – 2004," Bureau of Democracy, Human Rights, and Labor, US Department of State, February 28, 2005, www.state.gov/g/drl/hr/c1470.htm.

"2004 Comprehensive Report on US Trade and Investment Policy toward Sub-Saharan Africa and Implementation of the African Growth and Opportunity Act," Office of the United States Trade Representative, the Fourth of Eight Annual Reports, May 2004, www.ustr.gov/index.html.

The Workers' Story: Labour Rights Violations and Hudson's Bay Supply Factories in Lesotho, Gary Phillips and Jantjie Xaba – Trade Union Research Project (TURP), March 2002, www.maquilasolidarity.org/campaigns/hbc/pdf/HBCReport.pdf.

Organising to End the Slave Trade: Building Organising Campaigns in the Lesotho Garment Sector, ITGLWF-Africa, undated.

Statement by Jabu Ngcobo, former General-Secretary, ITGLWF-Africa

This statement is taken from a longer interview that originally appeared in an ITGLWF-Africa organizing booklet.

There are many reasons for the successes [in Lesotho] and most of them are interlinked, but I think 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.

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. Campaigning organizations, such as the Clean Clothes Campaign (CCC) and the Ethical Trading Action Group (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 a success because the strategy was focused at a number of different levels targeting different key actors.

FOOTNOTES

1 Gap Inc. is a US-based specialty retailer that owns the following brands: Gap, Banana Republic, Old Navy.

2 The Hudson's Bay Company (HBC) is Canada's oldest retailer. HBC owns and operates a department store chain, The Bay, and two discount chains, Zellers and Home Outfitters.

3 Nien Hsing is a vertically integrated multinational apparel and textile manufacturer with investments in Taiwan, Lesotho, Nicaragua and Mexico. In Lesotho, it operates three garment factories, as well as a denim mill that is reputed to be the largest vertically integrated facility in sub-Saharan Africa. It is a major supplier for big-name brands such as GAP, Calvin Klein, DKNY, Tommy Hilfiger, Nautica, and Levi's, as well as private labels of retailers like JC Penney, Wal-Mart, Target, VF Jeanswear, Sears and No Excuses. Profits for the year July 2002 to July 2003 totalled US $56.3 million.

THAILAND

The Gina Form Bra story

THAILAND:
The Gina Form Bra Story

1. The Context

Thailand in the global garment business

The late 1980s were years of rapid growth for Thailand's export garment industry. Low labour costs and the country's quota share under the provisions of the Multi-Fibre Arrangement (MFA) served as major incentives to foreign and domestic investors, permitting the garment sector to become a leading source of foreign currency for this Southeast Asian country.

Throughout the nineties, however, increased competition from lower wage countries began to undermine the advantages of Thai producers. Prior to the currency crisis of 1997-98, many observers were even predicting the imminent demise of the nation's garment export business.

The collapse of the Thai currency, the baht, proved them wrong, revealing how economic crises can mean different things to different sectors of society. In Thailand and other Southeast Asian countries, workers saw their jobs vanish as companies, unable to repay dollar debt with much-devalued local money, closed factory doors. Those who managed to stay employed saw the purchasing value of their salaries shrink dramatically, as the price of imported goods skyrocketed. But for some exporters, like those in the garment business able to weather the initial storm, the crisis was seen as a godsend; for European and North American retailers and brands, Thai garment exports were once again an excellent bargain.

The opening years of the new millennium saw a sharp recovery for the country's clothing makers and also a sales reorientation from Europe toward the United States. By 2004, over 50 percent of Thai garment exports went to US customers. In the first ten months of 2004 the

> "Less than six years ago the garment industry was on the brink. But just as critics were preparing to write [the sector] off as a sunset industry, the baht's devaluation gave…much-needed respite as the nation embarked on a policy to export itself out of economic trouble."
>
> – Suchart Chantaranakaracha, chair of the free trade committee of the Thai Garment Manufacturers Association (TGMA).

export value of the country's production climbed by almost 12 percent relative to the same period from the previous year. According to the Thai Garment Manufacturers Association (TGMA), this was the sector's first experience of double-digit expansion. Worth over $3 billion and employing approximately 800,000 workers, Thailand's export garment business had arguably never seen better days.

But even as their fortunes improved, Thai clothing manufacturers were aware that the ingredients for a new crisis were on the horizon. Specifically, the end of import quotas under the Multi-Fibre Arrangement (MFA) at the end of 2004 removed one of their crutches. At the same time, although wages in the industry certainly did not meet workers' basic needs, they had recovered to the point that they were no longer competitive with those paid, for example, to Chinese and Vietnamese garment workers.

According to the government/industry-sponsored Thai Garment Development Foundation (TGDF), with the elimination of the quota system, 15 to 20 percent of the country's clothing manufacturers (some 1,200 to 1,300 firms) could vanish in the coming years as a global system of free trade in clothing and textiles takes shape. Some analysts, possibly evaluating the industry in a longer time frame, see an even more dramatic cull occurring.

Industry survival strategies

To remain competitive in the post-quota environment, the TGMA and the TGDF are advocating a shift toward the high-end fashion markets of the developed world. Increased investment in technology and design, management and marketing capacity; greater collaboration between garment and textile producers in order to form production "clusters" that would foster backward linkages; and strategic partnerships with brands from North America and Europe interested in fast delivery, quality, service and price control – these are the tools with which owners of the sector intend to compete. The government also plans to nurture Thai labels with an eye to gaining a foothold first in Asian markets and then in Europe and North America. Another governmental strategy being pursued is the negotiation of free trade agreements. Thailand is currently involved in negotiations with several countries and has already signed accords with Australia, New Zealand and is also a member of the ASEAN (Association of South East Asian Nations) free trade area.

Yet while garment manufacturers in Thailand have understood that their industry can't under-price certain of their Asian competitors, their survival strategy, which calls for increased flexibility on the part of the workforce, could have some negative consequences for Thai garment workers.

Management demands for labour flexibility often conflicts with the needs of workers for secure, permanent employment. Unions, where they exist, are under increased pressure to collaborate with these management-defined strategies, and those trade unions that put their members' interests first can find themselves the target of union-busting campaigns.

Although the demise of the quota system was still more than three years away when the struggle at Gina Form Bra began, the plant's owners were no doubt aware of the brave new world of garments that awaited them. Trade liberalization and heightened global competition was the scenario for which they were already preparing in the summer of 2001.

> In combination, the textile, knitwear and garment industries constitute the country's largest manufacturing industry. The 1 million workers employed in over 4,500 factories represent 20% of total employment in manufacturing and produce 17% of Thailand's GDP.

2. The Story[4]

New management changes the rules

Workers employed by the Gina Form Bra Company in Bangkok, Thailand have been represented by a union since December 1994. While relations between workers and management were certainly difficult at the time of the union organizing drive, they improved considerably after the employer, Andrew Lau, accepted the existence of the Gina Relations Workers' Union (GRWU) and agreed to negotiate a first collective agreement. By the end of the 90s, the union had successfully negotiated several new contracts and had established an effective shop steward system on the shop floor. Union membership had grown to 85 percent of Gina's 1,200 workers.

According to Phil Robertson, a former country representative of the AFL-CIO Solidarity Center in Bangkok, tensions between the GRWU and the company increased significantly after the transfer of company ownership from Andrew Lau to his son Gerard in March of 2001.

In August 2001, the company began to restructure the workforce, firing 30 probationary workers and announcing plans to dismiss 200 more. The GRWU challenged the company's actions and was successful in winning 30 days pay for the dismissed workers (who had not received the notice of termination stipulated by Thai law).

Laid off workers who wanted to return to the factory were told to apply to a manpower agency hired by the company to provide subcontract labour. "The GRWU correctly interpreted [this arrangement] as a threat to status of permanent workers and the union as a whole," says Robertson.

The union's 'interference' with these management restructuring plans appears to have been the specific action that provoked the company to launch its union-busting campaign.

Later in August, with the approaching expiry of the workers' collective agreement, the company began employing a carrot-and-stick strategy aimed at breaking the GRWU. This included threats to fire some union members along with monetary enticements to others if they were willing to tear up their union cards.

Soon charges against the union leadership of running an illegal gambling operation were concocted by management, and the GRWU treasurer, Somboon Rodcharoen, and other activists found themselves under

arrest. The union responded with a demonstration in front of the Ministry of Labour; it also went to court to challenge the detentions.

In the late summer and early fall of 2001 the company proceeded to fire additional union members while alternately refusing to negotiate with the GRWU *and* advancing demands that would significantly reduce employees' incomes and benefits.

On December 8, 2001, 200 union supporters were told to leave their workstations and assemble in the factory canteen. They were given no work to do, but were instructed not to sleep or speak to each other, while security guards and cameras monitored their behaviour for the entire workday. After one week of this treatment, 150 of the workers were told they were fired and would not receive severance pay unless they signed resignation letters.

In August 2002, management sent the entire union executive committee home on leave, at full pay. The company then proceeded to sign a three-year collective agreement with a new committee made up of supervisors and one disgruntled former member of the GRWU executive. The workers were then ordered to sign blank pieces of paper; these in turn were submitted by the company to the Ministry of Labour as evidence that the new agreement had the backing of Gina Form Bra employees. The GRWU filed a complaint with the Ministry, which eventually ruled in the union's favour and refused to register the new agreement.

National and international solidarity

The determination of the Gina workers to remain united and the ability of GRWU leaders to maintain contact with and support their members after being expelled from the factory were key factors in the union's survival during management's two-year union-busting campaign. According to Robertson, only one dismissed union member accepted a severance payment offered by the employer during management's campaign. However, the workers' ultimate victory would not have been possible without the active solidarity of national and international human and labour rights groups.

In Thailand, groups like the Centre for Labour Information Services and Training (CLIST) and the Thai Centre for Labour Rights (TLR), proved to be indispensable allies. CLIST took the first step in bringing the workers' story to international attention by informing Transnational

Information Exchange-Asia (TIE-Asia) about the struggle in the fall of 2002. TIE-Asia subsequently helped to draw the European Clean Clothes Campaign (CCC) into a brand lobbying campaign directed at Gina Form Bra and its North American brand-name buyers, including Gap, The Limited (Victoria's Secret), and two lesser-known Canadian brands, La Senza and Boutique Jacob. TLR provided legal support that slowed down and, in some cases, put a halt to union-busting actions by the employer. TLR's founder, Somask "Maung" Plaiyoowong, served as the official advisor to the GRWU, and provided critical technical and strategic support to the union throughout the campaign.

The AFL-CIO Solidarity Center in Bangkok played a crucial intermediary role, helping to bridge the language barrier and information gap between the local union and labour and anti-sweatshop groups in other countries. Equipped with the technological resources and translation capacity, the Solidarity Center was able to facilitate the rapid transfer of information between the union and its international allies.

A fortunate encounter of activists representing a variety of anti-sweatshop campaign organizations at an international NGO consultation meeting, sponsored by the Fair Labor Association, in Bangkok in January 2003, also helped to spur the globalization of the campaign. It was at this meeting that MSN first learned about the struggle of the Gina workers and discovered that two Canadian brands were sourcing from the factory.

MSN and CCC representatives at the meeting also learned that in the midst of management's union-busting campaign, the Gina factory had been certified by the Worldwide Responsible Apparel Production Certification Program (WRAP) as being in compliance with WRAP labour standards. The GRWU had appealed to WRAP in December of 2002 to re-examine conditions and practices at Gina, but had not received any reply beyond an acknowledgement of request of the letter.

What is WRAP?

The Worldwide Responsible Apparel Production Certification Program (WRAP) is a creation of the American Apparel and Footwear Association. WRAP is an industry-controlled factory certification program with relatively weak labour standards. A major criticism of WRAP is that it provides very little information to the public on its monitoring process or findings. For that reason, it lacks credibility with NGOs and labour organizations.

Gina Bra workers demonstrate

Anticipating that WRAP certification would be used by Gina management and its brand-name buyers to deflect criticism of the company's labour practices, both MSN and CCC initiated a letter-writing campaign to challenge WRAP for its failure to respond to the Gina workers' request for action.

On February 18, 2003, Canadian faith, labour, teacher, and international development organizations affiliated with the Ethical Trading Action Group (ETAG) submitted a formal request to WRAP, asking whether it had carried out a follow-up audit of the Gina factory in response to the GRWU's request, and if so, requesting that it release the audit findings to the union and other interested parties.

In March, the CCC released an Open Letter to WRAP, co-signed by US labour rights groups, including the International Labor Rights Fund, Campaign for Labor Rights, Global Exchange, and the North American garment workers' union, UNITE (now UNITE HERE), pointing to "serious violations of internationally-recognized labour rights" at the Gina factory, and criticizing WRAP for shortcomings in its standards and the lack of transparency regarding its monitoring methods.

Although WRAP made no response to the questions posed in the two letters, WRAP certification became a non-issue in the campaign.

In early 2003, anti-sweatshop groups in the US, the UK, continental Europe, and Canada launched letter-writing campaigns aimed at the Thai prime minister's office, management at Gina Form Bra, and the major brands supplied by the Bangkok factory – including Victoria's Secret (owned by the US firm The Limited) and the Gap.

The Gina campaign also coincided with a broader campaign initiated by UNITE that was targeting Gap at the global level, which resulted in increased participation in the Gina campaign by US anti-sweatshop groups, including Campaign for Labor Rights and United Students Against Sweatshops. International pressure began to be felt by powerful buyers capable of influencing the Thai garment maker.

Pressuring the Canadian brands

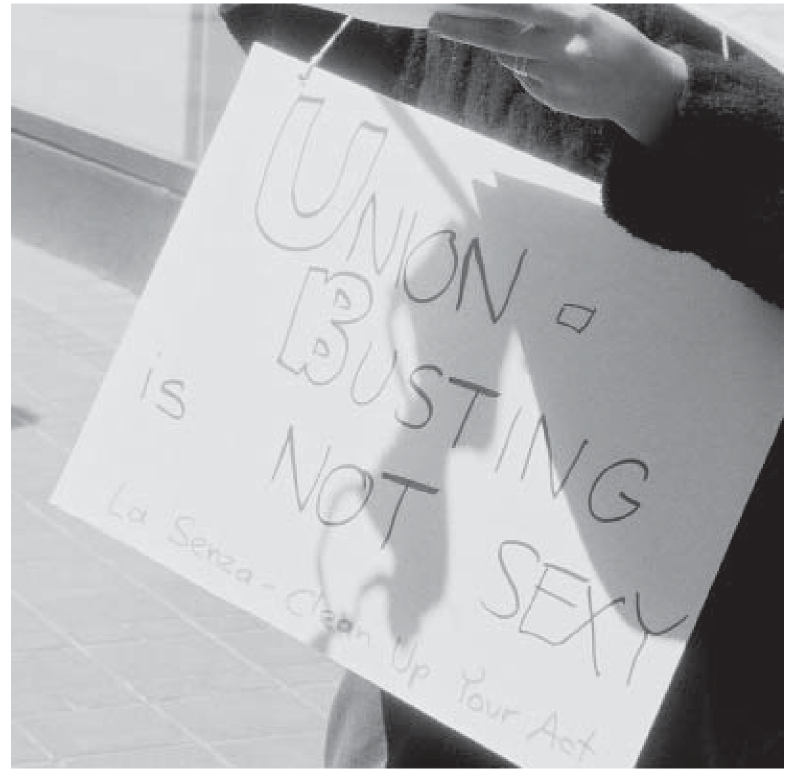
In Canada, MSN focussed its efforts on pressuring the two Canadian buyers, Boutique Jacob and La Senza, to work with the larger US buyers to bring an end to the abuses at the factory. The February launch of the campaign could not have been more timely. As a February 14 article in the *Montreal Gazette* stated, "It's probably one of the last things a lingerie-maker wants to hear on the eve of Valentine's Day: a human-rights group is alleging your finery was stitched together by abused workers."

When both companies initially denied their products were made in the Gina factory, the GRWU was able to provide MSN scanned copies of the companies' labels, information on the dates when the products were made in the factory, and CA registration numbers confirming that the products were registered to the brands for sale in Canada. This conclusive evidence proved to be a major embarrassment for Boutique Jacob management when a Montreal reporter received the documentation days after company officials had denied ever using the factory.

Unfortunately for the Thai workers, both Canadian brands refused to take positive action to pressure their Thai supplier to respect its workers' rights. Instead, the companies attempted to dismiss the situation as a dispute between two unions, and then announced they had no plans to place future orders with the factory.

In fact, it was Gina management that had recruited a notoriously corrupt union, the National Congress of Thai Labour led by Panus Thailuan, in an attempt to create a new union to displace the GRWU, or at least cause divisions in the workforce, now that the workers' elected leaders had been denied access to the workplace. The employer also put considerable pressure on workers to relinquish their membership in the GRWU and to join the new company-supported union.

Despite these blatant examples of employer interference with its employees' associational rights, La Senza president Laurence Lewin claimed that an inspection team sent to the factory by his company



had found no evidence of worker rights abuses. Lewin then reiterated his company's argument that the trouble in the factory was a result of a dispute between two unions.

MSN immediately denounced the Canadian companies' decision to stop placing orders with the Gina factory, charging La Senza and Boutique Jacob with "cutting and running" from their responsibilities to the Gina workers. It then heightened the pressure on La Senza by mobilizing volunteers and supporters across Canada to stage protest actions and store leafleting, demanding that the company reverse its decision and work with other brand buyers to ensure that Gina workers' rights were respected.

On May 1, 2003, women protesters in Winnipeg burned their La Senza bras outside a company store. "In the 1960s and '70s, women who stood up for their rights were dismissed as bra burners," said one protestor. "In 2003, we are reclaiming that image by burning our bras in solidarity with the women who sew them." Leafleting and store actions were also organized in Vancouver, Toronto, Montreal, and St. John's. Meanwhile, members of the Labour Behind the Label Coalition, the CCC affiliate in the UK, leafleted customers outside a new La Senza store in London, England.

Role of the Human Rights Commission

While the international campaign was unsuccessful in pressuring the Canadian companies to reverse their decision to cut and run from the GFB factory, it was eventually able to convince the two major buyers, The Limited and Gap, to intervene and help achieve a resolution to the dispute.

One of the key factors that convinced these major US brands that the workers' complaints were legitimate was the important role played by a Thai government institution, the National Human Rights Commission (NHRC). In September 2002, the NHRC had released its findings on the Gina case, responding to a request that the union had filed in November of the previous year. Its report thoroughly punctured the company's case.

In the matter of Somboon Rodcharoen, the arrested union executive member and treasurer, the Commission noted that the gambling charges lodged against her had already been dismissed, that the central labour court had rejected the company's application to have her removed as a union executive member, and that the Supreme Court had then rejected the company's appeal of that ruling. Yet Gina management, while paying Somboon since August 2001, had illegally refused her entry to the plant.

Gina Bra workers looking at brand tags

Moreover, the Commission clearly identified a number of intimidation tactics used by the company to sow discord between union members and their leaders, and described in some detail how the company had begun 'negotiating' terms and conditions of employment with individuals and small groups of workers at the plant that sharply reduced their benefits and working conditions, in clear violation of the law.

Although the NHRC has no enforcement powers, it was able to bring its prestige and moral force to the problem. According to Robertson, the NHRC report helped convince Gap that GRWU Treasurer Somboon's exclusion from the factory could not be justified. As a result, Gap felt compelled to pressure for Somboon's reinstatement. Her return to work on March 19 "was the first major indication," says Robertson, "that the international campaign was having an impact."

The final sprint to victory

Events unfolded quickly in the summer of 2003 as the international dimension of the campaign was further expanded. Specifically, the Asia Monitor Resource Centre and the Hong Kong Christian Industrial Committee took the dispute to the door of the Clover Group, owners of Gina Form Bra, in Hong Kong. At a meeting on June 20, Gerard Lau implied that a solution might be at hand. Hopes were dashed a few days later however when he seemed to reject suggestions that he negotiate with the union directly, rather than with its NGO supporters. Gina management proceeded to put its workers on half-pay leave.

At this point, intervention by the North American union UNITE proved decisive. UNITE's Ginny Coughlin recalls that prior to meeting GRWU representatives, she "had heard about their…very local, well-run campaign." When she did get together with GFB workers in Bangkok, Coughlin found them "well aware" that they would have to appeal to the brands if they wanted to prevail.

For its part, UNITE had already developed a decent working relationship with The Limited, GFB's major client. According to Couglin, the company "had made it clear to us that they would be willing to discuss problems, wherever they might occur, in order to solve them quickly."

In the Gina case, The Limited clearly wanted to avoid negative exposure for being associated with worker rights abuses. Nevertheless, it was at first willing to cut its Thai partner some slack; after all, Gerard Lau was telling his main customer that he was trying to reach a deal satisfactory to the union. UNITE ensured that The Limited heard the Thai union's side of the story.

In Coughlin's view, the turning point occurred when GFB put up an "incendiary" poster in its factory alleging that the closure of the factory was imminent due to customers' plans to pull their orders. While this may have been an accurate description of the response of the two Canadian customers, which represented a small percentage of orders to the factory, it was a blatant misrepresentation of the positions taken by the two most important buyers, The Limited and Gap.

The union quickly sent the poster to the Bangkok AFL-CIO Solidarity Center, which translated it from Thai into English and then faxed it to UNITE. The North American union then faxed the translated document to The Limited, together with the suggestion that GFB management be given a time limit for negotiating a collective agreement with the union, a proposal that The Limited reportedly accepted.

"And within days," Coughlin recalls, there was a signed collective agreement. The Limited had realized how GFB was playing both ends against the middle, presenting one version of events to its customers and another to its employees. It laid down an effective ultimatum – negotiate a collective agreement or face an end to our business relationship, not only in Thailand, but in all factories owned by the Clover Group. On July 9, 2003, a settlement to the long dispute between the two warring parties was announced.

By the end of August, members of the union executive were back from their enforced leave and 37 fired union members, whose cases had been lingering in the courts, were back on the job. All court cases brought against the GRWU by the employer were withdrawn and reinstated workers were paid back wages totalling over 4 million baht US$100,000). A considerable flow of orders, largely for Victoria's Secret, had ensured the immediate future of the GFB plant. The union could boast that "virtually all" of its demands had been secured in the new collective agreement.

In Canada, MSN used the example of the positive actions taken by The Limited and Gap to place additional pressure on La Senza and Boutique Jacob, demanding that they resume orders with the factory. Despite negative publicity, both Canadian brands stubbornly refused to reverse their earlier decision to run away from the problem.

However, shortly before La Senza's annual shareholder meeting, a new code of conduct suddenly appeared on the company's website.

Surprisingly enough, the La Senza code included a provision pledging its support for the right of workers to freedom of association and to bargain collectively.

3. Postscript

If the campaign failed to convince the two Canadian buyers to resume placing orders with the Gina Form Bra factory, it succeeded in influencing two important US buyers, The Limited and Gap. Both companies have lived up to their commitment to continue placing orders with the factory, and the company, with the union's support, was successful in gaining orders from two new buyers, Felina USA and Swedish retailer AB Lindex. Relations between union and management have reportedly improved.

SOURCES

"Thailand: The Challenges from the East," Karine Loëhman and Gilles Valentin, *Fashion Business International*, April-May 2002.

"An overview of Thailand's clothing industry," *Just-Style*, July 2005.

"The Struggle of the Gina Workers in Thailand: Inside a Successful International Labor Solidarity Campaign," Philip S. Robertson Jr. and Somasak Plaiyoowong, Working Papers Series No. 75, Southeast Asia Research Centre, City University of Hong Kong, November 2004, www.cityu.edu.hk/searc/.

"La Senza hit by sweatshop critics: Letter-writing campaign launched against lingerie maker by Maquila Solidarity Network," Sheila McGovern, *The Gazette*, February 14, 2003.

"Bra burners protest supplier: Claim lingerie chain buys from sweatshop," *Winnipeg Free Press*, May 2, 2003.

FOOTNOTES

4 For a more in-depth study of the Gina campaign, see "The Struggle of the Gina Workers in Thailand: Inside a Successful International Labor Solidarity Campaign," Philip S. Robertson Jr. and Somasak Plaiyoowong, Working Papers Series No. 75, Southeast Asia Research Centre, City University of Hong Kong, November 2004.

HONDURAS

The Gildan Story

HONDURAS
The Gildan Story

1. The Context

Trade agreements and investment strategies

In 2001-2002, the Maquila Solidarity Network (MSN) and the Honduran Independent Monitoring Team (EMIH) carried out joint research on the investment strategies, production methods, and labour practices of Canadian T-shirt manufacturer Gildan Activewear. With MSN's support, additional research on labour practices in some of Gildan's wholly owned and contract factories was also done by local groups in Mexico, El Salvador and Haiti.

Corporate research carried by MSN showed that this vertically integrated Canadian company was able to compete with major US brand-name T-shirt manufacturers by quickly adapting its investment and sourcing strategies to changing trade regimes, such as the North American Free Trade Agreement (NAFTA) and the US Caribbean Basin Trade Partnership Act (CBTPA).

Caribbean Basin Trade Partnership Act (CBTPA)

The CBTPA is a US trade policy that applies to 23 countries of Central America and the Caribbean. The CBTPA builds upon trade benefits offered under previous Caribbean Basin Initiative (CBI) programs by offering tariff-free treatment to apparel and textile exports made from US fabric. It also came into effect in 2000 under the Trade and Development Act.

North American Free Trade Agreement (NAFTA)

NAFTA is a tri-national trade agreement between the US, Mexico and Canada that came into effect on January 1, 1994. NAFTA eliminated barriers to trade in categories such as textiles, motor vehicles, computers and agriculture. It also contained controversial provisions that entrenched a number of "investor rights" and limited the powers of elected governments.

While keeping some of its capital-intensive textile production in Canada, by May 2003, Gildan had shifted all its labour-intensive sewing operations to the Caribbean Basin and Mexico. Taking advantage of terms of the CBTPA and NAFTA, Gildan was able to obtain cheaper labour while maintaining its access to the US market. In 2002, it established a manufacturing hub in Honduras by opening a textile manufacturing facility in the country. Using yarn from the US, the Honduran factory knitted, dyed and cut fabric to be assembled in Gildan's Honduran sewing facilities.

In December 2003, anticipating increased cost competition from Asian manufacturers after the phase out of import quotas at the end of 2004, Gildan announced that it was setting up a new textile manufacturing plant in the Dominican Republic (DR) and that fabric produced in the DR would be sewn at its new sewing factory in Haiti. It also announced plans to open another sewing plant in Nicaragua.

In July 2004, the company revealed it was closing one of its three sewing plants in Honduras, where a number of attempts to organize unions had taken place, and was shifting production to Nicaragua and Haiti, where labour costs were, respectively, one half and one third of those in Honduras. In August 2004, Gildan announced it was investing in another textile facility in Nicaragua to produce fleece.[5]

A December 2004 trip to China by Gildan senior management has raised questions as to whether the company will also shift some sewing operations to that country in order to remain competitive in the post-quota environment.

As Gildan stated in a March 2003 media release, "our success depends on our continuing unwavering commitment to be the global low-cost producer of activewear and to constantly drive down our manufacturing cost structure."

2. The Story

Production and labour practices

EMIH's research on Gildan's production and labour practices in its Honduran sewing factories highlighted another reason for the company's success – the low-cost, flexible and extremely efficient production processes at Gildan's Honduran sewing factories.

Key elements in this cost-effective production model included:

- A 4X4 workweek in which production employees work in two alternating shifts, 11 hours a day for four consecutive days, followed by four days off;
- Modular production, in which employees work in teams;
- Low base wages that do not meet workers' basic needs;

Profile of the Honduran Garment Export Industry (2004)

- 107,000 workers
- 26% of industrial employment
- 37% of export earnings
- 80% of all products exported
- $2.5 billion textile/garment exports to US (year ending May 31, 2004)
- 69% of garment exports: basic T-shirts, underwear T-shirts and casual cotton pants
- Half of all factories foreign-owned (30-35% US, 20-25% Asian)
- Leading apparel producer of the six CAFTA signatory countries
- CAFTA countries: 11.2% of US textile/garment imports (second only to China)

Impact of Quota Phase-out:
In 2004, total US garment imports increased by 7%; imports from Honduras decreased by 0.2%. Between December 2004 and June 2005, at least 10 factories were closed and over 5,300 workers lost their jobs.

- High production targets and monetary and other bonuses when work teams meet the targets, thereby encouraging team discipline to achieve increased production in order to raise team members' incomes;

EMIH initially did interviews and organized focus group discussions with approximately 30 workers from each of the two Gildan-owned sewing factories. These consultations revealed that while some employees preferred the 4X4 work shifts and modular production system, the Gildan model also resulted in a number of problems for workers, including:

- Stress and other health problems associated with the rapid pace of production and long hours of work;
- Child care and other family issues for women workers due to the long workdays;
- The fact that Sundays and other holidays were often workdays and that workers were not receiving legal overtime pay; and
- Pressure on workers to work additional days on top of their four-day shift without receiving legal overtime pay.

Other issues identified in worker interviews included workers' fears that they would be fired if they tried to organize a union, and their belief that new female employees were being tested for pregnancy and that workers found to be pregnant would be dismissed.

Meanwhile, preliminary research carried out in Mexico confirmed that some of the same issues identified in Honduras were also of concern for workers employed in the company's Mexican facilities. Research carried out in El Salvador seemed to indicate that worker rights abuses might be more common and more serious in Gildan's contract facilities than in its wholly owned factories.

Unanticipated events

In order to gain candid reports from workers, worker interviews in Honduras, Mexico and El Salvador were done outside the workplace without Gildan's knowledge. Given Gildan's stronger presence in Honduras, more extensive research was carried out there.

Although the initial research in Honduras and elsewhere was carried out without Gildan's knowledge or cooperation, it had been the intention of MSN and EMIH to review the first draft of the report with Gildan management prior to making it public, to incorporate their comments and opinions in the final version, and to engage the company in discussions of how it might improve working conditions and labour practices documented in the report. In other words, MSN and EMIH were taking an engagement rather than a campaigning approach.

Two unanticipated events that took place during the research project changed these plans, affecting both positively and negatively the two organizations' ability to engage with the company.

In January 2002, the Canadian Broadcasting Corporation (CBC) aired a television exposé entitled "Sewing Discontent." The program profiled working conditions in one of Gildan's sewing factories in Honduras and accused the company of a number of worker rights abuses, including excessive hours and high production quotas, inadequate wages, poor air quality, firings of workers attempting to organize unions, and forced pregnancy testing and firing of workers found to be pregnant.

Gildan responded by denying all the allegations made in the television documentary and produced affidavits signed by workers claiming they had been pressured to lie to the CBC reporter. While the broadcast of the exposé opened the door to discussions with Gildan, it also put the company on the defensive, making it more difficult to engage in constructive dialogue. In Honduras, local union representatives later claimed that all workers who appeared on the CBC documentary had been fired.

In December 2002, as MSN was preparing to meet with Gildan to discuss the research findings and proposals to address those findings, it received information from the Honduran Jesuit human rights office, ERIC, indicating that 38 workers at Gildan's El Progreso plant had been fired one week after filing a petition with the Ministry of Labour for recognition of a union. MSN asked EMIH to interview these workers, and those interviews confirmed that indeed the workers had likely been fired because of their attempt to form a union.

Once again, Gildan reacted defensively. The company denied that any workers had been fired for union activity and refused to consider offering to reinstate the union members. Gildan claimed it had no knowledge of the fact that a union had been registered at the Ministry of Labour and insisted that the lay offs were part of an annual slowdown process which had affected over 200 workers over a two-month period. Fired workers interviewed by EMIH were convinced that Gildan had received the list of the 38 union members, either from the Ministry of Labour or from one of two union leaders who had suddenly left El Progreso shortly after the firings.[6]

At a face-to-face meeting between Gildan and MSN in January 2003, the company also refused to acknowledge that any of EMIH's research findings might be based in fact. MSN and EMIH decided they had no choice but to make public their research findings in order to pressure the company to reinstate the unjustly fired workers.

In El Progreso, the fired union members were working closely with the Jesuit human rights office, ERIC. ERIC supported them in filing a formal complaint with the Ministry of Labour, requesting an investigation into the unjust and illegal dismissals. A labour inspector tried to visit the factory, but was not permitted to enter. In addition, the company was summoned to the regional Ministry of Labour office on three separate occasions, but failed to respond. After receiving no adequate response to their complaint, and with Christmas approaching, the fired workers eventually decided to accept their severance pay and abandon their case against the company.

Meanwhile, Gildan had also filed a petition with the Ministry of Labour, requesting that it verify the number of workers dismissed in October, November and December and the reasons for their dismissal, in order to strengthen its case that the firing of the union members had nothing to do with their union activity and was part of a seasonal layoff of a large number of workers. The Ministry promptly responded to Gildan's request, identifying the reasons for the dismissals as restructuring, poor quality of work and insubordination.

Leverage points

Through its corporate research, MSN was also able to identify some key leverage points that were used to pressure the company to respect its workers' rights. While Gildan Activewear is not a well-known brand that would be any easy target for a consumer campaign, it is vulnerable to pressure from various stakeholders.

One obvious leverage point is bulk purchasers of Gildan products. The company produces bulk orders of T-shirts for US and Canadian universities and other public institutions, as well as for athletic events, cultural festivals, and even progressive NGOs.

In recent years, hundreds of US and Canadian universities have adopted ethical purchasing policies that require suppliers of clothes and other products that bear the university name and logo to comply with international labour standards and local labour laws.

More recently, other public institutions, such as municipal and state

governments and school boards have also adopted similar policies. While athletic and cultural events do not generally have such policies, they are equally sensitive to the possibility of being associated with sweatshop abuses.

MSN learned that Gildan was producing T-shirts for a number of those US and Canadian universities, as well as for municipal governments and school boards that had adopted ethical purchasing policies. Through contacts at the Bangor, Maine Clean Clothes Campaign, MSN also learned that the State of Maine had an ethical purchasing policy and was a buyer of Gildan T-shirts.

Further research uncovered the fact that Gildan was also producing bulk orders of T-shirts for a number of progressive Canadian organizations and cultural institutions, including Oxfam Canada, Amnesty International, the National Farmers' Union, the Canadian Catholic Organization for Development and Peace, the Vancouver and Winnipeg folk festivals, the Montreal Jazz Festival, and even the Canadian Broadcasting Corporation that had aired the exposé on Gildan.

In addition to its vulnerability with bulk purchasers of its products, Gildan also had to be sensitive to the concerns of institutional investors. At the time the MSN/EMIH report was released, two of the most important institutional investors in Gildan were the Solidarity Fund of the Quebec Federation of Labour (FTQ) and Real Assets Investment Management Inc., both of which invest union members' pension money in Gildan and other companies.

Indeed, long before MSN and EMIH carried out their research on Gildan, the FTQ Solidarity Fund had been calling on Gildan to bring its code of conduct in line with International Labour Organization (ILO) standards and to have its factories audited and certified under the Social Accountability International (SAI) social auditing program. Gildan agreed to do so, but later backed away from its commitment to seek SA8000 factory certifications. Throughout the campaign, the FTQ Solidarity Fund played an important role in attempting to pressure Gildan to respect its employees' rights and to reinstate unjustly fired union members and supporters.

Shareholder action

One day prior to Gildan's February 2003 annual shareholder meeting in Montreal, MSN released information on the firings of the 38 union members to the Quebec media, and called on the company to cooperate with an independent investigation into the firings. At the shareholder meeting, a representative of the University of Montreal students union raised questions about the firings, on behalf of Real Assets.

That same day, the FTQ Solidarity Fund and two bulk purchasers of Gildan T-shirts, Oxfam Canada and Amnesty International, joined MSN in calling for an independent investigation.

Although Gildan did not agree to cooperate with an independent investigation in which the findings would be released to the public, it did agree to allow the FTQ Solidarity Fund to send a two-person audit team to the factory and report its findings to the company. The team returned to Canada with compelling evidence that the workers had been fired for attempting to organize a union. However, when confronted with the evidence, Gildan once again refused to reinstate the workers.

In early July 2003, MSN and EMIH released their research report and recommendations to the company. A few days later, Gildan threatened to take legal action against MSN if it continued to circulate the report or information from it. It also released an "official statement," saying the company "unequivocally and categorically denies the allegations" in the report.

MSN informed Gildan that it stood by the findings in the report and would continue to distribute it. Gildan then contacted all MSN funders and informed them of the threat of legal action against MSN. In response to Gildan's heavy-handed approach, numerous funders, bulk purchasers, including the State of Maine and the University of Toronto, and respected academics wrote to Gildan, urging the company to cooperate with an independent investigation and cease its smear campaign against MSN. In Honduras, where Gildan was attempting to initiate contact with some human rights and women's organizations, the response was similar: Gildan should cease its attack on MSN before they would collaborate with the company on training and/or other projects.

Concerned about the negative publicity his country's garment export industry was receiving in Canada, on July 18, the Honduran Vice Minister of Labour travelled north to the San Pedro Sula area to visit the maquila zone. Based on his brief visit, he concluded that no violations of workers' rights were taking place in the zone. According to the Vice-Minister, the accusations were part of a smear campaign instigated by Gildan's competitors.

Competing monitoring initiatives

At the same time that Gildan was attempting to discredit MSN's and EMIH's research findings, the company was also evaluating its options concerning code monitoring and/or factory certification programs in order to provide its customers and shareholders with assurances that its products were being made under humane working conditions.

Understanding the differences between the various US initiatives monitoring the implementation of codes of conduct is difficult enough for groups in North America; it is probably even more confusing for labour and civil society organizations in Latin America and Asia.

Before the MSN/EMIH report was released, Gildan's Honduran factories, including Gildan El Progreso, had already been certified under the Worldwide Responsible Apparel Production (WRAP) certification program as being in compliance with the "WRAP Principles." Gildan used the WRAP certifications to try to discredit the report and prove it was a socially responsible company. (See "What is WRAP?" on page 28)

As noted above, the FTQ Solidarity Fund had been urging Gildan to work with another competing factory certification initiative, Social Accountability International (SAI). Unlike the WRAP Principles, SAI's SA8000 Standard is based on the Conventions of the International Labour Organization (ILO). In contrast with WRAP's closed-door approach to workplace monitoring, SAI publishes a list of certified factories on its website and provides mechanisms for workers and third parties to register complaints when certified factories are violating workers' rights. There are a number of criticisms of the SAI private sector auditing and factory certification model, but most critics agree that SAI is more credible and transparent than WRAP.

Although Gildan had already committed to having its factories certified as being in compliance with SAI's SA8000 Standard, it decided instead to join another multi-stakeholder code monitoring initiative, the Fair Labor Association (FLA). One reason for this decision might have been that Gildan produces for universities, and close to 200 US and Canadian universities are members of the FLA.

Unlike SAI or WRAP, the FLA does not certify factories; it carries out factory monitoring for North American and European brands and retailers and provides public reports on the results of its monitoring program. The FLA also has a third party complaint process, in which workers and other interested parties can file complaints if they have evidence that the FLA code of conduct is being violated at a factory producing for one or more of its member companies.

Although most of the organizations that do workplace audits for the FLA are Northern-based commercial auditing firms, two Central American non-profit monitoring organizations, GMIES and COVERCO, are also accredited to carry out FLA audits (in El Salvador and Guatemala respectively).

Later a fourth code monitoring organization, the Worker Rights Consortium (WRC), would also become involved in the Gildan El Progreso case. The WRC was created by US university students and administrators and labour rights groups to carry out investigations when workers or other interested parties file complaints, alleging that workers' rights are being violated in factories producing university-licensed products. Unlike the FLA, the WRC does not accept companies as members nor does it use the services of commercial auditing firms. (See Appendix B "Labour Standards Monitoring and Certification Programs.")

Continuing violations

During this same period, EMIH was carrying out a second round of interviews with workers employed at Gildan El Progreso in order to determine whether worker rights violations were continuing in the factory. While it appeared that some working conditions had improved since EMIH's original interviews, there was also evidence of continuing violations of freedom of association, as well as hours of work laws.

Workers reported that in March and April of 2003 two entire work teams had been fired based on suspicions that they were attempting to organize a union. They said a manager had informed employees that if team members failed to report union organizing activities taking place in a work team, the entire team would be fired.

On October 20, two leaders of another union organizing attempt were fired, and on November 4, 37 additional El Progreso workers were dismissed. According to the Independent Federation of Honduran Workers (FITH) and workers interviewed by EMIH, the workers were fired because of suspicions they supported the latest union organizing drive.

On November 15, the FITH released a public report on the latest rounds of firings and demanded the following:

- Reinstatement of all the fired union supporters;
- No blacklisting that would prevent workers from finding jobs at other factories;
- An end to anti-union harassment and discrimination;
- Respect for labour and human rights;
- Immediate reinstatement of a pregnant worker who was illegally fired;
- The right to form a union without management interference.

Two days later, the FITH filed a petition with the Ministry of Labour, requesting that it send inspectors to investigate the massive firings at the Gildan factory. Once again, the Ministry inspector determined that the workers had been dismissed because it was a low production period, and that some of the workers had voluntarily left their jobs and had received severance pay. EMIH continued to document what was taking place and maintained ongoing communication with MSN.

Reports on the third round of firings of union supports posed a serious problem for Gildan because the two union leaders had been fired two days before it was accepted as a Participating Company in the FLA, and the 37 union supporters were fired less than two weeks after it became a FLA member.

On November 12, the FTQ Solidarity Fund announced it was selling off its shares in Gildan because of the company's refusal to reinstate 38 union members fired in November 2002. The Fund also announced that its representative on the Gildan Board of Directors would be resigning.

Third party complaints

In December 2003, MSN, together with the FITH and the Canadian Labour Congress (CLC), filed a formal complaint with the Fair Labor Association (FLA) and the Worker Rights Consortium (WRC) concerning the recent firings of union supporters one month earlier, as well as the firings of union members in November 2002. The complaint alleged that there was a pattern of violations of freedom of association at Gildan El Progreso.

At Gildan February 4, 2004 annual shareholders' meeting in Montreal, institutional investors challenged the company to cooperate with both investigations. Gildan's CEO answered that his company would fully cooperate with the FLA audit and take corrective action if his company had failed to meet its commitments to the FLA. However, Gildan did not agree to cooperate with the WRC investigation or to provide its investigative team access to the factory or to factory records.

In May, Gildan received the results of the FLA and WRC investigations, confirming that El Progreso workers' right to freedom of association had been violated. Other findings included failure to pay legal overtime pay and holiday pay, discrimination against pregnant workers, and sexual harassment. With a few exceptions, the findings confirmed those of EMIH's research. Soon after receiving the findings, Gildan entered into joint discussions with the FLA and WRC on a corrective action plan.

Gildan CEO
Glenn Chamandy
(third from left)

Factory closure

On July 12, Gildan CEO Glenn Chamandy flew to Washington D.C. to attend a face-to-face meeting with representatives of the FLA and WRC. The purpose of the meeting was to gain agreement on the details of the corrective action plan. According to the WRC, the outstanding issue was whether Gildan would accept the findings that workers' right to freedom of association had been violated and that the workers should be reinstated.

Rather than tabling a corrective action proposal, at that meeting, Chamandy made the surprise announcement that Gildan was going to close the factory on September 30, and would be giving formal notice to the workers the day after the meeting. Gildan claimed the decision had nothing to do with the audit findings or proposals for corrective action, and was made for purely business reasons.

In Honduras, with the support of a local NGO/labour coalition, Gildan El Progreso workers formed a committee to negotiate with the company on the terms of their dismissals. The committee put forward a series of demands concerning severance pay, health benefits for pregnant workers, compensation for workers injured on the job, job opportunities at other Gildan factories, and protection against blacklisting.

While Gildan initially entered into negotiations with the committee and NGOs supporting them, the company later withdrew from the negotiations.

Back in Canada, MSN began to mobilize opposition to Gildan's decision to close the factory, urging bulk purchasers and institutional investors to increase the pressure on the company to reverse its decision, while at the same time urging the company to negotiate in good faith with the worker committee on benefits and other support that would be provided to workers if the factory was indeed closed.

On July 26, the FLA placed Gildan on a 90-day Special Membership Review because the company had "failed to achieve or maintain compliance with the FLA's standards." And on July 29, the WRC released its report, including detailed findings and recommendations.

According to the WRC report, its investigative team found "overwhelming evidence supporting the conclusion that Gildan Activewear El Progreso management deliberately targeted union supporters for dismissal in violation of Honduran laws…." It went on to say, "On balance… the weight of the evidence argues in favor of the view that anti-union animus played at least some significant role in the decision to close the factory at this time…."

On September 24, Gildan closed the El Progreso factory. Workers received full legal severance pay, which is unusual in Honduras. Gildan also opened a job centre to assist workers in finding employment at other maquilas. However, the company did not agree at that time, in response to requests from MSN and Honduran organizations, to provide former El Progreso workers first hire opportunities at other Gildan factories in Honduras.

On September 30, the Canadian social investment organization, Real Assets Investment Management Inc., announced it had divested of the shares of Gildan Activewear in its portfolios because of Gildan's decision to close the El Progreso factory during a third-party complaint process.

On October 26, the FLA Board unanimously passed a motion to terminate Gildan's status as a FLA Participating Company, effective December 10, 2004, unless, by November 30, 2004, Gildan met the following conditions:

- Acknowledge that there were restrictions in its El Progreso factory on workers' right to freedom of association;
- Effectively communicate to its Honduran employees Gildan's commitment to their associational rights;
- Provide full back pay and severance pay to 39 union supporters fired in November 2003;
- Contract Verité to provide training on freedom of association to workers and managers in Honduras;
- Apply its corrective action plan concerning other worker rights violations to all its other factories in Honduras, and
- Constructively engage in discussions with the Maquila Solidarity Network on issues related to Gildan's implementation of FLA Standards.

Re-engagement

The FLA Board decision to set a deadline for action and conditions for continued membership placed Gildan under increasing pressure to develop and implement an adequate corrective action plan and to resume dialogue with MSN.

In addition, Gildan was also facing growing pressure from universities affiliated to the Worker Rights Consortium (WRC) and/or the FLA, as well as other institutional buyers in the US, including the State of Maine. In Europe, Clean Clothes Campaign groups were contacting

European distributors of Gildan products, urging them to call on the company to take corrective action.

In November, as the FLA deadline approached, Gildan began to engage in constructive dialogue with MSN. At a face-to-face meeting in Toronto, a senior officer of Gildan raised the possibility that Gildan might open a new sewing facility in Honduras, which could provide employment opportunities for former Gildan El Progreso workers. On November 25, Gildan officers flew to Central America to meet with MSN and EMIH in order to review and evaluate the steps the company had taken to meet the conditions set by the FLA Board and discuss outstanding issues and additional steps the company might take to achieve remediation.

Following that meeting, Gildan officers and MSN staff took part in a number of conference calls in order to attempt to resolve those outstanding issues. However, Gildan didn't make a similar effort to engage with EMIH or other Honduran organizations that had been involved in the case. As a result, when events began to move quickly in North America, EMIH and other Honduran groups were not part of the discussions.

On December 10, the FLA Board of Directors accepted Gildan back as a member in good standing, based on the actions it had taken to meet the FLA's conditions for continued membership, but also expressing its expectation that Gildan would provide former El Progreso workers first hire preference at current and new factories in Honduras.

At around the same time, the WRC informed its member universities that Gildan had not adequately addressed the damage caused by the company's decision to close the factory during a third party complaint process and was therefore not in compliance with university codes of conduct. As a result, at least one US university informed Gildan that it was not placing further orders with the company until it achieved remediation.

In the month following the FLA Board decision, the main pressure on Gildan came from the WRC and its member universities. Gildan had gained sufficient trust in MSN by that time to involve it in discussions as to the conditions it would need to meet to satisfy the WRC's code requirements.

On January 19, 2005, Gildan submitted a corrective action plan to the WRC and MSN that was acceptable to both organizations, and within days, the WRC informed its member universities that the company had agreed to take sufficient action to be in compliance with university code requirements. MSN announced it was suspending its campaign concerning the Gildan El Progreso case.

Corrective action plan

The Gildan corrective action plan included the following commitments:

- First-hire preference to former Gildan El Progreso workers at a new sewing factory and at its current sewing facilities in Honduras;
- No discrimination against fired union supporters in hirings;
- Transportation between El Progreso and the new factory;
- Transportation or cover transportation costs to a second factory closer to El Progreso;
- Cover relocation expenses for workers and their families that choose to be relocated; and
- Training for former El Progreso workers who don't have skills required at the current and new sewing factories.

Gildan also agreed to independent verification of compliance with these commitments.

Although the agreement represented an important advance over commitments made earlier by the company, a key weakness in the process of developing the corrective action plan was that Honduran labour and nongovernmental organizations were not at the table. While this was at least partially due to logistical and language barriers, as well as the need to seize the moment when an agreement was possible, the lack of consultation with Honduran organizations at that crucial moment had negative consequences.

3. Postscript

As of July 2005, Gildan has agreed that EMIH will carry out the verification of compliance with the WRC corrective action plan concerning first hire preference in hirings for former Gildan El Progreso workers, but the terms and conditions for the verification process are still under negotiation.

Meanwhile, the FLA is also still in the process of verifying Gildan's compliance with its commitment to apply its corrective action plan concerning noncompliance issues identified in the FLA audit to its other sewing factories in Honduras.

One positive development that resulted from the resumption of dialogue between Gildan and MSN was the speedy resolution of a new case of worker rights violations at a Gildan supply factory in another country in Central America. In response to reports that workers had been fired for union activity at its Nicotex supply factory in Nicaragua, Gildan agreed to meet with the union to hear its side of the story.

Following that meeting, and after further discussions with MSN and the WRC, Gildan agreed to take steps to ensure that its supplier respected the workers' right to freedom of association. On February 3, 2005 Gildan, Nicotex and the union signed an agreement in which the employer promised to reinstate five fired union leaders, pay them the benefits they were owed, and treat them with respect.

Gildan workers at the Nicotex factory in Nicaragua

SOURCES

A Canadian Success Story? Gildan Activewear: T-shirts, Free Trade and Worker Rights, Maquila Solidarity Network and the Honduran Independent Monitoring Team, May 2003.

"FLA Statement on Third Party Complaint about Honduran Factory Producing for Gildan Activewear," July 24, 2004, www.fairlabor.org.

"FLA Board Statement in Regard to Gildan Activewear Inc.," July 29, 2004, www.fairlabor.org.

"Worker Rights Consortium Assessment re Gildan Activewear El Progreso (Honduras): Findings, Recommendations and Status Report," July 29, 2004, www.workersrights.org.

"FLA Board Decides on Gildan Activewear Status in FLA," October 26, 2004, www.fairlabor.org.

Gildan Public Statement in Response to FLA Audit, November 2004, http://gildan.com/company/public.cfm.

"FLA Board Rescinds Termination of Gildan Activewear," December 10, 2004, www.fairlabor.org.

"An Insider's Assessment of Complaints Processes: The Gildan Story," *Codes Memo Number 18*, Maquila Solidarity Network, December 2004 / January 2005, www.maquilasolidarity.org.

"WRC Agreement with Gildan Activewear," January 19, 2005, www.workersrights.org.

FOOTNOTES

5 In May 2005, Gildan announced its decision to postpone its US$60 million investment in the Nicaraguan textile plant, opting instead to build up its existing operations in Honduras and the Dominican Republic. While the company plans to maintain its current sewing plant in Nicaragua, there is the possibility that Honduras will be the location for its new fleece factory.

6 Honduran labour law protects workers against firings once the employer has been notified of the petition to register a union. Thus the question of whether or not Gildan had knowledge of the union membership list and the names on it became an important piece of the puzzle.

THE LESSONS

THE LESSONS

These three case studies offer a number of lessons on the potential and limitations of international campaigns linking local organizing efforts in the global South with brand campaigns by Northern unions and labour rights organizations.

Local leadership

A key element in the success of both the Nien Hsing campaign in Lesotho and Gina Form Bra (GFB) campaign in Thailand was the central role played by militant local trade unions. Not only did the unions have an active presence in the workplace, they also understood the added value of brand campaigns at the international level.

In the Lesotho case, the fact that LECAWU had already established ties with the Africa regional office of the International Textile, Garment and Leather Workers' Federation (ITGLWF) and the European Clean Clothes Campaign (CCC) network prior to the initiation of the campaign was an important advantage. Through its association with the CCC, LECAWU was already familiar with anti-sweatshop organizations and their strategies, and it was LECAWU that consciously sought out the support of MSN/ETAG and UNITE to help challenge violations of workers' rights.

The willingness of at least one brand-name buyer to engage directly with LECAWU allowed workers to have a significant role in the resolution of workplace problems. It also opened the door to dialogue between union and management and created direct channels of communication between the union and the brand's regional compliance officers.

The story of the Gina workers in Thailand is different from the other two cases because the local union involved had an historical presence in the factory prior to the dispute and workers had previously enjoyed the benefits of union representation and a signed collective agreement. They were determined not to lose those benefits. However, despite its strong base of support among the workers, the GRWU found itself under attack by a new management just as determined to make major changes in industrial relations in order to gain greater labour flexibility.

The Gina workers' ability to remain united in the face of their employer's aggressive union-busting campaign was obviously a major factor in their eventual victory. The union leadership's ability to maintain communication with its members and count on their continuing support even after its leaders had been expelled from the factory is particularly impressive. However, despite this support and GRWU's strong ties with the Gina workers, their victory would not have been possible without the support of national and international human and labour rights organizations and networks that were able to make use of a number of leverage points to bring the employer back to the bargaining table.

In contrast to the central role played by local unions in Lesotho and Thailand, the union federation involved in attempts to organize workers at the Gildan El Progreso factory in Honduras was never able to gain a strong presence in the workplace and did not have extensive connections with the workers in the communities where they lived. While the failure of the union organizing efforts could be attributed, at least partially, to the repressive measures taken by the employer, as well as to the government's failure to enforce its labour laws, it also reflects some of the limitations of the Central American labour movement in this period.

Most unions in the region were greatly weakened by the past two decades of political turmoil and state repression. In addition, their predominately male leadership lacks experience working with young women workers that make up the bulk of the maquila workforce or sensitivity to the gender-specific problems of these young, female workers. Unions in the region also tend to distrust local NGOs and women's groups that provide training and services to maquila workers, viewing them as competitors rather than allies.

The absence of a strong union presence or effective union organizing drive at Gildan El Progreso meant that workers were unable to

take advantage of the various leverage points available to them in order to influence Gildan's practices at the shop floor level.

In this situation, local NGOs, which had a stronger presence in the workers' communities, and the young women ex-maquila workers who form part of their teams, played a more important role in providing support ("*acompanimiento*") to the workers, including advice on the process of unionization.

Ironically, the one moment when workers were able to negotiate directly with the company was after Gildan had announced plans to close its El Progreso factory. Significantly, the workers chose to organize through informal committees, rather than through the union federation that had been attempting to organize the factory. However, their efforts were supported by a civil society coalition that included human rights and women's organizations, as well as the union federation.

National and regional support

In all three cases, local and regional human and labour rights organizations played an important role in supporting workers' struggles and in facilitating connections with labour and anti-sweatshop organizations in other countries and at the international level.

In the Nien Hsing case, the support and advice provided to LECAWU by the ITGLWF-Africa office were invaluable in helping to achieve constructive dialogue with the brand buyer and employer that led to union representation and the negotiation of a collective agreement. At the international level, the ITGLWF and the AFL-CIO's Solidarity Center also played an important role in bringing the union's case to the attention of senior management at Nien Hsing in Taiwan.

In the Gina case, Thai labour rights NGOs lent helpful strategic advice and legal support to the union and served as conduits to sympathetic organizations in other countries. The Bangkok office of the AFL-CIO Solidarity Center played an essential intermediary role, providing technical support and translation services, and helping to interpret events as they unfolded. As a result, there was fluid communication between the local union and Northern campaign groups throughout the campaign.

Another particular feature of this campaign success story was the important role of the National Human Rights Commission (NHRC). Despite the NHRC's lack of enforcement powers, its clear and unequivocal findings in the Gina case, verifying that workers' human rights had been violated, were an invaluable tool for support groups to challenge the misinformation spread by the employer and the industry association both in Thailand and internationally.

The Gina workers' positive experience with the NHRC strongly suggests that credible governmental or non-governmental human rights organizations that are genuinely independent and unbiased, can be important allies, particularly in situations in which other official government bodies are ineffective, biased in favour of employers, and/or corrupt.

Research and North/South communication

In all three stories, research carried out by local, regional and/or international organizations played a key role in the ultimate success of the campaign.

In the Lesotho case, prior research carried out by European and Southern African organizations on the labour practices in that country's garment industry, including the identification of North American brands whose products were being made in the factories, offered a wealth of information for campaigning and engagement with brand-name buyers. Follow-up research made it possible to challenge buyers on their audit findings and verification methods.

In the Gildan case, the Honduran Independent Monitoring Team's (EMIH's) role in documenting working conditions and labour practices was critical to the success of the campaign. In many instances, it appears that EMIH had more accurate information on the actual situation in the factory than did Gildan management in Canada. This allowed the campaign groups in the North to challenge Gildan's inaccurate claims, as well as those of the Honduran Ministry of Labour. EMIH's research also provided useful information for both the FLA and the WRC during the third party complaint process.

MSN also played an important role in providing EMIH, as well as other Honduran civil society organizations, with information and analysis on Gildan's corporate structure and investment strategy, as well as Spanish-language translations of documents and campaign literature used in the North. Without MSN's willingness and ability to quickly translate public statements made by Gildan, the FLA, the WRC, and other key players in the case, EMIH and other Honduran organizations would not have had access to this information.

In both the Gina and Nien Hsing cases, the local unions' strong presence at the shop floor made it possible to obtain essential information, such as clothing labels and CA registration numbers, dates when particular brands were using the factory, and worker reports on messages and threats management was communicating to workers. Such information was invaluable in countering the misinformation the employers were feeding the brand buyers, and that some of those buyers were relaying to the media. MSN and other Northern campaign groups were also able to provide useful evidence to the local organizations to challenge management allegations that the international campaign was attempting to drive jobs and investment out of the country.

Regular two-way communication and sharing of information between the local organizations and the Northern campaign groups was a key element in the success of all three campaigns. However, during the final discussions of the Gildan corrective action plan, when there was increased pressure on MSN and the company to arrive at an agreement on a corrective action plan, this relatively fluid flow of information broke down, resulting in the marginalization of the Southern groups from the process.

Multiple leverage points

In all three cases, a variety of leverage points were employed to pressure or persuade the employer to respect its workers' rights. These included:

- Pressuring and engaging with key brand-name buyers and campaigning against secondary buyers;
- Attempting to engage directly with the parent company;
- Making use of whatever legal channels exist at the national level;
- Challenging the credibility of an industry-controlled factory monitoring program;
- Requesting investigations by more credible and transparent monitoring initiatives;
- Generating international media exposure for the workers' story; and
- Encouraging institutional buyers and investors to demand that the company provide credible evidence of fair labour practices.

The use of multiple points of leverage to pressure and influence different industry players was particularly effective in the Gina Form Bra case, as was the combination of engagement and campaigning with different brand buyers. Knowing when to engage and when to campaign is always a difficult question, but the labour and anti-sweatshop organizations involved in this international campaign generally found the right balance between the two approaches.

Despite their dislike for negative publicity, retailers and brand merchandisers often react differently when approached or targeted by labour and anti-sweatshop campaign groups. Well-known brands like Gap are veterans of anti-sweatshop campaigns, and are therefore more sophisticated in how they react to reports of worker rights violations in their supply factories. Many of these brand-sensitive companies now employ specialized compliance staff whose job it is to engage with campaigners and suppliers and attempt to find a resolution to a dispute before it becomes a public embarrassment.

In contrast, second tier brands like La Senza and Boutique Jacob with less experience in dealing with labour rights groups, anti-sweatshop campaigns and/or media exposés often react by first denying they have any connection to the factory in question or by claiming they are minor players with little or no influence over their supplier. Faced with an escalating campaign that is doing damage to the reputation of their brand, such companies often decide to cut and run from the problem, rather than attempting to find a satisfactory solution.

When attempting to target or engage with second tier brands, department stores or discount chains, local organizations and Northern campaign groups need to be cautious about revealing factory locations. If possible, a set of conditions should be negotiated with the company before revealing the identities of workplaces where worker rights violations are taking place. At the very least, workers that could be negatively affected by a company's decision to cut and run should be made aware of the dangers of revealing factory locations and should be in agreement with whatever strategy is adopted.

Still, the decision to continue and expand the campaigns targeting the Hudson's Bay Company, La Senza and Jacob after the companies gave indications they were cutting off their suppliers was the right one. A company cannot be allowed to evade its responsibilities to workers by cutting and running without facing serious consequences, particularly after a company has made commitments to investigate alleged violations and take appropriate corrective action, as was the case with the HBC.

Since Gildan is a manufacturer, rather than a retailer or brand merchandiser, it was less likely to respond to a campaign that focused on the image of the company's brand. Instead, MSN and other campaign groups focused their energy on convincing bulk purchasers of Gildan products

to demand that the company provide verifiable assurances that the alleged labour rights violations were not taking place in its factories.

The fact that many of these public institutions now have ethical purchasing and/or licensing policies, made this strategy particularly effective. Expanding the campaign to reach buyers in the US and Europe was key to convincing the company that it needed to settle the dispute without further delay.

Institutional shareholders, especially the FTQ Solidarity Fund and Real Assets, also used their financial leverage at various points in the campaign to encourage or pressure Gildan to provide verifiable assurances that they were complying with international labour standards and local laws. These institutional investors were particularly effective in periods leading up to annual shareholder meetings and during those meetings, since they were then able to raise questions and/or file proposals that the company had to address publicly. Raising issues at shareholder meetings also brought increased media attention to the issues. Similarly, a successful shareholder resolution at the HBC annual meeting raised public awareness of the Lesotho case and prompted the company to provide more transparent annual reports on the process and findings of its code monitoring program.

One dilemma for institutional shareholders, as well as for bulk purchasers, is determining when is the right moment to sell their shares in or end their orders with a company that is refusing to take appropriate action, since doing so effectively eliminates their leverage on the company in the future.

Conditions for engagement

A key lesson from all three case studies is the need to carefully assess the viability of different campaign and engagement strategies, and the possible negative impacts of those strategies on workers, prior to launching campaigns or attempt to engage with companies.

One important condition for effective engagement with brand buyers is that the company involved directly communicate with the local organization(s) that are making the complaint, rather than only communicating through the Northern campaign group. Another necessary condition for meaningful engagement is that the brand is willing to report back on findings of its internal investigation and is prepared to discuss a remediation plan before taking any definitive action. No "cutting and running" unless and until all other options have been exhausted should be a bottom-line condition.

As well, since buyers often claim to have little leverage with suppliers because their share of orders is smaller than that of other buyers, they should be encouraged to collaborate with other companies using the same factory, particularly if one or more of those companies have more experience dealing with third-party complaints.

In the Gina and Nien Hsing cases, the presence of major US brands in the factories willing to engage constructively limited the negative impact of the actions of the Canadian companies, which had a smaller percentage of the orders in the factories. In fact, it could be argued that a combination of engagement with leading brands and campaigning against second tier brands that are using the same factory can be an extremely effective strategy, since it shames the laggards, and hopefully motivates them to react more positively in the future, without having serious negative impacts on the workers involved.

The appropriate balance between engagement and campaigning is often determined through practice. In the Gildan case, MSN and EMIH began with an engagement strategy, but were forced to move into campaign mode when workers attempting to organize were fired for doing so, and Gildan responded to EMIH's research findings with blanket denial and threats of legal action.

The campaign was successful at least partially because it was able to increase pressure on Gildan at critical moments without ever resorting to a full-scale boycott, which would have alienated institutional buyers, labour unions that represented Gildan workers in Canada, and social investment organizations, as well as Honduran organizations and the workers themselves. Because campaign organizations put forward reasonable demands, such as the call for an independent investigation, they were able to mobilize the broadest possible coalition of forces and avoid driving key stakeholders into Gildan's camp.

Equally important was the fact that MSN and other organizations involved in the campaign were willing to resume dialogue with the company when Gildan was prepared to take corrective action. A serious effort at trust building was needed at that moment in order to convince the company that MSN was operating in good faith and that it would be willing to suspend the campaign if and when Gildan took sufficient steps to resolve the outstanding issues.

It is also important to acknowledge that senior management at Gildan took a calculated risk in deciding to resume dialogue with MSN, EMIH and the WRC. This decision can be attributed, at least in part, to changes in leadership at the company that happened to coincide with the FLA membership review process. Whether this new more open approach by management represents a fundamental change in the company's labour practices is yet to be seen.

Complaint processes

Of the three cases, Gildan is the only one in which formal complaints were filed with code monitoring organizations. Although the third-party complaint processes took a great deal of time and energy, filing complaints with both the Fair Labor Association (FLA) and the Worker Rights Consortium (WRC) turned out to be a particularly effective strategy in both verifying that the alleged violations were in fact taking place, and in heightening the pressure on Gildan to take adequate corrective action.

While there is no doubt that Gildan's membership in the FLA gave some credibility to the company's claims that it was a socially responsible company, it also proved to be an effective tool to hold the company accountable when it continued to contest audit findings and resist taking corrective action.

The FLA Board's decision to place Gildan's membership under review, and then later to set a one-month deadline to meet specific conditions, turned out to be the turning point in the campaign, motivating Gildan to move beyond denial to constructive engagement. However, the FLA failed to seriously challenge Gildan's decision to close the factory during the third party complaint process. It could have made the rehiring of former Gildan El Progreso workers a condition of continued FLA members, but it failed to do so.

After the FLA accepted Gildan back as a member in good standing, the momentum shifted to the Worker Rights Consortium (WRC), whose member universities were continuing to pressure Gildan to achieve remediation or lose future orders. The WRC set the bar higher than did the FLA, demanding that Gildan address the central issue of the factory closure by offering first hire opportunities to former Gildan El Progreso workers.

In contrast to both the FLA and WRC, WRAP factory certifications proved to be solely a public relations tool for the company, but did not provide workers or third parties any useful information or mechanisms to challenge Gildan's claims.

For these reasons, it is important for groups in the North and South to understand the differences between these various code monitoring initiatives, as well as the different tools they offer to redress violations of workers' rights.

North/South collaboration

A key issue in the Gildan campaign and other similar campaigns is that pressures, timelines and demands are not always the same in the North and South. This can often result in misunderstandings and resentments. In the Gildan campaign, events were often moving at a different pace in North America and Honduras, which sometimes resulted in misunderstanding between Northern and Southern groups.

A key challenge in campaigns involving groups in the North and South is how to keep up regular communication and consultation and ensure that Southern groups are included in the decision-making process. "This doesn't happen overnight, nor is it the product of a single campaign," says EMIH coordinator Maritza Paredes. "It's a process that takes time, in which groups in the North and South have to assume their appropriate responsibilities."

A major concern in all campaigns is that actions taken in the North do not negatively impact on the Southern workers whose rights the campaign is supposed to be defending. In order to minimize potential negative impacts on workers, it is important to anticipate possible company reactions to various forms of pressure.

This was particularly important in the Gildan case, in which the company decided to close a factory employing 1,800 workers in the midst of a third party complaint process. While Gildan may have intended to close its El Progreso factory at some point in the future, the campaign and the third party complaints to the FLA and WRC may have provoked the company to close the facility earlier than planned. This obviously had an extremely negative impact on the workers involved.

Having said that, the persistent efforts of the worker committees and civil society coalition in Honduras, MSN and other campaign groups in the North, as well as the FLA and WRC, helped ensure that workers received just compensation and alternative job opportunities, as well as potential improvements in the remaining Gildan factories.

Both Northern and Southern organizations involved in joint campaigns need to take seriously their responsibilities to the workers who have taken major risks by sharing information on working conditions and their employer's labour practices.

Indeed "this is a work in progress, so we make mistakes, but if our principle focus remains on the workers themselves, we will likely build effective North/South alliances," says Paredes.

APPENDIX A

Who's Who?

AFL-CIO Solidarity Center
(also known as the American Center for International Labor Solidarity (ACILS))

ACILS is a US-based non-profit organization created by and accountable to the AFL-CIO. ACILS staff work out of 29 solidarity centres in various regions of the world, offering local unions and community groups education, training, research, legal support, organizing assistance, and other resources. The AFL-CIO Solidarity Center in Bangkok, Thailand played a key role in the Gina campaign.

- www.solidaritycenter.org

Asia Monitor Resource Centre (AMRC)

AMRC is a Hong Kong-based labour rights NGO that carries out research, advocacy and campaigns on labour issues, and provides information and training for, and promotes networking among, democratic unions in Asia. AMRC was involved in the Gina campaign.

- www.amrc.org.hk

Campaign for Labor Rights (CLR)

Campaign for Labor Rights is a US labour rights education and advocacy group that mobilizes grass roots support through its urgent action alert network for workers' struggles around the world. CLR was involved in the Gina and Gildan campaigns.

- www.campaignforlaborrights.org

Canadian Labour Congress (CLC)

The CLC is Canada's largest labour confederation bringing together most of Canada's national and international unions in the public and private sectors, as well as Canada's provincial and territorial federations of labour and district labour councils. The CLC played an important role in both the Lesotho and Gildan campaigns.

- http://sweatshop.clc-ctc.ca

Clean Clothes Campaign (CCC)

CCC is an international campaign dedicated to improving working conditions in the global garment and sportswear industries. The CCC network includes national labour/NGO coalitions in nine European countries. CCC was actively involved in all three campaigns profiled in this publication.

- www.cleanclothes.org

Centre for Labour Information Services and Training (CLIST)

CLIST is a Thai labour rights NGO providing information, training and support for unions in the garment, textile, chemical, toys, rubber and auto industries in Thailand. CLIST played an important support role in the Gina campaign.

EMIH (Independent Monitoring Team of Honduras)

EMIH is a non-profit independent monitoring organization based in Honduras. EMIH has carried out monitoring of labour standards compliance for Gap Inc. in Honduran supply factories producing apparel for that company. EMIH played a central role in researching the labour practices of Gildan Activewear.

Ethical Trading Action Group (ETAG)

ETAG is a Canadian coalition of faith, labour, international development and teacher organizations and labour rights NGOs promoting government policy and voluntary initiatives to improve working conditions and labour practices in the global garment industry. ETAG members were involved in the Lesotho and Gildan campaigns. MSN acts as the secretariat for ETAG.

- www.maquilasolidarity.org

ERIC (Reflection, Research and Communication Team of the Society of Jesus)

ERIC is a Jesuit-sponsored Honduran human rights centre that provides advice and assistance to maquila workers concerning their legal rights. ERIC provided advice to the Gildan El Progreso workers and information to MSN when union members were fired.

Factory Workers Union (FAWU)

FAWU is a Lesotho garment workers' union that was created as a result of a split within LECAWU. When former LECAWU General Secretary and member of Lesotho's Parliament, Billy Macaefa, was unsuccessful in his bid to regain the leadership of LECAWU, he created a competing federation, FAWU, and became its General Secretary.

FITH (Independent Federation of Honduran Workers)

The FITH is a Honduran labour federation affiliated with the Unitary Confederation of Honduran Workers (CUTH). The FITH was involved in two union organizing attempts at the Gildan El Progreso factory.

Global Exchange

Global Exchange is a US-based international human rights organization promoting social, economic and environmental justice around the world. Global Exchange has played an active role in international campaigns in support of workers' rights in maquiladora factories and export processing zones.

- www.globalexchange.org

Hong Kong Christian Industrial Committee (CIC)

Created by the Hong Kong Christian Council in 1967, CIC carries out research on labour practices in China's foreign-owned factories in the garment, sportswear and toy industries. CIC also publicizes stories of worker rights violations and participates in campaigns for improved labour practices. CIC was involved in the Gina campaign.

- www.cic.org.hk

Labour Behind the Label

Labour Behind the Label is a UK coalition of labour and nongovernmental organizations and individuals that raises public awareness of the plight of garment workers around the world and works to facilitate information exchange and international solidarity between workers and consumers. Labour Behind the Label is the UK platform of the European Clean Clothes Campaign.

- www.labourbehindthelabel.org

International Labor Rights Fund (ILRF)

ILRF is a US-based labour rights NGO that promotes enforcement of labour rights internationally through public education and mobilization, research, litigation, legislation, and collaboration with labour, government and business groups.

- www.laborrights.org

International Textile, Garment and Leather Workers Federation (ITGLWF)

The ITGLWF is the global union for workers in the apparel and textile sectors, bringing together 217 affiliated trade union organizations in 110 countries.

- www.itglwf.org

Lesotho Clothing and Allied Workers Union (LECAWU)

LECAWU is the older of the two trade union organizations representing workers in Lesotho's garment export factories. LECAWU was involved in the two organizing campaigns profiled in this report.

Maquila Solidarity Network (MSN)

MSN is a Canadian-based labour and women's rights advocacy organization promoting solidarity with grassroots groups in Latin America, Asia and Africa working to improve conditions in maquiladora factories and export processing zones. MSN carries out research, capacity-building, public advocacy, corporate campaigns and engagement with companies and governments to promote respect for workers' right in the global garment and sportswear industries.

- www.maquilasolidarity.org

MFA Forum

The MFA Forum is a multi-stakeholder initiative that brings together retailers and brands, trade unions, NGOs, and multilateral and national public institutions to identify and promote collaborative action on the social consequences of the end of the import quota system. The MFA Forum is currently assessing possibilities for joint action in Bangladesh and Lesotho to help protect their vulnerable garment industries based on respect for workers' rights. MSN is a member of the MFA Forum Working Group.

- www.mfa-forum.net

National Human Rights Commission (NHRC)

The National Human Rights Commission (NHRC) of Thailand is an independent government institution that has the power to investigate allegations of human rights abuses and to publish its findings and make recommendations on those findings, but lacks the power to enforce its rulings. The NHRC played a crucial role in the Gina case.

- www.nhrc.or.th/en

Real Assets Investment Management Inc.

Real Assets is the first investment manager in Canada to focus entirely on Social Investing. It manages pension investment funds for a number of Canadian institutional investors, including trade unions, that are concerned about social, environmental and ethical issues. Real Assets was an important player in the Gildan case.

- www.realassets.ca

Solidarity Fund FTQ (Fonds de solidarité FTQ)

The Solidarity Fund FTQ is an investment fund created and controlled by the Quebec Federation of Labour (FTQ) . A major objective of the fund is to create and maintain jobs in Quebec companies and further Quebec's economic development. The Solidarity Fund FTQ was a major investor in Gildan Activewear and played an important role in encouraging Gildan to address allegations of worker right abuses.

- www.fondsftq.com

SOMO (Centre for Research on Multinational Corporations)

SOMO is a Dutch research institute that investigates the impacts of the activities of multi-national corporations in developing countries. SOMO collaborated with TURP on research into labour practices in Lesotho's garment export industry. SOMO has also done extensive research on voluntary codes of conduct and their implementation.

- www.somo.nl

SweatFree Communities

SweatFree Communities is a US network of local groups campaigning for the adoption of "sweatfree" purchasing policies by public institutions and assisting sweatshop workers globally to improve working conditions and form strong independent unions. Sweatfree communities played an important role in the Gildan campaign.

- www.sweatfree.org

Thai Centre for Labour Rights (TLR)

The TLR is a Thai NGO that provides technical support in organizing and strengthening unions, particularly in the garment sector, and has expertise in legal and campaign strategies. TLR served as the legal advisor to the Gina Relations Workers' Union (GRWU), and provided important tactical support to the union throughout the Gina campaign, including assisting the GRWU in developing and submitting its complaint to the National Human Rights Commission of Thailand.

Transnational Information Exchange-Asia (TIE-Asia)

Based in Kajang, Malaysia, TIE-Asia is an independent regional labour network with resource people in Sri Lanka, Bangladesh, Thailand and Indonesia. TIE-Asian encourages and supports the development of unions and democratic workers' organisations (where it is not possible for unions to exist) in garment and related export industries.

- www.tieasia.org

Trade Union Research Project (TURP)

Based in South Africa's University of Natal, the Trade Union Research Project (TURP) carried out research and education for trade unions and federations and developed and published specific materials for union needs. TURP also carried out two research projects on labour practices in garment factories in Lesotho, the first in collaboration with SOMO, and the second on behalf of ETAG. The TURP office was closed in 2004.

UNITE

UNITE (the Union of Needletrades, Industrial and Textile Employees) is the major North American union representing garment and textile workers. UNITE recently merged with the Hotel Employees Restaurant Employees International Union (HERE) to become UNITE HERE. UNITE played an important role in both the Lesotho and Thai cases profiled in this report.

- www.unitehere.ca

United Students Against Sweatshops (USAS)

USAS is a US-based student movement supporting workers' struggles for sweatshop free labour conditions and worker rights. With members on campuses of over 200 universities and colleges, USAS has been instrumental in winning the adoption of No Sweat licensing policies by those institutions and in the creation of the Worker Rights Consortium (WRC). USAS played an important role in the Gildan campaign.

- www.usasnet.org

Verité

Verité is a US-based non-profit social auditing and research organization. Verité also does labour rights training for companies, management personnel and workers.

- www.verite.org

APPENDIX B

Labour Standards Monitoring and Certification Programs

Ethical Trading Initiative (ETI)

ETI is a UK-based multi-stakeholder initiative that includes among its members retailers and brands in the apparel and food sectors, and labour and non-governmental organizations. ETI does not certify factories or brands, focusing instead on "learning by doing" through joint projects to identify best practice in code of conduct implementation. ETI encourages the creation of local multi-stakeholder initiatives to implement codes of conduct in producer countries and collaboration between ETI members and those local initiatives. The ETI Base Code is consistent with Conventions of the International Labour Organization (ILO) and Declarations of the United Nations (UN), and provides for payment of a living wage. ETI includes a complaints process in which ETI members can file complaints when they receive reports of code violations.

- www.ethicaltrade.org

Fair Labor Association (FLA)

The FLA is a US-based multi-stakeholder initiative that includes among its members brands, retailers and some manufacturers, as well as NGOs and universities. The FLA does "external monitoring" of five percent of the supply factories producing for its "Participating Companies" on an annual basis. External monitoring is carried out by FLA-accredited commercial social auditing companies and a few non-profit NGO monitoring organizations, which are chosen and paid by the FLA. Summaries of audit findings are publicly available, though the factories audited are not named. The FLA also evaluates the code compliance programs of its Participating Companies and accredits those that meet its standards. The FLA system includes a third party complaint process in which workers and interested third parties can register complaints of alleged code violations in Participating Companies' supply factories. The FLA Code is weaker than those of ETI, SAI, FWF and WRC on wage and hours of work provisions.

- www.fairlabor.org

Fair Wear Foundation (FWF)

The FWF is a Dutch multi-stakeholder initiative created by Dutch NGOs, trade unions and industry associations in the apparel sector. Member companies include Dutch retailers and brands and one German retailer. The FWF verifies whether member companies are implementing the FWF Code of Labour Practices, which is based on ILO Conventions and UN Declarations and provides for payment of a living wage. The FWF includes procedures for receiving and investigating worker and third party complaints.

- www.fairwear.org

Social Accountability International (SAI)

SAI is a multi-stakeholder initiative that certifies workplaces in various sectors as being in compliance with the SA8000 Standard. SAI includes companies, labour organizations and NGOs on its Advisory Board, but not on the SAI Board of Directors. SAI accredits social auditing organizations, all of which are currently for-profit firms, and trains auditors to verify compliance with that standard. The SA8000 Standard is based on ILO Conventions and UN Declarations and provides for payment of a living wage. SAI emphasizes the need for management systems as a tool to improve workplace labour practices. SAI publicly discloses the names and locations of SA8000-certified workplaces, but does not disclose audit findings or corrective action taken. SAI includes a worker and third party complaint process, and discloses reports on the status of remediation in those cases.

- www.cepaa.org

Worker Rights Consortium (WRC)

The WRC is a US-based non-profit organization that assists colleges and universities to enforce their ethical licensing policies. WRC members include university administrations, students and labour rights experts. Companies are explicitly excluded from participation in WRC governance bodies. The WRC is a complaint-based system that carries out investigations of alleged code violations in response to worker and third party complaints of alleged code violations. WRC investigative teams include WRC staff and/or board members and local labour rights experts. WRC investigative reports are available to the public, and include investigative findings and progress reports on corrective action taken.

- www.workersrights.org

Worldwide Responsible Apparel Production Certification Program (WRAP)

WRAP is an industry-controlled factory certification program created by the American Apparel Manufacturers' Association (AAMA) now known as the American Apparel and Footwear Association (AAFA). Factory owners hire WRAP-accredited commercial auditing firms to audit their factories, and, based on the auditors' reports, WRAP determines whether to certify the factories as being in compliance with the WRAP Principles. In general, the WRAP Principles require little more than compliance with local law. WRAP does not publicly disclose which factories have been certified, nor does it release any information to the public on the audit process, findings or corrective action taken.

- www.wrapapparel.org