

TRADING AWAY OUR RIGHTS

Women working in global supply chains



Ami Vitale/Oxfam



SUMMARY

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'As a casual worker, I do not get a bonus, or paid holiday or severance pay. I am looking for a place to stay so that I can collect all my children to stay with me. To be a mother with my chickens under my wings.'

Ragel, picking fruit in South Africa for export to UK supermarkets

'We have to do overtime until midnight to earn a decent income. I am afraid of having children because I wouldn't be able to feed them.'

Nong, 26, sewing underwear for Victoria's Secret in Thailand

'We don't have the right to be sick. One day when I was not well and I took a doctor's note to my employer, he gave me a written warning.'

Zakia, 36, sewing garments for Spain's El Corte Inglés in Morocco

Globalisation has drawn millions of women into paid employment across the developing world. Today, supermarkets and clothing stores source the products that they sell from farms and factories worldwide. At the end of their supply chains, the majority of workers – picking and packing fruit, sewing garments, cutting flowers – are women. Their work is fuelling valuable national export growth. And their jobs could be providing the income, security, and support needed to lift them and their families out of poverty. Instead, women workers are systematically being denied their fair share of the benefits brought by globalisation.

Commonly hired on short-term contracts – or with no contract at all – women are working at high speed for low wages in unhealthy conditions. They are forced to put in long hours to earn enough to get by. Most have no sick leave or maternity leave, few are enrolled in health or unemployment schemes, and fewer still have savings for the future. Instead of supporting long-term development, trade is reinforcing insecurity and vulnerability for millions of women workers.

The harsh reality faced by women workers highlights one of the glaring failures of the current model of globalisation. Over the past 20 years, the legal rights of powerful corporate entities have been dramatically deepened and extended. Through the World Trade Organization and regional and bilateral trade agreements, corporations now enjoy global protection for newly introduced rights. As investors, the same companies are legally protected against a wide range of governments' actions. Workers' rights have moved in the opposite direction. And it is no coincidence that the rise of the 'flexible' worker has been accompanied by the rise of the female, often migrant, worker. The result is that corporate rights are becoming ever stronger, while poor people's rights and protections at work are being weakened, and women are paying the social costs.

Exploiting the circumstances of vulnerable people – whether intentionally or not – is at the heart of many employment strategies in global supply chains. Of course vulnerable



Women in Honduras arriving for another long day's work in the garment factories. If proposed labour reforms are passed, one worker in three could be put on a temporary employment contract, without job security, paid leave, or social security.

social groups desperately need employment as a means of escaping poverty and inequality. But it is no escape at all if the way that they are employed turns their vulnerability into an opportunity for employers to pay them less, work them harder and longer, and avoid paying their rightful benefits.

The result is a gradual but fundamental shift in who will gain from trade under the current model of globalisation. The benefits of flexibility for companies at the top of global supply chains have come at the cost of precarious employment for those at the bottom. If this is to be the future of export-oriented employment, trade will fall far short of its potential for poverty reduction and gender equality.

Oxfam's research with partners in 12 countries involved interviews with hundreds of women workers and many farm and factory managers, supply chain agents, retail and brand company staff, unions and government officials. It has revealed how retailers (supermarkets and department stores) and clothing brands are using their power in supply chains systematically to push many costs and risks of business on to producers, who in turn pass them on to working women. Chapter 1 sets out the impacts of this trend on women workers and their families:

- In Chile, 75 per cent of women in the agricultural sector are hired on temporary contracts picking fruit, and put in more than 60 hours a week during the season. But one in three still earns below the minimum wage.
- Fewer than half of the women employed in Bangladesh's textile and garment export sector have a contract, and the vast majority get no maternity or health coverage – but 80 per cent fear dismissal if they complain.
- In China's Guangdong province, one of the world's fastest growing industrial areas, young women face 150 hours of overtime each month in the garment factories – but 60 per cent have no written contract and 90 per cent have no access to social insurance.

The impacts of such precarious employment go far beyond the workplace. Most women are still expected to raise children and care for sick and elderly relatives when they become cash-earners. They are doubly burdened, and, with little support from their governments or employers to cope with it, the stress can destroy their own health, break up their families, and undermine their children's chances of a better future. The result: the very workers who are the backbone of wealth creation in many developing countries are being robbed of their share of the gains that trade could bring.

The impacts are felt by workers in both rich and poor countries. Women and migrants from poor communities in rich countries – such as US and Canadian agricultural workers and UK and Australian home-based workers – likewise face precarious terms of employment in trade-competing sectors. The pressure of competition from low-cost imports is clearly one reason, but so too is the pressure inherent in being employed at the end of a major company's global supply chain, whether it is sourcing overseas or domestically.

In Chile's fruit packhouses, one third of workers earn only the minimum wage or less.



Toby Adamson/Oxfam

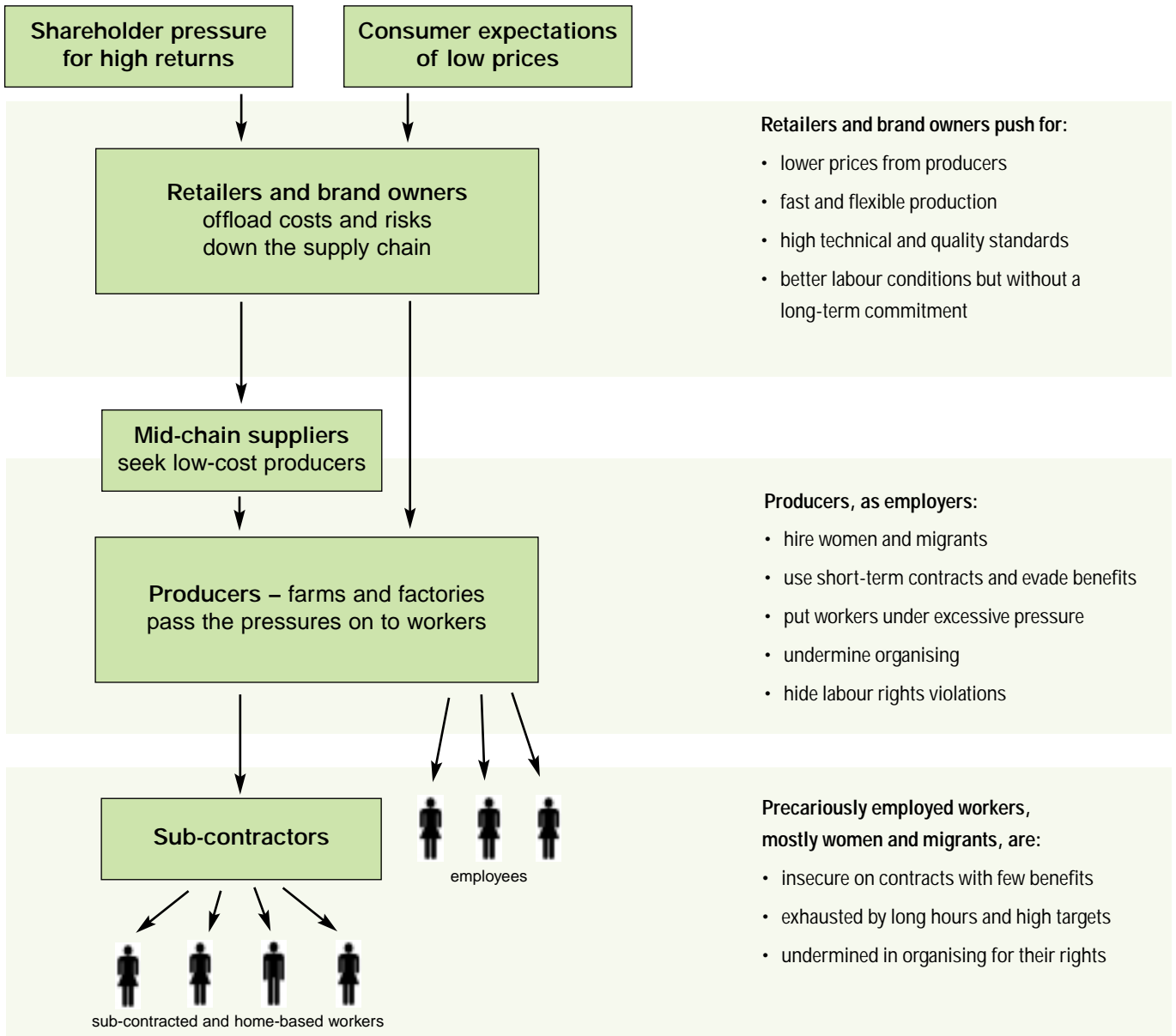
One cause of such precarious conditions is the new business model that has emerged under globalisation, described in chapter 2. Retail and brand companies have positioned themselves as powerful gatekeepers between the world's consumers and producers. Their global supply chains stretch from the supermarket shelves and clothes rails in the world's major shopping centres to the fruit and vegetable farms of Latin America and Africa and the garment factories of South Asia and China. Wal-Mart, the world's biggest retailer, has driven this model, buying products from 65,000 suppliers worldwide and selling to over 138 million consumers every week through its 1,300 stores in 10 countries.

Globalisation has hugely strengthened the negotiating hand of retailers and brand companies. New technologies, trade liberalisation, and capital mobility have dramatically opened up the number of countries and producers from which they can source their products, creating a growing number of producers vying for a place in their supply chains. At the same time, international mergers and acquisitions and aggressive pricing strategies have concentrated market power in the hands of a few major retailers, now building international empires. These companies have tremendous power in their negotiations with producers and they use that power to push the costs and risks of business down the supply chain. Their business model, focused on maximising returns for shareholders, demands increasing flexibility through 'just-in-time' delivery, but tighter control over inputs and standards, and ever-lower prices.

Under such pressures, factory and farm managers typically pass on the costs and risks to the weakest links in the chain: the workers they employ. For many producers, their labour strategy is simple: make it flexible and make it cheap. Faced with fluctuating orders and falling prices, they hire workers on short-term contracts, set excessive targets, and sub-contract to sub-standard, unseen producers. Pressured to meet tight turnaround times, they demand that workers put in long hours to meet shipping deadlines. And to minimise resistance, they hire workers who are less likely to join trade unions (young women, often migrants and immigrants) and they intimidate or sack those who do stand up for their rights.

Governments should be strengthening protection for workers in the face of these intense commercial pressures. Instead many have traded away workers' rights, in law or in practice. Under pressure from local and foreign investors and from IMF and World Bank loan conditions, they have too often allowed labour standards to be defined by the demands of supply chain flexibility: easier hiring and firing, more short-term contracts, fewer benefits, and longer periods of overtime. It brings a short-term advantage for trade, but at the risk of a long-term cost to society.

Supply chain pressures create precarious employment



Companies increasingly hold up their ‘codes of conduct’ to assure the public that they care about labour standards down the chain. But their farm and factory audits still focus on documenting the labour problems that exist, without asking why those problems persist. Many factors can contribute – from poor management to weak national legislation. But one root cause, long overlooked, is the pressures of retailers’ and brand companies’ own supply-chain purchasing practices, undermining the very labour standards that they claim to support.

Anyone appalled by ‘sweat shop’ conditions in garment factories should be asking: who turned up the heat? The pressure on workers starts far from the factory floor – coming down the supply chain through retailers’ and brands’ strategies, as described in chapter 3. Their demands for ‘just-in-time’ delivery have typically cut production times by 30 per cent in five years – coupled with smaller, less predictable orders and high airfreight costs for missed deadlines. Moroccan factories producing for Spain’s major department store, El Corte Inglés, must turn orders round in less than seven days. *‘The shops always need to be full of new designs,’* said one production planning manager, *‘We pull out all the stops to meet the deadline ... Our image is on the line.’* But the image they hide is of young women working up to 16 hours a day to meet those deadlines, underpaid by 40 per cent for their long overtime working. *‘There’s a girl who’s seven months pregnant working ten hours a day,’* said one garment worker, *‘and as she has to make a lot of pieces per hour the employer doesn’t let her go to the toilet. It’s sheer torture for her, but she can’t afford to lose her job.’*

Across countries, falling prices (for many garment producers, by 30 per cent over three years) increase the pressure to cut costs; sub-contracting to workshops with far worse conditions is a popular but hidden solution. And when buyers make no promise of future orders, their calls to improve labour standards ring hollow. No wonder that many managers falsify records and intimidate workers to answer questions ‘correctly’.

The fresh produce industry – fruit, vegetables, and flowers – is inherently risky, but supermarkets’ tough negotiations can increase that gamble. As chapter 4 shows, farmers across the world are made to carry the costs and risks when supermarkets set prices long after the produce has been shipped, when they demand exclusive relationships but then drop the order, and when they run cut-price promotions to achieve their own sales targets. *‘The only ham left in the sandwich is our labour costs,’* said one South African apple farmer exporting to the UK’s biggest supermarket, Tesco. *‘If they squeeze us, it’s the only place where we can squeeze’.* Little wonder that farmers like him are increasingly hiring women on temporary contracts to work 11 hours a day in the fields for poverty wages, with no sick leave, no maternity leave, and no income security.

Time to make trade fair

As part of Oxfam's campaign to Make Trade Fair, we are joining partner organisations worldwide to demand that women working in the supply chains of some of the world's most powerful companies get their fair share of the gains from trade. Their experiences and struggles are at the heart of this report and our international campaigning.

Together we are calling for:

- Companies – retailers and brands – to make respect for labour rights integral to their supply-chain business strategies, especially by addressing the impacts of their own sourcing and purchasing practices on the way that producers hire and treat their workers
- Producers and suppliers worldwide to provide decent jobs for their employees, including respect for workers' right to join trade unions and bargain collectively, and eliminating discrimination against women workers
- National governments, South and North, to stop trading away workers' rights in law and in practice, and to enforce international labour standards in order to promote decent employment for poverty reduction, gender equality, and development
- The IMF and World Bank to promote workers' rights throughout their operations as a fundamental tool for poverty reduction and greater gender equality
- Institutional investors – shareholders and pension funds – to use their power in investment markets to promote supply-chain practices that respect international labour standards
- Consumers to insist that retailers and brands ensure that their sourcing and purchasing practices support, rather than undermine, workers' rights



On South Africa's fruit farms, women get the seasonal and temporary jobs year after year.



Toby Adamson/Oxfam

Globalisation and trade have drawn millions of women in developing countries into paid work. Their labour is contributing to rising global prosperity and to the profits of some of the world's most powerful companies. But women workers are systematically being denied their fair share of the benefits from their labour. Failure to address this injustice will perpetuate a model of globalisation that is failing poor people.

This report reveals the double standards at the heart of the corporate practices that are emerging under globalisation. Companies' demands for faster, more flexible, and cheaper production in their supply chains are undermining the very labour standards that they claim to be promoting. Women workers – and their families – pay the price. Many face insecure contracts, intense production pressure, and intimidation in the workplace. Governments, competing to attract investment and boost exports, have too often exacerbated the problem. Instead of strengthening protection for labour rights, they have simply traded them away.

Oxfam and partner organisations around the world are campaigning to end these double standards and to make trade work for women workers.

Copies of the full report and summary and more information on Oxfam's Make Trade Fair campaign are available at www.maketradefair.com

A print version of the report can be purchased from Oxfam's distributor BEBC, PO Box 1496, Parkstone, Dorset BH12 3YD, tel: +44 (0) 1202 712933; fax: +44 (0) 1202 712930; email: oxfam@bebc.co.uk

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