TRADE UNION RESPONSES TO GLOBALIZATION

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ACTION RESEARCH IN THE GARMENT SECTOR IN SOUTHERN AND EASTERN AFIRICA

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Context

Chapter 8 has shown the ambiguous effects of increased trade on labour in South Africa. This chapter looks at the impact of preferential trade dispensations, such as the United States African Growth and Opportunity Act (AGOA) on the countries of Southern and Eastern Africa between 2000 and 2005, which has been mixed. Research in the garment sector over this period reveals that the impacts cannot be viewed in isolation from the broader trade environment and the rules emerging from the WTO on the one hand and the consequences of neo-liberal economic policy on the garment sector in these countries.

Labour in this environment has been faced with a number of central challenges. In many countries, the opening of markets and the rise of the trade in used clothing as well as the import of cheaper garments marked the destruction of the domestic garment and textile markets. Unions had little impact in stemming the tide of closures.

Through preferential trade access – as is arranged through AGOA – export-based production in Southern and Eastern Africa has risen. In several cases, it more than replaces the jobs lost during the demise of the domestic sector. These jobs, however, turn out to be of a very temporary nature. And early research revealed the conditions of workers in these export-focused factories to be highly exploitative. Unions’ traditional organizing methods seemed to have little impact. Unions were, initially, ineffective against the mostly Asian TNCs that started producing in their countries, paying low wages and employing workers in bad working conditions.

This created an environment where workers and unions were forced to learn new ways of struggling for better working conditions – this time, in an
Trade union responses to globalization

environment that demanded a much broader policy response across the subregion and not one purely focused on domestic practice. International solidarity, as a method of fighting workplace issues, has become increasingly important. This paper traces the use of action research (see below) to support these attempts in a rapidly shifting economic and policy environment.

Between 2000 and 2004, labour conditions in garment supply chains in Southern and Eastern Africa were researched for trade unions and campaigning organizations. Efforts towards improving labour conditions have been intensified by connecting research with concrete actions and follow-up. The Centre for Research on Multinational Corporations (SOMO) and the Civil Society Research and Support Collective (CSRSC), together with the regional office of the GUF in the sector – the ITGLWF Africa – and the national garment unions in the different countries, have developed and conducted this research.

Introduction to action research

The establishment of an African regional office of the ITGLWF at the same time as SOMO launched a research project in the Southern African region proved to be a unique window of opportunity to develop activities to map factory locations, buyers, investment policies and integration of the research findings in union activities and strategies at regional and national level. At the same time, in the year 2000, the AGOA was introduced, granting quota- and duty-free entry for certain African exports to the United States, with a specific focus on garments. The AGOA served to bolster garment production in several African countries (at present, 37 sub-Saharan African countries qualify to export to the United States under AGOA), directed for export towards large American clients such as GAP, Sears, Target and Wal-Mart.

The research project started with mapping factory locations and researching the working conditions in factories in five countries in the Southern Africa region – Botswana, Mauritius, Madagascar, Lesotho and Swaziland – and with establishing who were the most important buyers in the different countries and factories. At the same time, the project served to discuss the possibilities of using these buyers’ voluntary codes of conduct to help unions to improve labour conditions in the different countries, to give input to the regional and national discussions on campaigning and to develop material for workers and unions in the region. The research project linked campaigns on improving labour conditions, through urging brand-name producers and retailers to take responsibility, to the unions in the Southern African region. The access to new campaigning opportunities to support organizing efforts gave new impulses to the activities of national unions and regional solidarity initiatives.
Action research methodology

The research that has been conducted has used an action research methodology and spans a number of different projects over four years. By following a consistent methodology and integrating research into strategic planning and education processes, it has played a meaningful support and enabling role.

During the research, workers were interviewed in focus groups outside the factories, facilitated by the union. The factories were visited and the management interviewed as were government officials in labour departments and investment agencies, who provided information on company movements within the region, reasons for investment, management attitude and perception of the unions. The research gave an overview of the most urgent labour issues that needed to be addressed, and the specific problems the unions were facing in the different countries as well as specific problems at every factory researched. Other desktop data, such as trade statistics, were integrated to develop a full picture of the industry and its prospects, employer practices and union capacities. Various information sources were exploited as often there was conflicting information from management and worker interviews.

Action research takes into consideration the concerns, needs and knowledge of those participating in the research and allows needs on the ground to control the research agenda to a large degree. By providing feedback on the research findings, at different stages of the research, to national and regional unions, and international (campaigning) organizations, action research is linked directly with taking action and making changes. Throughout the project, the needs of the different unions were taken into account in the specific research undertaken in each country and the workshops organized. In this way, the constituencies should be enabled to make a final decision on the use of the research and the actions to be taken. Should there be a call for pressure to be put on a supplier, it is up to the union and the workers to take the decision.

Growth of the garment sector in Africa

Foreign investment in the garment industry in Southern Africa started in the 1990s – with the notable exception of Mauritius – and came mainly from Asia, drawn by a favourable investment climate. Most importantly, export possibilities were presented by favourable and quota-free entry to the United States and European markets. In recent years the advantages of quota- and duty-free export to the United States under the AGOA have increased the share of exports to the United States.

The United States has expressed a great deal of optimism that the implementation of the AGOA will, in addition to causing economic reform, lead to
economic growth and development in the SADC region. The 2001 AGOA report to the US Congress claims that after only one year of implementation, the AGOA “generated a strong trade and investment response” (Office of the United States Trade Representative, 2002). The AGOA is mentioned by the US Government as a factor “expected to help countries diversify their exports and to assist them in building a manufacturing base to support long-term economic growth” (Office of the United States Trade Representative, 2001). This seems questionable. The countries fuelling the growth in trade are quite limited, as well as the number of sectors involved. American exports to Africa are dominated by aircraft and oilfield equipment with, in 2003, 62.9 per cent of American exports to sub-Saharan Africa going to three countries: South Africa, Nigeria, and Angola. Meanwhile, South Africa, Nigeria, Angola, and Gabon accounted for 82.9 per cent of sub-Saharan exports to the United States in 2003, which were mainly limited to crude oil exports and, in the case of South Africa, also platinum, diamonds, and motor vehicles. Garments exported to the United States are the second largest export article, accounting for only 5.9 per cent of sub-Saharan exports under the AGOA, after the oil exports, which represent 69.6 per cent (Robinson-Morgan, 2004).

But unquestionably, the only sector that has created a significant number of jobs under AGOA has been the apparel sector due to the labour-intensive nature of garment-producing factories. Of the US$2.2 billion non-energy exports under the AGOA in 2002, apparel accounted for 40 per cent. Some of these jobs in the sector in fact pre-existed the AGOA or were associated with trade with other countries. Malawi, for example, used to export to South Africa predominantly. Since the AGOA came into existence, producers in Malawi have shifted focus to the United States market, although employment in the sector has remained much the same. Mr K.K. Desai, the Chairman of the Malawi Garment and Textile Manufacturers’ Association, reported in an interview in August 2003 that there has been no new investment in Malawi since the introduction of the AGOA (De Haan, Koen and Mthembu, 2003).

Where the sector has expanded due to American trade, it has not spread across sub-Saharan Africa but tends to be associated with pockets of investment. The major exporters of apparel under the AGOA are Lesotho, Kenya, Madagascar, Mauritius, South Africa, and Swaziland. Lesotho is the top exporter with exports having grown from US$111 million in 1999 to around US$454 million in 2004 (United States International Trade Commission, 2002 and 2005).

Apparel products are subject to the AGOA “Apparel Rules”, under which only 25 of the 37 AGOA countries are eligible for exceptions (AGOA, 2006). Under these rules, raw material used in the production of apparel for export under the AGOA must come from local sources, other AGOA-eligible producers or the United States. There was a notable exception, until October 2007, to this rule.
in that it is not applied to countries that are considered least developed countries (LDCs) under a “special rule” also known as the “third country fabric provision”. It is the benefits of this rule that have attracted most of the investment in the sector as it means that producers located in LDCs are able to use fabric imported from other countries in the manufactured garments for export. There has been very limited investment in the textile sector – an exception being the setting up of a large textile mill by the Taiwanese company Nien Hsing in Lesotho. Where there has been limited or no investment in the textile sector, countries are very vulnerable to the loss of investment after October 2007.

The rapid growth of the sector, the precarious nature of the thus established industry, dependent on short-lived trade “favours” and global trade developments, such as the phasing out of the Multifibre Agreement (MFA) at the end of 2004, has posed a challenge for the unions in terms of organizing in such an unstable sector.

Challenges for the unions

Despite similarities in terms of membership, the unions operating in the sector across the countries have had mixed successes and failures. They have been in existence for a number of years and as such date back to a period when the garment industries in these countries were more focused on supplying domestic and regional demand, often as a result of import substitution strategies that predated the neo-liberal onslaught on labour standards. Whilst all the unions have ultimately come to draw on the social capital of international solidarity efforts, through both research and campaigning efforts, in order to alleviate some of the most severe resource restrictions, it became clear that the extent to which international solidarity has been used to directly pressure employers for change has rather depended on the union model adopted in the different countries. For example, in the more militant model of engagement adopted in Lesotho and Swaziland by the Lesotho Clothing and Allied Workers Union (LECAWU) and the Swaziland Manufacturing and Allied Workers Union (SMAWU) respectively, substantial international support and solidarity efforts have been sought in direct action campaigns concerning employer and government conduct.

Growth in the sector, mainly as a result of the AGOA, gave obvious organizational opportunities for unions in terms of increased membership, revenue, greater worker solidarity and increased organizational stability. At the

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1 A GATT agreement that placed quotas on volumes of garments and textiles from the main textile and garment producing countries (mostly Asian countries) to mostly North America and European countries.

2 The exposure of unionists to more radical forms of union engagement in South Africa during the apartheid regime seems to play a role in the organizational forms and tactics adopted by the unions in neighbouring States.
same time this rapid growth, associated as it is with highly mobile capital and competitive international labour market conditions, brings its own problems, as is evident in the relative successes and failures of various unions operating in the sector. Prior to sector growth, most unions suffered a chronic lack of resources, poor to non-existent administrative processes and leadership crises, in addition to which the application of labour laws and the exercise of trade union rights were problematic in most countries.

It was therefore important for the region to develop regional strategies, facilitated by the ITGLWF African regional office, and drawing on information that came out of the research.

Liberalized trade and the African garment industry

The AGOA, which was initially only intended to last for a period of eight years, has been extended, including the period during which lesser-developed countries can use textiles sourced outside of AGOA-eligible countries and the United States for garment export under the AGOA (United States Congress, 2004). This extension might potentially be a stay of execution for thousands of jobs in those very lesser-developed countries, as Africa has limited quality textile production capacity and US textiles are too expensive. This suggests the view that when producers in Africa can no longer get textiles from internal sources, they will rapidly withdraw from a country, rendering the devastation of the garment industry in that country complete. The whole process has been accelerated by the phasing out of the MFA at the end of 2004. Through the MFA it was possible for some countries to build up a garment industry as most of the larger economies, for example China, India and Taiwan (China) were restrained by quotas. This strategic issue was publicly ignored by policymakers from both the United States and Africa when AGOA started in 2000, and even in 2005 when the consequences of the phase-out become clear.

The growth of the sector in recent years has not necessarily led to improvements in development and labour conditions for the countries concerned. Investment policies are exacerbating the garment industries’ problems. Among countries that benefit from agreements such as AGOA, competition has increased for investment. Governments have responded by offering incentives such as duty-free imports, tax breaks, and relaxed labour laws. Government incentives have been described as not a main factor in drawing the industries, but they do make a difference for companies in choosing which African country to produce in. When these benefits end, companies are prone to leave. The Sri Lankan company Tri Star for example has been producing in Kenya for many years. When tax and other incentives ended, as per the time allotted in the Kenyan EPZ Act, the company increased its already existing capacity in Uganda.
and opened a new factory in the neighbouring United Republic of Tanzania, which had just created EPZ legislation.

However, for the countries offering the incentives, the consequences of such concessions might make the difference between profiting from FDI or failing to gain any real benefits for the country. Incentives for investors, such as caps on wages, tax holidays or restrictions on union activity can mean that workers lose out not only in economic terms but also in social terms. With the phasing out of the MFA, the governments in Africa will be even more desperate to keep the industries, particularly in light of the fact that the destruction of a domestically based industry has made workers and their families wholly dependent on the foreign capital.

Sourcing policies and labour practices of Asian companies in Africa

Drawn by trade agreements and other incentive programmes to countries desperate for foreign investment and jobs, investors, including Asian investors, have been able to circumvent local labour laws (for example, minimum wage and social security requirements) as well as the standards for good labour practices set out by the ILO. In Swaziland, for example, where violations documented at Asian-owned factories include forced overtime, verbal abuse, sexual intimidation, unhealthy and unsafe conditions (including locked doors), unreasonable production targets, and anti-union repression, the Department of Labour admits that in an attempt to keep investors happy it does not pursue labour law violations to its fullest ability. They say they “can’t push investors too hard”, but instead are “very gentle and persuasive” (De Haan and Phillips, 2002). While investors see profitable returns on their investments, critics wonder if workers and their communities really benefit when wages and conditions are substandard and tax abatements and subsidized infrastructure mean little money goes back into the community.

Asian investors in the garment and textile industries have proven to be as mobile as Western buyers, “cutting and running” from one location to another as suits their interests. Mauritius developed a significant clothing export industry directed to the EU, among others fuelled by investment from Hong Kong companies. Now that wages are lower and preferential trade incentives are better in nearby countries, this location is less attractive to investors.

Information on the Asian companies and accounts of their movements were essential for the unions to deal with organizing in these companies, as well as drawing on solidarity from organizations and trade unions in Asian countries. This moved beyond the classic North-South campaigning issues into “triangular solidarity”; workers in Asian production factories in African
countries drawing into their struggle organizations and trade unions in the country where the production company has its head office, as well as organizations and trade unions in the export destination countries.

**Using action research in organizing and campaigning**

Organizing in most African countries is extremely difficult, especially considering the levels of poverty that beset working class communities in many countries there. Whilst domestic struggle is a prerequisite for any solidarity action, regional and international exposure and support adds a strong strategic advantage to these efforts. Therefore one can argue for the strategic necessity of expanding struggle and awareness of issues beyond the borders of the country. For this reason, research can be linked to both internal organizing and external campaigning and awareness efforts.

The trade unions, which in many cases had seen a radical decline during the shift in industrial policy, were poorly resourced and ill-prepared to deal with the wave of sweatshops that mushroomed in response to the AGOA. Whilst ITGLWF Africa set about a drive to address some of the organizational crises that beset the labour movement, research played a major and integrated role in the strategy developed by the ITGLWF and the affiliates to reverse the downward trend in conditions in the region.

The research in all countries since 2000 (among others in Botswana, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Swaziland, Tanzania U. R. and Uganda,) has been conducted in close partnership with the local union and the ITGLWF. The research has been useful in capacitating local trade unionists in the process of collecting information, as well as educating unionists on the issues around codes of conduct, monitoring labour conditions and the process of global campaigning. These processes have effectively begun to link consumer markets in the North and campaigning organizations in the South with workers in the South.

For example, as the contacts amongst the unions increased after the establishment of an African office, research was used selectively to target major abuses by suppliers. This strategy forced the Government of Lesotho to begin to enter into dialogue around some of the excesses being perpetrated by investing multinational manufacturers. One consequence of this was to force companies to grant some organizational rights to the union. This initial research was followed by more detailed sectoral research in Lesotho and other countries. ITGLWF Africa has been using the research findings to work with the union on building membership. Despite militant action, there was little progress in securing recognition for the union organizing the garment workers in Lesotho, LECAWU, particularly in Asian-owned companies.
By 1999, LECAWU had organized only about 4,000 of the 18,000 workers in the sector. However, this membership increased tremendously in the following years. The ITGLWF has been instrumental in the strategy and played a major role in brokering a deal that eventually saw LECAWU officials entering the employer’s premises and actively recruiting members.

The research also played a role in identifying patterns of ownership in the region and linking ownership across borders. This was key in developing international campaigning and illustrating this with evidence of particular factory abuses where ownership links had been established.

International support and research, however, are not a substitute for effective grassroots unionism. Lesotho is a case in point which saw rivalries over union leadership in the sector eventually leading to a collapse in LECAWU’s membership despite Lesotho enjoying more international investment and campaigning attention in the garment sector than most other countries.

Pressuring Asian manufacturing multinationals to take responsibility for their role in respecting workers’ rights can present special challenges. Labour rights advocates will get less leverage from the threat of tarnishing brand image with these “unseen” companies. However, a more integrated response, pressuring the retailers that these manufacturing multinationals produce for as well, can yield results. Campaigns, as in the Nien Hsing case (see box 14.1), that have utilized an approach mobilizing stakeholders at various levels of the garment industry supply chain have demonstrated a potential to open up space for workers to successfully voice their demands.

Increasingly, more research is being done to understand and assess the role of Asian manufacturing multinationals in global supply chains and in the regions where they operate. The growing importance of manufacturing multinationals from regions and countries such as Hong Kong, the Republic of Korea and Taiwan (China) has led to a need for more information, including tracing production chains. Also needed are campaigns on such manufacturing multinationals, based on links between regions. Asian research partners have also now been drawn into the process to assess ownership structures in the producer’s home countries.

As has been mentioned, the other key area where research is used by unionists on the ground is to identify brands and retailers that are purchasing from producers in their country. The real downward pressure on wages and conditions as well as the volatility of investment (as a result of changing sourcing decisions) lies very squarely at the door of these groups. Initial campaigning efforts have led these groups to formulate codes of conduct in order to alleviate some of the damage caused to their public image. Where a factory is supplying a retailer or brand which has a code of conduct, the
opportunity exists to demand of the retailer or brand to make good on its word and make sure the situation improves at the producer. The problem is that codes are often cosmetic and constant monitoring by unions is necessary to make them work. The other difficulty is that it is the very sourcing practices and the nature of the demands for low prices and fast delivery that cause many of the practices in the producing factories. It therefore also makes sense to have specific campaigns on these issues internationally.

Box 14.1 Case study: C&Y Garments and Nien Hsing Textile Company in Lesotho persuaded to recognize LECAWU

Nien Hsing opened its first factory in Lesotho, C&Y Garments, in 1991. By 2002, it employed about 4,000 workers. In January 2001, the company opened a second jeans factory, Nien Hsing, which employed about 3,500 people in 2002, 95 per cent of whom were women. Nien Hsing Textile Company wholly owns both factories. The two factories can be found opposite each other in the Thetsane Industrial Area, east of Maseru. Both companies produce jeans for the United States. Known buyers include Bugle Boy, Kmart, Sears, Casual Mail, Gap and Cherokee jeans for Canada. Nien Hsing is building a US$8.6 million textile mill a short distance from the Nien Hsing factory.

C&Y Garments and Nien Hsing were identified as two very large and exploitative employers early on in the interaction between LECAWU and ITGLWF Africa. As such, they were researched and information was generated about practices in these factories.

A variety of problems were reported at the Nien Hsing facilities: taking advantage of Lesotho's high unemployment rate, workers were employed on a "casual" basis, at a lower minimum wage. This is legal for casuals employed for less than six months. However, at C&Y some workers had been employed as casuals for ten years. Workers also reported verbal harassment, physical abuse, unsafe conditions (including locked emergency exits) and non-payment of benefits. ITGLWF Africa and the Clean Clothes Campaign took up the case, as did unions and NGOs in the United States, Canada, Taiwan (China) and Nicaragua, where another of Nien Hsing's factories was producing. In July 2002, ITGLWF Africa and LECAWU started an organizing campaign at the two Nien Hsing factories. With increasing pressure on all these fronts, LECAWU and Nien Hsing signed a memorandum of understanding committing the company to recognize the union and enter into collective bargaining negotiations on the condition that the international action was stopped.
Action research and strategy

The research conducted detailed the players in the supply chain and played a central role in the process of strategic planning with the ITGLWF and local unions in the region. This was assisted by the research not just detailing employers but also looking at the unions and identifying strategic areas for intervention.

At a more macro level, research has helped the ITGLWF and its affiliates to formulate policy responses to issues of trade and industrial development as well as uncovering potential solidarity partners in actions against Asian manufacturing multinationals. The detailed knowledge developed around the supply chain mostly involving Asian manufacturing multinationals led to the targeting of Nien Hsing for international campaigning actions by multiple organizations. Initial efforts of the research partner organizations established a methodology and exposed unions to research practice and its links to organizing and global campaigning. The interventions of ITGLWF Africa worked on capacity, and research organizations participated actively in both education and strategic forums to assist in this process. The approach has at all times attempted to broaden access to information and options open to unions. At the final stage, unions are beginning to collect and assimilate information themselves, coordinated through ITGLWF Africa.

The future of the garment export industry in Africa

The introduction of trade agreements or phasing out of quotas also influences decisions to relocate. Both government officials and factory managers interviewed in the research projects mentioned the MFA quotas as one of the main reasons that Southern Africa was attractive to the garment industry. Garment export from Southern Africa was not hampered by quotas, as faced by many garment-producing countries in Asia. Many doubted the sustainability of Southern and Eastern Africa’s garment industry following the phase-out of these quotas and the increased competition from Asian countries. By May 2005, the closure of a substantial number of factories confirmed pessimistic thoughts about the sustainability of the sector in Southern and Eastern Africa, even for the extended period of the AGOA. Duty- and quota-free access to the American market as a result of the AGOA helps to enhance the countries’ competitiveness, but, as said before, the limited duration of its provisions is seen by all involved in Southern Africa’s garment industry as a major pitfall.

One of the early indications of shifting investment as a result of changes in the trade regimes at the conclusion of the MFA was when several factories in Lesotho, employing thousands of workers, failed to reopen in January of
Trade union responses to globalization

2005. In May 2005, Southern and Eastern African unions at a meeting in Swaziland calculated their losses and came up with the staggering figure of 52,669 workers losing their jobs as a consequence of factories closing in Namibia, Malawi, Lesotho, South Africa, Tanzania U. R., Kenya and Mauritius.

Conclusions

In conclusion, some of the broad lessons of the research and the union organizations involved in the garment sector in South East Africa are drawn out below, followed by a brief commentary around labour agenda research gaps in the region.

The research has been most effective when linked to organizing and participatory strategic planning. A flexible approach with researchers who are knowledgeable about labour issues is key in developing broader derivative research efforts addressing organizational development and organizing strategy development.

An action orientation allows needs on the ground to control the research agenda to a greater degree, making the research relevant to beneficiary and not organizational or funding needs. Through linking to different partner organizations, connecting to a wide variety of both campaigning organizations and trade unions, the impact of action-oriented research is multiplied.

Genuine regional solidarity is a precursor to improvement in standards for all in sub-Saharan Africa. Paying lip service to solidarity whilst practising protectionism when it comes to jobs will only serve to further undermine labour conditions. Recognizing differences between countries and industries is imperative. The level of investment in Lesotho, for example, permits more robust forms of engagement than would be possible in Malawi, given the precarious nature of the industry there.

Within this broad array of issues, a number of labour research agendas emerge. There is a need to quantify the cost of investment incentives and investment policies more broadly for the countries in the region, given the investment agenda of the predominantly Asian companies and the shortsighted approach of the governments who draw in the investment with costly incentives. Ongoing research about closures and possible responses to these closures is becoming increasingly important post-MFA, as well as developing adequate responses.
References


