exCHAINS

Solidarity along the supply chain: from production to retail, workers unite!

NEWSLETTER 1/2009

International solidarity wins the day! – Part I

Metro admits: cancelling orders does not protect the rights of women workers

RL Denim in Chittagong/Bangladesh produces garments for large western buyers, especially at the moment for the German company Metro. An investigation has brought to light the fact that workers there are regularly mistreated by their supervisors and are forced to work overtime; production quotas are set which are impossible to fulfil, and maternity leave provisions are not adhered to. One sad outcome of this was the death from exhaustion of a young woman worker in December 2008.

When conditions at RL Denim were made public in Germany at the beginning of May 2009, Metro announced the immediate cessation of supplier relations, despite the fact that tangible improvements in working conditions had already begun to occur. The Metro group states on its website: *"When purchasing goods from outside Europe, the Metro group has committed itself to monitoring its suppliers and supporting them in the introduction of better working conditions."* Yet cancelling orders for fear of getting a bad image doesn't help at all in creating better jobs – it merely destroys jobs and harms those affected twice over.

In the ExChains project active works council members of Metro and other retail trade companies flooded the management with letters of protest demanding the resumption of supplier relations. In a meeting with representatives of trade union ver.di and the Clean Clothes Campaign, Metro eventually agreed to resume supplier relations and to work in future for adherence to key labour standards at RL Denim. Together with our friends in Bangladesh we will keep a close watch on this promise.

Developing and strengthening links between workers from Asia and Europe, working along the subcontracting chain of garment production, is the main objective of the **ExCHAINS** project. These links are vital to the global fight against the exploitation of workers and for the eradication of poverty.

In the **ExCHAINS** project, TIE (Transnationals Information Exchange) is collaborating with three regional unions:

✓ Free Trade Zones and General Services Employees Union (FTZ & GSEU, Sri Lanka) (former Free Trade Zones Workers Union, FTZWU)

✓ National Garment Workers Federation (NGWF, Bangladesh)

✓ Vereinte Dienstleistungsgewerkschaft (ver.di, Germany)

We want:

✓ to raise awareness concerning the international production chain in the textile, garment and retail sector;

✓ to establish concrete solidarity between workers along the supply chain;

✓ to support freedom of association and the right to organise;

✓ to support concrete campaigns;

✓ to pressure big retail companies to name their suppliers and to support the right to organise at their suppliers.

This newsletter is being published regularly in Bangladesh, Sri Lanka and Germany, containing information about working conditions in the respective countries, as well as information about ongoing campaigns. We hope this will provide an opportunity for information exchange and raise awareness about the connections between the different countries and unite workers' demands.

For more information:

Website:
www.exchains.verdi.de
www.tie-germany.org

E-mail:
info@tie-germany.org
ftzunion@wow.lk
amin.ngwf@yahoo.com

Sri Lanka

Success story for trade unions in Sri Lanka

Labour law 'reform' prevented, unemployment benefit insurance scheme on the horizon

A large number of private sector unions in Sri Lanka have worked together to ensure that yet another sorry chapter in the never-ending story of employers trying every trick in the book (entitled "It's worth a try…") has ended happily for the workers.

But let's begin at the beginning. Companies all over the world have found a new excuse for their unpleasant habit of squeezing tax monies out of governments in order to compensate for management mistakes and to undermine workers' rights: (yes, you've guessed it) the global financial and economic crisis. The employers' federations EFC and JAAF in Sri Lanka have done just the same thing. In the run-up to a scheduled meeting of the NLAC, a body comprising representatives from government, employers and unions, both federations proposed putting a 'reform' of the existing labour laws onto the agenda. They suggested that such a 'reform' was necessary due to the global economic crisis and its impact on business. The proposed 'reform' consisted of 9 amendments to existing labour laws. The main elements contained in it included shorter guaranteed working hours (thus lower guaranteed income); temporary layoffs that should be easier to enforce, and greater 'flexibility' in working hours and holidays to favour the employer.

When they found out about this, most of the unions represented on the NLAC got together and organised a poster campaign against these amendments. At the meeting on 8th April 2009 the employers' federations ended up tabling only 2 amendments: a reduction in working hours to a five-day week and legal permission to enforce temporary layoffs. Thanks to the powerful protests of the unions, though, even these remaining amendments were rejected by the NLAC and are now off the agenda completely.

For their part, the unions demanded that a proposal to set up an Unemployment Benefit Insurance Scheme (UBIS) be put on the agenda for the next meeting of the NLAC on 26th Mai 2009. They achieved this despite resistance from other NLAC members and only by insisting very strongly that the matter be discussed. Here, too, the unions' determination paid off: the NLAC eventually agreed – despite vehement protests from the employers – to set up a tripartite committee to devise the UBIS. The committee is now in the process of being set up, and the unions are gathering ideas and experiences from their international friends and allies relating to different models of unemployment insurance.

Given the fact that the companies are pushing workers en masse towards poverty and unemployment using the economic crisis as a façade, unemployment insurance is a crucial instrument for guaranteeing at least some kind of social safety net for the workers. If workers in Sri Lanka are soon to have unemployment insurance, that is a major success, and it comes as a result of determined joint action on the part of the unions involved, which are standing resolute – more so now than ever before – against employers' attempts to undermine workers' rights.

Bangladesh

NGWF campaign: Paid maternity leave and more respect for women workers!

85 percent of the 2.5 million workers employed in the Bangladesh garment industry are women. According to existing labour laws in Bangladesh, women are entitled to 4 months' paid maternity leave. In many cases, however, this is not implemented. Instead, many heavily pregnant women are fired; others are not fired but do not receive their wage payments; and others again are forced to accept a one-off redundancy payment.

Beginning with a May Day demonstration involving female workers, NGWF has launched a campaign aimed at getting the legally prescribed 4-month paid maternity leave implemented in practice. The campaign is also intended to ensure that the legal rights of female workers are generally better respected.

Bangla-
desh

Not another 13 years without a wage increase!

NGWF launches campaign for re-setting the legal minimum wage

In Bangladesh 2.5 million workers produce clothing in 4,500 factories. Although 76 % of total Bangladeshi export earnings are generated in the garment industry, the wages earned in the garment factories are the lowest in the country's industrial sector. The legal minimum wage for an unskilled worker in the garment sector is currently 1,662 Taka (about 17 euros) a month. Most workers earn between 2,000 and 3,000 Taka (20 to 30 euros). The current minimum wage was set in 2006 and has not been adjusted since then. The workers cannot live on such low wages.

It took a mass unrest among the workers in the garment industry before the previous minimum wage of 930 Taka (which was set in 1994 (!) and had not been raised for almost 13 years since then) was finally replaced by the current minimum wage in October 2006. There is now a legal provision stating that the minimum wage must be revised and re-set every 3 years by a commission consisting of government representatives as well as representatives from the factory owners and the unions. Over and above this, the labour law demands that, in special circumstances, the minimum wage should be revised sooner, rather than waiting until the 3 years have expired. But although prices of staple foods in particular have rocketed skywards over the last 3 years, there has not yet been any new increase in the minimum wage in the garment industry.

The National Garment Workers Federation (NGWF) has therefore launched a campaign demanding that minimum wages in the garment sector be revised. The union considers an acceptable minimum wage for an unskilled worker to be 5,000 Taka (50 euros) a month. This should form the basis on which graded minimum wage levels should be calculated for skilled groups of garment workers.

As part of this campaign the NGWF along with other organisations organised a sit-down strike of workers carrying red flags.

International solidarity wins the day! – Part II

NGWF wins redundancy payments for locked-out workers

The Basic Apparels factory in Dhaka used to employ 1,800 workers, 85 percent of whom were women. The company is in European hands, producing goods for companies such as Tchibo, Aldi and Lidl.

In February 2009 the workers made a number of demands, including higher wages. In order to press home the urgency of these demands, they organised an wildcat strike between 22 and 27 February. The company management responded by locking out the workers from 2 March onwards. A few local organisations that had supported the workers withdrew their support once the lockout was in effect, thus preventing the workers from engaging in organising activities.

A highly problematic statute in Bangladeshi labour law allows companies to lock out their workers for an unlimited period of time. This means that workers may not receive their wages for anything up to a year or even longer.

NGWF began to get involved during this critical phase. First it organised the workers and found out that the management of Basic Apparels was still in business – by subcontracting the work to 10 other factories. This information provided some leverage to put pressure on the management.

The NGWF organised a powerful local campaign in which it strongly called on the management, the employers' association and the government either to re-open the factory or to pay the workers the legally prescribed redundancy payments. Support for the campaign came from Germany, where the Clean Clothes Campaign along with activists and works council members in the Ex-Chains project also organised for pressure to be put on the European owners of the companies.

The management was then prepared to negotiate and eventually paid all workers the legally prescribed redundancy payments, totalling 15.2m Taka (about 152,000 euros).

"Get stronger"

Crisis in German retail sector affects employees

Closures, redundancies, takeovers – the German retail sector has barely been out of the headlines over the last few months, with one piece of bad news following the other. The fact that major companies – such as Sinn Leffers, Wehmeyer, Hertie, Woolworth and most recently Karstadt/Quelle – have registered insolvency gives the impression that the retail sector is in serious crisis. At the same time we hear again and again that the retail sector has become "the most important pillar of the economy" and that it is currently a "hope-giver to the nation". Both statements are true. The financial crisis has barely touched the retail sector so far. Consumers are surprisingly happy to continue buying products as they did before, and this makes for quite stable rates of turnover; companies such as H&M, Zara, Otto, Edeka, Rewe, Lidl and Netto are even reporting robust growth. The government subsidised reduction of working hours now common in the industrial sector is almost nowhere to be seen in the retail sector.

The fact that major department stores have gone bust is not a consequence of the financial crisis but an outcome of the structural crisis that has now existed for some years in the retail sector. The inexorable process of concentration in the sector repeatedly claims its victims. In 1980 the five largest companies in the food trade had a market share of 26.3 %; in 2006 it was as high as 69.4 %; by 2010 this will probably have risen to 74.3 % (Source: Metro-Handelslexikon). Now, small and medium-sized companies are not the only ones being swallowed up by large corporations or being squeezed out of the market: large companies are also starting to disappear, even in the lucrative discount sector. The Edeka subsidiary Netto has just taken over 2,500 branch stores from Plus (previously part of the Tengelmann corporation) and has thus suddenly risen to third place behind Aldi and Lidl. This kind of fierce competition is creating huge amounts of overcapacity in terms of sales area (a 50 % increase between 1990 and 2006). At the same time the retail companies are engaging in an unbelievably ruthless price war.

Although the German market is stagnating because purchasing power is not increasing, the trading corporations are still managing to maintain or even to increase their profits and to finance a huge expansion at international level from this. How is this possible? At the workers' expense! About half the retail companies have now withdrawn from their collective bargaining obligations. More and more of them are increasing the pressure on working and payment conditions, even going to extremes such as wage dumping (KiK and Norma, among others). Working hours – and with them the opportunity to earn a wage – have been drastically cut everywhere and have been largely 'flexibilised'. At the same time workers are being harried more and more: fewer and fewer employees are having to generate bigger and bigger turnovers on increasingly large sales areas.

Cutting workers' working hours and reducing services rendered to consumers in order to survive in the competition against discount shops and Internet sellers – this strategy is reaching its limits for the classic department stores. Consequently, it is increasingly difficult to yield the increasing profits demanded by capital investors. Which is why many investors have simply sought to turn the lucrative properties of department store companies into money – they were no longer interested in the business itself.

For those employed in the retail trade and their union, this is an extremely worrying situation. With a level of union organisation below 10 %, ver.di finds itself in a difficult position in the sector. Although the sector-wide collective agreement has been successfully defended to a large extent so far – most recently with a labour struggle that lasted 15 months in 2007/2008 –, the negative trend in wages and working conditions that exists in large parts of the sector has not been effectively stopped.

"Get stronger" is therefore the rallying cry at this time. In the face of changing workforce structures, new and creative efforts at organising the workforce and developing new forms of labour struggle are needed.