

Improving working conditions in the supply chain

A Fair Trade Center Seminar 15th of May 2008

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On the 15th of May companies, unions and NGOs met to exchange experiences and learn from existing initiatives on improving working conditions in the supply chain. At the seminar arranged by Fair Trade Center, Pui-Lin Sham, former garment worker from Hong Kong, Stapahny Wong who works at the Hong Kong Liaison Office of the international trade union movement and Gunelie Winum from the Ethical Trading Initiative Norway shared their experiences.

If you have any questions or comments on the seminar or this documentation, please do not hesitate to contact Henrik Lindholm at Fair Trade Center.

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Acknowledgements

Thanks to SKTF for providing the meeting space for the seminar. SKTF is the national trade local union in Sweden for publicly and privately employed salaried employees who work with service and support to the public within municipal and county areas, as well as within the church.

Fair Trade Center would also like to thank Pui-Lin Sham, Stapahny Wong and Gunelie Winum for their contributions to the seminar.

The state of CSR today and why we need to move beyond conventional auditing

Henrik Lindholm, Fair Trade Center (Sweden)

Challenges and problems

The seminar started with the participants discussing two questions to keep in mind for the rest of the day.

1. What are the greatest challenges when it comes to improving working conditions in the supply chain?

The participants raised several different issues that they see as important problems when trying to move forward:

- Suppliers not following labour laws
- Factory management attitude
- Lack of management systems in factories
- Poor industrial relations
- Long supply chains
- Lack of unions
- Too few companies working with codes of conduct

2. What do you think the most common complaints from workers are?

Most participants raised the issue of low wages here, but also other issues were raised like:

- No contracts
- Long hours
- Lack of overtime payment
- Health and safety issues

Canned tuna – one example of the limits of conventional auditing

Most of the world's canned tuna is produced in Thailand. Big Thai factories supply supermarkets all over the world. Many of these supermarkets have codes of conducts and the tuna factories are inspected regularly both by the buyers and conventional audit firms. Apart from complaints about excessive overtime the factories are judged to be ok, both according to the supermarkets own inspections and the audit firms.

In many of the factories the majority of workers are migrant workers from Burma. The migrant workers are deprived of their legal rights to form unions and are discriminated against by law in other ways as well, a fact that most buyers did not know anything about.

Through a local trade union working for the Burmese in Thailand Fair Trade Center interviewed migrant workers at several factories in focus groups and through questionnaires.

In one of the factories out of ten interviewed:

- 9 said they were forced to work over time
- 8 told about verbal abuse
- 5 had been subject to physical abuse by supervisors

In several of the factories middle management also forced workers to pay fees corresponding to more than two months wages to get employment. Some workers took loans with high interest rates from the managers to pay these fees/bribes to be employed.

All these abuses took place in factories that had been deemed satisfactory in audits.

This is just one example that codes of conduct and audits are not enough and that we need to look at new ways of working if we want to create real improvements.

What does conventional CoC work contribute to?

One of the most extensive evaluations of how CoCs work was made by the Ethical Trading Initiative (ETI) in the UK. *The ETI impact assessment* (2006) tried to evaluate the impact of the ETI members CoC work through 418 worker interviews carried out at 23 suppliers in India, Vietnam, South Africa and the UK covering 3 sectors (garments, footwear and horticulture).

Areas where impacts of CoC work were frequently noted were:

- Health and safety
- Child labour
- Working hours
- Payment of minimum wage (not living wage)

Areas where CoC work had little impact were:

- Freedom of association
- Discrimination
- Regular employment
- Harsh treatment
- Payment of living wage
- Employment is freely chosen

That “employment is freely chosen” is still a problem might surprise, but this is actually an increasing problem in for example China. Because of the so called labour shortage in parts of China, wages are withheld to keep workers from changing jobs during peak season.

However these examples of improvements are just generalisations. You also have to look at what type of worker is impacted by the improvements. It was for example noted that improvements due to code work mostly benefited regular employees, but with the increased use of labour agencies and contract workers in Asia, companies need to take a close look on how different categories of workers are affected. For example:

- Temporary and seasonal workers
- Migrant workers
- Contract workers
- Home workers

Of course gender and ethnical divisions also need to be looked at when evaluation how successful CoC work is.

Keys to code impact

The ETI impact assessment also looked at what the keys to successful CoC impact has been among its members. It was also noted that the improvements were more likely to take place if there is:

- a critical mass of buyers with common agendas, that is, many buyers with similar demands buying from the same factory
- strong brand commitment and communication, this includes
 - making sure that everyone in the company has knowledge about the CoC work
 - that the company has measurable targets
- communication mechanism for workers
- local staffing in sourcing countries
- capacity building for the supplier, this can be done for example through feedback from assessments and supervisor training
- market incentives for suppliers to improve and adjusting purchasing practices
- strong buyer leverage, this is not only depending on the size of order but the trust that the factory has for the buyer.

Specific recommendations

The ETI impact assessment also outlines a number of specific recommendations for the buyers

- Emphasize workers' rights in communication – increase focus on freedom of association
- Ensure migrant and contract workers are covered by the code
- Increase focus on ethnic and gender discrimination
- Enhance payment of living wages and address overtime as a supply chain management issue

CoC work cannot change everything

It is also noted that success do not only depend on the CoC work of the companies, several other factors are just as important, if not more important in some cases. These include:

- Trade union organization
- Political and regulatory context
- Civil society groups/campaigns.

Looking for a quick fix

In 2005 the Clean Clothes Campaign published the report *Looking for a quick fix*. It was based on the input of 670 workers from 40 factories garment and footwear factories. It found that social auditing falls short especially in relation to detecting violations of freedom of association, excessive and forced overtime and abusive treatment and discrimination of workers.

In the last chapters they look at how to move beyond today's problem. Here they describe something they call *the tool box approach*. With this they try to point out that auditing the code of conduct is just one of several tools that should be used when working to improve labour conditions. Other tools that they mention in the report are:

- Partnership with local organisations
- Complaint mechanisms
- Educations and training
- Improve purchasing practices

- Pro-actively work on freedom of association
- Effective improvement plans
- Transparency

Two initiatives that are worth following

Fair Wear Foundation

A European multi-stakeholder initiative developing new methods together with local stakeholders. FWF was set up by various interested parties and stakeholders from the fashion industry. Due to these various stakeholders FWF is also referred to as a Multi-Stakeholder Initiative (MSI). FWF distinguishes itself through this MSI approach.

European fashion, industrial clothing and promotional garment companies can join FWF and become an FWF member. Members of FWF work towards improving the labour conditions in factories that produce garments, throughout the world. FWF verifies whether companies comply with the Code of Labour Practices. This makes a member more credible. In addition to this, FWF provides support. In this way FWF also shares its knowledge and (local) contacts with the member companies. Members therefore do not have to ‘rediscover the wheel’ for themselves and have access to information on local legislation, labour standards and culture.

Members can also employ inspection teams that have been trained by FWF. FWF also has a complaints procedure that enables the workers at the factory to bring to light (anonymously) any abuses related to labour conditions.

For more information se <http://en.fairwear.n>

The Global Framework Agreement between Inditex and ITGLWF

Inditex signed a global framework agreement with ITGLWF in 2007. Under the agreement, Inditex recognizes the ITGLWF as its global trade union counterpart for workers employed in the production of textiles, garments and footwear. And both undertake to collaborate to ensure the sustainable and long-term observance of all international labour standards throughout the Inditex supply chain.

The agreement is the first of its kind to cover a retail supply chain and because it provides workers with the mechanisms to monitor and enforce their rights at work, the agreement places the right of workers to unionise and to bargain collectively with their employer at the heart of efforts to secure sustainable compliance to key labour standards by suppliers to Inditex.

For more information se <http://www.itglwf.org>

Question and answer

Pro activity for freedom of association can you be more specific?

We would like the buyers to emphasise this more, even before you place an order, that you tell the factory management that this is important for your company. One example is that companies have given unions a chance to speak at the factories. Another example is that companies can sign an *access agreement* with ITGLWF. This means that you allow unions to contact workers at your suppliers. There are such agreements today, but none within the garment industry.

Changes in Chinas labour law and how to handle freedom of association in China - ways to improvement, different types of organizing

Staphany Wong IHLO (Hong Kong)

Staphany has worked as a case handler at a Hong Kong based labour NGO for two years and is currently a researcher and campaign coordinator at IHLO. She undertakes research on labour issues in China, Macau and Hong Kong and coordinates campaigns.

The situation in China is changing. Last few years the scale of workers protests is getting bigger and bigger, the number of strikes has risen and workers are now protesting openly more often. For example right now there is an airline strike. Earlier workers who protested were sent to prison, but now, since there are so many strikes only the leaders sometimes get put in prison.

The New Labour law

A new labour law came in to force on the 1st of January 2008. The law says workers must have a written employment contract within one month of employment. It also demands that employers inform employees about their rights and limits the companies' possibility to use temporary labourers. The new law also specifies hiring/dismissing procedures that the employers have to follow.

Three years ago when the new law was discussed, the Chambers of Comers in USA and many EU-countries were against it and said it would be too expensive to implement. Trade unions in the EU on the other hand, thought that it would be "a painkiller that solves all problems". Both were wrong because in China, new laws mean new tricks to cheat the laws.

We have already seen examples of how employers are avoiding and misusing the law. Some workers have had to sign contracts in English that they do not understand and others have to sign contracts were the law is actually being undermined.

The factory owners complain about the law and take every opportunity to say that everything gets more expensive now. The ironic thing is that most of them did not follow the law before it was changed. Factory owners are also upset about the limit on over time, they say workers love working over time, but this is a "chicken and egg question". And wages and working hours were already set in the old labour law, so the new labour law should not make such a difference to them.

The real question is the prize. Cloths are getting cheaper, even though the inflations is high in China. There is a Chinese saying that goes: "if you want *good juice* use the softest orange" The softest orange in the chain of production is the workers' wages. Of course we need to focus on practical change in factories and the attitude of the factory management. But we also have to focus on the buyers; they have the ultimate power and cannot only blame the factories for the labour problems.

The legal minimum wage should actually change every second year. But many factories do not work with minimum wages; they set quotas for workers to reach. Of course a lot of workers earn the legal minimum wage, but this is not enough.

Ideas on how to improve

Multi-stakeholder initiative

Cooperate with local NGOs with down to earth experience of training and giving legal advice to workers. There are now more organisations in China working to support workers.

Factory training of workers

Factory training of workers can be a very good idea, but you have to consider what kind of training it is. Many factory trainings are superficial; it can be language learning or training on “living in the City”. What is important during training is to teach the workers how to calculate their wages and how to make a legal complaint. For this a two hours training is not enough. First you also need to build up a trust of the workers and this can easiest be done by long-term relations. These trainings should be done in cooperation with the workers, the factory owners and local NGOs.

Facilitate organising

There is a lot of talk about facilitating organisation in China. There have also been some relatively successful projects. So now there is knowledge on how to organise within the restrictions of the law through workers committees, occupations safe- and healthy committees and so on. For this process you need to tell the worker how these committees can work. As a buyer you also need to spend time and money to make sure that their income will not be affected by the training.

In China most workers are migrant workers, if you train the workers at your suppliers you will want them to stay, that means you need to keep the workers turnover low.

Hot line for workers complaints

One method of doing this is getting in touch with a local labour group. They might be able to set up a hot line at the labour centre in the area where you source. This will give workers the possibility to call there and tell the local organisation about their situation. We have been doing this the last three years, and a lot of the problems can be solved this way before it gets to striking.

Buyer leverage

What we hear from many buyers is that their leverage is low to influence their suppliers because they do not buy enough of the factory’s production or that their relation with the supplier is not long enough. You need to think about what you can do about this. Maybe you can concentrate more or work with other buyers in multi stakeholder initiative?

But sometimes you will fail when trying to influence a factory to solve a dispute for example. In such a case the urgent appeal system of organisations such as the Clean Clothes Campaign can help to put pressure on the other buyers to take action as well.

Questions and answers

Training by a local group sounds good, but how would a company find a good group and could you give some example of how they work?

If you contact the Hong Kong union or our office we can help you find them. Usually trainings are done through multi stakeholder initiatives. We will meet the company and discuss what they want and what the bottom line is. Then they need to talk to the factory to get them to open the door. But the factories most of the time agree to this, but you need to be very specific about what you want and to allow money for the time that the workers are not working.

How does it work to set up a hotline in practice?

Depends on who puts up the hotline or arranges the complaint mechanism. Many factories have complaint boxes, but this does not work and most of the time nothing happens even if a worker would file a complaint. The best option is if the hot line can be organised by a labour center in an industrial zone. We have been doing this with good results.

How does the new labour law in China affect those employed through labour agencies and short contracts?

If you work more than a month you have to have a contract. But regarding labour agencies it becomes more difficult. At the moment the law is unclear and we are hoping for better clarification. If you are employed by an agency then they are your employer. We are suggesting that buyers do not use companies where labour agencies work. Check the percentage of labour agency workers that your supplier uses.

The problems with labour agencies are getting bigger in many different countries in Asia and several different sectors.

You mentioned that false or incorrect contracts being used, can you give example of factories that have used this way to corrupt the new labour law?

Usually in the higher production of for example garments we do see that workers get proper contracts, and also in more skilled occupations. The problem is mostly found among subcontractors.

The level of trust between us and our suppliers is very important; we need to be vice enough to question our suppliers without humiliating them. How well can we trust inspections by Fair Wear Foundation?

They do their audits in a very professional way. They usually also contact labour groups in the area that find information in an undercover manner, i.e. interviewing workers in secret outside the factory. This is important for finding out what is happening inside the factory. You need to be able to show the factory that you know what is going on. By cooperating with a MSI initiative you can come in contact local organisations.

I speak the language when I visit China and I am a customer, it is interesting to see if I as a foreigner with an Asian background can get another view when I visit the factories, do you think it will be different for me?

Yes, it is very useful to understand the language, then you can listen to the discussions going on behind your back. Also if a Chinese worker sees a foreigner they always think that you are a buyer, it is better to be Asian.

Is it not more expensive to buy from factories with proper conditions? Shouldn't it be cheaper to not ask questions?

For the buyer, if you want to ensure certain standard of labour conditions, it is going to be more expensive because you have to pay pension, overtime etc. But the price will not be too much higher. I would say not much. If a t-shirt costs 100SEK, less than two percent goes to the labour cost. 75 percent goes to the brand company. If you increase the cost for the consumer, or you cut some of your profit - you can raise working conditions. And also, you need to consider that a lower turnover of staff at the supplier will also save money and bring up the quality.

What are the five top priorities for a worker according to the labour groups?

1. Labour law
2. Wage/hours
3. Factory regulations that are not legal, important that the workers know that. For example many of the factories have rules that workers that cannot stay out later than a certain hour, this is of course not legal.
4. Complaint mechanism.
5. How to have a proper contract

After the new law we see very strange contracts and that is why many workers do not dare to sign a contract. Then the factories say that the workers do not want to sign the contracts.

Do you have an example of when living wages are being paid?

Many say it is difficult to know what a reasonable wage is. But amongst the workers they talk about it all the time. They know that the minimum wage is not enough.

Factory owners talk about labour shortage, but in China there is no labour shortage, it is a wage shortage. Factories do not pay enough for workers to live on in the city so the workers stay in the countryside. Buyers need to pay more and also find out how they can make sure that workers get paid more when they pay more for their products.

I think it's important to also discuss the role of the factory management and especially the lack of management. It is important to bring them in the training and discussion about labour conditions if you want to create improvements.

Yes, it is important that the buyers are very clear in their communication with the management and give the factory the time to do the improvement that is needed.

Tools and capacity building activities to improve working conditions

Gunelie Winum ETI (Norway)

What is Initiativ for Etisk Handel?

Initiativ for Etisk Handel is the Norwegian Ethical Trading Initiative (ETI)

ETI-Norway is a multi stakeholder initiative

- Founded in 2000 by trade unions, employer's organisations, company and NGOs
- Membership based resource centre for CoC implementation
- Organisational structure: Annual general meeting → Board (7 representatives) → Secretariat (6 employees)
- Financed by membership fees and governmental project support

Right now we have 82 members, when we started there were only 4 members. Norwegian consumers have not been very active on issues regarding ethical trade so most companies have joined because they have a genuine interest in this. For our members we are a resource centre.

The strategic objectives of ETI-Norway

- Strengthen awareness of and positive response to ethical trade
- Strengthen ETI-Norway's members' work with ethical trade

Multi Stakeholder strengths and advantages

- Enhance rights perspective and development aspect
- Organisational resources benefits companies
- Recommended by investors and campaign groups

ETI-Norway Base Code

ETI-Norway has a base code that the companies agree to follow. It is based on internationally accepted ILO and UN conventions, includes:

no slavery/bounded labour, the right to join union/collective bargaining, no child labour, no discrimination, occupational health and safety (OHS), wages/working hours, disciplinary practices, regular employment, property rights/marginalized groups and environment.

Members have to report annually how they are working with the base code. This reporting is open to the public.

Membership Obligations, Principles, and Services

As a member of ETI-Norway you have the following obligations:

- Commitment to ETI-Norway Declaration of Principles
- Annual activity and progress report – publicly available (since 2004)

There are also eight implementation principles:

Embedding, Code of Conduct, Risk Assessment, Mapping and Improvement, Business Practices, New suppliers, Communication, Advocacy

ETI-Norway tries to assist in this work by providing services:

- Training and capacity building both in Scandinavia and in supply chain
- Member's website: Tools, resources and templates
- Case-based advisory role
- Access to network of local organisations through the Local Resource Network

Local Resources Network (LRN): 21 producing countries

- Appropriate local knowledge
- Development/participatory perspective
- Include Recommendations for Improvement
- Provide ongoing local support for suppliers (e.g. Child care in Bangladesh factories)

Some of the barriers to improvement

One barrier to improvement is weak auditing. It is estimated that auditing costs about 50 million US dollars every year. How much improvement can you do for 50 million US dollars if you use it in a good way?

When using external auditors it is very important to know what methodology they use and how the quality of their work is. We have seen for example that it is very important get access from the workers first, and then check against the papers when you do an audit.

As was noted in the ETI report we also see a high need of capacity building amongst the producers.

Another barrier to improvements are the purchasing practises. If you are serious about improvements you cannot go round the issue of purchasing practice. This has been noted both by ETI-UK and ETI-Norway as well as many companies. One example of this is GAP's CSR manager who has done research into this and presented his findings to GAP's board.

Workbook on who to improve conditions

ETI-Norway made a workbook on how to improve conditions. The handbook is mostly written for the management at supplier factories and is focused on four issues:

Operational Health and Safety (OHS), Over Time, Wages and Worker Representation

- Clauses explained in an international and national context to show the suppliers that "You are not alone"
- ETI-Norway clauses (i.e. members' requirements) and Chinese labour law explained
- Practical guidance on internal risk assessment and solutions
- Examples of good and bad practice, where bad examples explain why you need to do things differently
- Compliance and Improvement Documentation
- Templates on things like workers having to agree on working overtime, how a worker committee should be put together
- ETI-Norway membership obligations

One operational health and safety (OHS) example used in the supplier workbook

PPE = personal protective equipment

OHS

- Practical on use of PPE
 - Involve workers in Risk Assessment
- link to worker repr.



Bad practice: workers applying glue wear cotton masks.



Chemical resistant gloves instead of cotton gloves should be used for handling corrosives, oil and solvents.

Training workers on the use of PPE

Sometimes workers feel that wearing PPE is uncomfortable or awkward and prefer not to wear it. This is dangerous. Workers may need training on the benefits of wearing PPE. Training for workers should cover:

- Why they need to wear PPE,
- What health problems will occur if they don't wear PPE
- How to put on, remove, adjust and use the PPE correctly
- How to know if PPE fits properly
- How to clean, maintain and dispose of PPE

ETI-N Training Resources Local Resources Network

In the workbook we stress that when factories do a risk assessment they should include the workers. By showing risks and opportunities by poor vs. good communication between managers the workbook tries to show the need for good worker feedback mechanisms.

Worker representation

Worker representation is of course the most difficult issue in China, but therefore also the most important issue. By using examples of strikes and other workplace conflicts we try to show the benefits of good industrial relations.

We give examples of good practice within this area like democratic elections for worker representation without management involvement.

If there is an ACFTU branch in the factory, they should be stimulated to solve conflicts in the factory without external channels.

Supplier conferences

ETI-Norway has so far arranged supplier conference in China and Vietnam with local partners. In Vietnam the training and capacity building meeting with suppliers made by local facilitators. The training also involved a practical handbook and video for the suppliers. We find that it is very important to involve local forces in these kinds of meetings to make them relevant. I have heard of trainings where the factory managers sat a whole day and heard about the declaration of human rights and workers that are trained in how to comb their hair. These are the kind of trainings that do not contribute to any improvements at the factory floor level.

Two of the main issues discussed at these meetings were purchasing practices and causes of excessive overtime. The main findings from these discussions are summarised below.

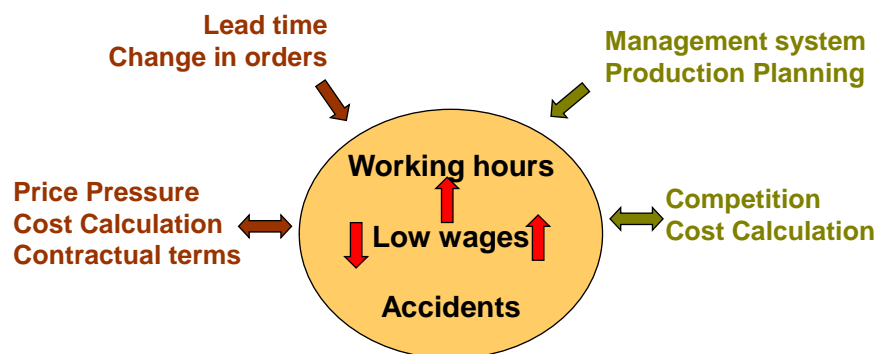
Purchasing Practises

One problem that was raised when talking about prizing and purchasing practices was that management often needed better management system, production planning and cost calculation. Especially important is more training on how to calculate the proper cost of the production. All the costs should be included in the price they quote.

Question: Don't you think they know the real price but also know that the buyer will go elsewhere if they are too expensive?

I think that if the producer can be trained to show what the true cost of following the code is, they can also show that the buyer is not complying with their own code if they demand too low prices.

Purchasing Practices



Causes of excessive overtime: supplier view

The producers do not see any rewards today for following the codes when it comes to working times for example. They are not sure that they will gain anything from doing it. We asked the factory managers what factors caused long working times, below are there thoughts.

Factors caused by buyers

Short lead times. (supplier required to pay for air freight)

Too many orders or buyers demand similar delivery dates in peaks seasons

Clients approvals are late and time consuming (!)

Low price → low wages

Factors caused by factories

Orders are greater than factory's capacity
 Shortage of workers
 Poor management planning and overview
 Power stoppage

Material suppliers

Late deliveries

Suppliers' Evaluation and Feedback

- Opportunity for factory to communicate with buyers about their concerns
- Understanding of business case for ethical trading
- Knowledge and experience sharing with other factories
- Enhanced understanding of laws
- The need to understand workers needs

Less audit, more communication and more support**Content has to be relevant.**

- Less audit more communication and more support.
- Not to say that audits are not necessary but there has to be a good methodology.

Questions and answers

Does the ETI-Norway have requirements on improvement on the member companies?

No, but they have to report to us what they are doing.

Are the problems faced by your members in different sectors similar?

Implementation of code of conduct and labour rights are the same in most sectors. The big difference comes when you look at environmental problems.

Do you have a list of active or non active members of ETI-Norway?

This is one of ETI-Norway's challenges, that not all members are very active. We see transparency and reporting as one channel of reporting how our members are working. So far we have been focusing on self-evaluation.

The textile workers situation in Hong Kong

Pui-Lin Sham, Textile workers union Hong Kong (Hong Kong)

I have been in Europe for one week to speak about labour conditions in developing countries, the solidarity work of my trade union, the play fair campaign and the situation in Hong Kong.

I have been working in the textile industry in Hong Kong for 27 years. Hong Kong is a developed country but in many respects the laws protecting the workers are insufficient. There is no right to collective bargaining and no law on minimum wage.

In 1970-80 the textile industry was important for Hong Kong, but then the factories started moving to China and other Asian countries. Now one of the biggest problems for the members of our union is finding a job. This is made even harder by the fact that a lot of employers discriminate against older people. Many ex-garment workers now have to work in the informal sector. Often those turning to the informal sector are forced to work long hours with low pay and are seldom employed for more than four weeks in a row.

The textile union is working for revising the labour law in Hong Kong and for the introduction of a pension system. But the union work has become more difficult after Hong Kong became a part of China and the government abolished the right to collective bargaining. Now we try to look beyond Hong Kong and see what we can do in China since it is the same country. We try to see what we can do to assist workers in China. A lot of companies have their headquarters in Hong Kong but have their production elsewhere. So even if there is not much production here the garment industry is still very present.

One example of our international solidarity work was when the Clover Group shut down their factory in Thailand to move more production to China. The Clover Group had factories in Thailand, Cambodia and China but their headquarters in Hong Kong. When they shut down their factory in Thailand workers were not going to be compensated the legal amount.

At first the companies sourcing from Clover Group's Thai factory did not want to take any responsibility for the situation for the fired workers, even though they had been manufacturing their products for many years. It took us more than a month of campaigning to convince the buyers to push Clover Group to pay the workers their lawful compensation. Our union arranged a meeting with between the Thai union, the Clover Group and some of the buyer, like Victoria's secret. In the end even some of the buyers helped contributing to the compensation to the fired workers.

Another case concerned a factory closure in mainland China. The owners in Hong Kong wanted to move a factory in mainland China without paying compensation and overtime wages to the workers that would be dismissed. Our union here in Hong Kong then went to the shops that sell the clothes produced by this factory to tell costumers what this company has done to the workers. Other campaign groups in different parts of the world did the same thing. The result of the campaign was that the factory decided not move and finally paid the overtime wages to the workers.

The lesson we have learned from these campaigns is that capital is mobile and so the unions have to be that as well. We have to co-operate with unions and organisations in other countries to make a difference. However it is very difficult to mobilise inside China, all of

mainland China is like a free trade zone. What we can do is to monitor the working conditions there and raise awareness about the situation.

Question and answer

How does the pension schemes work in Hong Kong and mainland China?

You get pension when you are 65, but the percentage is very low, 5 percent of the salary you used to have. You cannot live on that and you need to contribute to the scheme in order to receive the pension. In mainland China, white-collar workers get pension, but with blue-collar workers there is a big problem, factories often manage to avoid paying anything towards the pension schemes. This means that most factory workers do not receive any pension at all.

What are the wages like in Hong Kong?

For manufactory workers the average income is 500-600 Euros per month. But this often includes long working hours like 11-12 hours per day. You get lower wages for jobs like cleaning, about 1,4 euro per hour. Sometimes the income is even lower than the government allowance, but many people, especially old people, prefer working even if the wages are lower than the allowance.

Hong Kong has a GDP comparable to countries like Germany, but the income gap is very big. There is a large group of people who are today working poor.

Pui Lin asked the audience what happened in Sweden when the garment sector closed here moved abroad. What happened to all the people who used to work in the garment industry?

There was some discussion about the difference between the Hong Kong situation and the Swedish one. The general opinion was that the transition was easier in Sweden due to a better social security system and the fact that the jobs in the textile factories often were replaced by other more skilled jobs.

Annex 1. List of resources

The ETI Impact Assessment

- The ETI code of labour practice: Do workers really benefit?

<http://www.ethicaltrade.org/Z/lib/2006/09/impact-report/index.shtml>

Looking for a quick fix

- How weak social auditing is keeping workers in sweatshops

http://www.cleanclothes.org/publications/quick_fix.htm

Full Package Approach to Labour Codes of Conduct

- Four major steps companies can take to ensure their products are made under humane conditions

http://www.cleanclothes.org/codes/full_package.htm

Getting smarter at auditing

- Tackling the growing crisis in ethical trade auditing

<http://www.ethicaltrade.org/Z/lib/2006/11/smart-audit/index.shtml>

Changing Overtime

- Tackling supply chain labour issues through business practice

<http://www.impactlimited.com/resources/changing-overtime-tackling-supply-chain-labour-issues-through-business-practice/>

Annex 2. Participants list

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