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## OF RAGS AND RICHES, A publication of the Clean Clothes Campaign - Part 2

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A publication of the Clean Clothes Campaign 1997

### OF RAGS AND RICHES (part2)

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#### 2. THE PLAYERS

Clothes are sold mainly through department stores or chain stores. The market is dominated by a small number of companies. The well-known British department stores had their hay-day after the second world war. When business slumped in the seventies, a series of takeovers and mergers followed. These resulted in several large companies owning department stores, chain stores and mail order firms and therefore dominating the sector. There are only a few independent regional department stores left.

In 1994, the nine largest retailing groups in the clothes sector together had a combined market share of 43%. This amounted to a turnover of £8.75 billion from a total sector turnover of £20.4 billion. The nine companies were:

1. Marks & Spencer 15.4%
2. Burton 9.7%  
(Principles, Debenhams, Top Shop, Dorothy Perkins, Evans)
3. C&A 4.1%
4. Storehouse 3.7%  
(BHS, Blazer, Mothercare)
5. Sears Group 2.7%  
(Miss Selfridge, Richards, Wallis)
6. NEXT 2.4%
7. Littlewoods 1.6%  
Mail order companies
8. River Island 1.5%
9. Etam 1.3%

(including Tammy and Snobby)

Other players with a substantial share of the market are House of Fraser Plc (incorporating Harrods, Kendall and Dickens & Jones), Great Universal Stores (mail order and owners of Burberry's and Scotch House) and Empire Stores (mail order).

### 2.1 C&A

C&A is a privately owned company established in 1841 in the Netherlands by Clemens and August (C&A) Brenninkmeijer. Today the company is still ruled by the Brenninkmeijer family, who carefully avoid publicity and do not disclose any information on company strategy, performance or employment.

The number of C&A subsidiaries is unknown, as are the exact countries in which the company is active. Wherever it is, however, the company operates within an independent ownership structure and with independent management control.

According to the company itself, C&A owns more than 600 outlets. There are stores in the Benelux, the UK, France, Spain, Portugal, Italy, Austria, Switzerland, Germany and Denmark. Research has revealed that C&A also has stores in the USA, Brazil and Japan, and activities in Liechtenstein, the Dutch Antilles and Canada. Furthermore, 20 outlets and a distribution centre in Argentina are due to open between 1996 and 2000.

In the Netherlands, C&A is the biggest garment retailer with 91 shops and an estimated turnover of 2 billion Dutch guilders. It also has a stake in MARCA, a legally independent clothes chain with approximately 70 stores in Belgium and the Netherlands. In Germany, the only country where C&A is legally obliged to disclose financial information, the company ranks third among garment retailers (after Karstadt and Metro), with about 185 stores and a turnover in 1995 of 8 billion German marks. In 1990, total C&A turnover was estimated to be over 10 billion Dutch guilders. In the UK, C&A has 119 stores and its headquarters are in North Row, London.

C&A used to aim mainly at the lower, cheaper end of the market, but over the last few years has increasingly catered for the middle range. C&A stores now have 16 own brand labels (among them Avanti, Rodeo, Clockhouse, Baby-Club) for specific groups of customers. Each brand is allocated separate space in the store.

C&A has buying houses in Singapore and Hong Kong. It claims, however, to source most of its clothing in Europe. Since 1991, the company has been using its own 'Code of Conduct For the Supply of Merchandise'.

C&A demands of its suppliers that they submit a written commitment to observe national laws and not use children in the production process. Basic workers' rights like freedom of association (the right to belong to a trade union) are not included in the C&A Code. The company claims to send inspectors regularly to the supplier factories. There have, however, been several reports of child labour and appalling working conditions in sweatshops where C&A clothes were being made for the British market. In 1994, The Mail on Sunday published a story about conditions in a sweatshop in Bangladesh which produced thousands of shirts for C&A-UK. C&A immediately reacted by sacking the supplier and cancelling his £5 million-a-year contract. Whether this response does anything to contribute to an improvement in labour conditions is debatable.

To emphasise its ethical position, C&A in 1996 set up the Belgium-registered company SOCAM, an independent auditing company. It also revised its code of conduct so that regulations now apply to all C&A suppliers even if the product concerned is to be delivered to another retailer.

The C&A code stipulates that:

\* Suppliers must ensure all manufacturing processes are carried out with 'proper and adequate regard for the health and safety of those involved'.

\* Wages and benefits must be fully comparable with local norms, comply with local legislation and conform to the general principle of fair and honest trade.

\* Suppliers must disclose 'all facts and circumstances concerning production, including the use of subcontractors and of other third parties'.

Potential suppliers are required to accept the code as a contractual obligation, say C&A. Suppliers found to have broken the code are said to have their contracts terminated.

However, the C&A code is not independently monitored. SOCAM was set up by C&A itself and the information which it is said to collect is not available to the public. SOCAM presents its findings only to C&A, who subsequently decide how to act on them. There is no involvement of trade unions or other organisations representing workers. Above all, the content of the code is limited. The right to organise and to collective bargaining, for example, are not included. The wording of the code is also rather vague and would not comply with internationally recognised labour standards such as those of the ILO (International Labour Organisation).

\*\*\*\*\* We are visiting a factory in the centre of Manila, the capital city of the Philippines. The factory's most important European buyers are OTTO Versand, Neckermann and C&A. All three of them have been customers, through agents, for six years: OTTO through Malcoffa, Neckermann through Higco and C&A through Mondial. As far as price and quantity are concerned, the factory is reasonably satisfied with these three customers. Clothing is sent to the UK, Germany, France, Spain and the Netherlands (from where it is also sent to Belgium). The agents' local representatives carry out quality control. They inspect the samples in the first week of production, then at the middle stage, a final inspection being carried out before shipment. The buyers or managers of the European companies visit the factory twice a year. Although the company sub-contracts many orders (or parts of

orders), there are no visits to the sub-contractors. There is no trade union in the factory: "It's not our policy to allow trade unions", the manager informs us. As soon as a trade union is started, the factory is closed and opened up elsewhere with new workers.

We asked if the buyers ever made any stipulations as to working conditions: "It is not the buyers' place to interfere in what goes on in the company. As long as we deliver what they order, they have no reason to do so."

An official working day is from 7.00 to 18.00, but more usually goes on until 19.00. Sometimes, work can continue until 21.00. "We try to avoid overtime on Sundays", says the manager. Social security provides fifteen days' paid sick leave, fifteen days' holiday and sixty days' pregnancy leave. The company gives another five days' extra holiday a year. There are no medical facilities in the factory, but there is a hospital nearby, and there is a canteen. Lighting and ventilation are poor and it is hot, the ceiling is low, it is very crowded and there is a fire-extinguisher. In the stitching department, lighting is better and there are more ventilators, but is also very crowded. There is an emergency exit. The factory is messy: boxes and rubbish are everywhere.

Shirts for C&A are made in two styles: there is one order for 16,000 garments and another for 4,000. The factory itself receives a little over three dollars per shirt. A quick sum shows that the factory earns well: sixteen workers produce 2,000 garments daily. They earn 197.5 peso each (£4.10), so together they earn 3,160 peso (£65.80). They produce 2,000 shirts, for which the factory is paid £3,125. Although in this particular case, the factory has to buy the material, it is still left with a tidy profit.

Campaign groups which have pressured retailers to improve standards have focused mainly on suppliers based outside the UK. Appalling working conditions are also found inside the UK itself. 6 Reporters have discovered that UK-based suppliers have also been breaking the C&A code. One example is Amber and K. Fashions in Birmingham, where, in October 1996, working conditions were apparently found to breach the code.

## 2.2 Marks & Spencer

Marks and Spencer is a global retailer of clothing, food, and household goods, most of which are sold under its brand names St. Michael and Marks & Spencer.

The company, whose headquarters are in London, is something of an institution in the UK retail market. Referred to affectionately as "Marks and Sparks" by its British patrons, Marks and Spencer is the UK's leading retailer. It also has an excellent reputation among its peers: the company was voted one of the most respected European companies in a 1994 Financial Times poll of European executives.

Fleeing anti-semitic persecution in Russian Poland, 19-year-old Michael Marks emigrated to England in 1882 and opened a small stall at the local town's market where every item cost a penny. He was so successful that in 1884 he was able to establish a partnership with Englishman Tom Spencer, a cashier for a local distributor, thus forming Marks and Spencer. During the 1920s Marks and Spencer broke with time-honoured British retailing tradition by eliminating wholesalers and establishing links directly with manufacturers, a strategy at which the company still excels today. By the middle of the 1930s, Marks and Spencer was Europe's largest clothing retailer.

During the early 1970s, the company branched out to North America by buying three Canadian chains: Peoples Department Stores (general merchandise), D'Allaird's (women's wear) and Walker's clothes shops, since converted to Marks & Spencer. Later, the company entered the US retailing market by purchasing Kings Super Markets (New Jersey) as well as Brooks Brothers.

Today, M&S operates 368 stores. In the UK, there are 285 stores plus two new ones planned. The others are in Ireland, France, Spain, the Netherlands, Belgium, Hong Kong and Canada. Recently, M&S also opened outlets in Greece, Hungary and the Czech Republic. There are also 73 M&S franchise shops in 18 countries (including the Philippines, South Korea, Singapore, Indonesia, Malaysia, and Thailand), 105 Brooks Brothers stores and 19 Kings supermarkets in the USA \*\* and 51 stores in Japan. Its financial services business contributes over 6% to the group's operating profits.

Marks and Spencer accounts for about 35% of the UK underwear and lingerie market, and 10% of the women's shoe market. It is the largest single retailer of men's suits with around 15% of the sector by value, suits accounting for around 11% of total menswear turnover in 1993. Owing to its 'buy-British policy', 78% of M&S's stock is sourced from the UK. Suppliers include Coats Viyella and Courtaulds Textiles. In 1987, M&S took the decision to let their suppliers sub-contract part of production. There is scepticism among some analysts as to M&S's claims regarding the low percentage of garments said to be sourced from overseas. As yet, however, there is no proof to the contrary.

Allegations that the company was buying clothing from a factory in Morocco, which was featured in the media as using child labour, were denied by M&S. It subsequently stated it was reviewing the code of conduct that suppliers were required to sign.

Because M&S works closely with suppliers and buys in large quantities from them, it often manages to come away from the bargaining table with the price it demands.

The company has maintained its tradition of combining clothing and food retailing and has retained a strong customer loyalty, its revenues climbing steadily despite the recent UK recession. In 1995, total sales amounted to £6.8 billion, of which which 87% came from the UK. UK operating profits increased to £885 million. In the first quarter of 1996, UK sales increased by 8.6% compared to the same quarter in 1995, international sales by 10.7%. In 1994, M&S deliberately cut prices in Europe to fight price competition and become more of a volume retailer.

In 1995, the average number of M&S employees world wide was 63,331, of which about 40,000 were employed in the UK. In May 1996, M&S disclosed plans to create more than 1,000 new jobs in the UK. About 98% of the

group's turnover was derived from retailing.

\*\*\* A large Sri Lankan company has six garment factories in Sri Lanka and several in Bangladesh, Vietnam and Indonesia. High wages in Sri Lanka is the reason given for branching out. We visited one of the factories in Sri Lanka, in the Export Processing Zone in Katunayake. 90% of the clothing is exported to Europe, including the Benelux, Germany, France, and the UK. Marks and Spencer is the most important customer, buying approximately 30% of total production. Adams Childrens Wear buys about 20%. JD Williams, C&A, Mothercare, Littlewoods, Woolworths and Next are among the other customers. The manager informs us that the workers work eight hours a day, with the possibility of two hours' overtime; workers who are present 24 days a month receive an attendance bonus of 400 rupees (the basic wage is 2,800 rupees); that there is a Joint Council for which each department chooses a representative; and that there is a nurse and a medical officer, and the Export Processing Zone doctor visits once a week. Targets, he tells us, are discussed with the supervisor before work starts and they are re-assessed after three days.

We are shown around the factory. There are seven long production lines. Lighting and ventilation are satisfactory. The workers seem too afraid to talk to us or even to look at us. Each time our translator approaches someone, three supervisors rush up. All the supervisors are men. We keep splitting up and wandering around and eventually we manage to talk with two of the women very briefly. One tells us that they have to pay for all damages and that there is a lot of overtime. The other asks us to please go away and not talk to anyone else.

Outside the factory however, we are able to talk with a few more workers. At the women's centre outside the Export Processing Zone, we are told that this factory has the highest targets in the whole zone. The factory is also known for giving out warnings if workers are absent, even for one day. Three days' absenteeism usually means dismissal. We also hear that another factory owned by the same company is known to make use of the 'gradually increasing overtime' strategy. This starts off with one hour's overtime a week, which the workers do not object to. But then one hour is increased to one and a half hours, then two hours, and so on. Keeping each increase so small makes it difficult for the workers to know when to object and lessens the chance of a protest being sparked off.

In the evening we visit the boarding house where Ms S., a factory worker, lives. It is a sort of large shed divided into 23 rooms. The walls reach up to slightly above standing level, but not all the way up to the (high) roof. This means that anything you say can be overheard. The rooms are approximately 2.5 x 5 metres. Approximately eight women live in one room. Beds along the walls are also used as seats and to store the linen of those women who sleep on the floor. There are a lot of mosquitoes. There is one toilet for every two or three rooms.

We wait for Ms S. to arrive home from work. She is not very talkative. Later, we are told that it would have been better to talk to her elsewhere. She is probably afraid that someone in another room will hear her and inform the supervisor: passing on this kind of information is one way to get promoted.

Ms S. is 25 and works in the sewing section. She earns 2,800 rupees (£###) a month; with bonuses and overtime, her wage can add up to 3,500 rupees (£###) a month. At Christmas, she receives an extra month's wages. A normal working week is five days from 8.00 to 17.00 and a half-day on Saturdays. There is not much overtime and she can normally reach the targets. Wages are paid out on time. Breakfast is free and lunch costs nine rupees a day. There are 25 toilets for the 900 workers. She has a right to fourteen days' holiday, but it is very difficult to enforce that right. Lighting and ventilation are satisfactory. The representatives for the Joint Council are chosen by the personnel manager.

### 2.3 NEXT

NEXT Plc is a British company. In 1986, it acquired the mail order company Grattan plc. Grattan, however, was sold on five years later to German Otto Versand for half the 1986 price.

In 1987, the company acquired Combined English Stores, a group of jewellery and fashion accessory retail chains with nearly 900 outlets, including major high street names. In 1988, however, the year after the takeover, trouble began. The task of integrating so many diverse strands proved to be too much for the company's management capacity. This and other economic factors were the cause of a major retrenchment in which many subsidiaries had to be

sold. NEXT went back to concentrating on its core business of NEXT retail and mail order.

The company's principal activities include high-street retailing of women's wear, menswear, accessories and fashion jewellery, interiors, children's wear, home shopping, the provision of consumer and financial services, telecommunication services, overseas sourcing services and property development.

In 1995, 95% of retail and mail order sales came from clothing, of which more than half was women's wear. In the UK, NEXT is the second favourite retailer for clothing after Marks & Spencer.

The main subsidiaries of the company are:

NEXT Retail Ltd (high street retailing)

The NEXT Directory Ltd (mail order)

NEXT USA Inc (retail)

Club 24 Ltd (consumer and financial services)

Calscan Ltd (telecommunications)

TCS Management Group Inc (USA, telecommunications)

NEXT Hong Kong Ltd (sourcing)

NEXT Properties Ltd.

NEXT Hong Kong is the principal supplier, supplying NEXT with 30% of its stock in 1995. This buying office sources fabrics from Japan, China, Korea, Taiwan, Malaysia, the Philippines and Indonesia. Although goods are said to be made in Hong Kong, it is likely that a percentage is cut in Hong Kong, then made up in China to avoid MFA tariff restrictions.

It is estimated that 50% of NEXT goods come from outside the UK, namely from Portugal, Hong Kong, Macau, India, Cyprus, the Philippines, China and Turkey.

In the UK, garments are purchased from William Baird, Claremont Garments and Hamlet Group, all of whom also source from overseas.

NEXT Plc has its head office in Leicester and other facilities are located throughout the UK and the Netherlands.

NEXT focuses on smart, tailored separates and dresses, fashionable casual wear, footwear and accessories. NEXT for Men outlets have a clear identity and can be found either on a separate floor or at a nearby location.

No major acquisitions are planned in the near future, but the group is keen to expand internationally, through less capital intensive franchise operations in Japan, the Far East and the Middle East. NEXT is considering closing its Paris outlet following disappointing sales. In January 1996, the company operated 304 stores compared with 296 in the preceding year.

NEXT was the fashion retailing success of the 1980s. Under George Davies, the company rapidly expanded its high street presence and made several major acquisitions, transforming itself into a major retailer with a turnover in excess of £1 billion. In the late 1980's, problems due to over expansion began, and NEXT experienced a downfall almost as spectacular as its rise had been. Eighteen months of rationalisation followed and losses continued into 1991. Since then however, the company is firmly on the road to recovery.

Consolidated turnover in the year ending January 1996 amounted to £773.8 million, with profits of £141.9 million. NEXT Retail realised £533.6 million of this total, and the mail order activities £158.7 million. The success was attributed to the strength of the NEXT brand, and the launching of the Basics brochure.

A startling rise in profits was announced for the first half of 1996/97, following a 23% rise in mail order and strong high street sales. Turnover amounted to £406.4 million, and pre-tax profits to £56 million. The company's 17% increase in sales per square foot in its stores must be the envy of its

competitors. But as ever with NEXT, the question is whether this progress can be maintained. NEXT is said to be undercutting M&S, thereby poaching from their market share.

In 1992, the principal shareholders of the group were OTTO Versand GmbH & Co and associates with a 9.92% stake, and Morgan Stanley Group Inc with 5.21%.

In January 1994, the number of NEXT employees was 9,415 compared to 16,688 in 1989: NEXT's decision to concentrate on its core businesses in 1989-90 cost many jobs.

The company states in its Annual Report: "NEXT does not formally recognise trade unions for collective bargaining arrangements. However, the decision to join any trade union is clearly with the individual employee."

Besides its own production facilities, NEXT also buys from smaller producers, mostly in lower-wage countries. These smaller manufacturing companies often subcontract several stages of production out to other small workshops or artisan firms, who themselves may subcontract to homeworkers or self-employed people. In Italy for instance, an intermediary agent, Trading Studio (Prato, Toscane) is used to deal with the smaller firms and homeworkers that produce shoes for NEXT. A large number of individuals and small enterprises are thus involved in the actual production of the shoe collections.

Due to pressure by campaigning groups, NEXT (like C&A and others) has pledged to investigate and improve working conditions. In a press bulletin in May 1996, the company stated that it "operates a policy whereby it does not deal with suppliers who knowingly compromise the safety of their workforce by failing to ensure that their factories are safe, use child labour or fail

to take care in their production methods". This policy has been sent to all suppliers worldwide and further action, it says, will follow.

\*\*\* A company in Hong Kong has factories in Sri Lanka, Hong Kong, China, Malaysia and Mauritius. It has sales offices in the USA, Canada and France, and is striving to open others in Europe. The company is considering opening factories in Vietnam and Laos. Work is sub-contracted to many different countries, but especially to China. 25,000 people are directly employed by the company. NEXT, Celio, Caroll, Debenhams, Dunnes Stores, Cortefiel, Laura Ashley, Principles, Karstadt, La Redoute and Stefanel are among its European clients.

We visited one of the Sri Lankan factories, located in the Export Processing Zone in Katunayake. According to the management, a regular working week is five days per week from 7.30 to 17.30. Right now, there is no overtime. If there is, it is usually until 19.00. We are told of many incentives: "every year we go on a trip, with sixty buses. We provide free breakfast, tea and biscuits. We take good care of the workers." There is a Joint Council, and the representatives are chosen by the workers.

According to the manager, the workers are too impatient. A new manager was thought too aggressive for the workers. "I understand that the Hong Kong management style takes a bit of getting used to." The general manager wanted to take the case to headquarters in Hong Kong, but the workers were not willing to wait and went on strike.

We were taken on a tour around the factory. The atmosphere is relaxed and there is a lot of space. Lighting and

ventilation are good. The washing and ironing sections, however, are very warm. The chairs have no backs and the workers have to stand behind the knitting machines. The workers are willing to talk to the translator and the guide runs to the first telephone in sight to check if this is allowed. It is. Most women earn between 2,000 and 2,300 rupees a month. There is an attendance bonus of 320 rupees a month if no days have been missed. At the moment there is not much overtime. We are shown the medical care centre, where one nurse is working (according to the manager there are three).

Outside the factory we talk further with the workers, who tell us that the only thing available at the medical care centre is Panadol. Ms P. is 23 and has been working here for 4 years. She earns 3,500 rupees, excluding overtime. Since the strike, there is less work and hardly any overtime. We ask what the reason for the strike was. "They took on a new manager from Hong Kong, Ms X. She was very strict about the target and everything else too. You were not even allowed to smile at your colleague. If you spent too long in the toilets, she started banging on the door." The strike lasted two months. At first, the only demand was that Ms X. should leave. After 26 people were sacked, they demanded that the sacked workers be given their jobs back. Eventually Ms X left. The workers who had been sacked were not taken back however, but were given compensation. "At the moment there are no problems, but if there are, we will go on strike again."

Ms D. has been working at the factory for one and a half years and earns

2,150 rupees a month. There is a monthly attendance bonus of 307 rupees for workers who are present every day. Workers who reach at least 75% of the target are entitled to a production bonus. Before the strike, there was so much work that the target went up every day. The workers used to work through their lunch break to try and reach the targets. You only got your lunch allowance if the target was reached. Now a new incentive has been introduced: chocolate. Workers who reach the target are given chocolate, which they collect at the top of the production line so that everyone can see. If a certain production level is maintained, workers are awarded stars to pin to their clothes. The management, according to Ms D., is very strict: "If you feel unwell, you have to carry on working. If you have a head-ache, you have to carry on working. If it is very bad, you are allowed a three minute break. There is a pass system for the toilets. If you go without your pass, you are given a letter of warning. I work in the T-shirt department, where 1,500 people are employed. As there are only twelve toilets there are always queues."

#### 2.4 MAIL ORDER

About half of all mail order sales in the UK are for clothing and footwear. Sale volumes by mail order companies have compared favourably with those of retailers since the beginning of the nineties. This may be partly due to the option to pay in instalments in times of economic difficulty. While there are many specialist mail order suppliers, the general mail order business is highly concentrated and there are only six major participants, which together account for around 95% of the market.

In 1985, mail order companies had a 9% market share of UK retail business. In 1995, this share had decreased to 8% and was more or less stable. Littlewoods is the biggest mail order company in the UK, followed by Empire Stores and Great Universal Stores (GUS). These companies work with so-called specialogues, catalogues designed for specific customer groups.

In the UK, the catalogue business appeals to the lower end of the market and mail order firms have been looking to continental counterparts in an attempt to raise sales. In 1991, German mail order group Otto Versand acquired the mail order business Grattan from NEXT Plc, and La Redoute bought Empire Stores. The UK mail order market, worth £3.9 billion in 1991, has since then been static.

At a European level, mail order firms are increasingly taking advantage of the potential that large-scale economies afforded by the Single Market can offer. Since last September, the dominance of the UK's five top mail order operators has been threatened by French home shopping giant 3 Suisses. After building up knowledge of the UK market, 3 Suisses plans to launch a women's fashion catalogue in the UK named Chouchou. In their advertising campaign, 3 Suisses offers to reveal 'the secret of French style' to anyone who orders the catalogue. The company is also offering its traditional delighted-or-your-money-back guarantee.

#### 2.5 The producers

In 1994, the slow climb out of the recession continued; £7.476 million worth of clothing was produced, 63% more than the previous year. In 1993 in the UK, approximately 229,000 people were working in the clothing and shoe industry. A number of large producers such as Courtaulds, Coats Viyella, William Baird and Laura Ashley dominate the industry. They subcontract work to or have subsidiaries overseas, including Asia.

The majority of producers aim at the large retail companies. They work in close co-operation with their buyers, developing collections together, for instance. These rather large-scale units generally have all the latest equipment, and therefore achieve high productivity. This, coupled with relatively low British wages, makes them very competitive.

There are also a number of factories active at the top end of the market. They are often more like highly developed tailors' shops than factories and are characterised by high costs and prices, aiming primarily at export.

\*\*\* A factory in the Mactan Export Processing Zone in Cebu in the Philippines is owned by the William Baird Group. 50% of the total production is exported to the UK. Of this, half is for Marks and Spencer. The rest is own-label production for the William Baird Group companies, especially Tellymac and Danimac, which have their own outlets. Clothing is also produced for British Home Stores and C&A.

570 people work at this factory and another in Cavite employs 650 people. According to the manager, a stitcher earns 122 peso a day (£2.50), which is the minimum wage. We are told that in January 1996, workers will get a wage increase of 20 peso. We hear later that the minimum wage will be increased by 20 peso... in January 1996.

There is a weekly production bonus of 30 to 60 peso. There is a six day working week. A normal working day is seven and a half hours, plus four hours overtime for about 10% of the operators. There are two shifts, one from 5.45 to 13.45, and the other from 14.00 to 22.00. There is a clinic with a nurse, a doctor visits twice a week and a dentist pays regular visits. There is a canteen. There is no trade union. There is however a workers' co-operative which workers can join on a voluntary basis.

The factory is on the second floor of a large building. The other floors are also home to clothing factories. There is a cosy lobby with an armed security guard. The factory has four production lines. The lighting is good, with reflectors above the fluorescent tubes. There are fire extinguishers. The factory is very crowded.

We speak to Ms B. in her house, near the Export Processing Zone. She is a stitcher and earns 122.75 peso a day. She explains that there are all sorts of production bonuses, both individual and collective, but that they are very difficult to obtain. "Maybe it is possible if you push yourself to extremes. In my group we don't feel like toiling for them management." Officially, overtime is voluntary, and the worker has to sign a form stating that she agrees to it. However, not agreeing leads to trouble. If she refuses three times, the worker is sacked. Overtime is a standard four hours a day. The day shift is from 6.00 to 18.00, the night shift is from 18.00 to 6.00. If someone from the next shift does not arrive on time, a double shift is imposed. Occasionally, if they have a lot of debts or want to impress the management, people do this voluntarily. Overtime is rewarded with an extra twenty peso, regardless of how many extra hours have been worked. Occasionally, there is overtime of eight hours on Sundays. Overtime on Sunday is for the packers, quality controllers and finishers, and is easier to refuse.

Ms B. tells us that it is very warm in the factory. The fans are only of benefit to the workers seated directly beneath them. There are only two toilets for all five hundred women. A visit to the toilets is limited to five minutes; after that a supervisor will start banging on the door. The toilets are not clean. There is a nurse, but she is also the receptionist. The factory is visited twice a week by a doctor. A dentist also visits the factory but has to be paid by the patient. Having a tooth extracted costs 105 peso (£2.20).

The first five months after she is taken on, a worker is a contractual worker. Generally (but not always) after this period, she becomes a regular worker. Occasionally it can take longer. A contractual worker does not get a uniform and is never allowed to refuse overtime. Regular workers do get uniforms, but not enough and have to buy more themselves. Unmarried mothers cannot become regular workers. The management tells us that workers are not entitled to pregnancy leave if they are not married. As pregnancy leave is paid by social security, which does not state any such thing, this is nonsense. However, women have to apply for pregnancy leave themselves. If they believe management and don't apply, they don't get anything.

There is no trade union in the factory. In 1994 elections were held, but only 10% of the workers voted for the union. In the weeks before the elections management had carried out an aggressive campaign against the union. For instance, a trip to the beach with a party was organised but workers suspected of being union sympathisers were not allowed to go and instead were made to attend a religious seminar. A strike which once took place when wages were paid out too late was a success. Since then wages are always paid out on time. There are many health problems, such as back and neck complaints, and asthma caused by the dust.

1995 was not an easy year for the producers. The retail trade refused to pay higher prices whilst at the same time, prices for raw materials increased.

Production companies therefore made increasing use of subcontracting to EU countries and beyond, and especially to Asia.

In 1995, 248,000 people worked in the garment industry in the UK, a slight decrease compared to 251,000 the previous year. In the textile industry the number of workers was 154,000 in 1994 and 151,700 in 1995. Between 1963 and 1987 approximately 780,000 jobs in the garment and textile industry disappeared. The most important areas of production were Leicester (knitwear), Nottingham (underwear), Leeds (menswear) and Manchester (womens' wear and rainwear). The garment industry completely disappeared from London, except for the informal circuit (the so-called sweatshops) in the East End.

A relatively large part of production is done by homeworkers. The National Survey on Homeworking in 1994 estimated that there were more than one million homeworkers in the UK. Although they work in different sectors, the production of clothing accounts for a large proportion. Interviews with homeworkers in 1994 in the West Midlands revealed that they produced for Etam, Clockhouse (C&A), Debenhams, Selfridges and Great Universal Stores. Their average wage was £1.28 hour.

Relocation of the clothing industry does not stop with work moving to Asia. Within Asia too, companies move on to cheaper neighbouring countries (China, Laos, Vietnam) or to the informal sector. This is an ongoing process, with all the inherent social consequences.

\*\*\*\*\* After much consideration, trade unions in the Philippines agreed to take part in tripartite negotiations on the future of the garments industry together with the government and industry. For some time now, companies have been closing down their factories and leaving the country. The employers claim that their weak competitive position is the main problem. This, they say, is caused by low productivity which is in turn the result of the poor attitude of the workers - end of analysis. To support their claim, examples of absenteeism, laziness and refusal of overtime are produced. The minimum daily wage of 145 peso (£3) in the Manila region is considered too high, and China is quoted as a cheaper alternative. In addition, the wage in factories where trade unions are active is often even higher, sometimes even as high as 200 peso. This, they say, is the main reason why they cannot compete, adding that trade unions encourage laziness in workers by protecting them too much.

According to the National Confederation of Labour, the facts tell a different story. A weak competitive position and low productivity are caused by an inadequate response to a changing world economy on the part of

government and employers. The employers' only response is to close down factories and to move on to lower-wage countries. The government has closed its eyes to the problem. Low productivity is caused by poor working conditions (for example poor ventilation) and poor pay. The increasing use of subcontracting is another factor. The workers' response to this is to work more slowly, so that there is at least work to do and they are not sent home (without pay). The National Confederation of Labour has made six recommendations concerning factory closures. One of these is that the company informs the union of its plans for closure at the earliest possible stage, at least three and preferably five years in advance. This is so that it can be assessed whether a planned closure is reasonable and to enable alternatives to be explored. It is also recommended that the government be involved in the process.

During these negotiations, the clothing factory Aris, a subsidiary of Saralee, closed down without prior warning. Aris is one of the largest clothing and grocery companies in the world. The closure started off with a decrease in work. First, there were five and then only three working days a week. The union countered with a work-to-rule. Then the first redundancies took place. A strike broke out, then the whole factory closed down. Aris was a member of CONGEP, one of the companies taking part in the tripartite negotiations.

In Asia too, part of production takes place in the so-called informal sector, in clandestine workshops or through homework.

\*\*\* In Thailand, trade unions and human rights organisations view the growth of the informal sector as the major problem in the garment industry. The average size of a workshop is twelve to fifteen workers. Prices are falling. A sub-contractor who formerly received 40 baht (£1) for a shirt now only gets 20 to 25. The worker receives only nine baht (£0,22). The shirts sell for 200 baht (£5) in the very area where they are made. The average age of the workers is thirteen to fourteen years.

In the Philippines, the workshops vary in size, but 30 to 40 employees is usually the maximum. The owners' motto is: the smaller the better, as it makes law evasion easier. Many workshops are in Chinese ownership (from Chinese communities in Taiwan, Hong Kong and Malaysia) and are known for their bad working conditions. A working day is generally twelve hours long and workers receive 800 peso (£16.60) per month. Although this wage includes 'free board and lodgings', any illusions about the quality of these should be quickly dispelled. The women often come from the country, from Visayas and Mindanao. They are often young, 15 to 18 years old, and have no idea what their rights are. As they acquire more experience, they try to move on to the formal sector. However, this is generally difficult, as it means competing with workers who have been in the trade for much longer and who are generally better educated. A more common step is to move from the informal clothing sector to household work and prostitution. It is estimated that more people work in the informal than in the formal sector in the Philippine clothing industry.