

## Jordan's export processing zones

### A political bargaining chip

**Sponsored by the US Congress, the six Jordanian export processing zones were created in 1996, in the wake of the peace agreements between Israelis and Palestinians. The aim was twofold: to compensate the small kingdom for its role in the peace process by offering it jobs, and to make these production arenas, dedicated exclusively to exports, the symbol of the new geopolitical space the United States was hoping to see emerge. Ten years on, the political project remains and textile production has become Jordan's prime export sector.**

**But the euphoria was short lived among Jordanian textile workers looking for employment. Given the second-rate working conditions, these new jobs are generally filled by women entering the labour market for the first time and Asian migrant workers.**

**The following is a report and survey of the Al Hassan zone, the first to be established in the country, on the outskirts of Irbid.**

Nine years ago, three years after the Oslo Agreements granting autonomy to the Palestinian territories and two years after the Wadi Araba Agreement normalising relations between Amman and Tel Aviv, the small kingdom of Jordan, where 70% of the population are Palestinian refugees, had found the economic argument for peace: employment. In exchange for the role played in the peace agreements, this country of five million inhabitants without any natural resources other than phosphate and potassium was to receive from the United States what Jordan's elected representatives ensured was the key to prosperity: preferential access to the textile market of the world's major power. The agreement gave them the right to unlimited exports without customs duties for all goods produced in the EPZs especially created for the purpose. The only constraint on the so-called "qualifying" industrial zones was the requirement to ensure a place for Israeli industry by producing goods containing at least 8% of value added products from Israeli companies.

#### HOPES FOR AN END TO THE CRISIS

It was an agreement with which no



one could find fault. Not even the Israeli government, which proceeded to transfer to Jordan many of its garment factories still located in the occupied territories. Similarly, Jordan was quick to review the scope of its legislative arsenal to adapt it to the economic open-

ing the agreement intimated and the Jordanian General Trade Union of Workers in the Textile, Garment and Clothing Industries, thought the agreement finally heralded the end of the cri-

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sis in which workers and their families had been experiencing for months.

Since the beginning of the nineties, the Jordanian textile and clothing industry had been in total decline. The first Gulf war had plunged the country into a deep recession, wiping out most of the companies in the sector. Barely six hundred companies remained out of the 1,850 textile firms registered in the eighties. The unemployment rate among textile workers reached record levels: "Over 60%," recalls Fathalla Omrani, President of Jordan's General Trade Union of Workers in the Textile, Garment and Clothing Industries. "The situation was all the more catastrophic given that many industrialists turned to importing textile products from South-East Asia to get by."

All this led to rising imports, falling domestic production, massive layoffs, rocketing unemployment, declining buying power and falling sales of local products. "We were falling deeper into a recessionary cycle that we absolutely had to break. So how could we have refused to support the United States' offer to support our development?" Fathalla adds. "We were in favour of the peace agreements, in favour of encouraging investments. The creation of the zones gave us the hope of a future; refusing them would have been suicide. It's perhaps the only matter on which we haven't disagreed with the govern-

ment," he smiles.

The first zone, Al Hassan, on the outskirts of Irbid, was opened with great pomp and ceremony in 1996. They all shared the same goal: to create manufacturing activity entirely geared towards export.

Although some months went by before the activity really took off, within three years business in the zones was booming, as were the profits of the companies operating in them. The turnover they generated rose from 13 million dollars in 1999 to 400 million in 2002, then 600 million the following year and finally reached the one billion mark in 2004, making textiles and garments the number-one export sector in Jordan.

Hopes were initially high among Jordanian workers in the sector. "When it opened," says Nadim A. Asa'd, president of the Association of Investors in the Al Hassan export processing zone, "we were receiving five job applications for every post."

### WOMEN AND IMMIGRANTS

The euphoria was, however, to be short lived. The unemployed barely profited from this new opening. "Those being hired were mainly women entering the labour market for the first time and migrant workers from South-East Asia, who were new to Jordan," explains Shireen Hamdan of the Al Hasar employee research bureau.

According to the most recent trade union statistics, of the 52,970 workers in the zones, 26% are Jordanian and 58% are migrants.

For the employers, the explanation has always been very clear: Jordanian workers did not have, and still do not have the skills of the migrant workers whose services they decided to call on. This has become an increasingly easy argument to put forward as the original Jordanian-Israeli or Jordanian-American joint ventures have given way to companies backed by Chinese, Indian, Pakistani, Korean or Taiwanese capital - companies with a domestic workforce tamed by the industrial production constraints dominating the sector.

But, if know-how is the number-one employment criteria, why did the employers recruit so many women who had never before worked in the sector? Why did they not honour the promises made to the government that the employment of migrant workers would be limited to 30% of the total workforce, a top limit, moreover, that was only supposed to apply to the first three years, the time needed to train Jordanian workers?

"When the zones first opened we were faced with a serious problem that of the qualification and training of Jordanian workers to take on the positions they were to be offered," recalls Hassan Joudeh, a trade union activists and head of the production line at Century, an Is-

### A first step towards women's independence....



### Maysoon "Mod'd Sharref" Qara, head of the women's committee of the General Federation of Jordanian Trade Unions.

"I hope so, and even more than that! Regardless of the difficulties encountered by women working in the EPZs, these jobs are often their first opportunity to leave their families, their villages, their first opportunity to have a little money. It's a first step towards independence, and it would be a shame if it didn't lead anywhere. In the zone close to Amman, a number of companies have opened a home. The motives behind this decision are undoubtedly contentious. Aside from attracting new job applicants, it is obviously a way of keeping a close eye on these young women workers that are still considered to be minors. But at the end of the day, the women liv-

ing there are making their first journey, they are starting out on the road to independence. How could this do anything but change their view of themselves, of the place they can hold in society? Jordan is a deeply patriarchal society in which women still have very little say. By taking the place that belongs to them in the public arena, these women are perhaps going to move things forward. The economic crisis and unemployment among men is also set to provoke a change in mentality. As the situation pushes increasing numbers of women into the role of breadwinner, men will have no choice but to change their current view of women. But the challenge of helping them to defend their rights still remains, as we have to ensure that they are not confined to second rate jobs bordering on the limits of acceptability."

**The percentage of women employed in the export processing zones is far higher than the figure for the Jordanian labour market in general (12%). Could this contribute to society's changing view of women? The question is put to**

raeli-Jordanian company operating in the Al Hassan zone. "We had met this demand. When the first Israeli investors offered us training courses on the other side of the border to train us in production techniques we encouraged people to go there in large numbers. We even discreetly sent some of our members across the border."

"Although there may be a skills shortage, it doesn't explain everything. It is not the only reason for the management policy at work in the zones," insists Fathalla Omrani. "The reason lies elsewhere, in the working conditions offered there."

#### SALARIES UNACCEPTABLE FOR MEN

"85 dinars! 120 dollars, in other words, just what is needed to comply with the minimum wage regulations. It is not with this amount that a young Jordanian man who has to cover wedding expenses can hope to marry or that a father can feed his children and cover his family responsibilities."

"Until the year 2000," adds Ebtisam Ali Ayad Muosbahe, is also a line operator, "employers took advantage of the absence of a minimum wage in Jordan to offer wages that could not even cover the most basic needs, 40, 50 or 60 dinars a month, whatever they felt like paying. That's all they offered, although even the lowest ranking police officer – a traffic policeman – earns 150 dinars and a young teacher in an infant school earns 200 dinars. Who could accept such conditions? What man could even accept the pay offered today?" asks the young woman.

Women are paid the strict minimum. Migrants are paid even less, working ten hours a day without any overtime pay, despite the fact that Jordanian law sets the maximum working day at 8 hours, with overtime pay of 125% for every extra hour worked. They are using immigration to circumvent the wage demands of a young population that is amongst the most educated in the Middle East, to play on the competition between workers and the fear of the other. It is a way of preventing any form of collective organisation in the workplace, as only Jordanian workers have the right to organise in Jordan.

Employers tend to circumvent the law, rather than openly refusing to apply it, by employing workers from amongst the poorest labour markets in the world and demanding that they sign mutual agreement contracts setting outlawed terms of employment.

"Of course the contracts signed by the migrant workers are totally illegal, but what can I do if no one signing them makes a complaint?" asks Diabat Saleh, director of the office of the Jordanian Labour Ministry located at the entrance of the Al Hassan zone. "There

is nothing I can do. What can I do about the "deposits" taken from the migrant workers' first wages to prevent them from fleeing? Or the extremely vague terms regarding the food and lodging they are offered? What exactly does 'food and lodging' mean, if the terms are not specified?" adds the local official. "Lodging can be a bed in a room for six and food can be a bowl of rice and an egg per day! But if no one comes to complain..."

#### TWO WORLDS EXISTING SIDE BY SIDE

Today, two worlds exist side by side in the Al Hassan factories. On the one side are the Jordanian-owned companies employing Jordanian men, generally to work in the offices as managers or as supervisors, and Jordanian women, who usually work on the production lines. The law is respected in these factories, and although the labour legislation still needs improving, it at least recognises the right to paid holidays, a six-day week, access to a company doctor and protection of working conditions... A world that is shrinking day by day.

**A**ccording to the most recent trade union statistics, of the 52,970 workers in the zones, 26% are Jordanian and 58% are migrant workers.

On the other side is a world in full expansion: factories owned by Asian capital in which migrant labour, living under the constant surveillance of their employers, work among the sweltering heat and constant noise for totally arbitrary pay and terms of employment.

"Ten, twelve or fifteen hours a day – the migrants work as many hours as are needed to satisfy the orders. They are practically forced to accept these conditions as they are completely tied to their employers, who confiscate their passports on arrival," explains Ahlam Al Terawi.

"The question of whether Jordanians would accept the same conditions as those imposed on migrant workers does not concern us. What we are interested in knowing is whether the way the EPZs have evolved respects the spirit of the agreement signed in 1996," insists Fathalla Omrani.

In a letter sent to the Labour Ministry in July 2004, the President of Jordan's General Trade Union of Workers in the Textile, Garment and Clothing Industries explained that the cost of recruiting migrant workers is twice as high as the recruitment of Jordanian

workers if one adds the cost of transport, food and lodging to the cost of their wages. This money, he pointed out, could be used to triple the minimum wage and thus convince Jordanian men to work in the zones, at the same time as respecting the spirit of the agreement signed in 1996.

Not even his union's demands aimed at annually aligning the minimum wage to the cost of living, the improvement of working conditions and securing for migrant workers the right to join a union have been satisfied.

#### THE DOOR OF THE TRADE UNION IS ALWAYS OPEN

Yet the trade union leader has not lost hope. He sees every occasion as a good opportunity to demand ethical economic and social practices in the zones. All possible means have to be deployed to strengthen the influence of the trade unions organisation.

"We opened this office near the Al Hassan zone so that we could respond to all types of demands. Jordanian and immigrant workers can come here for information, advice, or assistance. We have someone on duty here three afternoons a week. The door is always open. It's a tool we have deployed to make us accessible to the workers," explains Mohammed Abu Zeina, the Vice President of the union, who was on duty at the office that day. "We also have another: the clinic we founded in 2002, located on the floor below. It is a medical dispensary that allows us to serve and make ourselves available to the 18,000 workers who benefit from an agreement signed with their company whereby they can visit the doctor for just one dinar – three times less than the usual cost of a doctor's appointment." The workers do not come to the union, the union comes to them."

Another clinic has now been opened close to the Ad Dulayl zone. The union has also signed an agreement with the doctor's union and several companies in the Al Hassan zone to open infirmaries in places where they did not already exist.

"What do we want? What projects are being developed in the export processing zones?" asks Mohammed Abu Zeina. "We have signed 15 collective agreements that benefit 15 000 workers, guaranteeing them decent wages, better working conditions, a health insurance scheme and other benefits. Wherever we exist, the workers' situation is improving. So what is happening here is not unavoidable. We can create jobs, quality jobs, lasting jobs that will allow us to fight against unemployment. It is up to each one of us to assume our responsibilities." ●

M.H.

# “Jordanian textiles are a political product”

**The Jordanian textile union remains optimistic despite of the ending at the beginning of 2005 of the textile quota system and the resulting job losses affecting many textile exporting countries as orders are shifted to China. The union is pursuing its negotiations with the government to obtain funding for training and a doubling of the minimum wage. This case is an example of what happened when political interests outweigh commercial interests.**

**“**Jordan's textile production can be sold in a day. What do we have to fear? The Chinese textile industry employs 50 million workers - ten times more than the population of Jordan! We have no weight. Why on earth would the Americans stop buying from Jordan when they, along with the Israelis, have invested capital in the zones that they themselves requested?" asks Fathalla Omrani, President of Jordan's General Trade Union of Workers in the Textile, Garment and Clothing Industries.

The union does not seem to fear the competition, nor does it panic over the announcements made some weeks ago in Egypt regarding the creation of new export processing zones, also for the exclusive export of products to the United States. "The products coming off the production lines of Al Hassan, Al-Dulayl, Arusayfeh, Sahab, Al Karak or Al Jeezah are top quality, capable of competing with those produced by the small hands of the Chinese giant," insists Fathalla,

resting his argument on the reputation of brands produced in Jordan such as Hugo Boss, Century and Victoria's Secret. "Despite the removal of quotas on the international market, the duty-free access offered to Jordanian products provides it with still a sizeable competitive advantage that will allow it to maintain its position," he adds.

Meanwhile, just a few hundred miles to the east, Baghdad is still counting its dead, and to the west, the Israeli army is continuing to wall off what remains of the Palestinian West Bank. "Let's be clear about things," he concludes. "Jordanian textile produce are not a merchandise like any other. It's a political product. A bargaining chip. A gift made to Jordan for its role in the peace agreements between Israelis and Palestinians, for the role it is willing to play in the establishment of a new order in the Near and Middle East. If the United States and the Israeli government want the Hashemite Kingdom to continue playing its role as a stabilizing force in the region, they know what they

have to keep doing: they have to keep investing here regardless of how the global textile market evolves; investing and producing in the zones and buying Jordanian products in order to help us create employment. That is the condition for stability in Jordan. And that's why I have nothing to fear on this level."

The poor quality of the jobs offered in the zones is, however, a major cause for concern for the union.

"Only 20% of the turnover of the 105 companies operating in the six Jordanian zones is recovered by the country in the form of salaries and taxes on electricity and water," regrets Fathalla, who is trying place the union's full weight behind ensuring that this industry becomes the force for development, as was promised, a sector that genuinely benefits the workers it employs. ●

See the complete version of the Spotlight interview with Fathalla Omrani at: <http://www.icftu.org/displaydocument.asp?index=991221890>

## Making contact with migrants: initial research into lines of action

**Nezam Qahoush, the ICFTU representative for the Arab region, based in Amman, denounces the unacceptable plight of the migrant workers employed in the export processing zones and outlines the action being taken to come to their aid.**

● At the end of May, the ICFTU office in Amman published a study, the first of its kind, on migrant workers in Jordan. The document confirms the magnitude of this population in the zones. Why was this study commissioned?

*To develop a better understanding of a phenomenon that is one of our leading concerns. Because, although migrants do not have the right to join a union in Jordan, they do have a right to the same protection as local workers. But to enjoy these rights, they first have to know what they are. As an international trade union organisation it is our duty to assist Jordan's General Trade Union of Workers*

*in the Textile, Garment and Clothing Industries in this task.*

● By no means an easy task, as the migrant workers employed in the zones are apparently not easy to approach...

*They live in fear. Their situation is very different from that of the many Egyptians working here in the services or building sectors. In most cases, the latter are subcontracted, they are their own bosses. The status of the migrant workers employed in the free trade zones is very different. They live like slaves, under constant control and surveillance, in solitude and seclusion, which seriously hinders any collective action.*

● How do you intend to go about meeting your objectives?

*We are going to publish tracts and brochures in all their languages to help them learn more about their rights. We will provide them with a way of contacting us at the bottom of all these documents. Telephone, fax, e-mail, whatever... We have to help them break down the wall of silence enclosing them, as often the only person they have to translate for them is their employer. We are also going*

*to continue strengthening our contacts with the unions in their countries of origin. We have recently managed to resolve the problems of workers who were being particularly ill-treated through cooperation with the Pakistani trade union, for example. Exchanges of this kind, as well as all international contacts with trade unions in Europe and the United States, are essential to pinpointing the responsibilities that each organisation can assume in relation to the maze of multinational companies involved at one level or another.* ●

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