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Focus on the informal economy

'Informalisation' is on the increase, and many garment workers are now identified as working within the informal economy. So what is the impact of this trend on the (mainly women) workers in the garment industry? Read on to find out...

Work in the informal economy takes many different forms and exists in many different situations. Informal workers are found in all kinds of workplaces, including large factories, small workshops and their own homes, and in all countries, including industrialised countries. Often they are doing the same work as, and are working alongside, formal workers.

Informal economy workers may have no wage agreements or contracts, no regular working hours, no non-wage benefits (eg health insurance) and are often unorganised and unrepresented by unions, government or non government agencies.

Below are some examples of informal work arrangements that were found in the garment industry in Thailand (WWW, 2003)

- Work is subcontracted out to small workshops and to homeworkers who often do not have contracts and have little or no legal protection. Factory supervisors often act as agents, distributing work outside the factory.
- The factory owner opens a new company within the same factory and recruits workers to work there who may or may not receive the same amount of pay and benefits as the other workers
- Factory owner lets another company, agent or individual hire workers for the

factory but they are not considered employees of the company and the work is short term. They will often work night shifts, get less pay than those employed by the main company and are unable to become trade union members or participate in the union activities. They are often unprotected by law.

Indonesia has recently seen an upsurge in the contracting out of work due to recent changes in its labour law. Increasingly employers are laying-off workers and re-hiring them through labour agents. The workers essentially become daily hires and suffer pay cuts and a reduction in rights and benefits.

A growing economy

The informal economy is growing rapidly and it exists in every corner of the globe. The International Confederation of Free Trade Unions (ICFTU) estimates that 25% of the working population are active in the informal economy. The number of home based workers alone, many of whom work in the informal economy, is estimated to be 300 million (HomeNet).

Informal work can be found in garment manufacture for both the domestic and export markets. With companies demanding more flexible production, at low prices with fast turn around times, a lot of work is being contracted out to a large number of subcontractors, many of which are operating in the informal economy.

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Who are informal sector workers?

Over the last ten years various organisations and networks have attempted to define 'the informal economy.' This has proved difficult as the boundaries between what it means to be an informal and formal worker are often quite blurred. There are sometimes ex-formal economy workers in a garment factory, current formal economy workers who have taken second or even third jobs within the informal economy and in many cases doing exactly the same work as formal workers. One current definition comes from the International Labour Organisation (ILO) which refers to the informal economy as including 'workers and companies that are not recognised or protected under legal or regulatory frameworks and are who are characterised by a high degree of vulnerability.'

One important distinction made by organisations representing workers is between those informal workers who have an identifiable employer (e.g. contract/agency/temporary workers) and those who have a non-identifiable employer or shifting employers. (e.g. homeworkers). Both exist within the informal economy, but the issues they face and strategies needed to change their situation may be quite different.

Whilst there is no exact model of an informal economy worker it is the case that most are women and many are migrant workers (both internal or from other countries) or come from minority populations. They are sometimes unaware of their legal rights, labour rights or position in the global supply chain.

What are the issues facing informal economy workers?

Whilst debates around definition continue there is a need to focus on the different problems, needs and experiences of workers. The main issues facing workers in the informal economy include:

• **Lack of legal recognition or protection:** As many informal economy workers are not recognised as workers by law they receive little or no legal or social

protection and often don't have contracts or proof of employment. According to a study on homeworkers in the Philippines, what the workers wanted was "a clear contract...to be able to claim sickness, maternity, disability and retirement benefits." For homeworkers in the Jakarta area of Indonesia, even when a contract did exist it consisted mainly of establishing the obligations on and sanctions against home-based workers, didn't mention their rights (except wages) and was often oral rather than written.

This lack of legal status is often linked to some extent to the legal status of their workplace; if the enterprise they work in is unregulated workers will also have difficulty in getting legal recognition.

Illegal and unregistered workplaces are also operating outside health and safety legislation and can be death traps for workers. For example in China in 2001 a fire in a building housing two illegal garment factories killed three workers and seriously injured nine others.

• **Difficulties in organising:** In some case workers are not legally entitled to organise because they are not recognised as workers or their workplace is not recognised as a workplace. For example in Hong Kong employment laws only provide protection for workers who work continuously for the same employer for 4 weeks and for not less than 18 hours per week. As many women are employed on a part time or temporary basis they are not protected by the law.

Freedom of association rights may not apply to some workers as country legislation often excludes small workplaces. For example in Thailand workplaces with less than 10 workers are not covered by labour laws. Self employed workers may also be excluded from legal guarantees over the right to organise and in some cases are prohibited from organising. In most countries labour legislation does not cover foreign workers.

Other obstacles also exist; informal workers may be isolated and transitory, have limited access to communications meaning organising requires time consuming in person visits, there is a lot of fear due to the insecurity of work and lack of legal protection and scepticism as to the effectiveness of being part of a union.

Other problems facing informal workers include low visibility, unstable work situations, little or no access to public infrastructure and benefits and high levels of poverty.

Is flexible and informal always bad?

The flexibility offered by more 'informal' work arrangements, such as home working, has been viewed as potentially positive for women workers. For example in China garment workers reported that they found 'working at home freer than working in factories' whilst in the Philippines they saw benefits in 'earning income whilst near their children and inside their homes.' However, in general, the informalisation of work has had a negative impact on women workers and has meant low wages, job insecurity, isolation and poor opportunities to organise.

Some organisations addressing these issues tend to talk about eliminating informal work arrangements, but many question the assumption that the elimination of, for example, homework should be a campaign goal. Rather the challenge of such campaigns is how to address the poor conditions associated with informal work whilst preserving the flexible aspects that many women workers may wish to maintain.

What is clear is the importance of looking at the gender issues involved in each particular work situation. It is also important to note that, in general, people enter the informal economy because of a need to survive and not out of choice.

Whilst definitions of the informal economy are likely to remain fluid and hard to pin down the focus for campaigners needs to be on identifying the needs and addressing the concerns of the increasing numbers of women garment workers involved in the informal economy.

Action

See opposite for information on the National Group on Homeworking campaign 'Bang Out of Order' and send off the enclosed postcard to your supermarket.

This article was taken from a CCC paper entitled The Global Garment Industry and the Informal Economy by Nina Ascoly.

Demand rights and respect for UK homeworkers

“The Company doesn't care if you are getting crap money, as long as you get the work done, you are out of sight out of mind” (UK Homeworker, Sept 2004)

Long hours, illegally low wages, no maternity rights, no holiday pay and no employee status are the type of conditions we so often hear about faced by workers from countries such as China and Mexico – however, this is also the situation for many homeworkers working right here in the UK.

Homeworkers carry out paid work from home and are involved in a number of tasks including packing, sewing, labelling and assembly work. A wide range of products made by homeworkers are then sold on the shelves of well-known high street retailers and supermarkets.

These workers, who are predominantly women, are a particularly marginalised and vulnerable group facing conditions that often fall far below minimum standards. Since homeworkers work alone they often have little contact either with their fellow workers or with organisations that could offer advice and support.

However, for many, homeworking offers a way to combine earning a living with a particular domestic situation. This can be a parent with small children, a main carer for elderly relatives or someone who cannot work easily outside the home because of a disability or ill health. People also choose homeworking because there simply are few alternative employment opportunities in their local area. This makes them particularly dependent on their homeworking income and so reluctant to take any action that might jeopardise their work in the future.

The National Group on Homeworking (NGH) exists to support homeworkers and to lobby and campaign on their behalf. Through research and regular contact with homeworkers NGH have found a series of employment rights violations taking place. Research by the National Group on Homeworking, carried out in 2001, found that only 25% of the homeworkers interviewed were receiving the National Minimum Wage. A local study of homeworkers in



Bradford found that their average hourly pay rate was only £2.53 an hour, and that none of the Asian homeworkers interviewed were receiving the National Minimum Wage. More recent research found that 71% of the homeworkers interviewed were working unsociable hours, often at weekends or through the night to meet tight orders, often with significant health implications.

In May 2004 NGH in partnership with the TUC and Oxfam launched a joint report ('Made@Home') which exposed the contradictions and double standards of major UK retailers who refuse to pay the National Minimum Wage to homeworkers and who will not take responsibility for the conditions of workers within their supply chains.

From this NGH launched a popular campaign calling on the major supermarkets (the Big 4 – Asda, Tesco, Safeway-Morrisons and Sainsburys) to ensure rights and respect for homeworkers. The campaign has been strongly supported by other labour rights and campaign groups such as Labour Behind the Label and No Sweat. We are also asking people to send campaign letters to their local MP and to Gerry Sutcliffe and Patricia Hewitt at the Department for Trade and Industry

asking for a revision in employment status.

Our campaign has a clear message:

- Homework makes a significant contribution to the UK economy, it is decent work and a positive choice offering employment to those who may be unable to work outside the home.
- Exploitation of homeworkers is taking place in the UK (and indeed across the globe).
- UK legislation fails to protect homeworkers.
- UK Retailers' purchasing practices fail to ensure UK homeworkers receive minimum employment rights.

Action

NGH still want supermarkets to take action – Please hand in the enclosed action card to your local supermarket as soon as possible. www.gn.apc.org/homeworking has more information and campaign letters to download.

For more information on the campaign or to find out more about our organisation please contact the National Group on Homeworking, 0113 245 4273 or info@homeworking.gn.apc.org.

Play Fair at the Olympics

After months of intensive international campaigning, an evaluation of the Play Fair at the Olympics Campaign showed both successes and disappointments. Here we offer a summary of the responses of the main targets to the campaign demands. Although the Play Fair at the Olympics Campaign came to an official close in August, when the games themselves opened, Labour Behind the Label has committed itself to continue to campaign for improvements in the sportswear industry.

Olympics Committees

The campaign targeted both the International Olympics Committee and the individual national committees demanding that they take responsibility for workers producing Olympic branded merchandise.

IOC still ducking and diving

Despite acknowledging that the Play Fair campaign goals are in the spirit of the Olympic ideals of fair play and ethics and an expressed willingness to participate in sector wide discussion, the IOC has categorically refused to discuss its own responsibilities to workers through its billion dollar global sponsorship and licensing programme.

While we have demanded very little action from the IOC (campaign demands were to put in place licensing and sponsorship complaints mechanisms and adding some workers' rights specific language to the Olympic charter), it has consistently "stonewalled" the Play Fair Campaign. As well as making misleading statements in the media about the campaign, any attempts to move the dialogue forward privately were ignored and the IOC refused to accept the signatures of half a million campaign supporters around the world calling for change across the sportswear sector.

An opening for progress at the Winter Olympics?

The Turin 2006 Winter Olympic Committee (TOROC) has now adopted a "Charter of Intent" which

may contribute to the defining of ethical standards for global sporting events. On this basis, TOROC has expressed an interest in discussing with the campaign ways to improve social and ethical values in sport.

The BOA starts to move on demands.

The British Olympics Association (the UK's National Olympics Committee), which is in charge of licensing British Olympic merchandise, has moved from its original position of refusing to meet with the campaign partners and lobbyists in order to "look at contracts and at what needs to be changed to improve the conditions (of workers)".

Companies

Seven companies were targeted by the campaign, Puma Umbro, Lotto, Fila, Asics, Mizuno and Kappa, with the British campaign focusing on Puma and Umbro. While individual companies have made some movement (see below), they all need to go a lot further to lead to real sustainable progress on the ground.

Puma looks for collaboration

Puma was one of the first companies to invite the campaign to its headquarters to discuss the campaign report and explore collaboration. As well as

engaging in dialogue with the Olympic campaign, Puma has joined the Fair Labour Association (a multi stakeholder initiative which currently includes Nike, Reebok, Adidas); is engaging directly with local stakeholders; is paying attention to purchasing practices; is sharing information with the campaign and is in direct dialogue with the International Textile, Leather and Garment Workers' Federation regarding workers' rights to form and join trade unions. They have also expressed willingness to discuss attendance at a regional consultation and planning meeting in Asia.

UMBRO makes its moves

UMBRO was also targeted by the British Fair Play at the Olympics coalition. 20,000 action cards and 2,000 briefings were distributed and a speaker tour involving a worker from an Indonesian factory supplying Umbro was organised. This coincided with the European Cup 2004 and generated significant press interest. The campaign has led to some significant changes by UMBRO.

Umbro has been engaging constructively with the Fair Play at the Olympics coalition and has now agreed to join the Fair Labour Association, is cooperating with LBL's



Southern partners, and is working with the ITGLWF (International Textile, Garment and Leather Workers Federation) to develop trade union organisation in China and Vietnam.

The company has also significantly increased its internal monitoring team and has committed to auditing 100% of its relatively small supply base. This represents a major shift in behaviour, although we are still waiting to hear from Southern partners as to whether these changes have led to improvements for workers in supplier factories. The issue of pricing will also be addressed by UMBRO in the future. Dialogue is continuing through quarterly meetings with representatives of ITGLWF, Oxfam, the TUC and LBL.

Progress of other companies

- **Asics and Mizuno** have committed to evaluating and developing their labour practice policies and have called upon the World Federation of the Sporting Goods Industry (WFSGI) to play a more active role in putting forward an industry-wide benchmark on labour practice, and facilitating smaller companies' progress. Asics is considering joining the FLA.
- Responding much later were **Lotto, Fila and Kappa**. Lotto has proposed to take the lead in organising a meeting at sector level in Italy, but this meeting hasn't happened so far. None of the companies have committed themselves to taking the recommendations of the Play Fair at the Olympics Campaign seriously.

Action: Enclosed is a campaign briefing and an urgent action focusing on FILA. Please write to FILA and ask them to take action to improve working conditions in their supply chain.

Sportswear Industry Federation fails to make progress.

The World Federation of the Sporting Goods Industry (WFSGI) has set up a Corporate Social Responsibility committee, which has had meetings, but little action has come out of this. The WFSGI did also respond to the set of proposals for action (Programme of Work) developed by the campaign, but rejected a core recommendation to establish a sectoral framework agreement. Unfortunately it seems that the WFSGI has little authority over its members.

First Asian "Workers' Olympics" takes place in Bangkok

Over 1,000 workers took part in the "Workers' Solidarity Olympics" in Bangkok in August 2004, including sportswear and garment workers from Bangladesh, India, Indonesia, Sri Lanka, Thailand, Pakistan and the Philippines.

Organised by Thai Labour Campaign and Asia Monitor Resource Centre, these were the first Worker Olympics since World War II and the first Asian Worker Olympics ever. Workers lit their own Olympic flame and competed in soccer and javelin events and labour law quizzes. As Thai sportswear worker Sunee commented: "Every day sportswear workers work as hard as any athlete in training. But instead of medals there are poverty wages, long working

hours and constant pressure to work faster. Today we are competing for fun, but we are also saying that we object to our working lives being dominated by competition. Asian workers want to support each other, not compete."

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Agreement in Haiti Free Trade Zone

An agreement has finally been reached in Haiti free trade zone, ending seven months of negotiations between the Sokowa union and Grupo M.

In June 2004, over 350 workers including all known leaders of the newly formed workers' union Sokowa were fired from the FTZ's two factories where 1,000 workers were employed to assemble Levis jeans and t-shirts for export.

The CODEVI/Group M bosses have now accepted the immediate re-instatement of five union leaders and the progressive re-hiring of the 150 or so others who still want to return to the factory. Grupo M also now acknowledges the legitimacy of the Sokowa union, assures it of its full rights under Haitian law and guarantees never again to use armed security guards or other armed groups to intervene in labour disputes.

This agreement may not have been reached without international campaigning and solidarity so a big thank you to those who responded to this appeal.

Source: Haiti support group

Become a member of Labour Behind the Label

You are already a supporter of Labour Behind the Label and we thank you for your interest in our work. If you would like to also give your financial support to LBL, you can now become a member.

YES, I want to become a member of LBL, for the following fee (please enclose a cheque to Labour Behind the Label):

- £15 (if you are waged) £6 (if you are unwaged or low waged)

Surname: First name: Date:
 Address: Town: Postcode:
 Tel: E-mail:

Industry news in brief

Portrait of a textile worker



Milwaukee artist Terese Agnew has completed an epic 9'x9'

quilt, depicting a young garment worker from Bangladesh, sewn entirely with tens of thousands of clothing labels donated by thousands of people across the US and abroad. Entitled 'Portrait of a Textile Worker' the project took two years to complete. Agnew's goal was to show the human face behind the label and her hope is that through this art piece an immediate and tangible connection between the things we buy and the people who make them.

Source: National Labor Committee

Philip Green Buys British Women's Wear Shops

Philip Green, the owner of BHS and the Arcadia Group (which includes high street names such as Top Shop, Miss Selfridges Dorothy Perkins and Burtons) has extended his retail empire by buying 205 unprofitable British women's wear shops from French company Etam Developpement SA.

Although Green declined to put a price on the deal, analysts said it probably cost up to £10 million. The purchase comes just three weeks after Green said publicly that there was nothing "of any scale" in the retail sector that he would buy. He based those comments on deteriorating conditions in the sector since he failed to buy Marks and Spencer last summer.

Green said that there were significant opportunities for savings by integrating Etam, including the teenage clothing brand Tammy, into his existing portfolio. "It is in our heartland of the

brands where we trade," he said. "We like the Tammy brand and we'll see what we can or can't do with the Etam brand. Some of the shops will be converted into our brands."

Associated Press 8/4/05

Code implementation better in global footwear industry

According to a recently published ILO study the sports footwear industry, often criticised for alleged violations of fundamental labour standards, has made greater progress in implementing worker-friendly codes of conduct than the apparel and retail sectors. The study states that brand recognition and intense consumer scrutiny have led the sports footwear companies to develop more sophisticated, and successful, approaches to code implementation.

Source: nike-international

Labour Behind the Label news

Thank you and apologies

First of all, a huge thanks to all of you who responded so generously to our appeal last year. Many of you decided to become members of LBL and the money we received from donations and memberships helped us to keep going through a difficult period.

Secondly, we'd like to apologise for the lack of information we have sent to our supporters over the last months. Many of you have probably been wondering what has happened to us since our last newsletter in August! Well, the delay was caused by organisational changes (see below) and the late arrival of funding we needed to carry out our work.

Now we are looking at building on what was (despite some funding problems) an extremely successful year. We are planning a follow up to the Olympics Campaign last year (see enclosed briefing on FILA), we are

working on a campaign to get local councils buying ethically, we are working to develop the campaign in Scotland and are increasing the work we do on urgent appeals. Hopefully you will be part of this and we look forward to working with all of you on these campaigns.

All change at LBL

In December our coordinator, Chantal Finney, left Labour behind the Label after eight years working for the organisation. Chantal was one of the women responsible for setting up the Labour behind the Label campaign and worked with us tirelessly throughout that time. Everyone at LBL would like to thank her for all her hard work in helping to make LBL the organisation that it is and we wish her well for the future.

Taking her place as LBL's Campaign Coordinator is Liz Parker. Liz was the National Coordinator at Banana Link, a similar organisation to Labour Behind the Label (which shared the same offices), for 5 years until

September 2003. She is currently Chair of the European Banana Action Network. She coordinates a local carnival group that uses carnival to raise awareness of fair trade.

Along with a new member of staff LBL has a brand new office! Previously we were sharing an office with workers from Norfolk Education and Action for Development (NEAD) but since December we have been working from our own office (although in the same building). This has been an important step for us not least because we are now able to involve more volunteers in our work. If you live in the Norfolk area and are interested in being a volunteer then please get in touch.

New contact details

Our new number is **01603 666 160** and our new email address is info@labourbehindthelabel.org. For full contact details see page 1.