

# CLEAN CLOTHES CAMPAIGN

Improving working conditions in the global garment industry



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March 20, 2007

## Sportswear workers in the Dominican Republic need your support

■ Dear friends, On February 22, the BJ&B garment factory in the Dominican Republic suddenly announced it was laying off all workers and closing. For the majority of the workers the day of the announcement was their last working day, though formally the factory remains open until May 22, 2007. At the time of the announced closure BJ&B was producing caps for Nike. Previously the plant also produced for Reebok (now adidas).

The factory is owned by a Korean group called Yupoong, one of the biggest caps manufacturers worldwide. BJ&B workers have a union and as a result it is one of the few factories that could be deemed to be in compliance with codes of conduct. However, Yupoong has diverted orders from BJ&B to its other plants as part of a planned strategy to move away from this one unionised facility to the advantage of the other non-unionised factories owned by the group. The CCC believes that BJ&B's parent company and clients have a role to play in keeping this factory open. Please take action to support BJ&B workers, who engaged in a long struggle to get their union and improve working conditions.



May 2007 - UPDATE! [Workers Successfully Negotiate Settlement at BJ&B](#)

## BACKGROUND: LONG ROAD TO COMPLIANCE ENDS IN... CLOSURE?



For years, workers at BJ&B endured a range of worker rights violations, including chronic forced overtime, verbal harassment of workers by supervisors, and repeated efforts to coerce and intimidate workers who sought to unionize. In late 2002, when all 20 members of a recently formed union committee were fired, the workers filed a complaint with the US based Worker Rights Consortium and

sought the support of the international labor rights community. An international campaign, in which the Clean Clothes Campaign participated, led to the union committee members' reinstatement. The workers went on in January 2004 to negotiate a groundbreaking collective bargaining agreement, which provided for a wage increase of 10% (unprecedented in the Dominican apparel export sector)- and educational scholarships for workers and family members, among other benefits. These efforts also led to general improvements in working conditions and the elimination of most code of conduct violations.

However, the advances achieved through the workers' efforts and support from

### More info:

May 2007 - UPDATE! [Workers Successfully Negotiate Settlement at BJ&B](#)

Background: [Long road to compliance ends in... closure?](#)

[Nike and adidas value cheap labor over compliance](#)

Background and story of some of the union leaders:

[Yenny Perez](#)

[Sebastian Garcia](#)

### Related info:

May 2002, [FLA Releases BJ&B Report](#)

June 2003, [FLA/WRC Collaborate at BJ&B](#)

the international community proved short-lived. Soon after the major breakthroughs occurred at BJ&B, the company's parent company, Yupoong, began a process of disinvestment from the company, selling off key machinery and conducting mass lay-offs, while the company's major buyer's - Nike and Reebok (now owned by adidas) - began shifting production to Yupoong's other production sites in Asia. When the workers began organizing in 2001, the factory had more than 2,000 employees and was one of the largest cap manufactures in the Western Hemisphere. By early 2005, the workforce had been reduced to only 350 workers.

CCC believes Nike, as the remaining BJ&B buyer, and adidas, as the most important Yupoong buyer (and former BJ&B buyer) should do everything in their power to work with Yupoong management and the union to keep the factory open.

Our understanding is that the current Nike orders will be diverted to facilities in Vietnam and possibly Bangladesh, while the Reebok (now adidas) orders were shifted from BJ&B to other Yupoong facilities already in 2004. We further understand that adidas is the biggest buyer at the Vietnam plant, and a major buyer at the Bangladesh plant. As mentioned above, Yupoong is diverting orders from its one unionised factory to the other, non-unionised facilities in their group. It is part of this strategy to not make the necessary technological investments to keep the BJ&B plant 'competitive'. Recent signals from the union to the buyer's on this matter have reportedly been ignored.

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## **NIKE AND ADIDAS VALUE CHEAP LABOR OVER COMPLIANCE**

The union contacted both Nike and adidas by letter on February 23 and on March 9. So far neither company has responded to them directly. Both buyer's have been in touch with various other stakeholders on the case. One of the key arguments put forward by the buyer's, particularly Nike, as to why BJ&B will have to close, has been that it is 'impossible for the factory to remain competitive'.

The CCC is not surprised that Yupoong is offering a better price for caps made in Vietnam or Bangladesh, then for caps made at one of the few decent factories in the Dominican Republic. We are dismayed though that Nike and adidas, who publicly claim to believe in "responsible competitiveness", seem to be content to move production purely because it is cheaper elsewhere. There seems to have been no collaborative process, involving brands, the union and Yupoong, to investigate alternatives to closure. No thorough expert analysis has been conducted to assess whether this closure is really necessary and what the alternatives would be. As indicated above, the union believes Yupoong purposely failed to make the necessary investment to keep BJ&B open.

It also seems as if calculations so far have been limited to BJ&B's direct costs compared to other suppliers, without factoring in indirect and more long term costs related to compliance, and without considering all the cost factors that we know play a role in bringing a product to the market. The CCC can only interpret this to mean that Nike and adidas are not serious about implementing sourcing practices that support their pledges for "responsible competitiveness". Making good on such statements means looking beyond the "cheap" labour costs on offer and assessing the value-added that comes with a workplace in compliance with decent labour standards, including freedom of association. Nike and adidas erode their credibility with stakeholders and consumers by failing to consider the total costs throughout their supply chains when making such short-sighted sourcing decisions.

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## **Action request**

May 2007 - UPDATE! [Workers Successfully Negotiate Settlement at BJ&B](#)

Please take a moment to tell Nike, adidas and Yupoong management that you believe they should do everything in their power to keep the factory open, and work directly with the union to achieve this.

Fukumi Hauser  
Director of Americas Compliance Nike, Inc.  
Fukumi.hauser@nike.com

Frank Henke  
Director Social and Environmental Affairs  
Adidas  
frank.henke@adidas.de

Dear Fukumi Hauser & Frank Henke,

I am contacting you today regarding the recently announced closure of the BJ&B factory in the Dominican Republic. I'm very concerned about this, for a number of reasons.

BJ&B is a unionised factory, and one of the few that could be deemed to be in compliance with codes of conduct, following a long struggle in 2002/2003. I understand that the union believes that the Korean owner, Yupoong, has diverted orders from BJ&B to its other plants as part of a planned strategy to move away from this one unionised facility in their group to the advantage of the other ones.

While I'm not surprised that Yupoong today offers a better price for the same product when produced in Vietnam or Bangladesh than in the Dominican Republic, I am dismayed that your company, which publicly claims to believe in "responsible competitiveness", seems to be content to move production purely because it is cheaper elsewhere. Has a thorough expert analysis been conducted to assess whether this closure is really necessary, what the alternatives would be, and have the outcomes been discussed with the union?

It also seems as if calculations so far have been limited to BJ&B's direct costs compared to other suppliers, without factoring in indirect and more long term costs related to compliance, and without considering all the cost factors that we know play a role in bringing a product to the market. I can only interpret that to mean that your company is not serious about implementing sourcing practices that support your pledges for "responsible competitiveness". Making good on such statements means looking beyond the "cheap" labour costs on offer and assessing the value-added that comes with a workplace in compliance with decent labour standards, including freedom of association.

BJ&B offers employment to workers in an area where alternative employment is hard if not impossible to find. The negative impact on the workers and their community will be devastating. How does this fit with your stated objectives of creating sustainable business practices which ultimately will benefit both workers and their communities?

I urgently call upon you to do everything in your power to work with Yupoong management and the union to keep the BJ&B factory open.

Sincerely,

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Oct 2007 - UPDATE! [Workers Successfully Negotiate Settlement at BJ&B](#)

## **2. You can use this form to mail the following letter directly to:**

Hyun-Suk Han  
Legal Counsel, Yupoong Corporation  
Yupoong Head Office  
416-1, Guro-dong, Guro-gu,  
Seoul, Korea  
Fax: +82 2 838 2998  
info@flexfit.com Dear Hyun-Suk Han

I am contacting you today regarding the recently announced closure of the BJ&B factory in the Dominican Republic. I'm very concerned about this, for a number of reasons.

BJ&B is a unionised factory, and one of the few that could be deemed to be in compliance with codes of conduct and international labour standards. I understand that the union believes that over the past years you've diverted orders from BJ&B to its other plants as part of a planned strategy to move away from this one unionised facility in your group.

There seems to have been no collaborative process, involving Yupoong's international management as well as BJ&B local management, the union and the buyer's concerned to investigate alternatives to closure. Has a thorough expert analysis been conducted to assess whether this closure is really necessary, what the alternatives would be, and have the outcomes been discussed with the union?

BJ&B offers employment to workers in an area where alternative employment is hard if not impossible to find. The negative impact on the workers and their community will be devastating.

I urgently call upon you to do everything in your power to work with the union and your key buyers to keep the BJ&B factory open. For your information, I will also be contacting your clients on this important matter.

Sincerely,

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*Yenny Perez*

## **Yenny Perez**

### **Background**

Yenny began working at BJ&B when she was 25. During her six years in the plant, she has operated various of the plant's machines and now specializes on a machine that applies the hat's internal labels. Now 31, she has 4 children: three boys, Benny, Ludiver, and Edwin, and one girl, Cristal, ranging in age from 9 to 16 years old. Separated from the children's father, Yenny is raising the kids by herself. She is presently pregnant with a fifth child, expecting in about three months. Yenny's job at BJ&B provides the family's only income. She earns a base wage of 4127 pesos (\$125.00) a month, or about \$0.65 an hour. On some months, she can supplement this income through overtime

### **Yenny's biggest expenses include:**

- Food for the family (staples such as rice, beans, and meat): \$84.00/month
- Electricity: \$7.00 /month
- Drinking water: \$3.00 pesos/month
- Transportation for children's bus ride to school: \$18.00/month
- School uniforms: \$15.00/month (\$182 per year, averaged over 12 months).

### **In Her Own Words**

I am so worried about what I will do if this factory closes. It will be so hard to find a job. As a pregnant woman, I know I will not be able to find work. On top of that, I am a known trade unionist. They don't hire trade unionists here.

My job is critical for my children, to take care of them. The thought of this factory closing makes me feel so uncomfortable. I don't know what I will do. I'll have to try to survive as God allows through whatever means.

The factory is so important to our community, because there are not other places to find work, especially for the women. There is a box factory and also an oil factory, but they hire only men, and anyway, they do not have many jobs.

I think the closure has been planned for a long time. I believe they are doing this because of the union, to get rid of the union. I know that they had work. There was plenty of work we could have done. Before they closed, no one knew anything because they didn't tell us anything. There were just rumors that they would abandon the factory. Then they just announced it [the closure] all of a sudden.

Why did I get involved in the union? Because we were so mistreated. We were abused verbally. They would yell and scream at us. We worked sometimes from 7 in the morning until 11 at night. And it was obligatory, always, the extra hours. When people fell sick, they didn't let them leave the factory to go to the doctor. No one had any way to defend themselves.

Many things have changed with the union. The verbal mistreatment stopped. The extra hours changed, so that it was voluntary. There were also many benefits we gained with the collective bargaining agreement. For example, we got a market basket for pregnant workers. We got paid leave. We fixed many problems that came up with management, [conflicts about workers who were fired illegally or people who were ill and needed medical attention.]

My position is Secretaria de Actas and I am a member of the leadership

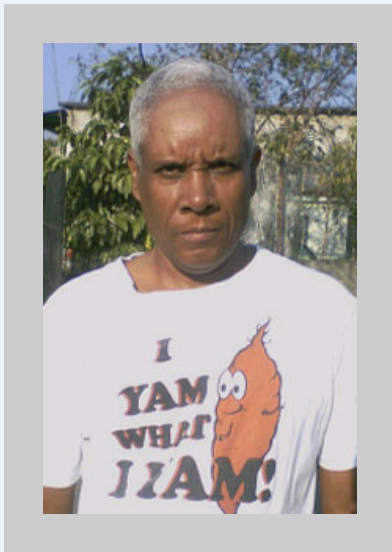
commitment. My responsibility is to record the decisions we make, and also to work on cases to defend workers in the factory when there are problems.

I don't know how to explain how important the union is. When you are by yourself, the boss can tell you to do anything. Many of the employers don't comply with the law. But together in the union, we can make sure that the company complies with the law.

What will I do now? If the company closes, I will have to do anything to make sure the kids can go to school. How will I do it? I don't know. I just really don't know. Try to sell something, I guess. But to be honest, I really don't know. I am scared.

There are many pregnant workers who are in the same position as me. I know three others very well who will lose their job if the factory closes. They have a few more months to give birth than me. I know it will be just as hard for them to find other jobs and some kind of income as me.

If I could say something to Nike and Reebok, I would say please, we really need BJ&B here. Please do not abandon us.



*Sebastian Garcia*

## **Sebastian Garcia**

### **Background**

Sebastian is 56 years old. He has worked at BJ&B for 16 years. He is trained at operating many of the plants' production machines and helps instruct other workers. Sebastian has been married more than thirty years and has eight living children, all of them girls or women: Mary (27), Sensia Garcia (20), Lila (19), Fidelina (11), Nena (8), Ramona (7), Maritza (6), and Paula (6).

### **In His Own Words**

Finding a new job if BJ&B closes will not be easy. I am an old man now. Who will want to hire an old man like me? That is what I am worried about.

The family needs an income. For the food especially, and to make sure the kids are able to go to school, to study. If I was younger, I could move away to try to find a job. But I have a family, so I can't do that. Of course, I will look for work. But not only am I of an advanced age, I am also a known trade unionist. The times coming would be very hard. I am worried the children could go hungry.

We have discussed this in the family. I said that soon I may not be working. One of the kids says that they could leave school and start working. But I am afraid even she could not get hired because I am known to be a trade unionist. One of my son's in law worked at BJ&B for six years, and they fired him because of my involvement in the union. They fired me too, but I was able to get my job back.

Why did I join the union? There were so many abuses in the factory. The supervisors screamed at us and mistreated us. They forced you to do work extra hours, even when you were sick. That happened to me. One day, I was so sick in the stomach. I could not eat. And I went to the bathroom and I was losing blood from both ends. I told my supervisor I need to go to the hospital. He said you must stay and work. Then he said you can go home if you want but then don't come back, because you will be fired. So I went to the hospital anyway and I was there in recuperation for nine days. They finally let me come back to work.

In fact, this happened several times, about 5 times. One time at the factory, I was trying to lift a heavy box and I cut a ventricle nerve. At night, I could not eat. And the next day I went to work and I was so ill. I was losing blood again. I told my boss I need to go to the hospital. He did not want me to go. I finally went to a hospital in the Capital, and they kept me one month. But the company refused to pay my disability leave. Also, I lost so much blood that I needed to have an infusion of new blood. It was very expensive. And the company refused to give the paperwork that I needed for the hospital go cover it under the social security system. They told me it was too expensive. This happened 7 years ago.

At this time, some people were talking about organizing a union. I told my story and they asked me to be a member of the leadership committee to organize the union. I said yes. Since that day, I have always participated in the union. In fact, I never missed a meeting. During the time that the union was formed, I was fired, along with other people who were involved. But after the international pressure, we got our jobs back and continued.

Everything changed with the union. Before, whenever a worker made any kind of error, the supervisor would shake you and scream. This stopped. There had been extra hours which were forced and sometimes not paid. After the union, the worker did not do overtime if he didn't agree to, and the company didn't demand it. We also got various changes through the collective agreement. They increased how much they will pay for overtime. There was a benefit for food. There were many benefits. If a worker was injured and needed medical attention, the company paid for much of it. There are many things we achieved in the agreement, which I can't remember all of them right now.

If the factory closes, the workers will not be able to find work, because this is really the only big employer. The people with children really need the work. People need to pay for their homes if they don't own them. Without work, they could lose their homes. If a mother has children who are sick, they won't be able to get medical care from "social security" because you have to be employed to get that.

In my case, we have so many expenses - the electricity for the light, the telephone, food, paying for the school for all of the children. I don't know how we could pay for them. So I am praying that BJ&B stays open.

The problem is that there are no other factories that are hiring here. Especially, there are no other places that will hire women.

I want to say to the brand, like Nike that they should do everything that they can to keep this factory open. In this moment, we the people of this community, we need this factory here. We should not be blamed, and we should not be punished by loss of our job, because we tried to organize a union to protect ourselves.

We have made these products, which we know are of the highest quality, no matter what any one says, for many many years. We put our care into making these hats. The brands and Yupoong, they owe it to our community to stay here.

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TOP



TELL A FRIEND



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