

**Policy Options to Improve Standards
for Women Garment Workers
in Canada and Internationally**

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Maquila Solidarity Network (Canada)

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DEDICATION

This research draws heavily on the pioneering work of Amanda Ocran, who researched and wrote about the situation of homeworkers in British Columbia. Amanda died in July 1998, after a long battle with breast cancer. We hope this work in a modest way contributes to furthering her efforts to make visible the problems faced by homeworkers in Canada and to improve their conditions.

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EXECUTIVE SUMMARY

The globalized garment industry of the 1990s is continents wide and layers deep. Globalization and trade liberalization policies have caused profound changes not only in the international division and global organization of labour, but also in how, by whom and under what conditions our clothes are made in Canada and other countries.

The phasing out of Multi-Fibre Agreement quotas by the year 2005 and the elimination of all tariffs between Canada, the US and Mexico under NAFTA by 2003 will only accelerate these global processes. Although there is considerable debate about the specific impact of trade liberalization in the garment sector on particular countries in the South, there is general agreement that competitive pressures will increase on countries, manufacturers and workers to increase productivity and/or the speed of production, and to lower labour costs.

The consequences for the women who sew our clothes — the young women migrating from rural areas to export processing zones and maquiladora regions in the South, the immigrant women of colour recruited to a subcontract, home-based underground economy in the North — are precarious, virtually unregulated employment; intensive labour and excessive hours of work; inadequate wages and few legally required benefits; discrimination on the basis of gender, race and place of origin; and limited opportunities to organize and improve their situation.

In our paper, we look at a variety of possible responses to the deterioration of standards and labour practices in the garment industry caused by globalization, trade liberalization, restructuring and deregulation. These include:

- reforms to provincial Employment Standards legislation to make it possible to regulate the semi-clandestine sub-contract system of production in Canada's restructured garment industry, including joint and several liability to make retailers and manufacturers liable for the labour rights violations of their contractors, the right to make anonymous and third party complaints, and a central registry for homeworkers;
- alternative models of broader-based bargaining to allow homeworkers and contract shop employees in Canada to share some of the benefits of collective bargaining;
- company and multi-company voluntary codes of conduct involving civil society participation in the monitoring and certification of manufacturing facilities around the world;
- increased access to information for citizens and consumers on where our clothes are made and under what conditions, and on governmental support for overseas investment in

garment manufacture; and

- federal government policies to encourage adherence to ILO and UN charters and domestic legislation, including preferential tariffs tied to development pacts, procurement policies giving preference to apparel produced in compliance with ILO standards, the exceptional use of product bans, labour rights criteria for government support for overseas investment, development assistance for Southern civil society groups involved in training on labour rights and gender issues and monitoring of labour practices in export processing zones.

We conclude that none of these responses are sufficient in themselves. Challenging sweatshop practices in the complex and many layered garment industry of the 1990s, requires a multi-layered strategy that addresses domestic legislative and enforcement issues, trade and foreign policy options, voluntary mechanisms to promote international standards, the need for increased citizen/consumer access to information, and the need for new organizing strategies.

In the final chapter we review the issues and policy options discussed in previous chapters and look at how policy proposals concerning domestic and off-shore labour practices and citizen/consumer access to information are interrelated. We evaluate the merits of the various policy options and attempt to prioritize reform proposals relevant to particular forums and jurisdictions, based on their possible benefits for garment workers and their potential for generating public support, achieving government and industry action, and opening doors to further reforms.

In our paper, we give particular attention to the ongoing debate about the merits of voluntary codes of conduct. Rather than viewing voluntary codes as an alternative to government regulation or as a tool of privatization and deregulation, we examine how voluntary codes, along with independent monitoring and certification systems, could interact with, complement and reinforce government regulation and foreign policy tools. We conclude that government policies to promote adherence to ILO and UN charters — such as procurement policies, preferential tariffs and development pacts — could all be strengthened by the existence of a multi-company or industry-wide code of conduct with provisions for independent monitoring and certification of manufacturers.

We also note that the federal government could facilitate private sector/civil society discussions on possible solutions to sweatshop abuses, by responding positively to the call for a federal task on sweatshops. While the initial focus of a task force might be on the negotiation of an industry-wide or multi-company voluntary code of conduct with provisions for independent monitoring, certification and labelling, consensus could also be sought on proposals for government action that would complement and reinforce a voluntary code.

Lastly, we pose a crucial question that requires further attention, and which is not explored in this paper: To what degree are the federal and provincial governments, the women's movement, religious organizations, NGOs and trade unions in the garment sector and in the broader labour movement prepared to make the problems, issues and needs of women garment

workers a priority, whether they work in overseas export processing zones or sweatshops here in Canada? Without the concerted support of all of these sectors, women working under sweatshop conditions will not be able to take action individually and collectively to improve their situation.

Introduction

Struggle is an essential part of development. Injustice has to be effectively fought. When a policeman beats and kicks a helpless vegetable vendor, he has to be opposed. When a contractor makes a garment stitcher labour for many hours and pays a pittance, struggle has to be launched against him. The government has to be pressured to include garment stitching in the schedule of the Minimum Wages Act. The ILO has to recognize the home-based workers as “workers,” and pass a Convention for their protection. In order to be effective, struggle has to be carried out on all levels.

— Ela Bhatt, past General Secretary
Self-Employed Women's Association, India¹

This paper examines policy options currently under discussion to challenge sweatshop abuses in the garment industry in Canada and overseas. Those of us involved in the research and writing of this paper have been active in coalition efforts to expose the increasing incidence of worker rights abuses in the global garment industry and promote improved conditions for garment workers in Canada and other countries. Working in coalition has exposed us to a variety of rich experiences of people working at different levels and with different constituencies in support of garment workers' rights. It has also convinced us of the need to bring together the experiences and policy proposals generated at the local, provincial, national, and international levels.

Our Focus and Methodology

One question has framed our investigation over the last months: Given the current context of globalization and restructuring, what convergence of employment standards, access to information, and trade policy proposals could challenge the deterioration of standards and working conditions for women garment workers domestically and off-shore, and strengthen women's capacity to improve their situation, without jeopardizing employment in Canada or in other countries?

This study is based on interviews and discussions carried out with union activists, government officials, community worker advocates, researchers, and policy analysts in Canada, the United States, the United Kingdom, Europe, Australia, Asia, Latin America, and South Africa. It also draws upon research, analysis, and policy work previously carried out in the different regions of Canada where garment production is currently concentrated, as well as in other countries.

Given the globalized nature of the economy, and the garment industry in particular, we feel it is essential that policy proposals developed in Canada take into account the experiences and proposals of counterparts in other parts of the world, as well as at the international level. We

are convinced that overseas and domestic policies addressing labour rights abuses in the garment industry are interconnected and must be seen as part of a coherent policy framework. We believe that policy proposals should be evaluated on the basis of not only their local, provincial, or national impact, but also in terms of their consequences for workers, communities, and societies in other parts of the world.

We have therefore engaged worker and community organizers and labour rights advocates in both the North and South in a process of comparing and assessing various policy options to re-regulate the garment industry and improve labour practices for women garment workers. Through that process, we have developed a set of policy proposals and options. We hope this study will help advance strategic thinking on how to reverse the present trend toward labour market inequality.

A Content Summary

Chapter 1 provides an overview of recent trends in the garment industry in Canada and globally that are encouraging the deterioration of wages and working conditions for women garment workers around the world. We begin by describing the lives of women who labour behind the label in Canada, Asia, and Latin America. These composite stories are based on research and testimonies from a number of studies and interviews carried out in the past few years. We then attempt to show how the various pieces of the puzzle that make up the globalized garment industry fit together.

We have chosen to focus on the situation of women workers in large contract factories overseas and that of homeworkers and women employed by subcontractors overseas and in Canada. These are the women who work in the sweatshops of the 1990s, where violations of international standards and local labour legislation are becoming the norm, where isolation and marginalization are most extreme and organizing is most difficult, and where the division of labour based on gender, race and ethnicity, migration and immigration/refugee status is most blatant.

We have also chosen to focus much of our attention on labour practices in overseas export processing zones and maquiladora factories, despite the fact that a great deal of production of garments for export and domestic consumption continues to take place in factories outside of export processing zones, and that much of that production is done by local manufacturers rather than foreign investors. We have chosen to do so because of the specific terms of investment in the zones and maquila factories that often allow foreign companies to ignore domestic labour legislation and international labour and human rights standards. These legal or informal exemptions from national labour legislation and international labour standards in export processing zones threaten to have a downward effect on the working conditions of garment workers worldwide. As well, export processing zones provide concrete examples of the impact of trade liberalization and deregulation policies on Southern garment workers. More

research is needed comparing conditions and practices in export processing zones with those in domestic- and foreign-owned factories outside these free trade enclaves.

In chapter 2, we examine and compare policy options to challenge the increasing incidence of sweatshop practices in Canada's restructured garment industry. We focus our attention on the growing problem of labour rights abuses against immigrant women sewing apparel in small contract shops and on a contract basis in their own homes. The policy options we examine represent attempts to re-regulate a growing segment of the industry in which (due to the semi-clandestine nature of production) enforcement of existing employment standards legislation is becoming extremely difficult if not impossible. We give particular attention to a coherent package of proposals developed by a loose grouping of Toronto union organizers, academics, and community activists working closely with an association of homeworkers.

Despite enormous pressures on government to deregulate industry to attract and keep investment, and despite the tendency of many governments to use globalization as an excuse for failing to implement and enforce labour and environmental legislation, we believe government has a critical role to play in addressing labour violations and sweatshop abuses. This chapter explores how governments can better protect the rights of garment workers and represent the interests of society in making apparel companies accountable for their production labour practices.

In chapter 2, we also look at policy options to create new possibilities for contract shop employees and homeworkers to organize and gain some of the benefits of collective bargaining. On this issue, we must acknowledge our bias in favour of union representation as a means for workers to put forward their own demands and improve their situation. This bias in favour of union representation is however accompanied by a critique of the current practice of most Canadian unions in giving higher priority to the interests of already organized core workers and far less attention to the needs of the growing sector of unorganized, non-standard workers.

With this in mind, we examine and evaluate proposals for and experiences with different forms of broader-based bargaining that would allow non-standard workers, such as homeworkers and contract shop employees, to organize and gain some of the benefits available to core workers through traditional collective bargaining. These proposals and experiences include the Quebec decree system, proposals put forward in Ontario for broader-based bargaining by subsector or along chains of production, the Baigent/Ready proposal for sectoral certification in British Columbia, and a voluntary code of conduct being promoted in Australia to extend and reinforce that country's system of sectoral awards.

In chapter 3, we discuss and assess the use of voluntary codes of conduct as a tool to promote corporate accountability for overseas and domestic labour practices. In an era in which trade agreements are limiting national sovereignty and codifying the rights of transnational corporations, voluntary codes of conduct are being promoted as an alternative to government

regulation. At the same time, codes of conduct are also being used by citizens' groups to hold apparel companies accountable for the labour practices of their contractors and to demand independent monitoring. As well, some national governments are facilitating the negotiation of multi-company and industry-wide codes of conduct and global monitoring systems.

In chapter 4, we examine government policy options to challenge sweatshop practices internationally. We begin by briefly describing the current and potential impact of regional and international trade agreements and trade liberalization policies on the garment industry in Canada and countries in the South. We then assess the viability of various policy options open to the Canadian government in the context of these regional and international trade agreements. These policy options include preferential tariffs rewarding compliance with International Labour Organization (ILO) labour rights and standards, development pacts tied to preferential tariffs, government procurement policies, product bans, labour rights criteria for the granting of government financing or subsidies to overseas investors, and development assistance in support of labour and gender rights training and capacity building for Southern participation in monitoring of labour practices. Rather than entering the debate about voluntary codes of conduct versus government action, we instead look at how voluntary codes and government policy might interact and reinforce each other.

Citizens' groups are playing an increasingly important role in pressuring apparel retailers and manufacturers to take responsibility for the conditions under which their products are made. In chapter 5, we look at some of the obstacles citizens and consumers face in obtaining information on production practices and labour rights abuses in the apparel industry, as well as on government financing and subsidies for overseas investors. We then examine and assess policy options to make this information more readily available.

In chapter 6, we review the issues and policy options discussed in earlier chapters, and look at how policy proposals concerning domestic and off-shore labour practices and citizen/consumer access to information are interrelated. We then evaluate the merits of the various policy options and attempt to prioritize reform proposals relevant to particular forums and jurisdictions, based on their possible benefits for garment workers and their potential for generating public support and achieving government and industry action.

We have provided an extensive bibliography organized by theme for those who want to explore these issues further.

Future Challenges

During our investigation, we were surprised at the lack of coordination of policy work and strategic thinking between groups and individuals focusing on issues related to domestic apparel production and their counterparts working on issues concerning overseas apparel production. We hope this study will provide a better understanding of the interconnections

between overseas and domestic issues, and help to encourage consultation and coordination between those working on domestic and overseas policy areas.

In doing our research, we also discovered that important areas of primary research are currently being neglected. For example, there is currently very little reliable statistical information on homework and contract shop production in Canada's apparel industry. As well, little research has been done linking Canadian retailers and the labour practices of their contractors and subcontractors in Canada and overseas. We feel strongly that more support needs to be given to primary research on homework and contract shop production in Canada, and on contract production for Canadian retailers in export processing zones and subcontract factories overseas.

Ultimately, the elimination of labour rights abuses in the garment industry will depend on the ability of the women who labour behind the label to organize themselves and put forward their own proposals for change. With that in mind, we have tried to include in this study some of the voices and organizing experiences of women garment workers. However, the impact of globalization and restructuring on garment workers, and particularly on Third World women and immigrant women of colour, means that they will need the active support of government, international institutions, and the solidarity of a broad coalition of social movement organizations and networks to help them achieve their goals.

Despite the fact that governments continue to argue that companies can regulate themselves through voluntary codes of conduct, this study starts from the assumption that the Canadian government has a critical role and responsibility to work in cooperation with retailers, manufacturers and contractors, unions, and consumers to challenge the growth of sweatshop conditions both in Canada and in the countries from which we import an increasing proportion of the clothes sold in Canada.

The federal government is currently being called on to convene a federal task force to look at possible remedies to the growing problem of sweatshop abuses in the garment and footwear industries. The government could take this opportunity to initiate a multi-stakeholder process to attempt to achieve private sector/civil society consensus on voluntary as well as governmental mechanisms to address the problem. We hope the recommendations made in this document will assist such a process by providing examples of how government action could complement and reinforce civil society/private sector initiatives to eliminate sweatshop abuses and promote respect for garment workers' rights in Canada and globally.

We urge the Canadian government to consider these proposals seriously and respond to growing public concern about the spread of sweatshop abuses in the globalized garment industry by adopting policies and taking action to promote improved labour practices at home and abroad.

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Endnotes

¹ *Growing from the Grassroots*, Report of the HomeNet Planning Workshop, Ahmedabad, India (October 1996).

CHAPTER 1

The Labour Behind the Label: How Our Clothes Are Made¹

The Women Behind the Labels

Toronto, Canada

Susan is a homemaker.² She sews pre-cut pieces of cloth into finished garments in her home on an industrial sewing machine she had to purchase herself. Like most homeworkers, Susan sews clothes for a number of major Canadian retailers and labels, but she has never met anyone from the companies whose brand name garments she sews.

Susan is paid on a piece rate basis by a subcontractor, but she isn't paid for the two hours it takes to travel by subway and bus to pick up the pre-cut pieces and return the finished product by a specified time. Although the subcontractor speaks Susan's first language, Cantonese, he doesn't tell her the piece rate. She never knows how much she is being paid until she receives her paycheque. Often her cheque is late; sometimes it bounces.

Susan is a skilled sewer, but when she compares the piece rate she is paid and the hours she works, she calculates that she is only receiving \$4.50 an hour, 65 percent of the legal minimum wage. In Ontario, homeworkers like Susan are legally entitled to 10 percent above the minimum wage, to compensate for their overhead costs. No matter how many hours she works, Susan does not receive overtime pay. Nor does she get the statutory holiday or vacation pay to which she is also legally entitled. Her employment is insecure; she only receives work when the contractors need her. When she does get work, it must be done right away, so she has to work quickly and without stop for long hours. During busy periods, she works as many as 75 hours a week.

When she is out of work, Susan doesn't receive Employment Insurance. Her employer considers her an independent contractor and doesn't make contributions to Employment Insurance or to the Canada Pension Plan.

When Susan first began working as a homemaker, she thought she wasn't entitled to the minimum wage because she was being paid by the piece. She didn't think the piece rates were fair, but she didn't know there was anything she could do about it. She needed the work, so she took the rate. Then Susan participated in a workshop on homeworkers' rights sponsored by the Toronto Homeworkers' Association.³ She learned that she was covered by minimum wage laws and other provisions of the *Employment Standards Act*, such as overtime and vacation pay. However, she is reluctant to make a formal complaint because she knows that if she does, her present contractor will probably stop giving her work. In addition, she worries she won't

get new contracts once other contractors hear that she has complained.

Like most homeworkers, Susan would prefer to work outside the home in a full-time, steady job. But there don't seem to be many of those jobs left. And besides, she has young children at home, and she can't find affordable childcare. Working at home does permit her to make money while looking after her children, but it also means her attention is always divided between work and childcare, which adds to her stress.

Susan hasn't always worked at home. She has also taken short-term jobs in small contracting shops, which is the only other kind of work she can find. The conditions in these shops aren't much better than working at home. Some of the sewing factories are in small, windowless rooms in suburban industrial malls; others are in basements or garages. In her last job outside the home, Susan worked in a small sewing factory with six other women. They worked for a few days or a few weeks at a time, depending on how much work was available. Here too, she was paid by the piece and often didn't make minimum wage. When there was work, she was regularly required to work up to twelve hours a day, six and sometimes seven days a week. Yet she received no overtime pay, statutory holidays, or vacation pay. There was nothing deducted from her paycheque for Employment Insurance or the Canada Pension Plan. When she was out of work, she didn't receive any Employment Insurance.

If Susan had been employed in the garment industry ten or fifteen years ago, she probably would have worked in a unionized factory. Her job would have been full-time, with more or less regular hours and steady pay. Her salary, though still low in comparison to other industries, would have been well above the minimum wage. In addition to benefits such as statutory holidays and vacation pay, which are guaranteed by law, she would also have been entitled to sick pay and other benefits negotiated by her union, including a pension plan. If her employer violated her rights, she could have filed a grievance through her union.

Shenzhen, China

Yin works in a garment factory in Shenzhen⁴ a “special economic zone”⁵ in Guangdong Province in Southern China adjacent to Hong Kong. The owners of the factory where she works are from Hong Kong. They had a factory there but moved their production to China a few years ago. Yin sews clothes for well-known North American labels.

Workers such as Yin are known as “mingong” or “peasant labourers.” She left her rural village in search of work at the age of seventeen. She had to get a temporary resident's permit to be able to work in Guangdong. The company helped her to get the permit and then took a deduction from her paycheque to pay for it. To get a job, she also had to show a certificate proving that she was not married. She is now nearly twenty-five and will probably not be able to get another job in the factories. Once she has no more work, she will not get another residency permit, so she will have to go home.

Yin and all the other workers in the factory live in a dormitory behind the plant. She sleeps in

a room with eleven other people, sharing double beds. Each person has about one square metre of living space. For as long as she works here, this will be her home. There are nearly 1,400 garment factories in the zone, employing about 130,000 workers, all living in crowded conditions similar to Yin's. The cost for her meals in the dorm is deducted from her wages. Some factories are referred to as "three-in-one," meaning that the factory, warehouse, and dorm are all in the same building.

Yin doesn't spend much time in the dorm. She has only two days off a month and regularly works fourteen hours a day. Her work day starts at 7:30 in the morning and usually ends at 9:30 at night. During peak production periods, she sometimes works through the whole night. According to Chinese labour law, Yin is entitled to time and a half for overtime after eight hours, and double time on Saturdays and Sundays. But Yin and her co-workers aren't aware of what the labour law requires. She never gets time and a half for her overtime and regularly has to work more than the legal limit of overtime hours. The money she earns helps to support her family back home.

Discipline in the factory is strict and workers are fined for any violations of factory rules. There are fines for talking or getting a drink of water during work time, for arriving late, for refusing to work overtime, and for cooking in the dorms. If Yin misses three days of work in a row, the company will consider her to have resigned and she will have no job to return to.

San Salvador, El Salvador

Ana is eighteen years old.⁶ She works in a maquiladora garment factory in the San Marcos free trade zone outside of San Salvador, the capital of El Salvador. In the busy season, Ana often works as long as thirteen hours a day, seven days a week, sewing pre-cut sleeves onto shirts. When the company says they need her to work on the weekend, she has no choice in the matter. If her child is sick and she misses one day, she gets a warning letter. If she gets three letters, she loses her job.

Ana doesn't like working these long hours and weekends, but her pay is so low that she and her children couldn't survive if she didn't work overtime. Her company pays her the legal minimum wage, but 513 colones or US\$59 every two weeks is only enough to pay for bus fare to work and for her breakfast and lunch. She needs the overtime in order to survive beyond work, and to buy beans and corn to feed her family.

On a regular work day, Ana has to work quickly and steadily to meet her quota of 800 pieces. Every two hours the line supervisor checks to see how many pieces she has completed. If she is behind, he yells at her in a language she doesn't understand. Women who don't meet their quota are often hit or punished by being forced to sweep outside under the blazing sun for a full shift. The factory is terribly hot and ventilation is poor. Many of the women suffer respiratory problems from the fabric dust. Even though the company makes deductions for government health insurance, supervisors often refuse to give workers permission to leave work to see a doctor. Workers also have to get permission to go to the washroom. They need

to get a ticket from the supervisor and are only allowed to go twice in a day.

When Ana first applied to work for the company, she was required to have a medical examination to prove she wasn't pregnant. When women get pregnant, the company finds a reason to let them go or to force them to resign. They don't want workers leaving for the three-month maternity leave, because it interrupts production and is costly since it means training new workers and paying maternity benefits to those on leave.

Although the factory is Korean-owned, the labels on the shirts are in English. Ana doesn't read English and doesn't know the names of the retailers she is sewing for. She does know the shirts will be sold in North American stores. Ana couldn't afford to buy the shirts she sews, and, besides, they can not be sold in El Salvador. Even working overtime, she would not be able to buy two shirts for the total salary she receives for a full week's work. When she shops for clothes for herself and her children, she goes to a store that sells second-hand goods imported from the United States.

The Global Garment Industry — Pieces of a Global Puzzle

Although Ana and Yin work in huge garment factories in El Salvador and China and Susan works at home or in small contracting factories in Toronto, Canada, all three are part of one giant global garment industry. The apparel and textile industries, when added together, make up the largest industrial employer in the world, and the apparel sector represents about half of that global industry.⁷

In the globalized economy, the garment industry has undergone a fundamental restructuring. Ten or fifteen year ago, it was the manufacturers — such as those in the old garment districts of Toronto or Montreal — who did the designing, marketed their samples to hundreds of retailers, and then produced the orders. Today, the industry is turned on its head. It is dominated by giant retailers and super-labels who design the clothes and then contract out the production of their apparel to manufacturing contractors around the world. These retailers and super-labels dictate the price of production and the turnaround time. The contractors around the world compete for orders.⁸

In Canada, most retailers have their production done through a vast global web of contractors and subcontractors. As retailing becomes globalized, the idea of a “Canadian” retail industry also changes. Year by year, huge US-based retailers are gaining control of an ever larger share of the Canadian market. In 1995, US-based retailers — Sears, Woolworth, Wal-Mart, the Gap, Winners, Costco-Price Club, Eddie Bauer, and Talbots — together accounted for nearly a quarter (23%) of the Canadian apparel market.⁹ Wal-Mart is now Canada's second biggest department store, after the Bay, which also owns Zellers. Department stores account for about a quarter of apparel sales, while specialty clothing stores like the Gap, Woolworth (Northern

Reflections, Northern Traditions, Weekend Edition, Footlocker, etc.) and Dylex (Tip Top, Thriftys, Fairweather, and Braemar) account for nearly half.¹⁰

Until the 1980s, Canada's garment industry, like those in most other Western developed countries, was relatively protected by tariffs and quotas. Trade liberalization in the garment industry began in earnest with the Free Trade Agreement in 1989 and then NAFTA in 1994. By 1995, 42 percent of the \$8.5 billion worth of apparel bought by Canadian consumers was imported.¹¹ Our imports in 1996 came primarily from China (20%), the United States (19%), and Hong Kong (13%). If we take China and Hong Kong together, they represent a third of garment imports into Canada by value.¹²

As protections for the Canadian industry were eliminated, many Canadian manufacturers simply closed down, unable to compete. Others laid off their sewers and used their knowledge and infrastructure to convert themselves into importers. As a result, Canada's garment production industry is increasingly composed of small contract shops and homeworkers. In the globalized economy, multinational retailers and super-labels are constantly searching out new opportunities to have their clothes made at a cheaper cost. Countries such as El Salvador, China, and Canada are forced to compete over who will accept the poorest wages and working conditions and allow the lowest labour, health and safety, and human rights standards. The lowest bidder gets the jobs.

Michael Piore, in his article "The Economics of the Sweatshop,"¹³ attempts to explain some of the complexities of the distribution of garment production from a technical standpoint. His analysis is useful in understanding how large factories such as the ones where Ana and Yin work and the small sweatshops and homeworking that Susan knows co-exist in the global production system.

Piore argues that the garment industry is structured very differently from globalized heavy industries. While the design stage is highly technical, the actual production continues to be labour intensive rather than capital intensive. The sectors of the industry that produce large, standardized production runs of goods such as pyjamas, underwear, and T-shirts make use of more capital-intensive techniques and economies of scale. This is why the factories in the export processing zones of Asia and some in Latin America don't look like sweatshops. These large factories often appear to be well-lit and well organized. They are producing large runs of simple garments for export. Employers are looking to squeeze as much production as possible out of workers to justify the investment in setting up large factories — hence the excessive production quotas, extremely long hours of work, restrictions on talking and washroom breaks, and reluctance to hire pregnant workers. Owners want to avoid turnover and retraining. The pace is gruelling, the hours exhausting, the restrictions oppressive, and the conditions unhealthy. This situation is the daily experience of Ana and Yin.

When markets were protected in the North and manufacturers still controlled the production process, many North American and European factories also looked like this, and in the early

years of the industrial revolution they used the same kinds of strategies to intensify work. But the growth of unionization and government regulation mitigated the worst abuses. Today, as unionized factories have closed in the North and government regulation is being dismantled, these abuses are making a comeback, even in the large factories that do remain. The kinds of treatment women like Ana and Yin face are reflected in some large, non-union factories here in Canada. The intensive pace of production and the oppressive and racist regime in the workplace were some of the issues that led workers at the huge 2,000-worker Peerless Suit factory in Montreal to attempt to organize a union in 1996.¹⁴

Susan's story is another piece of the puzzle. While many Canadian manufacturers simply closed down, converted into importers, or moved into high-skilled, high-tech, and high fashion niche markets, others began to compete for the just-in-time reorder market. This lower-end "fashion" segment of the industry generates short, seasonal runs of less standard garments. Retailers require immediate reorders of seasonal clothing as popular items sell out. Here, the contractors are bidding on price and a quick turnaround time for small production runs. The incentive is to cut every corner possible to lower costs of production — from renting the smallest possible work space in rundown buildings or suburban industrial malls, to subcontracting to homeworkers who cover all of their own overhead costs and provide their own machines. Workers are hired and fired as production dictates. This is the underground economy of homework and sweatshops where Susan works.¹⁵

Subcontracting and homework aren't restricted to Northern countries. These practices are widespread outside the export processing zones in most Southern countries. In the Patronato area of Santiago, Chile, for example, there are some 740 small workshops with an average of twenty workers each.¹⁶

In Tijuana, Mexico, Reyna Montero of Factor X – Casa de la Mujer (Woman's House) reports that most apparel production in this border maquiladora centre is now done in small contract workshops, often in people's homes.¹⁷ A soon to be published study by UNIFEM confirms that under NAFTA, a significant proportion of garment production in Mexico is shifting to small sewing workshops and single-person establishments. The report titled "The Impact of NAFTA on Female Employment in Mexico" reveals that by 1993, garment and textile production establishments employing ten or less workers generated 14 percent of employment in the sector compared to 6.6 percent in 1988.¹⁸

In "Asian Tiger" countries like Korea, garment factories are being replaced by small contracting shops and home-based work, and standards and wages are deteriorating.¹⁹ In countries such as England and Australia, garment homework is also widespread and well documented, under conditions very similar to those in Canada.²⁰

The Socio-Political Context of Restructuring

The globalization of the garment industry is taking place within the broader context of globalization and free trade policies, rural-urban migrations, political and human rights struggles, and a profound division of labour based on gender and race. Ana's story and the economic development strategies of El Salvador illustrate how the process is being played out in Central America.

In 1993, Salvadoran maquiladora exports surpassed coffee in foreign currency generated. Between 1992 and 1997, the number of maquila jobs in El Salvador mushroomed from 12,000 to 59,000.²¹ For El Salvador, like the rest of Central America, the phenomenal growth of the maquila sector is one of the few post-civil war economic successes. Most foreign investors in Central America's free trade zones are Korean and Taiwanese apparel manufacturers who produce on contract for major North American retailers and labels.²² These companies are attracted by easy access to the North American market and by the attractive terms of investment offered by Central American governments. Some US and a few Canadian companies are also setting up factories in the free trade zones.²³

The glossy brochure of the Salvadoran Foundation for Economic and Social Development (FUSADES)²⁴ offers maquila investors a ten-year tax holiday, zero custom duties on imported raw materials and capital goods, zero export taxes, low income tax rates for foreign residents, and a “competitively priced, highly trainable, abundant labour force.” This “abundant labour force” is made up almost entirely of young women between the ages of sixteen and twenty-four. Many of these women workers have migrated with their families from the countryside where free trade policies are forcing small farmers off the land. They can no longer compete with the price of imported corn, rice, and beans. Some of the workers are the teenage daughters of laid-off workers from failed domestic industries. Because of the excessive hours demanded by the maquila, these young women have no opportunity to complete their education to improve their situation in the future.

When women like Ana report to work each morning at 7:00 a.m., they are searched by armed security guards before being allowed to pass through a metal gate in the wall surrounding the free trade zone. Although this walled zone is technically covered by Salvadoran labour law, in reality, violations of the law are the norm, and they are routinely ignored by the Ministry of Labour. Workers who attempt to organize to improve their conditions face violence from security guards, death threats against leaders and their families, mass firings, possible plant closures, and the prospect of being put on the blacklist and denied future employment in the maquila sector. If a union-organizing drive succeeds, the company can always relocate within the country or to another country. Although there have been many attempts to organize in El Salvador's free trade zones, to date there is not one collective agreement in the over 200 maquila factories.²⁵

Not surprisingly, the countries favoured by multinational retailers and super-labels tend to be those that provide not only abundant cheap labour, but also a labour force that is strictly controlled through repression of union organizing and/or prohibition of independent unions. In

recent years, as unions became stronger and wage levels rose in Korea, Hong Kong, and Taiwan, production has shifted to countries like Bangladesh, Indonesia, Burma, China, and Vietnam, as well as to Mexico and Central America.²⁶ Between 1993 and 1997, as a result of the North American Free Trade Agreement (NAFTA), the number of Mexican maquila plants dedicated to textile operations jumped nearly 70 percent. In 1997, Mexican clothing exports, the vast majority from maquilas, will exceed US\$3 billion.²⁷

In the last few years, China has become the world's largest garment producer and exporter, as well as the top garment exporter to Canada. In 1996, there were approximately 44,000 garment factories operating in China, with an annual output of 8.5 billion pieces and employing 4 million workers, the majority of them women. A massive migration from the countryside and unemployment generated by changing economic policies in China have created a huge labour pool. The garment industry is expected to grow at a rate of about 10 percent a year between 1995 and 2000.²⁸ The All-China Federation of Trade Unions is the only legal union in the country, and the formation of independent trade unions has been severely repressed.²⁹

The Canadian Piece in the Puzzle

In the past two decades, the Canadian industry, like the garment industry globally, has undergone a major restructuring. There has been a devastating loss of full-time, standard jobs, and a disproportionate loss of unionized jobs. Between 1988 and 1995, more than three out of every ten Canadian garment workers lost their jobs. In the city of Toronto, five out of every ten jobs were lost.³⁰ There are few large unionized factories left in Canada with permanent employees earning relatively decent wages and benefits. According to Industry Canada, union membership in the clothing, textile, and knitting industries declined from 81,000 in 1980 to 38,800 in 1992, and the unionization rate dropped from almost 44 percent to under 28 percent.³¹ In Quebec, Industry Canada estimates that "the rate of unionization has dropped from more than 50% to less than 30% over the past two decades."³²

Today, the majority of garment firms are small, non-union factories. In the early 1970s, only 22 percent of the industry was made up of factories with less than twenty workers. By the early 1990s, the picture had reversed and over 75 percent of clothing was produced in shops with fewer than twenty workers.³³ In Quebec, for example, UNITE reports that the men's and women's clothing sector is made up of just over 1,000 contractors and manufacturers employing just under 20,000 workers.³⁴ This means the average number of workers per factory is less than twenty, and for contractors in the women's clothing sector the number drops to around ten per factory.³⁵ In Ontario, as of 1991, contractors made up over 50 percent of the industry. More than half of those contractors employ four workers or less.³⁶

The end product of restructuring in the Canadian industry is a pyramid-shaped system of production that begins with the retailer at the top. The retailer contracts work out to a jobber,

who subcontracts to a small factory where the cutting and possibly some sewing is done. The majority of the sewing is subcontracted to smaller workshops, which, in order to meet the production deadline, often subcontract the remaining sewing to homeworkers. At each level in the pyramid, additional contractors receive a cut of the price paid by the retailer, so the workers are left with a smaller and smaller share. The result is an industry in which labour rights violations are the norm, where piece rates fall well below the minimum wage, where employment is precarious, and where sweatshop conditions are spreading.

As of 1995, the latest year for which statistics are available, Industry Canada reported that the Canadian garment industry was made up of over 2,000 firms employing about 84,000 people. This represented about 6 percent of the overall manufacturing sector in Canada. Over half the factories and garment workers in Canada were in Quebec, followed by Ontario, Manitoba, and British Columbia.³⁷

The actual number of workers in the industry, however, is difficult to estimate because of the enormous number of small, unregistered contractors and the number of homeworkers who do not appear in official statistics. One 1992 research study estimated that there were approximately 23,000 homeworkers in Quebec.³⁸ Alexandra Dagg, of UNITE's Ontario District Council, estimates that there are currently at least 5,000 homeworkers in Toronto.³⁹ In British Columbia, UNITE estimates that there are approximately 1,500 garment homeworkers in the Vancouver area.⁴⁰

The vast majority of homeworkers and contract shop employees in Canada are immigrant women of colour. In the garment industry as a whole, men tend to be cutters and pressers, while almost all sewers are women. Seventy-six percent of all garment workers are women, 50 percent are immigrants,⁴¹ and almost 30 percent are members of a visible minority.⁴² Ninety-four percent of sewing machine operators in Metro Toronto were born outside of Canada.⁴³ Organizers working with the Ontario District Council of the Union of Needletrades, Industrial and Textile Employees (UNITE) reported that while many contract shop workers were recent immigrants, a surprising number had lived in Canada for many years. Some were previously employees of unionized factories who lost their jobs through lay-offs or plant closures.⁴⁴

Like Susan, the majority of Canadian homeworkers and contract shop employees come from Asian countries where Canadian garments are also produced in export processing zones under sweatshop conditions. A smaller number of workers come from Latin America where an increasing percentage of garments sold in Canada are made. Many came to Canada seeking opportunities or fleeing repression, and find themselves competing against workers in their countries of origin and watching standards fall toward those they thought they had left behind. Avvy Go, a lawyer at the Metro Chinese and South-East Asian Legal Clinic in Toronto, has heard of employers paying according to immigration status. "If you're a landed immigrant, you get, say, \$4 an hour; if you're a refugee claimant with employment authorization, you get \$3 an hour; if you don't have any status at all, you get \$2 an hour."⁴⁵ The contracting system is marginalizing and isolating immigrant women in part-time, insecure, poverty-level jobs

outside the official economy.

In 1997, a group of sewers from The Homeworkers' Association in Toronto met with the Vice-President of Marketing of Woolworth Canada and a Woolworth lawyer. The meeting was the result of an intensive public campaign to get the company to address labour standards violations the homeworkers had suffered sewing Woolworth labels for Toronto contractors. In the meeting, each woman told her story, introducing herself with an assumed name to protect her identity. Each had been sewing for a different sub-contractor in Toronto, for a label owned by Woolworth, and each had experienced violations of the *Employment Standards Act*, including minimum wage, overtime, vacation pay, etc. The homeworkers had a clear message for the company: the subcontracting system practically guaranteed that they would face ongoing violations of their basic labour rights. And they wanted the company to take responsibility for those violations.⁴⁶

As the homeworkers so clearly told Woolworth, the structure of the global garment industry today is one that encourages poor and deteriorating wages and working conditions for workers around the world.

Endnotes

¹ An earlier version of this chapter is included as “The Changing Face of a Global Industry,” Issue Sheet No. 1 in the *Wear Fair Action Kit*, ed. Bob Jeffcott and Lynda Yanz, (Toronto: Labour Behind the Label Coalition, September 1997).

² Susan's story is a composite drawn from interviews with Metro Toronto homeworkers carried out by the International Ladies' Garment Workers Union — Ontario District Council, and The Homeworkers' Association in 1991, 1993, and 1996. See Barbara Cameron and Teresa Mak, “Working Conditions of Chinese-Speaking Homeworkers in the Toronto Garment Industry: Summary of the Results of a Survey Conducted by the ILGWU” (Toronto, 1991); Jan Borowy and Fanny Yuen, “ILGWU Homeworkers Study: An Investigation into Wages and Working Conditions of Chinese-Speaking Homeworkers in Metropolitan Toronto” (Toronto, 1993); Bob Jeffcott, “A Brief History of the Labour Behind the Label Coalition,” unpublished paper (February 1998).

This document makes many references to the International Ladies' Garment Workers Union (ILGWU) and the Union of Needletrades, Industrial and Textile Employees (UNITE). The connection between the two may at times be confusing. In 1995, the ILGWU merged with the Amalgamated Clothing and Textile Workers Union (ACTWU) to form UNITE. In Toronto, the ILGWU Ontario District Council did pioneering research and organizing work with homeworkers. Since 1995 that work has continued under the name of the UNITE. The Homeworkers' Association (HWA) is Local 12 of the UNITE Ontario District Council.

³ The Homeworkers' Association (HWA) was formed in February 1992 after the International Ladies' Garment Workers Union — Ontario District Council conducted a study with homeworkers in Toronto. The Association provides a variety of activities and services for homeworkers including employment rights advocacy and counselling, social events, and workshops on issues such as labour law, racism, and sexual harassment. The HWA is affiliated with the Union of Needletrades, Industrial and Textile Employees (UNITE) as Local 12, under the union's associate member program.

⁴ Yin's story is a composite drawn from the following sources: Asia Monitor Resource Center, *At What Price? Workers in China* (Hong Kong: AMRC, 1997) and *Conditions of Workers in the Garment Industry in China* (Hong Kong: AMRC, 1997); *China Labour Bulletin* 41 (March–April 1998); and Charles Kernaghan, *Behind the Label:*

“*Made in China*” (New York: National Labor Committee, 1998).

⁵ In this report, we refer to “special economic zones,” “free trade zones,” “export processing zones,” and maquila factories. Free trade zones in Latin America and the Caribbean and export processing zones in Asia refer to geographic areas in which foreign companies are allowed to import duty-free component parts for assembly, and then re-export finished products, again without any duty. In addition, governments usually provide special incentives for companies operating in these zones, including low wages, no unions, minimal taxes, and lax environmental regulations. In China, these areas are referred to as special economic zones. They are located in parts of southern China, where the government has allowed more private sector investments. Conditions are similar to those described above.

Maquila factories were first established along the Mexican border in the mid-1960s. Currently there are maquilas throughout Central America. In Mexico, maquilas are often located in industrial parks rather than in free trade zones. They are also factories for export, where employers receive the same advantages as described above.

⁶ Ana’s story is a composite drawn from interviews with maquiladora workers in El Salvador carried out by the Interchurch Coalition for Human Rights in Latin America (ICCHRLA) in 1997, and from Bob Jeffcott and Lynda Yanz, “Bridging the GAP: Exposing the Labour Behind the Label,” *Our Times* (February 1997).

⁷ Industry Canada, *Sector Competitiveness Framework Series, Apparel*, <http://strategis.ic.gc.ca/SSG/ap01967e.html> (26 September 1997).

⁸ The control of retailers is recognized by the industry itself. See, for example, the article by A.J. Nett, “California Makers Squeezed, Come Out Fighting,” *Bobbin* (December 1997): 34–38. Also see Susan Bourette, “Sears squeezes men’s wear suppliers,” *Globe and Mail*, Report on Business, 15 July 1998, reporting on how Sears-Canada dictates cuts to its suppliers.

⁹ *Apparel Insights* 1 (January 1996): 6.

¹⁰ International Ladies’ Garment Workers Union, *Designing the Future for Garment Workers*, Technology Adjustment Research Programme (Toronto: ILGWU, 1995), 4.

¹¹ Industry Canada, *Sector Competitiveness Framework Series, Apparel*, above note 7.

¹² Industry Canada, <http://strategis.ic.gc.ca/SSG/ap03198e.html> (1997).

¹³ Michael Piore, “The Economics of the Sweatshop,” in *No Sweat: Fashion, Free Trade and the Rights of Garment Workers*, ed. Andrew Ross (New York and London: Verso, 1997), 135–42.

¹⁴ Jonathan Eaton, “Suit Yourself! Peerless Garment Workers Organize,” *Our Times* (July/August 1997): 24–29.

¹⁵ See ILGWU, *Designing the Future for Garment Workers*, for an excellent analysis of the Canadian industry’s response to global competition from both management and workers’ point of view, above note 10 at 25–49.

¹⁶ El Comedor Acogedor de la Mujer Trabajadora Sector Patronato, correspondence to Maquila Solidarity Network, 2 February 1998.

¹⁷ Telephone interview with Reyna Montero, Casa de la Mujer Health Program Coordinator, 21 September 1998.

¹⁸ “The Impact of NAFTA on Female Employment in Mexico,” draft (no author noted), 48.

¹⁹ See, for example: Asia Monitor Resource Center, *We in the Zone, Women Workers in Asia's Export Processing Zones* (Hong Kong: AMRC, 1998); and "Focus: Working Women," *Asian Labour Update* (August–October 1995).

²⁰ See, for example: Claire Mayhew, in association with Michael Quinlan, *The Effects of Outsourcing Upon Occupational Health and Safety: A Comparative Study of Factory-based and Outworkers in the Australian TCF Industry* (New South Wales: National Occupational Health and Safety Commission, January 1998); Textile, Clothing & Footwear Union of Australia, *The Hidden Cost of Fashion: Report on the National Outwork Information Campaign* (Sydney, NSW, Australia, 1995); and National Group on Homeworking (UK), *The National Minimum Wage: Written Evidence to the Low Pay Commission* (October 1997).

²¹ Mark Sebastian Anner, *La Maquila y El Monitoreo Independiente en El Salvador* (San Salvador: Grupo Monitoreo Independiente de El Salvador, GMIES, 1998), 27.

²² See: AVANCSO, *El Significado de la Maquila en Guatemala, Elementos para Su Comprension*, Cuadernos de Investigacion, no. 10 (Guatemala: AVANCSO, 1994); Kurt Peterson, *The Maquiladora Revolution in Guatemala*, Occasional Paper Series 2 (Center for International Human Rights at Yale University, 1992); Centro de Estudios y Analisis Sociolaborales (CEAL), "Research on Maquilas in Central America" (Managua, Nicaragua, undated paper); Mirta Kennedy and Melissa Cardoz, *Mujeres en la Maquila, El caso de la ZIP Choloma* (Centro de Estudios de la Mujer — Honduras, 1995); Sandra Ramos, *Zona Franca. Rostros de Mujer* (Managua, Nicaragua: Movimiento de Mujeres Trabajadoras y Desempleadas, 1996); Hector Figueroa, "In the Name of Fashion, Exploitation in the Garment Industry," *NACLA Report on the Americas* 29, no. 4 (Jan/Feb 1996).

²³ At present there is no public documentation of Canadian owners operating in Central American free trade zones, although we know from conversations with representatives of women's and labour rights advocacy groups in the region that there are examples of Canadian investment and Canadian owners. We have recently learned that a Montreal-based manufacturer, Gildan Activewear, operates a factory in Honduras. This area requires more research.

²⁴ *Destination El Salvador: The Official Visitor Guide to El Salvador* (1996), 88–93.

²⁵ See: Gilberto Garcia, "La Maquila en Datos," Documento de Investigacion, Union Internacional de Trabajadores de la Alimentation, Agricolas, Hoteles, Restaurantes, Tabaco y Afines (1996); Centro Universitario de Documentacion e Informacion, *Proceso* (November 1995); *Report of the Legal Aid Office of the Archdiocese of San Salvador Peace and Justice Commission* (May 1995).

²⁶ Asia Monitor Resource Center, *We in the Zone*; and "Focus: Working Women," above note 19.

²⁷ Mary Sutter, "Largest Textile Supplier to U.S. Fears Being Dethroned," *Journal of Commerce* (22 July 1997).

²⁸ Asia Monitor Resource Center, *Conditions of Workers in the Garment Industry in China* (Hong Kong: AMRC, 1997), 1.

²⁹ *China Labour Bulletin*, above note 4.

³⁰ ILGWU, *Designing the Future for Garment Workers*, above note 10 at 1.

³¹ Statistics Canada, Calura, Labour Unions, Catalogue 71-202.

³² Industry Canada, *Sector Competitiveness Framework Series, Apparel*, above note 7 at 5 (on file).

³³ International Ladies' Garment Workers Union — Ontario District Council and INTERCEDE, *Meeting the Needs of Vulnerable Workers: Proposals for Improved Employment Legislation and Access to Collective Bargaining for Domestic Workers and Industrial Homeworkers*, Brief submitted to the Ontario Government (1993), 19.

³⁴ Syndicat du vêtement, textile et autres industries, “Notes pour une rencontre entre les représentants du syndicat du vêtement, textile et autres industries (FTQ) et M. Jean-Marc Boily, sous-ministre du travail et M. Normand Gauthier, sous-ministre adjoint du travail sur l'avenir du régime des décrets dans l'industrie du vêtement” (2 mai 1997), 3.

This figure is based on the number of contractors and manufacturers *registered* with the parity committees and does not represent the total number of garment workers in Quebec. For a description of the Quebec decrees system and parity committees, see chapter 2.

³⁵ *Ibid.*

³⁶ ILGWU — Ontario District Council and INTERCEDE, *Meeting the Needs of Vulnerable Workers*, above note 33 at 19.

³⁷ Industry Canada, *Sector Competitiveness Framework Series, Apparel*, above note 7. Note that the figure of 20,000 workers in men's and women's clothing in Quebec noted above (34) refers to contractors and manufacturers registered with the parity committees. The discrepancy of close to 20,000 workers seems large. Again we have a problem with adequate statistics.

³⁸ Ordre professionnel des conseillers en relations industrielles du Québec, “Le travail au noir dans l'industrie du vêtement” (mai 1997), 9.

³⁹ Interview with Alexandra Dagg, Manager, Union of Needletrades, Industrial and Textile Employees Union (UNITE) — Ontario District Council, February 1998.

⁴⁰ Interview with a staff representative at the UNITE Vancouver office, February 1998.

⁴¹ Industry Canada, *Sector Competitiveness Framework Series, Apparel*, above note 7 at 5 (on file).

⁴² Union of Needletrades, Industrial and Textile Employees, *People, Work and Innovation — Final Report* (Don Mills, Ontario: UNITE, 1997), 10.

⁴³ ILGWU, *Designing the Future for Garment Workers*, above note 10 at iv.

⁴⁴ Conversations with organizing staff at UNITE Ontario District Council in Toronto, October 1997.

⁴⁵ Bob Jeffcott and Lynda Yanz, “Fighting Sweatshops, Building Solidarity: Exposing the GAP,” *Canadian Dimension* 31, no. 5 (September 1997): 28.

⁴⁶ Woolworth agreed to carry out an investigation and later claimed that they were no longer placing orders with one contractor. Results of their investigation were never made public. See Bob Jeffcott, “A Brief History of the Labour Behind the Label Coalition,” unpublished paper (February 1998), 5.