

Research Workshop on Women Workers In Global
Value Chains in the Garments Industry

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Summary of Case Studies

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I. Vietnam

Market Trend: The market for garments from Vietnam is increasing. There is rapid growth of the garment industry, along with possibilities of further globally integrated industries, although new challenges, including increased competition from China are being faced. Direct linkages with international buyers is increasing. Textiles retrenchment has resulted in raised productivity. Wages have risen in both garments and textiles. Increased rural migration and decreased opportunities in rural Vietnam have occurred as a result of the dismantling of co-operatives

A. Vietnam in the Global Garment and Textile Value Chain: Impacts on Firms and Workers

By Khalid Nadvi and John T. Thoburn with Bui Tat Thang et al., J. Int. Dev. 16 111-123 (2004)

This paper examines how firms in the garment and textile industries of Vietnam have integrated into global value chains. It looks at how the garment and textile industries are related and analyses the role that State-Owned Enterprises (SOEs), smaller private firms and foreign owned firms play in the value chains. Their various places in the chains determine the differentiated gains for both the firms and workers as Vietnam restructures its industries to become globally competitive.

Main Findings:

- ***Changing production patterns:*** Vietnam's textiles and garment industries have changed significantly over the last decade and put Vietnam as one of the major competitors in garments. The garment industry supplies to the EU, Japan and now increasingly, the US market. Textile & garments (T&G) accounted for half of Vietnam's exports by 2002. The industries experienced a growth rate of 29% on average annually since 1991-2000. Garment production is roughly split between the household sector, Foreign-owned firms and SOEs, whereas SOEs account for half of the textile production.
- ***MFA, Trade Agreements and competition with China:*** Biggest buyers of Vietnam's woven garments are the EU (43.3%) and Japan (42.2%). However, Vietnam faces stiff competition with China. Since the signing of the US-Vietnam bilateral trade agreement (USBTA), the US market has become a larger component of Vietnam's exports. Vietnam wants to quadruple its T&G production by 2010, even as it faces significant competition from China and other countries with the phaseout of the MFA. This will entail continued restructuring of its SOEs and much more investment into the textiles area.
- ***Global Value Chains:*** SOEs are able to attract and manage large orders and supply a diverse range of products to higher quality buyers. Small firms supply lower value and quality markets, mainly through regional traders (Hong Kong, Taiwan etc.). State support has helped upgrade their textile production and some have started to use their own fabrics for export, though traditionally, textiles has been a domestic industry. International Buyers are switching from CMT (Cut, Make and Trim) to FOB (Free on Board—where

the local firm provides its own fabric). This remains a challenge for Vietnam whose textile production is still poor quality for exports. US buyers still prefer CMT whose production includes 50-60% labour costs compared with FOB with 50-80% fabric costs which the local firm can integrate in its sale price. CMT gives more “costs leverage” to buyers since they can source their own cheaper fabrics and source cheaper labour.

Upgrading to FOB would favour SOEs followed by Joint ventures since 75% of them were already engaged in both CMT and FOB. Small private firms which depend on small regional traders deal with few buyers and do not know the final destination of their products. SOEs deal more directly with buyers. Foreign-invested firms often do not know who is buying at the retail end since head offices in foreign countries usually deal with distribution.

Implications for firms and workers:

A fall in formal textile employment has been matched by higher productivity in textiles and higher wages. It has also been more than matched by a rise in formal garment employment, especially in private garment firms which largely employ migrant women workers. SOE workers have gained more than other workers as SOEs have begun to upgrade, take large order for leading global buyers and receive state subsidised credit. These findings lead to further questions on how firms are adapting to global challenges and how workers’ household livelihoods are affected in terms of poverty reduction (see following two papers).

B. Challenges to Vietnamese Firms in the World Garment and Textile Value Chain, and the Implication for Alleviating Poverty

By Khalid Nadvi, John Thoburn: 2004 (Partner Study to the above)

This paper examines how Vietnamese firms are responding to new challenges of global competition brought on by: (1) phasing out of the Multi-Fibre Arrangement (MFA) of the GATT and the implementation of the WTO Agreement on Textiles and Clothing (ATC); (2) competition from China; (3) pressures to meet international labour and environmental standards and; (4) demands from global buyers for cheaper, higher quality products with increasingly shorter lead times. The paper is divided into five sections with introduction; a review of the above global challenges facing the garment and textiles industry as a whole; an overview of Vietnam’s garment and textile industry; a discussion of how these firms are confronting global challenges and finally, section five concludes by assessing the winners and losers amongst firms and workers.

This is an analytical Paper that draws on findings from a previous study on Vietnamese garment and textile firms and their integration into the global value chain

Main Findings:

- ***MFA Phase-out*** poses a challenge for Vietnam, but not to the same degree as countries such as Bangladesh since Vietnam has also relied on non-quota markets such as Japan. It is also likely that post-MFA, protection of the garment trade will continue in some form either through antidumping

measures or bilateral and regional preferential agreements. But Vietnam's recent rise in exports of garments will nonetheless be challenged by the MFA phaseout and how the US and EU plan on dealing with the post-phaseout world.

- **Competition with China** poses one of the biggest threats to Vietnamese producers since competition over wages will be a key factor and depend on China's ability to lower wage costs as compared to Vietnam. Improvements in Chinese textile quality will also be a factor given the poor quality of Vietnamese textiles and depend on the right investment in this sector. Sourcing choices of buyers between China and Vietnam remain ambiguous.

Labour Standards: Japan cares about quality of product rather than labour standards; the EU cares about labour standards, but gives priority to quality; and US buyers stress compliance with labour standards followed by price and delivery schedules. SOES are more able to comply than private firms. Many local firms are complying with ISO 9000 and SA 8000 and trying to cater to the US markets. But compliance with labour standards will continue to prove challenging in the light of intense competition for the cheapest good quality products.

New Competitive Pressures: Vietnamese suppliers are feeling increased competition, especially with regard to cheaper prices for the US market compared to the Japanese and EU markets. But also they are facing pressures for faster delivery schedules. The only option for T&G suppliers in the face of such intense competition is to upgrade and improve their supply chain management and design capabilities. This will compel many to move away from CMT.

Backward Linkages: Vietnam's export garment sector has grown more through reliance on imported textiles than on domestically produced textiles. However, shorter lead times are forcing Vietnam to think about sourcing locally, though the textile industry is riddled with problems and still restructuring. State Owned Enterprises (SOEs) that produce both garments and textiles are leading in this area through State support and greater investment.

Winners and Losers: At the level of the firm, winners might be the larger SOEs while private garment firms will have to prove their competitiveness and upgrade. Currently these firms can only access lesser quality, lower value chains. Small private firms may be in jeopardy in a highly competitive environment since they often supply smaller traders with poorer working conditions, lower wages and employ the poorest and marginalized workers. At the worker level, those working for SOEs stand to fare better than other sectors, though workers in this area must have a higher level of education (at least secondary school). Thus it may cater to more well-off individuals in society. Migrant workers and those from poorer areas and less educated are less likely to benefit from the new challenges. Women comprise the large majority of workers in these industries, however the highly skilled and remunerated positions, even the few that exist, go to men.

C. Global Production, Local Markets: Gender, Poverty and Export Manufacturing in Vietnam

By Naila Kabeer and Tran Thi Van Anh

Since garments have been an important part of Vietnam's growth in the 1990s and have been increasingly integrated into the global economy, this study looks at the impacts on women in the garment (traded) sector in comparison to the non-traded sectors to assess how globalization has impacted poverty reduction. In particular, the first section looks at the socio-economic class of women in the garment and the other non-traded sectors¹; the second section examines working conditions of both sectors to assess quality of the traded vs. non-traded sector; and the final section looks at the impact of the sectors on workers and their families to assess implications for poverty reduction. The authors use gender analysis (constraints and opportunities for women) to understand the process of globalisation and implications on poverty reduction in Vietnam.

The study is based on a detailed household survey, statistical analysis and in-depth qualitative follow up interviews with a few from the sample. It is part of a larger study of Vietnam and Bangladesh and sampled 604 women working in the export-oriented garment industry and 598 women working in a range of "other" non-garment jobs in the non-traded sectors. Both garment and non-garment workers were chosen from the same neighbourhoods in each city.

Main Findings:

* *Characteristics of workers:* Most garment workers work in the globally traded sector of the industry (60% exports, 36% both local and export). There is strong state presence in the export of garments (40% of workers sampled worked in SOEs), while 44% worked for privately owned companies. SOEs employ the largest amount of people. In the "other sector," 23% worked for the State, 23% worked on their own, 50% worked in private enterprises employed by less than 5 people. The garment sector attracted largely single young women (80% of the sample), and largely migrants (82% of the sample). In contrast, in the other sector, half of the sample was married women with children and only 53% were migrants. Garment workers came from poorer socio economic backgrounds overall, had fewer assets and more likely to have suffered from food shortage in the past year, even in spite of their higher education levels. However, if the two sectors were examined on the basis of divided versus unified households, then the "other sector" workers in divided households seemed to be poorer than in the garment sector even if they were fewer in number. Those without permanent accommodation are poorer. Women's average age in garments was 25, compared to 35 in the "other". Many in the Other sector had worked in garments and textiles before, compared to many in garments sector working for the first time. Other sector women seemed on average to be older, less educated and better off and thus likely to face different constraints and opportunities. While most women

¹ Referred to from now on as the "other sector". The export oriented garment sector in this study will be identified as the "garment sector".

joined the garments sector to find opportunities in the city and minimize rural instability, the other sector women said that it was more “suitable work”. Generally poorer women from the country side benefited from the garment industry, but poorest of the poor remain excluded from garments due to low levels of education.

* ***Employment Quality (terms and conditions):*** The garment industry was most likely to cover a wider range of benefits and provided greater awareness of labour rights including: holidays, maternity leave, lunch, accommodation, social security, health security. But the existence of labour codes remains largely irrelevant since many work in the informal sector and the codes may not necessarily be implemented. Vietnam’s 1993 Code on private employers remains largely unclear for the self-employed. 85% of the garment workers earn on a piece rate basis with fluctuating incomes. Though they face much greater fluctuation of income than Other workers, their average income is higher. Garment workers worked extremely long hours and were more likely to be laid off for periods of time compared to Other workers.

* ***Other benefits:*** More workers in garments reported benefits such as lunch, maternity leave, holidays, accommodation, social security and health security including learning new skills on the job. Unionization was larger in the garment sector and most in the Other sector were not organized. There is more small-scale informal activity outside of garments. Garment workers were more comprehensively covered with formal regulation and level of unionization, with more certain benefits and facilities than the Other sector. They were more likely to report social insurance, lunch rooms, facilities. But they earn less than the Other sector on average. Garment workers also worked longer hours. The Other sector was heterogeneous thus it is better to compare migrant versus non-migrants. More permanent residents did better in other sector, but migrant workers did better in garments. Thus garment workers have greater social protection and unionization than those in informal economy, but they earn lower average wages and work longer hours. But least advantageous sections of the workforce in the two sectors is those with no residential status. And workers are more likely better off in the garment industry. The poorest of city are probably outside the garment sector in the hidden economy.

* ***Has export-oriented manufacturing been pro-poor?*** In the shortterm and as a preliminary analysis of the data, the traded sector has been pro-poor because it provides employment for rural migrants who are poorer than other permanent residents in the city. But some of the poorest rural migrants work in the Other non-traded sector. Since most women have migrated because of lack of opportunities in the rural area, the less educated will find it harder to get jobs in the garment sector.

In the longrun, globalization, a deregulating labour market, partial withdrawal of the State, and privatization of production, the long hours of the export industry even in the SOEs is not sustainable. This is resulting in a big turnover of jobs in this sector. However, moving to other increasingly globally integrated areas will not lead to building of human capital or better

health. The private sector continues to evade Labour codes and it remains unclear how well the SOEs are abiding to labour standards. The high flexibility of the labour market demanded by globalization is costly to workers. Implementation of labour codes may make Vietnam uncompetitive. Some state intervention may be necessary for social protection. Dynamic investment into women workers as human capital matched by vocational training to meet changing opportunities in an economically integrating Vietnam may be necessary. Social protection in the “Other” sector is necessary and in the country side. Otherwise, there will always be a steady stream of exploitable labour for global capital with no employment options and no social security.

Challenges and Opportunities:

The end of co-operatives in rural areas is leaving only one option for single women: to search for work in cities. Lack of diversification in rural areas is causing migration into cities and creating a steady source of exploitable labour for the garment industry. The MFA phaseout is likely to create a downward pressure on wages and conditions for workers.

II. South Africa

Market Trend: There is a large domestic garment industry, but since 1996, SA has been liberalising its clothing industry resulting in reduced tariffs, flooding of cheap imports and restructuring of firms. The domestic market comprises of small and large firms. The low-end market manufacturers have been harder hit by price competition, resulting in retrenchments. The Western Cape (Cape Town) is oriented towards domestic fashion and exports, and KwaZulu-Natal (KZN) is focused towards lower value end of the domestic market where it is affected by cheap imports from Asia. Major trends in the industry include (1) there has been a growth in informal employment and informalisation of the clothing industry (50% of workers in clothing industry now are informal); (2) fragmentation of the clothing industry (relocation to other regions and neighbouring countries); (3) proliferation of home-based workers; and (d) non-compliance with labour laws. Official employment data is misleading since the informal economy is hard to quantify. However, Bargaining Councils show a massive decline in formal labour. The industry is trying to reposition itself towards low value garments for the US and elsewhere in Africa.

A. Labour Market Policy, Flexibility, and the Future of Labour Relations: The Case of KwaZulu-Natal Clothing Industry *By Caroline Skinner and Imraan Valodia*

The study examines firm-level responses to progressive labour legislation while facing competitive pressures to reconfigure production processes in a liberalizing economy. South Africa's Clothing Industry has been acutely hit by the pressures to reconfigure in light of global integration and liberalisation in Clothing and Textiles in the 90s. This liberalisation is forcing firms to restructure in a way that is undermining collective bargaining systems.

The study examines COFESA (a labour consultancy and employers' organisation) that has helped numerous firms to bypass labour legislation and restructure their workforce. This has led to hiring more subcontractors and outsourcing of production. It allows firms to evade collective agreements on minimum wage, pension, medical aid, sick and holiday pay and unemployment and training schemes. This is officially justified under the guise of "micro-enterprise development." Under contracts, workers are paid for what they produce only. This has resulted in a number of litigation cases against employers by Bargaining Councils. These cases are time consuming and when occasionally won, can result in firms or factory closure—thus undermining workers' interests. The current system is resulting in a failure of the collective bargaining system which depends on compliance by employers, ability of unions to organize their members and an enforcement system that works.

The study involved interviews with key informants: union officials; employer representatives; bargaining council investigators; local government officials; and other organisations concerned with the workers of the clothing industry. It is part of a three year research project based at the School of Development Studies, University of Natal.

Main Findings:

* ***Increase in Subcontracting:*** Though firms are not changing their production techniques, they are changing the way labour is used in the production process, primarily through the use of sub-contracts. These responses are in large part to by-pass and undermine labour legislation. These changes undermine the collective bargaining system in South Africa and the strength of labour unions. It seems that unemployment is not the result of tough laws since firms are able to bypass them. Moreover, unemployment in the formal sector has been compensated by the expansion of the informal economy. The study raises questions about the contradictions between trade, industrial and labour market policies which pose challenges to policy makers and unions alike. Clothing industry liberalisation, combined with weak institutions, low levels of enforcement of legislation is undermining voice regulation.² This has serious implications for social protection in the ever increasing informal sector.

* ***Weakened union organizing and worker benefits:*** The legislative loopholes can be addressed by defining an employee with respect to social protection for those working in the informal economy and the burden of proof must shift to the employer rather than the employee. However, closing legislative loopholes will not prevent the weakened status of union organizing given that many workers in the COFESA type of firms are no longer unionised. The study shows evidence that subcontracting arrangements are weakening social protection clauses in legislation and are not aimed at promoting growth of small business.

B.

By Melissa Ince

C. Homework in the Clothing Industry: A Study on Homework in Cape Town and Durban

By Marlea Clarke, Shane Godfrey and Jan Theron

The study seeks to learn more about homeworkers in the clothing industry: who they are, how they become homeworkers and their working conditions. It aims to draw out a reliable estimate about the nature and extent of homework and its place in the value chain, draw recommendations about appropriate strategies to organise homeworkers and appropriate forms of regulation. The Paper is organized into eight³ sections: (1) Introduction; (2) Methodology; (3) Clarification of methodology and terminology; (4) Literature Review; (5) Profile of homeworkers; (6) Clothing supply chain and homeworkers' location in the chain; (7) Data and analysis of the restructuring of the clothing industry and finally; (8) Possible strategies for organising homeworkers and possible effective regulation.

² The management of the changing labour relations between firms and workers through bargaining between conflicting interests.

³ The 9th section is supposed to be there on future research, but in its current form is unrepresentable.

It uses in depth semi-structured interviews with 34 homeworkers (19 in Captown, 15 in Durban); also interviewed persons from Design Houses, Retailers, CMT/MT owners, owner of a sewing-machine rental business and bargaining council officials in Durban and Cape Town.

Main Findings:

* ***Increased competition:*** The clothing industry in SA is facing severe competition since 1996 when it liberalized. Pressure has forced the manufacturing sector to restructure. Thus manufacturing firms have begun to outsource most of their material and many are turning into “Design Houses” where they do the cutting of cloth and outsource the stitching and finishing to the informal economy. Retail conglomerates in and outside SA are driving the value chain. They want cheaper, faster and better clothing and are increasingly creating their own direct relationships with homeworkers.

SA has a large domestic market, but is facing cheap imports from countries like China. Thus many SA firms are increasingly moving towards low end products domestically and high end products for exports. Taiwan and other foreign firms are moving in for the export market. Large chains are also moving to exports. But cheap legal and illegal imports are coming in, thus forcing local firms to sell out and lower prices for producers.

Homeworkers work in cramped, tight places. They are usually retrenched workers from the formal sector, retrenched 5-7 years before. They can be divided into three categories: working for CMT home-based operations with 20 or more workers; M&T medium (Make and Trim operations with 10-20 people); and M&T small operations (3-5 workers). Conditions in second and third operations are much worse and based on gendered roles. Since these smaller categories are in the home, there is little division between home life and work. There is a resistance to organize and work with unions. Unions, in turn, have failed to address the informal sector.

* ***Conditions of Homeworkers:*** Homeworkers have unstable, unpredictable orders and short production cycles (sometimes as quick as 15 days from the time of order to get it to the shop) others take 6-8 weeks. The quality control is erratic, sometimes conducted by the retailer and sometimes by an intermediary. If the order is not completed in time, workers do not get paid. Usually there is no paid overtime, sick leave or holiday pay and no unemployment fund. Many home-based operations are not registered with Bargain Councils.

The profile of workers in Durban differs from Capetown with Durban workers being more educated, comprising of Indians and men playing more diverse roles. Ages of homeworkers in both towns range from 35-55 and comprise largely of women. Liberalisation in Africa has had a wider effect on increased unemployment and many homeworkers see no choice. The official data on the numbers in the informal sector is unreliable, but it is clear that the formal employment in this sector is on the decline matched by rising informalisation

of the economy. As a result, retailers can pass on the costs of restructuring down the value chain.

Recommendations:

Unions and homeworkers must work together to redefine labour relations and unionism in this context. There must also be a rethinking of definitions of work places that reanalyze accountability lines up the value chain with clarity of who the employer is. Questions remain on how to integrate regular unionism with self-employed workers unions. Manufacturers who utilize contractors must comply with certain laws and codes and an effective registration system for home-based operations must be put in place. South Africa must also ratify the 1996 ILO convention for homeworkers while creating better laws that incorporate homeworkers.

VIII. Kenya

Market Trend: Contrary to common belief, the switch from import substitution (ISI) to liberalisation in Kenya has resulted in closures of medium to large firms and an increase in small-scale enterprises. Post-independence, the textile industry stagnated and then declined. Liberalisation in the 90s has led to increased imported inputs, while also creating competition through imports of second-hand and new garments. Kenya's formal sector clothing production peaked in the early 80s, but between '89-'99 suffered a massive decline (by 60%).

Shifting From Inward Looking Value Chains to Outward Looking Value Chains: The Case of Small-Scale Garment Producers in Nairobi

By Mary Njeri Kinyanjui and Dorothy McCormick

This study aims to describe the value chains of small garment producers in Nairobi and traces the challenges that small firms have experienced in shifting from the import substitution regime to a more liberalized global regime. The Paper is divided into six sections: (1) Introduction; (2) theory (use of value chain analysis and business system approach) and literature review; (3) Methodology; (4) Value chains of small garment producers in Nairobi ; (5) discussion of the shift from import substitution to a more liberalized global regime; and (6) Conclusion.

It uses a 1989 data set and one from 2000 based on a full census of all garment producers and retailers in the city of Nairobi. This research was carried out by research assistants who combed through the city of Nairobi in search of producers and retailers. 1989 Data set identified 2,421 micro and small firms, 2000 Data set reported 6,323. 1989 Data set comprised of 268 firms (ranging from micro to large-scale), 2000 Data set was 125 micro and small firms only—using a three way stratification system: (1) location in city; (2) main product and; (3) firm size by employment. To make the 1989 Data set comparable, 245 firms were compared to match the size of firms in the 2000 survey. 2000 survey generally covers firms employing up to 16 people.

Main Findings:

Profile of the workforce: In 1989, 71.4% of the workforce was female, and by 2000 the number remains largely the same 71.2%. Those with higher level of education performed better. Less educated workers are entering the small scale sector, but simultaneously, those with professional qualifications such as teaching and nursing have increased from 2.4% in 1989 to 17.6% by 2000. Ease of entry in joining and training in schools related to the industry could have also contributed to this. 39.9% of the sample in 2000 said that had no other alternatives.

Changes in production: Since liberalisation, production of Men's wear has increased from 21.6% to 44%; Cardigans from 2.4% to 9.6%, while Women's wear is on the decline. Women's garments are increasingly being imported from other parts of the world. Specialty markets have not been affected by market liberalisation. Most small producers are using their own savings as

start-up capital (own from 69.4 in 1989 to 55.6% by 2000). But gifts and loans from spouses and loans from relatives or friends is on the rise. NGOs are playing a negligible role in this arena.

Sources for inputs: Retailers have increasingly become a source for inputs (from 18.8% to 38.4%), while wholesalers are down from 70.8% to 56.8%. In 2000, selling products to wholesalers increased to 25%, to retail shops or markets to Nairobi from 3.7% to 16.8%. Productivity and turnover has remained the same.

Conclusions:

Small scale garment producers are resilient. Their numbers have nearly doubled in 10 years. Shifting sources of supplies, making inroads with Nairobi's formal retail market and starting to make inroads with large retail export chains are some ways that these producers have been able to thrive. These producers are largely located in narrow and short value chains with few linked to wholesalers or retailers on the supply side. On the distribution side, most are linked to individual customers, with limited links to businesses, wholesalers and retailers from other locations outside of Nairobi and to large international retail chains of exporters and buyers. The chains are still largely market driven without economies of scale. The owners are often workers and managers.

Their challenge remains to upgrade with two possible paths: opting for higher value products (African wear, wedding and other specialised) and producing higher volumes for national retail chains for the export market (i.e Uchumi, Nakumatt, Y-Fashions). Small producers could export by taking advantage of AGOA, but this would require consistent quality and timely delivery. Upgrading could be achieved by encouraging small scale exporter to export through greater linkages with traders.

Related Papers:

III. India

Market Trend: The ready-made garment industry has shown a remarkable growth in India in recent years and is one of the most significant contributors of foreign exchange for India. It is 16% of India's total manufactured exports and 12.5% of India's total exports. Non-existent in the 60s, India's garment exports have grown significantly over the last two decades. India's share in world exports rose from 1.8% in 1980 to 2.82% by 1999. India is supposed to be one of the main beneficiaries of the phaseout of the MFA, but this will depend on whether India can upgrade in light of the increased competition in a restructured global market.

A. Continents Wide and Layers Deep: The Ready-made Garment Industry in the Times of Restructuring

By Navsharan Singh, Rupinder Kaur, Mrinalini Kaur Sapra

Numerous studies have documented how India must upgrade to face the competition and the resulting restructuring of the global value chain in the ready-made garment industry post-MFA phaseout. India's comparative advantage currently lies in cotton-based fibres as exports. China stands as a major competitor. However, existing studies fail to address the impact of the restructuring on the garment workers, a large majority of whom work in the unorganized, unregistered informal economy. India's domestic policy of reservation of ready made garments for the small-scale industries has helped the expansion of the informal sector. India's garment production is deeply layered with diverse labour conditions, variety of materials, many markets, different technologies, varying relations of production, job contracts, modes of payments and contracting chains. The garment industry combined with textiles is the largest employer in the industrial sector (employing over 50 million people).

The study explores the impact of international and domestic policy changes on the varied production forms and the actors which are participating in the global ready-made garment chain in the Delhi Metropolitan Area. Delhi has the largest share in total garment exports. The study also aims to re-inscribe gender dimensions in the discourse on globalisation and its impact on the informal sector and workers. The goal of the research is to increase understanding of the effects of liberalisation and the changing regulatory regime of the garment export industry on workers and small producers in Delhi Region and to explore policies that could help actors in the lower rung of the garment chain. The research is concerned with: (1) the de-reservation of small scale industries and whether this leads to factory based employment and improved conditions for literate, younger segments of the labour force while adversely affecting livelihoods of older, largely female constituent of garment workers; (2) whether quota elimination will create pressure for increased productivity at better quality and lower costs; (3) if greater productivity gains will translate into better wage conditions and contracts; (4) whether new sourcing practices will lead to improved working conditions for the formally employed while worsening situations for informal home based workers.

To address these concerns, the research: (1) maps changes of the garments export sector in India based on shift in domestic, international and regulatory regime of the garment industry; (2) looks at the likely impacts of changes on various local actors; (3) identifies how informal workers /producers are integrated into the global garment value chain; (4) examines how gender and caste fit into labour market institutions and affect opportunities in the new economy; (5) assesses the trade-off between opportunity to work and improved conditions i.e. Is there a real trade off? And finally (6) examines whether improved terms and condition of work in the traded sector will impact on other non-trade sectors and improve labour conditions and terms of contracts.

The paper is divided into seven chapters: 1) Introduction; (2) framework and methodology; (3) policy regime that governs the garment chain (international, domestic, civil regulatory), looks at institutional framework and policy setting within which workers are organized and located; (4) position of Delhi in the global value chain by looking at macro trends in world trade, world demand and relocation of garment industry in a globally networked production system; (5) evolution and present structure of garment network in Delhi; (6) gendered labour process through workers testimonies based on field research ; and (7) conclusion with implication of experience for sustained growth and raising income and opportunities for workers and small producers are assessed, and policy option are highlighted.

The study uses value chain analysis as an analytical framework and is based on three months of fieldwork during which 500 workers were interviewed in Delhi, Gurgaon and NOIDA (based on a pre-structured format). In addition, histories and experiences of firms with different sizes (producing largely for the international markets) were recorded, and detailed interviews were undertaken with key informants, including members of the exporters association, manufacturers operating units of different sizes, trade union leaders, garment manufacturer's association office bearer to understand the industry, its organization and chain functions. The key challenge was to understand exactly how many unregistered garment export units exist. (The study estimates that 97.78% of units in Delhi are in the unorganized sector). Delhi employs 5.82% of total garment force, 7.33% of total male force and 1.45% of total female force. Workers are hard to locate since firm managers do not want them revealing their actual working conditions. Moreover, too much overtime makes it difficult to find them at home. Thus, workers were interviewed in various places including at a protest.

Main Findings

Labour Standards: Labour laws in India are extensive and cover both formal and casual labour. These extensive laws are now being seen as rigidities in a liberalizing economy. Trade Unions, on the other hand, are becoming weaker. Changes are being proposed to create ease of layoffs for firms with less than 1000 employees, increase the number of workers to 100 before allowing to unionize (currently 7 workers can form a union), allow for greater outsourcing in factories. This will likely increase the growing class of informal and unprotected labour. Voluntary codes are largely limited to organised manufacturing and exclude home based and unorganised workers. Domestic markets do not seem to be adopting labour codes. Where voluntary codes are

met, firms show an “alternate reality” to auditors than what actually exists, frequently limiting space for workers to enter other parts of the workplace to keep these dual worlds intact.

Labour legislation alone will not change the conditions and the power position of labour in this industry. Implementation of labour laws and codes remains a key problem exacerbated by shifting product lines between the informal and formal categories.

Employment Patterns: The labouring units can be divided into the three categories—the factory system with an organized workforce; workshops that are unregistered small fabricating units and lastly, unregistered home-based units. Though unregistered units are entitled to social security, they very rarely receive it. Homebased workers are least visible members of the chain and also the least remunerative. In effect, they act as subsidies to the garment industry. These workers are largely women of poor families with male family members acting as contractors on their behalf. There can be as many as three to four subcontractors between the formal industry and the workers. Contracts are given to the fastest workers with lowest rate of labour. These contracts are usually seasonal and oral in nature and are used by manufacturers to cut costs to compete in the international market. There is a high mortality rate of small informal units because they are vulnerable to changes in fashion, interest rates, consumer tastes and find it hard to endure market or personal crises. They often move around the city to avoid taxes. (500 workers interviewed) Of the 500 workers interviewed in the city, they are mainly migrants, younger women and men with ages 17-35 years old, while older men are around 36-55. Home-based women are usually 36-55 years old and from backward castes and or Muslims.

Social Protection: 97.78% of the garment units (roughly 30,472 units) are in the unorganized sector. This totals to 80,051 workers. Their conditions vary, but this sector is virtually untouched by the labour laws enforced by India and the voluntary codes that affect formal export chains. Many of these units work 16 to 18 hours during peak times and entail periods of the year where workers go back to their villages due to lack of work. Their tie with their villages is indicated as one reason why owners do not feel they have to pay any permanent benefits or social security.

Subcontracting: The organised sector avoids labour laws and reduces costs by outsourcing work through contractors to workshops and homebased workers. Even those in factories do not necessarily receive their entitlements. Minimum wage in Delhi is too low, but even where formal provisions exist, workers do not get their entitlements. Women receive lower wages than men. Contractual workers get lower wages than entitled and do not receive other entitled provisions. Factory workers are not usually aware of their rights, but because of their vulnerable position, cannot really ask for their entitlements. Their subsistence is supplemented through other low paid jobs or through marginal aid from home (usually they are migrants from Uttar Pradesh, and Bihar). Use of free labour is common as young boys train informally in workshops as helpers. The working facilities are usually in poor condition

except for a few enterprises and they rarely make living provisions for workers in industrial complexes, thus the rise of slums surrounding these industrial complexes. The labour force is largely flexible and informal. Entitlements only given when want to retain particular workers for their skills. Even minimum wages are denied to most workers. Labour reforms are targeting even the “notional benefits”. In the short run, this may lead to cheaper exports but it is not sustainable for workers in long run.

Export markets and MFA: India’s main exports are to the US and Western Europe and increasingly to Western Asia and North Africa. India will be forced to diversify to many countries post-MFA as it faces competitive wage rates with China. Its wages are also higher than Vietnam, Pakistan and Bangladesh. In the Post-MFA climate, nearer markets and regional trade agreements may give other countries an advantage to the US and the EU markets. Delhi leads Indian cities in most exports in terms of value produced (35.26%). Knitted and non-Knitted garments are 70% of India’s exports, especially women’s outerwear and men’s shirts. Textiles and garments combined employ 81.95 million people about 22.74% of the Indian population. But liberalisation of the garment sector has not necessarily created more FDI and upgrading of the sector.

Value Chain: Most of the industry is delinked from foreign buyers and retailers. Home-based workers are further removed. Because each firm has a different mode of operation and different ways of interacting with the labour market, the Indian value chain is less a chain than a web of “inter-linking relations leading to a highly complicated system” (pg. 87). Existence of workshops and small units is threatened by moves towards in-house production in factories. But the chain consists of intricate linkages between subcontractors and exporters. Exports are being encouraged in the post-MFA period and this may lead to a rise in merchant exporters and thus further alienation and weakening of the labour force. Costs associated with the formal garment units are large and therefore to be competitive, more firms seek the informal status. The quick shift between formal to informal value chains through subcontracts and outsourcing between product lines is an important part of the garment industry in India.

Gender: The garment industry is dominated by men (roughly 96.68% of total garment employment in Delhi is men), though women’s share is about 17.87 % in the formal registered sector compared to men at 83.13%. An all-India estimate of women’s labour accounts for 25.68% of the unorganised garment force and 58.59% of the “directly employed workers in the organised factory sector”.

B.
by SEWA Academy

IV Bangladesh

Market Trend: Bangladesh has been one of the main beneficiaries of the quota system of the MFA and the ATC regime. The rise of the export oriented Ready-Made Garment industry has been one major result of trade liberalisation in Bangladesh. The industry currently employs 1.5 million workers, the majority of whom are women. This has been one major source of employment for rural migrant women in a country that has increasingly limited rural livelihood options, especially since women migrants have been largely shunned from formal work and public sector employment in cities.

Globalization, Gender and Poverty: Bangladeshi Women Workers in Export and Local Markets

By Naila Kabeer and Simeen Mahmud, Journal of International Development, Volume 16, 2004

Women workers offer a low-cost and compliant labour force that allows the garment industry to compete in the global market. In spite of Bangladesh's ban on trade unions in the Export Processing Zones (EPZs), the EPZ's working conditions seem to be superior than other factories. Yet only 12% of the garment workers are employment there. EPZs and firms in Dhaka that deal more directly with international buyers are more susceptible to pressures on abiding by labour codes and standards. However, Dhaka firms who subcontract and deal with the informal economy are much less susceptible.

This paper explores the poverty implication of the export oriented garment sector for women workers compared to workers in the "Other" non-garment and non-traded sector. The paper's analysis is based on three areas: 1) A comparison of the socio-economic characteristic of the workers and their households to understand the origins of each type of worker 2) A comparison of their wages and working conditions to evaluate the quality of employment generated by the global-oriented market versus the local market 3) A final comparison of the patterns of utilisation of the wages earned by women workers in order to assess the nature of their contributions to household basic needs. The fourth section concludes by drawing together the finding from the different stages of analyses to understand the likely impact of globalization on the goal of poverty reduction in Bangladesh.

It undertakes a comparison of women workers in the export garment industry and those working for the domestic market. This will allow an assessment of the benefits accrued from the liberalized economy versus the non-traded sectors. Data is based on a survey of 1322 women workers and their households in 2001: 862 women in the garment export sector and 460 women in the domestic market. The garment workers were divided into two sub-categories: 125 from an EPZ on the outskirts of Dhaka and 737 in garment factories in the city. Domestic workers also had two sub-categories: 119 self-employed women and 341 women working in various other forms of waged employed as "other wage workers." Samples were taken from the same slum neighbourhoods with the exception of the EPZ workers who lived in and around the zone.

Main Findings:

Profiles of workers in different categories: workers in the export categories are generally young and unmarried women and least likely to have children. They are usually migrants who have come to the city in the last five years in specific search for employment in the garment industry. Garment workers in the EPZ are better off and come from better-off backgrounds than the Dhaka garment workers. Those sampled in Dhaka come from similar economic strata, education, experience of food shortage, family incomes, regardless of whether they worked in the garment industry or not. However, the poorest were the “Other wage workers.” Thus, the garment industry (excluding EPZs) is recruiting from poor and landless families, but not necessarily the poorest. Garment workers overlap with self-employed women in the “Other” category suggesting that there might be an outflow of women garment workers into the self-employed category as they get older and change in status from migrant to permanent city residents. Those more well off after working in garments may begin their own enterprises, while others may resort to other forms of waged work.

Income, security and conditons of work: EPZ worker receive more benefit, higher wages and better working conditions than any other workers domestic or export oriented. Other wage workers were the poorest and earned lower and less regular wages, enjoyed fewer or no benefits, and experienced more periods during the year where they had no work. Garment workers in general earned enough food to support themselves and at least one other adult member at a standard of living about the poverty line where basic needs were met. However, married women in the garment industry faced a trade-off between the need for a regular income versus the flexibility needed to take care of children.

Wages and working conditions are most clearly improved for EPZs in spite of a trade union ban. Though labour standards are lower in Dhaka factories, there was more regularity of payment and higher benefits than “Other wage” labourers working for the domestic market. The key area where garment workers were worse off was the length of the working day, though those outside the garment industry worked fewer hours because of unavailability of work.

Consumption and savings patterns: All workers contributed to basic needs and then prioritized their earnings differently according to their socio-economic background. For instance, permanent and self-employed workers were more likely to have children and thus spent a portion of their income towards education. All garment workers sent remittances home and garment workers were more likely to save than non-garment workers. The poorest in the “Other wage” category were least likely to save. EPZ workers saved the most, followed by self employed workers in the “other” sectors who also often received support from NGOs. In terms of costs and benefits of employment, most workers cited earning for families as a benefit, while the poorest cited the ability to meet basic needs. Self-reliance also featured as a key benefit.

Disadvantages included ill-health (mainly from Dhaka garment workers) followed by other wage workers and then finally, the self-employed. EPZ workers were least likely to have dissatisfaction.

Has export-oriented manufacturing been pro-poor? with the exception of EPZs which employ the more well-off women, the garment export industry has directly benefited women from the poorer section of the rural population through employment opportunities. This has reduced marginalisation of women who were previously excluded from formal sector jobs and confined to a limited number of occupations. Many of these women have entered the workforce for the first time rather than been displaced from other sectors. However, the industry is discriminating against the poorest women of the population. Dhaka garment workers were able to contribute to their own and other family members' basic needs. Though they earned less than self-employed women, they earned higher than the "Other" wage group outside of the garment industry. Remittances from garment workers also created redistribution from city to countryside.

However, the garment industry does not represent an unambiguous improvement in working conditions compared to the rest of the economy. It has a high turnover rate. These women are a source of exploited labour and work intensely for a period of time and then move on, only to be replaced by a continuous supply of young women from the country side. The health toll and conflicts with married life makes the garment industry unsustainable over the long run. Those who become well-off have the opportunity to start their own businesses later. A final implication is on the status of women in Bangladesh: women have been able to change their role as dependents in an unprecedented manner through the growth of the garment industry. This has created a more visible significance of women as economic contributors to their families. The MFA will likely create a major decline in the garment industry; however the changed role of women as a result of this sector will hopefully outlast the industry.

VI Mexico

Market Trend: The post-MFA climate for Mexico remains challenging with much more competition from China and other cheaper locations, while its close location to the US market may still enable it to take advantage of that market if it can manage to upgrade. NAFTA in 1994 changed and restructured Tehuacan's garment industry which has been in existence for 30 years. Employment and incomes rose with rural to urban migration and the emergence of shanty towns. Ownership patterns of Mexican firms also changed with the emergence of US based conglomerates with a few elite Mexican families.

A. Tehuacan: Blue Jeans, Blue Waters and Worker Rights

By Maquila Solidarity Network and The Human and Labour Rights Commission of the Tehuacan Valley

The study documents the working and living conditions of maquila workers and the impact of jean production on workers, indigenous communities and the environment in Tehuacan, Puebla. It draws on the links between free trade, the restructuring of Mexico's garment industry since NAFTA in the face of global competition. It looks at worker rights violations, environmental degradation due to toxic chemicals and the infringement of indigenous rights. The report concludes with recommendations on worker rights, child labour, brand campaigns, codes of conduct and monitoring as well as environmental and health and safety issues. The report is divided into 7 parts: (1) A background of Mexico's garment Industry; (2) a brief background of Tehuacan's development before and after NAFTA and the surrounding indigenous communities; (3) a detailed account of the garment value chain in Tehuacan and how the industry is structured with different types of production processes such as Full package versus Home Work. Section 4 focuses on the garment workers themselves: who they are, their living conditions, wages and benefits, their working conditions and labour rights. Section 5 addresses the environmental impact of the maquilas on the agriculture production in Tehuacan and the water supply for the city. Section 6 discusses problems, challenges and impacts of codes of conduct relevant to these maquilas. Section 7 concludes with five recommendations.

It is based on research and interviews by the Human and Labour Rights Commission of the Tehuacan Valley between September 2001-May 2002 and updated information up to December 2002. The research included surveys of government and industry documents, interviews with maquila workers, industry representatives and indigenous *campesinos* and local residents on the impact of the maquilas on their communities and environment, particularly on the water for crop cultivation. Thirty workers were interviewed from different maquila factories, 10 owned by a large consortium, Grupo Navarra. Five industry specialists as supervisory and training personnel within the maquilas were interviewed.

Major Findings:

Structure of Industry/Types of Firms: There are 4 types of firms. The first are large foreign or rich Mexican consortiums which are vertically integrated "full package" firms that have upgraded as competition has increased. They are the largest employers with supposedly good work conditions and most

susceptible to international campaigns. A second type is medium sized Mexican firms who produce for both domestic and exports with under aged workers who serve as subcontractors. These firms also subcontract with homeworkers. The third type is small and clandestine companies who have sewing shops and employ homeworkers throughout the city. They provide little to no social protection with the goal to obtain export orders and serve the domestic market. The final category is homeworkers who work on a piece rate basis with no bargaining rights though Mexican Law provides some rights to them.

Workers rights: these are very contentious in Tehuacan where the government is not very friendly and the unions are often colluding with the firms. Workers cannot collectively bargain without severe repercussions and layoffs. International campaigns have helped create one independent labour union. Environmental and cultural problems arise with maquilas and their use of water. The water used for irrigation has been contaminated by toxic chemicals used for fashion jeans. There are overlapping codes of conduct enforced by different retailers, and firms hide the reality of the conditions during audits. Most workers remain unaware of their rights.

Recommendations:

Recommendations of the study include: (1) US, Canada and Mexican civil society must continue pressuring retailers on other less sexy issues and workers violations (forced pregnancy testing and child labour have been the more sexy lobbying items). (2) Training for workers on codes of conduct must be carried out and brand campaigns must support local groups' struggles. (3) Further research must be done on potential Environmental and health impacts and the results must be incorporated into anti-sweatshop campaigns in the North. (4) The Child labour campaign should focus on the Mexican government since most child labour is associated with non-brand and smaller firms and should focus on transition and education rather than direct layoffs. (5) Mexican groups should study the impact of the changes in Tehuacan on workers and popularize the study in the efforts against the Plan Puebla Panama.

VII. Philippines and Thailand

Philippines

Market Trend: The Philippines faces a precarious situation since liberalisation has led to domestic competition with cheap imports coming in and foreign competition leading to declining exports. Philippines' world market share in garments was 1.36% in 1999. There has been a deceleration in the growth rate of the industry. The Philippines is tied to the quota market with 75% of its imports going to the US and 0.1% to Europe. Other non-quota destinations are Japan and the United Arab Emirates, but these markets are also on the decline. A slight increase in exports in 2000 could be attributed to the sale of Philippines quota to other quota-saturated countries.

A. Garments Subsector Study, October 2001

By Rosalinda Pineda Ofreneo, Ph.D

This sub-sector study presents an overview of the garment industry in the Philippines and its decline in the last 10-15 years. The paper is divided into six sections. The first section presents the garment industry profile describing the current situation and offers prospects for the future. The second section looks at the industry structure and production arrangements. Worker's profiles and their conditions of work are highlighted followed by a discussion of labour unrest in the Philippines and the Homework sector of the garment industry. Section three looks in dept at a rural embroidery community including the types of credit and development institutions available. It looks at different production chains and specific individuals as they link to the domestic or the export chain, covering both local and foreign markets. Section Four similarly looks at an urban embroidery community and gives ethnographic details on the community as well as the local and export production arrangements. Section six highlights the policy implications for the industry as well as for the areas in the case study.

It utilizes secondary research and primary research based on field work in rural and urban embroidery communities, plus findings based on an indepth study of these communities as well as focus group discussions.

Main Findings:

Impact of Phasing Out of MFA: There has been an increase in employment and exports between 1998-2001 even though there was a decline in registered subcontracting firms. However, phasing out of the MFA is creating a restructuring of the Philippines economy. Uncompetitive firms are closing down as quota allocations are being given to the most competitive firms. Taiwan, Korea and China are among those bidding for Philippines' quotas. Subcontractors, in turn, are being edged out by vertically integrated companies producing for the "middle-high market" products. This is resulting in a

decline in embroidered goods. Philippines top three performers are major subcontractors of sewing, embroidery and printing, while the country imports textiles for garment production. Employment in the manufacturing sector faced a decline of 4% between 1989 to 1994. Philippines workers are no longer competitive in terms of wages compared to Vietnam, China and South Asia. It's is 10th in the Far East in terms of cheapest labour costs. Rural unorganized workers can be played against organized urban workers. If factory workers unionize, companies shift work to rural households where they are not liable for overtime or formal contracts. The Philippines has been historically a country with labour unrest with lots of strikes since the 70s.

Impact of Changes in Trade Policy: Many workers have been laid off since the signing of the ATC and the government's restructuring of the industry. In 1996, 34,846 workers were laid off due to restructuring with those working for subcontracting firms as the most vulnerable (majority of whom are women). The garment industry is the biggest employer of homeworkers. And these women work largely because they have flexible hours in which to do their household duties as women and because men's wages are insufficient to meet basic needs. However many embroidery workers are being replaced by machines and most homeworkers have no means to organize.

Sub-contracting and homeworkers: The Philippines has a national network of homeworkers called PATAMBA which provides loans to embroiders. Based on the two case studies, subcontractors are paid low prices which are then transferred to the homeworkers. The input costs have risen but the piece rates have remained the same over time. Even as exports have increased, total earning have decreased since exporters are being out competed by India, China and others. The urban area has seen a decline in garment manufacturers and urban workers are diversifying their income. Manufacturers are moving to retail of cheap imports. Both the urban and rural homeworkers face job security problems and low wages. In this particular community, only Indian manufacturers have survived who are exporting to the Middle East.

Policy Implications:

The Philippines must reconsider its role as an exporter in the post-MFA climate. It must also re-think impacts of import liberalisation on local producers. Homeworkers need greater protection and organization, while subcontractors need more financial, technological and market assistance. Women must also organize. There needs to be a rethinking on how to work with organized and unorganized labour with the unions.

Philippines and Thailand

Market Trend: Both the Thai and Philippines garment export markets are on the decline. Both are similarly geared for low end, low value fashion garments. Both are being out competed by cheaper labour in other countries and other regional agreements with closer regional markets (US with NAFTA and CBI).

B. Social Protection for Informal Workers in the Garment Industry
By Donna Doane, Danoi Srikajon, Rosalinda Ofreneo, in Chains of Production, Ladders of Protection: Social Protection for Workers in the Informal Economy, (eds) Francie Lund and Jillian Nicholson, School of development Studies, University of Natal, 2003.

This study focuses on the value chains in the garment industry in Thailand and the Philippines and assesses the risks and vulnerabilities of workers at various points on the chain. In particular, it looks at the circumstances of organized workers, subcontracted and temporary (agency) workers who have replaced regular factory workers as the industry becomes more casualised. It also looks at various types of homeworkers and homemaker groups who subcontract their labour in the short and long (global) chains. The paper is divided into four parts. The first introductory section gives a brief overview of the global garment industry, long (global) and short (local) chains, homeworkers and their constraints in the chain and discusses the Thai and Filipino industries in particularly describing their trends and the labour regulation environment. Part II looks at social protection in the Philippines and the impact on casual and informal workers vis a vis regular workers. This is done through two case studies. Part III similarly looks at social protection and the casualisation of labour in Thailand through two case studies. Part IV concludes and makes recommendations dealing with labour casualisation and social protection.

Main findings:

Value Chains: The Philippines and Thailand both specialize in the long chain of “fashion-basic garments” which have shorter shelf lives and where quality, price style matter, but not as much as higher end “fashion garments”. These chains involve many layers and many parties (retailers, contractors, subcontractors, homebased factories, homeworkers). Alternatively, these chains can be vertically integrated firms who provide their own supply. Homeworkers tend towards lower-priced international markets and toward domestic and local markets

Employment Patterns: Most of these workers in the Philippines and Thailand are women between the ages 20-50. Thailand’s industry has not been as high profile as Philippines though has supplied both European and US markets. It is characterized by many unregistered firms with less than 30 workers. In Thailand, large firms hold about 50% of the formal work force, while increasingly relying on subcontractors and casualised labour. These low profile long chains are less susceptible to labour rights enforcement. The Textile & Garment industry was the second largest export for Thailand in 1999. About 80% of the industry workers work in garments, the rest in textiles. This excludes homeworkers. The national statistical office estimates that there are around 200,000 homeworkers of which around 116,000 work in garments.

The Philippines industry boomed in the 70s and 80s but declined in the mid 90s, weaknesses being poor textile quality and the emergence of regional blocs like NAFTA, CBI that have damaged its market to the US. Also, new low wage countries like China are out competing the Philippines. As a result,

piece rates are going down and labour is shifting to more precarious jobs without social protection.

Both Thailand and Philippines faces the choice to upgrade (potentially resulting in higher wages where firms would be more likely enforce labour codes) or to deal with the consequences of large firms moving to lower wage, low cost countries. The latter leaves little bargaining capability for workers in these industries. Small firms may disappear as a consequence with both Thailand and Philippines containing a significant number of small firms.

Labour Laws and Social Protection: Thailand has passed half of the ILO conventions and the 1997 labour law is moving towards greater workers rights, and more steps towards social protection for informal labour by 2002. In principle, all workers in establishments of more than one worker should receive Social Security. There is extremely low unionization (3%) of workforce.

The Philippines has a much more active civil society, politics and labour unions around labour rights. Almost all ILO conventions have been passed, but the real problem is enforcement as the garment industry circumvents the laws. Workers face long shifts, lay offs for two weeks when still working. They are paid off the books to evade payments of benefits. Large firms seem to be better at abiding by laws than small firms.

Social Protection in the Philippines: Based on the two case studies, it becomes evident that the larger export firms are relying on subcontracting and casual labour to evade labour laws and compliance with codes of conduct. Thus codes could actually undermine bargaining positions of unionized workers. “Agency” workers have emerged that do six month temporary contracts and then are replaced by a new batch of workers. This pits formal workers against the informal and homebased workers. Moreover, the price is being driven down to the point that a worker may receive .20 cents for a piece that is sold for \$18 at its final foreign destination. The second case study shows that even when subcontractors would like to provide benefits, the increasingly low profits curtail their own ability to apply 50-50 social security schemes. Older temporary women workers are the most vulnerable. Government schemes do exist to help the poorest sector of the population. NGOs are emerging to help create women’s cooperatives and to provide safety nets, but this is currently inadequate.

Social Protection in Thailand: Social insurance programs vary throughout the country and implementation remains a problem. Approximately 15% of labour force was covered under some scheme. There are social assistance programs for subsidized health cards. Networks for self-employed informal workers and subcontracted homeworkers sometimes jointly negotiate with private insurance companies for benefits. Once again, civil society organizations have begun to play a role, but largely the informal sector relies on friends and family.

In the case of one large firm producing for the US quota market for lingerie, labour organizing led to better working conditions and terms, but could have been a major factor in 400 workers being laid off and replaced by contract work (to make up for the loss in revenue). Other subcontractors are moving toward local and more reliable markets as outsourcing is being reduced. Homeworkers have been organizing in some cases to receive joint social benefits. There is also increasing rural assistance and community based services by local and national government. However, subcontracted workers are pressurized not to join unions. Existing government plans do not meet needs of these workers. Since the industry is in decline, urban workers are even more vulnerable. Homeworkers are difficult to organize and increasingly community based and government programs are a good mix for social protection.

Risk and social protection: The low end garment industry is seasonal and varies greatly with unpredictability of fashions. Employment patterns are subject to rapid change with a high risk and vulnerability of employment with cancellation of job orders. Temporary workers are least protected and less likely to receive minimum wage. Middle range industry firms are highly mobile and shift to low wage/low cost countries. If they remain in higher cost countries, they are likely to casualise production. This includes high profile international retailers and thus international campaigns directed at purchases and contractors with high profile can have an impact.

The high end of the industry with high quality garments needs workers with skill. This may lead to hiring of more formal workers and greater compliance with codes of conduct since high profile retailers and branded manufacturers are more susceptible to public campaigning.

Recommendations:

Social protection schemes need to take women (in particular single, and abandoned or widowed) into account. Organizing unions is key, but can also lead to worker displacement. Migrants are extremely vulnerable and therefore NGO or CBOs must incorporate migrants into schemes. Manufacturers, merchandisers, retailers need clear guidelines on workers rights and social protection for their supplier contractors, subcontractors. They must incorporate this in their code of conduct. ETI and NGOs need to work with workers to formulate and monitor firm specific codes, but also ensure that they do not create job losses for low-income women, men and children and force them into worse jobs. Governments must strengthen local institutions and prioritize national and local programs based on benefits for local communities. Rescue plans for employers and employees must be put in place for declining industries with new skill transfer. Local government partnerships with CBOs must take place for employment creation and social protection for specific types of informal workers. More research must take place for methods of social protection and types of chains for homeworkers.

V. Morocco

Homeworkers in the Textile and Clothing Industry: Living conditions, Opportunities and Constraints

By A. Agbilou, A. Chouai, J. Ait Mouha, Laila Rhiwi

The purpose of this study is to bring to light the circumstances and conditions of homeworkers and in particular, women workers in the Clothing and Textile (T&G) industry in Morocco. The study is divided into six parts: (1) methodology; (2) demography of T&G homeworkers; (3) Education and training levels of these workers; (4) Living conditions of these workers including social services available; (5) Opportunities and Constraints for these workers; and (6) Recommendations

The research combines both quantitative and qualitative research. The quantitative data is based on an official 1999 survey that sampled 48,000 homeworkers in various sectors and socio-economic backgrounds with regards to their employment, benefits and socio-economic conditions. The qualitative data is based on focus group interviews in four different cities in Morocco (Casablanca, Rabat-Sale, Fes and Tanger). A total of 12 groups were interviewed ranging from 5-6 people each and as large as 10 people.

Main Findings:

Profiles of Homeworkers: Around 800,000 homeworkers are associated with the T&G industry in Morocco. This comprises around 7% of the active workforce in Morocco. The T&G industry dominates in the utilisation of homeworkers with 64% of all urban homework taking place in T&G and 76% of rural homework. 90% of these workers are women. Women are largely confined to the informal sector and at the bottom of the value chain where the wages are low. Around 49.7% of these workers are single while 40.7% are married with children. The ages of these workers range from 15-44 years old with an increasing number of single women working between the ages of 15-29. The last ten years has seen more migrants moving into the cities and many of these workers live in commercial zones within the city or in suburban peripheries. In terms of education, the men are more educated than women and overall, around 79.1% of all homeworkers lack any kind of a school diploma. Only 38.1% of the women know how to read and write compared to 47.2% of men. Thus this sector comprises of very low levels of education or professional qualifications, though higher compared to other sectors.

Types of Homeworkers: Homeworkers in this sector are by no means homogenous and their working and living conditions vary. However, they can be divided into three categories of workers. Those who run independent shops on their own (around 81%), those who work in an organized workshops with two to four people (ranging from 12% to 17%) and those who work in a variety of clandestine workshops and subcontract. The latter category is most vulnerable. These workers work from anywhere between 8 to 19 hours depending on the low or high season and work on a piece-rate basis. In many cases, homeworkers are only able to cover basic needs while in the low season,

this is not guaranteed. Most earn below minimum wage and have no social protection. The independent, small units are the most likely to survive external economic crises.

Opportunities and Constraints:

Financing their workshops and purchasing inputs remain the largest problems for homeworkers. Many are paid for their products on a credit basis and often are in need of a rolling fund to continue working. The lack of capital and training also limits their capacity to upgrade and become competitive. As a result the products produced are often poor quality. Another area which needs further attention is the link of homeworkers to broader networks and markets since currently; most of them work within their own circles of acquaintances and clients. Micro-credit associations can play a role here in linking homeworkers to markets. However, key questions remain on how to formalize the informal sector.

Recommendations:

Moroccan culture continues to be dominated by men and problems related to violence against women and lack of remunerative opportunities for them continues. Public Institutions, Civil Society and Micro-credit associations can play a role here. In the last four years, there have been legislative and judicial reforms in the area of women's rights and workers rights. However, here are some further recommendations:

- (1) Legal reform and implementation of rights related to women and workers;
- (2) Education and awareness through capacity building on women's rights, health, children's rights and violence against women;
- (3) Training and Leadership on communication, management issues related to the industry;
- (4) Technical Formation on improving and upgrading regarding tailoring, quality control, innovation and marketing skills and other human resources skills;
- (5) Finance training on accounting and financial research;
- (6) Exchange and Network Building: training, solidarity, facilitation by micro-finance associations, how to set up home-based workshops;
- and (7) Project development and training including provisions for childcare etc.

OVERVIEW

There are several key themes that emerge through these case studies. An increasingly competitive and liberalised global market that is Buyer driven is restructuring the garment and textile industries of many countries. How, the MFA Phaseout will affect each of them will depend on 1) their ability to upgrade 2) face competition with China 3) maintain bilateral or regional carve-outs with large importing countries such as the US and the European Union. We can also surmise that some form of control by the US and European Union will continue as leverage over producing countries, whether through anti-dumping measures or other forms to evade a complete phaseout of quotas.

It is also clear that labour standards have affected firms and production processes that are directly linked with high profile international retailers. However, what becomes evident is that firms deal with this top down control through casualising labour, presenting “alternate” realities of what good working conditions look like in the factory while the actual working conditions remain poor. This also raises questions about fragmentation of the labour force. In many of the case studies, existing laws, however sound, are not implemented and the bargaining positions of organised labour are weakened with the threat of sub-contracted and informal labour. Further research must address labour, both formal and informal in a globalising context and propose ways that workers can unite. Clearly, the globalising industry has created a significant rise in informal labour and this sector remains with extremely limited to no social protection.

A corollary to this is the lack of opportunities for many of these women workers to move into other economic sectors. Limited options for women to earn money has created much of the labour force of the garment industry and thus further research must also look at new opportunities for women in other sectors that may allow for alternatives. However, it must be noted that in some cases, the creation of jobs in the industry such as in Bangladesh, has actually led to empowerment of women, especially in Export Processing Zones. The gender dimensions of this work continue to be complex depending on the work location and the specific factors of the country.

Another key challenge is international campaigns that focus strictly on “sweatshops” without examining how compliance with labour standards might divert the market to cheaper and more clandestine regions. There seems to be a need to revisit corporate campaigns that address minimum wages for all kinds of work, formal and informal and that is linked through the value chains to the Buyers regardless of what laws prevail at the national level. This area needs further research, but it would essentially have to deal with downward pressure on wages. Consumer education on “low-end” markets and the profit margins at various levels of the chain also needs further research.