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*Garment Worker Rights and Corporate Social Responsibility*

On behalf of the Solidarity Center, I want to thank you for the invitation to testify before this important committee and discuss issues facing the world's garment workers. The Solidarity Center is the largest U.S.-based non-governmental organization (NGO) that promotes and protects worker rights globally, with programs in more than 60 countries. For the last five years, we have worked hand-in-hand with workers in the export garment sector in 15 countries, including Bangladesh, Cambodia, Dominican Republic, Guatemala, Haiti, Honduras, Peru, Sri Lanka and Swaziland. We mentor and train garment workers, provide support for their union organizers and help them understand their rights under law so they can receive their due wages and work in safe factories under fair and dignified conditions—which, shamefully, is so often not the case.

We appreciate the Committee's continued focus on the treatment of garment workers and the assault on their rights, and your efforts to address the inequality engendered by a global sector that exploits rather than respects workers.

In general, the global economy is unregulated, and global trade arrangements only reinforce this situation. This is true not only for the garment industry but also other key sectors, including agriculture, as a recent *Los Angeles Times* exposé on the export farms in Mexico demonstrates.<sup>1</sup> This system encourages global corporations to operate or source from countries where wages are low, laws to protect human rights are few or unenforced, and workers are impoverished and vulnerable. It pits workers with little access to justice against well-resourced multinational companies with full access to government, perpetuating an extreme imbalance of power.

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<sup>1</sup> *Los Angeles Times*, "Product of Mexico," a four-part series on Mexico's mega-farms and the harsh conditions and exploitation endured by workers who supply produce for American consumers. December 7–14, 2014. <http://graphics.latimes.com/product-of-mexico-camps/>

We see the same brands in factories globally. And we see the drive for the lowest cost to create the highest profit margin at the heart of worker and human rights abuses in those factories.

We appreciate the Senate's concern for garment workers and its focus on the Rana Plaza building collapse of April 2013. Sadly, and despite this preventable and tragic incident, Bangladesh garment workers still take their lives into their hands when they head for the factory. According to our Dhaka office, in the last two-and-a-half years, there have been at least 80 incidents of fire, collapse or explosions in Bangladeshi garment factories, injuring at least 900 workers and killing more than 30 people. In 2015 alone, there were eight incidents, with 64 corresponding injuries and 20 deaths.

Unfortunately the horrifying working conditions that led to the Rana Plaza collapse and the deadly Tazreen Fashions fire just six months prior, are not unique to Bangladesh. In developing countries around the world, we see building codes go unenforced, and health and safety standards ignored. Workers are locked into factories where stairwells are blocked and fire exits are non-existent. They are exposed to toxic chemicals without benefit of protective equipment or proper ventilation. Some face forced-labor conditions, where they do not receive even their full poverty-level wages or overtime pay. And, in an industry dominated by a female workforce, gender-based violence is the norm.

Indeed, Senators, standard operating practice in the global garment sector generally hinges on violation of basic international human rights standards and principles. We see this as an abdication of responsibility—on the part of government to protect the rights of its citizens, and of companies to respect these rights. Even when local law does not explicitly offer protection, international human rights standards established through United Nations charters and the International Labor Organization do. And a host of governments that fail to stand up for their citizens are signatories to UN conventions on rights, just as most multinationals with lofty corporate social responsibility (CSR) statements are domiciled in nations with strong legal human rights frameworks.

To build on testimony you have just heard, I would like to do three specific things:

1. Provide concrete examples from the work of the Solidarity Center that underscores the ineffectiveness of traditional CSR and social audit compliance “programs” to improve standards, including at Canadian companies
2. Offer suggestions for ways the Canadian government can defend the rights of workers
3. Provide ideas on what the apparel industry can do to be better corporate citizens

We know from experience that the best protection for workers is the workers themselves. They know when their workplace is a death trap. They understand that

women should not be fired for pregnancy. They see children working on the factory floor. They understand that the chemicals they are using are making them sick. No amount of legally unenforceable, nicely worded social-responsibility promises is ever going to resolve the abuses perpetuated on a vulnerable, pliant workforce. Rather, workers' ability to organize and collectively raise concerns to management because they have the strength of a union is the only realistic approach to ensuring that they know and can exercise their rights. Without a union, individuals who complain can be threatened, fired or even killed into silence. Together, they are a force for improvement.

CSR schemes have a dismal, decades-long track record of failure to improve or guarantee the rights of working women and men. Indeed, according to a recent report by the American Federation of Labor-Congress of Industrial Organizations (AFL-CIO), the CSR model is frequently used to undermine workers' ability to organize unions and bargain collectively.<sup>2</sup> Even worse, the CSR industry and the factory audits it has engendered have put workers' lives at risk rather than contribute to improving working conditions. For example, the 2012 fire at Ali Enterprises in Pakistan, which killed nearly 300 people, occurred at a garment factory certified safe by an industry monitoring group only weeks before. At the time of the fire, the windows were barred and only one exit was unlocked.<sup>3</sup>

In Bangladesh, where the Solidarity Center supports dozens of union organizers working with about 60,000 garment workers each year, I can tell you that the lessons from Rana Plaza and other deadly workplace incidents have not been learned.

Instead of embracing worker contributions to wage discussions and on-site monitoring of working conditions, factories have engaged in a massive pushback against young, mostly women, workers when they speak out. The number of union organizers subjected to harassment, threats and physical and sexual violence by their employers is on the increase. At the same time, the Bangladesh government, which claimed a newfound commitment to supporting workers' right to organize following Rana Plaza, has begun to reject new registrations at an impressive clip.

The brands sourcing from here are virtually silent on this.

### **Gildan in the Caribbean Basin**

To offer a Canadian apparel-sector example, Gildan operates in some of the poorest countries in this hemisphere: the Dominican Republic, Haiti and Honduras. Despite its corporate social responsibility program, it has a history of union busting,

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<sup>2</sup> AFL-CIO, "Responsibility Outsourced: Social Audits, Workplace Certification and Twenty Years of Failure to Protect Worker Rights," April 23, 2013, page 4.

<http://www.aflcio.org/content/download/77061/1902391/CSReport.pdf>

<sup>3</sup> *New York Times*, "Inspectors Certified Pakistani Factory as Safe before Disaster," September 19, 2012. [http://www.nytimes.com/2012/09/20/world/asia/pakistan-factory-passed-inspection-before-fire.html?\\_r=0](http://www.nytimes.com/2012/09/20/world/asia/pakistan-factory-passed-inspection-before-fire.html?_r=0)

extreme low wages and hardball tactics with workers simply trying to make a living wage. Indeed, and like many multinationals producing goods in poor countries, it's usually negative PR that brings the company to the table and makes it listen to its workers. And the gains for which workers must so strenuously fight in one factory do not tend to be replicated in other factories.

In our experience, Gildan eventually does the right thing, but not because of its CSR program and certainly not across its supply chain.<sup>4</sup> As recently as 2013 and 2014, Gildan factories fired as many as 45 workers who had been trying to form unions in Honduran factories. But in the last week of May this year, Honduran garment workers formed unions and legally registered their organizations for the first time at three Gildan factories. Gildan has recently surpassed Fruit of the Loom as the biggest private employer in Honduras, with 9,000 workers at the newly organized factories alone, 60 percent of whom are women.

In Haiti, the garment industry is Haiti's largest source of formal jobs. It also is rife with labor rights abuses, including forced overtime and endemic wage theft, health and safety abuses, sexual harassment and retaliation from employers for union organizing. An important report, "Stealing from the Poor: Wage Theft in the Haitian Apparel Industry,"<sup>5</sup> exposed the truth that virtually no Haitian garment worker made minimum wage. Despite years of complaints by workers, it took this major exposé to pressure major brands, including Gildan, into finally starting to make local factories pay the legal wage—which, of course, is by no means a living wage.<sup>6</sup>

The Senate and this committee have an opportunity right now to encourage Gildan to continue to recognize and commit local managers to recognizing the legitimate rights of these workers to form unions and bargain contracts.

I have many other examples of very profitable companies doing the wrong thing when it comes to their workers—closing factories to break unions, denying fired workers severance pay, physically abusing workers who make mistakes, ignoring legal decisions that came down on the side of workers—in spite of their codes of conduct and CSR committees. I would be happy to provide them to this Committee.

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<sup>4</sup> *The Globe and Mail*, "Gildan Workers in Haiti, Honduras Complain of Harassment, Pay too Meagre to Live On," November 27, 2014. <http://www.theglobeandmail.com/report-on-business/rob-magazine/do-you-know-where-your-t-shirt-came-from/article21818609/>

<sup>5</sup> Worker Rights Consortium, "Stealing from the Poor: Wage Theft in the Haitian Apparel Industry," October 15, 2013. <http://www.workersrights.org/freports/WRC%20Haiti%20Minimum%20Wage%20Report%2010%2015%2013.pdf>

<sup>6</sup> Solidarity Center, "The High Cost of Low Wages: Living Wage Estimate for Export Apparel Workers," May 2014. <http://www.solidaritycenter.org/wp-content/uploads/2014/11/Haiti.Living-Wage-Study-FINAL-updated.3-11-15.pdf>

### **What can Canadian and other governments do?**

Governments should recognize the global economic house of cards being built by the drive for low wages and even lower working standards, and organize diplomacy to stem the race to bottom. Governments have important tools to improve human rights conditions for workers, including trade arrangements and legal requirements for accountability in supply chains.

Trade agreements and trade preference programs can and should condition benefits on better conditions for workers and adherence to international standards. This is generally not the case, in either the United States or Canada, where agreements like the Trans-Pacific Partnership and especially Canada's General Preferential Tariff (GPT) program divorce human rights from trade. These agreements should require worker protections, including a grievance/complaint mechanism. Here's why:

A 2014 Solidarity Center survey of Swazi garment workers in the textile sector revealed many were subject to harsh and sometimes abusive conditions, the country's labor laws were routinely violated by employers and union activists were targeted by employers for punishment. The vast majority of the 400 respondents—94 percent—were women. More than 70 percent of survey respondents reported witnessing verbal and physical abuse in their workplace by supervisors.

In June 2014, the U.S. government suspended trade benefits to Swaziland under the preference program known as the African Growth and Opportunity Act (AGOA). This is another GSP-like preference program that has some basic attention to worker rights. This led to global focus on Swaziland and its appalling worker and human rights conditions.

One year earlier, in June 2013, the United States suspended its GSP agreement with Bangladesh. Tazreen and Rana Plaza were the last straw. This triggered a massive focus by the U.S. government in its diplomacy with Bangladesh that, along with the Accord on Fire and Building Safety, has created space for hundreds of workers to find their voice.

Governments can require supply chain transparency reporting requirements. The claim that companies, which consistently track quality, cannot track their products defies reason.

### **What can Canadian brands and other companies do?**

We work in Cambodia, and our programs in garment reach thousands of garment workers per year. In January of last year, legendary low wages and extreme working conditions led to a massive protest by activists and independent unions. What followed was a terrible government crackdown that led to several deaths and detentions. In this case, the brands said they would provide some of their profit to help factories pay higher wages. A group of big-name brands even wrote to the

government decrying the crackdown and calling on the government to respect workers' rights to freedom of association and collective bargaining

*Still, the most important thing Canadian and other companies/brands can do is to progress beyond failed and unaccountable CSR schemes and support the human rights of their workers.*

Very often brands choose to invest and source in countries with very little capacity (Honduras) and/or political will (Bangladesh) to monitor and enforce workplace standards and labor laws. The UN Guiding Principles on Business and Human Rights recognizes that businesses do in fact impact human rights and includes a commitment not to weaken existing legal standards with governments. Canadian companies could take the lead and not bargain with governments for weaker laws and protections as investors.

The truth is, when it comes to improving standards for workers at the workplace there is really no substitute for **the right of workers to freely associate and bargain over their wages and working conditions with employers**. As Human Rights Watch said in a 2013 report: "The world's dearth of binding human rights rules for companies has consequences."<sup>7</sup> And unfortunately, those consequences are felt by the very vulnerable—the global garment worker in some of the most impoverished countries.

This Committee and your government have a real opportunity to perpetuate and enforce change, and be real leaders for the rest of the world. I am happy to continue the conversation and to connect you with the workers we so admire and whom I am able to represent today.

Thanks for the opportunity to speak today, I look forward to questions.

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<sup>7</sup> Human Rights Watch, "Without Rules: A Failed Approach to Corporate Social Accountability," January 1, 2103. [http://www.hrw.org/sites/default/files/related\\_material/business.pdf](http://www.hrw.org/sites/default/files/related_material/business.pdf)