

# Workers connect...

## **ExChains: Building solidarity along the Global Garment Supply Chain**

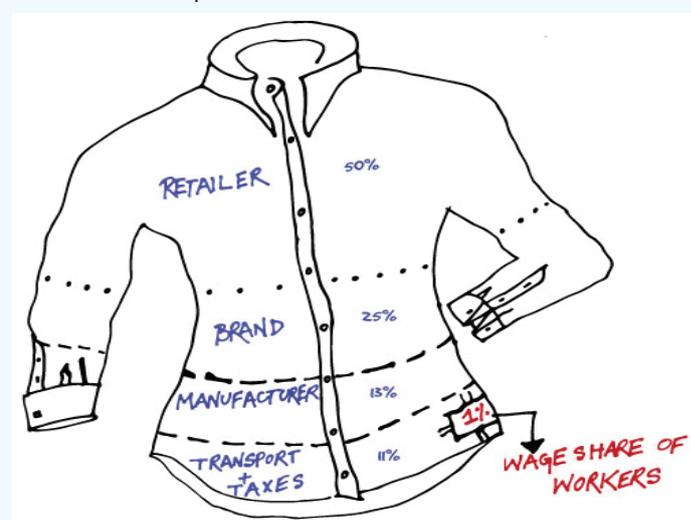
When we from the global south meet workers and their representatives from the global north, the first thought that come to our mind: How will they support us in our work given their position of advantage? and to the minds of those from the global north: How do we help our colleagues in the global south? Their working and living conditions are abysmal and we can help them. This notion of inequality has troubled solidarity efforts for years even where there is political commitment. Thus, this has also been translated into the strategies adopted by organisations to extend solidarity. Further, in most cases, the solidarity efforts have been a one-way street with the global south being the receiver.

The global supply chain of the garment industry has been written about at length by many. The discussion has in most cases focused on the miserable conditions of the workers at the production centres which are in the global south, with Bangladesh being the focus, especially following the Rana Plaza incident. However, the condition of workers all along the supply chain is as miserable if we assess the conditions relative to other workers in their country and not in absolute terms. The workers, in the stores of brands such as H&M, Zara, Primark, GAP, etc, who sell the garments that are produced in the global south is as precarious as those who produce these. Most jobs are not permanent, with very little social security, no guaranteed hours of work, low wages, harassment at work and most importantly, with limited union rights and very little bargaining capacity. There is no reason or indication to believe that the condition of the workers in between the two ends of the chain would be any better.

### **Buyer-driven Global Value Chain**

Garments is a “buyer-driven” global value chain unlike a producer-driven one, where profits come from scale, volume and technological advances. In the global garment value chain, profits come from combinations of research, design, marketing, and financial services that allow retailers, designers and marketers to act as a strategic link between factories in the global

south with their main consumer markets in the global north (Gereffi & Memedovic, 2003). The corporates that develop and sell brands thus have considerable control over how, when, and where manufacturing will take place, and how much profit accrues at each stage (Fernandez-Stark, Frederick and Gereffi, 2011). The main aim of the supply chain is to maximize and concentrate profit.



As the above figure will show if we divide the value along the supply chain, 99% of it is appropriated as profit share, with the retailer taking 50% of the total value, the brand taking another 25%. In cases where the brands are retailers themselves as H&M, Zara, Primark, GAP, etc, 75% of the total value is appropriated by them as profit. 13% of the total value is appropriated by the manufacturers, usually in the global south and 11% by transporters etc. The remaining 1% of the total value is the wage share. The inequality in profit sharing between the global north and south is also evident in this figure. 75% of the total value goes to the global north and 13% remains with the global south. This value extraction by the brands/ retailers in the global north is made from every level of the supply chain, starting with the production to the process of selling it. Thus this appropriation affects workers both in the production process and those engaged in selling these. This thereby makes it essential for workers and their organisations along the supply chain to build united struggles in order to expand the wage

share.

### ***Can we increase the share of wages without increasing price?***

Campaigns in the past and present have always focused on the misery of workers in the production of garments and hence have appealed to consumers, workers and non-workers, to not perpetuate this exploitation of garment workers in the supply chain and therefore to buy responsibly. Responsible buying has meant the expression of willingness of consumers to pay more for the same garment. This unfortunately, even if well-meant, cannot translate to changing the conditions at work either for those producing the garments or those selling these. This usually means an increase in the size of the cake, i.e. the value created, for the brands to make larger profits and at best may increase the wage share marginally. But, this never can alter the nature of the distribution of the profit as it does not even aim to change it. Thus, price increase cannot be a solution, given the extreme inequality of control over profit distribution along the supply chain. Neither wage nor conditions of work can change without changing this inequality.

### ***Can Auditing and CSR change this?***

Not possible. The reason is very simple. Audit is commissioned by the brands/ retailers, paid by them, and controlled by them. The audits are useful tools to fool consumers and make them feel less guilty about buying the products and often more willing to pay more. Thus audits legitimise the existing practices and help increase 'brand value' and hence higher profits. The same holds true for all CSR initiatives.

Further, audits inherently incorporate conflict of interest with the audit being paid for by the company commissioning it. There is no reason to believe that in a capitalist society, a company will invest its resources in an exercise that will not generate more profits. It would be eliminated as 'waste' if it did not generate higher profits.

### ***Shopfloor Unions as Negotiating agents***

To change this, new strategies must evolve that aim to change the inequity along the supply chain.

Wage share can change. Conditions of work can change. It can change by changing relations of control. And relations of control can change by building union power at every level along the supply chain. Unions can increase the wage share through struggle.

### ***Will this increase cost of production and lead to production relocation?***

Possible, but not necessarily true. Sourcing decisions of brands/ retailers are not merely decided by labour cost. It is more often decided through a detailed analysis of advantages, including of skills of workers, technological investment. This is clear from brand decisions to continue to produce in Bangalore with a higher minimum wage and not shift to Chennai with a lower minimum wage. Also internationally, this is evident from the decision of brands to continue to source from China and not shift to Bangladesh despite significant increase in the wage gap between China and Bangladesh.

### ***How will shopfloor unions reach Retailers/ brands?***

The understanding of solidarity that has existed within the trade union movement also needs to change.

Solidarity has to be a two-way street with garment workers in the global south standing up for the retail workers in the global north and the reverse.

As sourcing practice of brands determine the conditions of work and wages along the supply chain, it is critical to build negotiation strategies to change these practices. These negotiation strategies need to be coordinated along the supply chain. New links need to be built to connect workers. And these strategies need to be rooted in the workers where the change should happen.

The union and organisations/ platforms in the global north supporting unions in the global south have often replaced them as bargaining agents and negotiated for them. This has created a relation of unequal power between the unions in the north and in the south and in many cases even undermined the unions in the south. This too needs to change.

### ***ExChains Network of Garment and Retail workers***

The ExChains network is one initiative to bridge this gap and build solidarity both among garment workers and their unions in South Asia and with retail workers and their works councils and union in Germany.

In a series of meetings with Works Councils and with Ver.di, the union of the retail workers in Germany, the leadership of garment workers'

unions in India and Bangladesh developed a joint charter of demands for negotiation with the managements of H&M and Primark. This was the first concrete step towards building joint strategies of negotiation and organizing. The network aims to build a strategy of mutual support and solidarity along the supply chain based on shop floor actions and negotiations. This encompasses common demands, cross-border learning about organizing strategies as well as joint activities to support struggles of each other.

### **Policy News**

#### **Privatization of Air-India gets a final nod**

29 June 2017: The cabinet provided an in-principle approval for the disinvestment of the national carrier, Air India on 28 June 2017 based on the recommendation of the Niti Aayog. Earlier, in 2001, the Atal Bihari Vajpayee government had also attempted to privatize Air India.

7 unions of Air India Employees' sent a joint memorandum to the Civil Aviation ministry terming the decision 'arbitrary and unilateral' and warning the government of large scale protests. The unions are demanding a debt waiver of Rs. 30,000 crore. The debts they claim are more due to mismanagement of the airline and ministry's decisions to purchase 111 aircrafts and surrendering of profitable routes to private carriers.

The privatization will affect over 20,000 employees.

Air India remains India's biggest international carrier, flying to 41 destinations, and has just under a fifth of the market. Air India has 14.6% of the domestic air travel market.

#### **India ratifies two core conventions on Child labour:**

13 June 2017: India ratified ILO conventions on Minimum Age Convention, 1973 (C 138) and the Worst Forms of Child Labour Convention, 1999 (C 182) on International Day against Child Labour on 13 June 2017.

The Government of India amended the Child Labour (Prohibition and Regulation) Act, 1986 (which came into effect on 1 September 2016) prohibiting employment or work of children below 14 years in any occupation or process and also prohibiting the employment of adolescents (14 to 18 years) in hazardous occupations and processes. However, in this amendment the

government now allows children to be employed in family owned enterprises after school hours and during holidays. The new amendments also cuts down the list of employments categorized as hazardous jobs which implies that 15-18 year olds can now be employed in these jobs. In effect, the amendment now opens up the possibility of employment of children and adolescents in various home-based work.

### **Collective Bargaining**

#### **Bank unions plan strike on 22 August:**

28 June 2017: The United Forum of Bank Unions (UFBU) announced a strike on 22 August against the government decisions to merge and privatize banks, against the Financial Resolution and Deposit Insurance Bill, against all moves of the government to write-off corporate loans and against 15% GST on banking services. The UFBU further criticized the attempt of the government to pass on the burden of NPA on to customers in the form of service charges.

The Union is also demanding reimbursement of expenses incurred during the demonetisation and the Jan Dhan campaigns along with additional pay for working on holidays and for longer hours during demonetisation. Employees and officers had worked under lot of stress, endured a lot of difficulties, braved worker shortage, and taken up increased workload to meet the needs of demonetisation.

#### **BEST employees call off strike over unpaid wages:**

21 June 2017: A day after the BEST workers' union threatened to strike work from 23 June over unpaid salaries, the management of Brihanmumbai Electric Supply and Transport (BEST) paid 50% of May's salary to 42,000 employees on 20 June. The union has given the management until 22 June to pay the remaining salaries, or they would strike.

The BEST bus service caters to 30 lakh commuters every day. It has been facing one of its worst financial crises in years and has been unable to pay salaries to employees for May.

An industrial court had earlier directed BEST to pay all pending salaries of employees before 20 June 2017.

#### **Coal workers unions postpone nationwide strike for three months:**

18 June 2017: The central trade unions postponed their 3-day strike call for three

months after a meeting with the Union Minister for Labour and Coal India officials.

The coal unions had called for the strike opposing the merger of Coal Mines Provident Fund into Employees Provident Fund.

The Coal Secretary assured the unions that no decision has been taken and there is pending proposal regarding this merger.

It was also agreed that the pending issues on the full implementation of the National Coal Wage Agreement - IX, especially the clause of unfitness of coal workers, will be discussed in the Joint Bipartite Committee for Coal Industry.

And finally, the final decision on closure of some mines will be taken after discussions with trade unions of the subsidiaries of Coal India Ltd.

### ***Bengal tea workers go on 2 day strike:***

12 June 2017: The joint forum of trade unions called for a two-day strike from 12 June across 400 tea plantations in the districts of Darjeeling, Kalimpong, Jalpaiguri and Alipurduar of West Bengal demanding notification of wages under the Minimum Wages Act.

The state Labour Minister, Moley Ghatak, held two tripartite meetings to urge trade unions to call off the strike. The Chief Minister, Mamta Banerjee, threatened to declare the strike illegal.

### ***Central Trade Unions call for National Convention on 8 August at Talkatora Stadium***

1 June 2017: In a meeting on 30 May 2017, central trade union organisations decided to hold a national convention of workers at Talkatora Stadium on 8 August, followed by workers' conventions at block, tehsil and district levels.

The trade unions plan to hold a three-day dharna before Parliament during its winter session and call for nationwide industrial strikes by February.

The trade unions are opposing the introduction of foreign direct investment in the railways, defence and other strategic sectors, and demanding no unilateral amendments to labour laws.

## ***Discrimination***

### ***8 out of the 21 transgender employees of Kochi Metro quit in one week***

25 June 2017: Within a week of the inauguration of the Kochi metro, 8 out of the 21 transgender employees who were hired as a unique effort to

ensure regular jobs for them quit as they find it impossible to find housing in the city.

### ***General Motors' separation offer to Indian employees to close this week:***

12 June 2017: General Motors, which has decided to stop selling vehicles in the Indian market from the end of 2017, has given its 400 employees engaged in domestic sales and after sales activities less than a month to opt for a voluntary separation scheme (VSS) as it starts winding down operations in the country.

The company has offered a compensation of "45 days wage for every completed year of service or part thereof in excess of six months" in normal cases. For those nearing retirement, GM has offered "monthly salary multiplied by the remaining months of service till normal age of retirement".

In case of the Halol plant, GM has increased the VRS offer to workers to 100 days of wage for every year of completed service from 40 days offered earlier.

## ***Legal News***

### ***Meghalaya govt announces hike in wages:***

1 June 2017: The Meghalaya government revised the state minimum wages on 29 May 2017 with effect from 1 April 2017. The revised daily wages are Rs. 189 for unskilled workers, Rs. 201 for semi-skilled workers, Rs 212 for skilled workers and Rs 235 for highly-skilled workers.

## ***Health and Safety***

### ***ESI scheme for Nagaland:***

30 June 2017: A press note by the ESIC, Nagaland stated that ESIC would extend its coverage to unorganized sectors and it will provide primary health services by empanelling private clinics and nursing homes. Every such empanelled clinic would be given a list of likely insured persons covered under ESIC and would be paid Rs.300 per Insured Person per annum as a package remuneration.

Its scope of service and modalities of operation include: The private clinics/nursing homes shall be selected for each location in Nagaland. The private clinics/ nursing homes shall be responsible for providing inter alia the following services:

- OPD services for six days in a week between 9 am to 4 pm;
- Provide essential laboratory services;

- Medicines will be provided by ESIC for which a separate procedure would be put in place;

The ESIC will identify the location and would be intimated once the area is notified for implementation.

### **Health and Safety watch**

**Two workers killed in ordnance factory explosion near Pune:** Two workers Ashok Dubal (52) and Maria Rock (48) were killed in an explosion at the Khadki Ammunition Factory in Pune on 15 June.

The explosion occurred around 9:15 a.m. in the F2 section of the factory, where explosive fuses used for initiating secondary explosives are manufactured, while shifting the explosives according to the official release issued by the Defence PRO.

Authorities at the Ordnance Factory said that an inquiry team would be constituted to probe whether the blast was a result of human error or technical malfunction and also whether standard operating procedures (SOPs) were followed by the deceased, said authorities.

**India firecracker factory blast toll hits 25:** The death toll from an explosion at a firecracker factory on 8 June 2017 in Balaghat district of the Madhya Pradesh rose to 25.

Authorities are investigating the cause of the incident and have charged the factory owner with criminal negligence.

**Worker dies at Chennai Silks site:** Sarath Kumar, 22, of Krishnagiri was crushed to death and Govindan, 25, sustained serious injuries while clearing the debris at the Chennai Silks building in T Nagar, Chennai that got gutted 10 days ago.

Police claim that a crater had formed among the debris and posed a huge risk to those involved in the demolition.

### **In and Around**

**Nurses in Kerala demand revision of minimum wages**

**18 June 2017:** Nurses of private hospitals under the banner of the United Nurses Association (UNA) and the Indian Nurses Association (INA), across Kerala had called for an indefinite strike demanding revision and implementation of minimum wages.

On 2016, the Supreme Court, based on the recommendations of the Balaraman and Veerakumar committees, had directed all privately owned hospitals with more than 50 bed capacity for implementation of the minimum wages.

The unions are demanding a minimum wage of at least Rs. 18,000, while the hospitals are not willing to pay more than Rs. 12,000.

### **News from Around the World**

**Nationwide protests in Brazil; Workers Strike against labour reform:**

**30 June 2017:** A general strike on 30 June protesting against President Michel Temer's proposal to loosen labour rules and trim pension benefits brought the country to a standstill. In Sao Paulo, protesters blocked some of the city's main roads and highways and hindered access to Guarulhos Airport, the biggest in the country. Thousands marched toward the city hall. Access to Rio de Janeiro's downtown was blocked lines of strikers and rows of burning tires. Protesters in Rio massed in front of the Guanabara Palace, the seat of the Rio state government. The strike also affected other big cities, including Porto Alegre, Belo Horizonte and the capital, Brasilia. Temer's work rule proposal before Congress would make it easier for employers to hire temporary workers and pay fewer benefits.

**Bangladesh Accord on Fire and Building Safety extended for 3 more years:**

**Amsterdam, 29 June 2017:** In a meeting in Amsterdam of the steering Committee for the Accord on Fire and Building Safety in Bangladesh, global garment brands have agreed to continue with the Accord for another 3 years. The initial signatories to this agreement are Kmart Australia, Target Australia, Primark, Helly Hansen, H&M, Inditex (Zara), C&A, Otto, KiK, Aldi South, Aldi North, Lidl, Tchibo and LC Waikiki. Further, eight brands: Esprit, Hüren, Bestseller, Wibra, Schmidt Group, N Brown Group, PVH, Specialty Fashion Group Australia have committed to sign. The current Accord will expire in May 2018.

The new Accord will be a continuation of the Accord that first came into effect in 2013.

**US withdraws from the Paris Climate Agreement**

**12 June 2017:** US refused to sign on to a G-7 pledge that calls the Paris climate accord the

“irreversible” global tool to address climate change.

The 2015 Paris agreement aims to prevent the Earth from heating up by any more than 3.6 degrees since the start of the industrial age. Since the world has already warmed about 2 degrees, the accord aims to ensure the threshold is not breached, with each nation setting goals to curb heat-trapping emissions.

President Donald Trump announced the U.S. was withdrawing from the Paris accord earlier in the month, framing it as a “reassertion of America’s sovereignty.”

### **Retail workers in H&M Chile strike for higher wages:**

**2 June 2017:** About 65% of workers joined a mass strike by Chilean workers at H&M demanding higher wages has completely disrupted the operation of the Swedish retail giant’s stores in Chile.

Chilean stores command some of H&M’s highest sales and revenue at the global level. The negotiations between H&M and its employees began on 4 April, when the union presented its collective charter of demand. The company responded 10 days later and since then began further negotiations, which have not produced any agreement, leading to strikes and protests from the workers.

### **Corporate Watch**

#### **43 outlets of McDonald’s shut down in Delhi, 1700 lose jobs**

**India:** In a major setback for McDonald’s Corp, 43 of its 55 outlets in Delhi have been shut down from 29 June 2017 as their operating licences expired. The move will reportedly result in 1,700 people losing their jobs.

Connaught Plaza Restaurants Private Ltd or CPRL, the fast-food chain’s licensee in north and east India, which operates 168 McDonald’s restaurants, is a 50:50 joint venture between Vikram Bakshi and McDonald’s. Bakshi was dramatically ousted as managing director of CPRL in 2013 and has since been embroiled in a protracted legal battle with McDonald’s. The fast-food giant is pursuing arbitration against Bakshi in the London Court of International Arbitration.

**US:** The Trump administration withdrew the Obama-era legal interpretations written by the Department of Labor in 2015, that stated that

workers should be considered employees of a company if they are “economically dependent” on it — a definition that would include the independent contractors that power the gig economy, e.g., from McDonalds cooks to Uber drivers.

After announcing their withdrawal, on 7 June, the Labor Department removed the text of each guidance from its website. When the Obama Labor Department first released the new definition of employees, it was seen as an attempt to rein in the trend towards classifying workers as independent contractors — a practice popular among startups like Uber, Lyft, Instacart and Postmates.

**New Zealand:** The Unite Union signed a collective bargaining agreement for 10 McDonald’s outlets. The terms of the agreement include:

- A ratification payment of \$300 for all workers working an average of 30 hours or more and \$200 for all others.
- Pay increases of the minimum wage (50 cents) plus 10 cents each year for three years. This is the first time the start rate in the fast food industry has been above the minimum wage.
- 100% guaranteed “agreed hours” each week every week. This will remain unchanged, except by mutual agreement. Any hours allocated above the agreed hours’ number can be refused.
- An alternative holiday if you work three out five of the previous public holiday days.
- Improved annual leave calculations. Currently, leave is calculated in hours, which means that workers miss out on paid leave. According to the new agreement, leave will be calculated in week.
- Parental leave improvements in the law made clear in the agreement.
- Two-week notice of termination to be required.
- A system to be developed for elected health and safety representatives in all stores.