

Fashion Victims II

How UK clothing retailers are
keeping workers in poverty



Asda

Chief Executive:	Andy Bond
Stores:	356
Employees:	160,000
Sales (2007/08):	£16.7 billion
Website:	www.asda.com

Tesco

Chief Executive:	Sir Terry Leahy
Stores:	3,728 (worldwide)
Employees:	440,000
Sales (2007/08):	£51.8 billion
Profit (2007/08):	£2.8 billion
Website:	www.tesco.com

Primark

Managing Director:	Arthur Ryan
Stores:	181
Employees:	25,500
Sales (2007/08):	£1.9 billion
Profit (2007/08):	£233 million
Website:	www.primark.co.uk

Preface

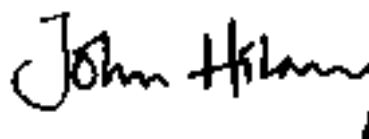
This report is a follow-up to War on Want's acclaimed *Fashion Victims* report on the Bangladeshi garment industry, published in December 2006. It again focuses on garment factories producing clothes for Primark, Tesco and Asda. As with the original *Fashion Victims*, the research focuses on the pay, working conditions, rights and trade union representation of workers in six Bangladeshi factories. This report exposes how garment workers still pay a high price to produce cheap clothes for the UK high street.

The original *Fashion Victims* report found that garment workers struggle to survive on extremely low pay, suffering poor working conditions, arduous hours and a complete lack of trade union representation in the factories. Two years on, this report shows how UK retailers have still not improved the conditions in their supplier factories. In fact, given the damaging effects of the global food crisis, workers are now in an even worse position than they were before.

This report is part of a series that War on Want has produced focusing on the working conditions in the supply chains of UK supermarkets. War on Want has a long and proud history of working in partnership with grassroots organisations like the National Garment Workers' Federation in Bangladesh to raise awareness and help improve the lives of garment workers living in poverty. War on Want is also a member of the Let's Clean Up Fashion campaign, a coalition of trade unions, NGOs and consumer groups opposing the exploitation of garment workers supplying UK high street retailers.

For too long the UK government has supported purely voluntary initiatives for improving the rights of overseas workers. But as this report shows, there have been few steps taken to improve workers' rights, pay or working conditions within these mechanisms. Retailers cannot continue to pay lip service to corporate social responsibility whilst engaging in buying practices that systematically undermine the principles of decent work.

War on Want will continue to hold to account those UK companies that exploit workers for their own profit. Ultimately, however, the UK government must act to regulate the operations of its companies, both in the UK and overseas. This report recommends action for people to send a message to Primark, Tesco and Asda, and to challenge the UK government on its failure to defend the rights of working people. This is War on Want's mission more widely: to support people in developing countries in their fight against the root causes of poverty, but also to inform and inspire people in rich countries to challenge the global structures which sustain poverty across the world.



John Hilary
Executive Director, War on Want

Fast fashion, slow progress

When War on Want visited garment factories in Bangladesh for the original *Fashion Victims* report in 2006, we uncovered a shameful situation: workers toiling exhausting hours for poverty wages while the UK companies they supplied made record profits. The report helped to raise the issue of the ongoing abuse of workers in the garment industry and put the spotlight on UK high street retailers, provoking public outrage and a series of fresh media investigations in the wake of the original exposure.

The companies concerned – Tesco, Asda and Primark – all insisted that any exploitation of workers would be picked up by their supplier audits, even though interviews with workers for the *Fashion Victims* report exposed fundamental flaws in those audits. War on Want did not reveal the names of the factories surveyed, as we wished to protect the jobs of workers and ensure that they were not subjected to threats from management. The problems we uncovered were known to be systemic across garment factories in Bangladesh and not limited to a few isolated examples.

Two years on, we went back to the same factories – only to find that nothing has changed. War on Want visited the same six factories supplying Tesco, Asda and Primark and found that the exploitation of workers is as common as ever. Workers in Bangladesh continue to receive wages that are well below the cost of living, despite the huge profits being made by Asda, Primark and Tesco.¹ They still work gruelling hours in order to earn enough to survive and feed their families, and continue to suffer harassment and intimidation as they struggle to meet unrealistic production targets.

Shortly before the original *Fashion Victims* report was published, the Bangladeshi government announced the first increase in the minimum wage for garment workers in over a decade. This move was as a result of mass protests and industrial action by garment workers throughout 2006. Yet even after the wage increase, workers still did not earn enough to feed their families. Making matters worse, rampant inflation and the rapid rise in the cost of living has dramatically decreased the value of workers' wages.

Meanwhile, efforts to form trade unions have been frustrated. Factory owners fiercely oppose trade unions, and many garment workers are left unaware of their rights. But, with support from War on Want, organisations like the National Garment Workers' Federation in Bangladesh are fighting back by training workers in their rights and pressing the government to enforce laws protecting trade unions.

In the two years since the release of the original *Fashion Victims* report, the UK government has continued to promote the voluntary approach of 'corporate social responsibility' as its answer to the exploitation of workers. Equally, retailers have been keen to show their enthusiasm for these voluntary initiatives as a means to avoid proper regulation under the law. Tesco and Asda were founding members of the Ethical Trading Initiative, an alliance of companies, NGOs and trade unions set up 10 years ago to improve labour conditions, with Primark joining in 2006.

Despite their claims to be following ethical labour standards, the aggressive buying

practices of UK retailers undermine voluntary initiatives such as the Ethical Trading Initiative. The buying practices behind 'fast fashion' – a growing trend in the industry – have had a particularly harmful effect. The idea of fast fashion is to give shoppers the latest styles just six weeks after they first appear on the catwalk, at prices that allow shoppers to wear an outfit just once or twice before replacing it. This practice is part of a growing culture of disposable fashion where consumers discard clothing as soon as it is perceived to be out of date.

The short lead times and irregular demand for large quantities of clothes put extreme pressure on suppliers. This pressure is in turn passed on to workers, who are forced to produce more garments in less time, but without a corresponding rise in pay. As this report demonstrates, such aggressive buying practices of UK retailers, coupled with a lack of enforcement of labour standards, have led to deteriorating conditions for Bangladeshi garment workers. With UK retailers unwilling to sacrifice profits for the sake of ethical labour standards, the UK government must introduce regulation to protect the rights of workers overseas.



Primark's success on the UK high street comes at the expense of the workers making its clothes

No sleep til sunrise

In the 2006 *Fashion Victims* report, War on Want found garment workers toiling for unacceptably long hours producing clothes for Primark, Asda and Tesco. Two years later, War on Want has discovered garment workers in these same factories still working up to 80 hours a week, as before. Farzana, who works in a factory supplying both Tesco and Asda, spoke of her long working hours: “On several nights a month I have to work until 3 o’clock in the morning, alongside my regular shifts spanning up to 12 hours a day.”

Bangladeshi labour law defines a standard working week as being 48 hours: eight hours per day, six days a week. In addition, workers can work up to two hours’ overtime per day, up to a maximum of 12 hours per working week. Hence the working week is limited by Bangladeshi law to a maximum 60 hours.

Not a single one of the factories we surveyed for this report had implemented an eight-hour working day. In fact, most workers told us that they worked 10-14 hours per day. While all those interviewed work at least six days a week, one in three workers said they have to work seven days a week just to earn enough to survive.

Two years ago we revealed how workers in Bangladesh are regularly forced to work overtime. Forced overtime is illegal in Bangladesh, and also contravenes the Ethical Trading Initiative’s standards on working hours. Today, however, this practice is still commonplace. Workers at one factory even recorded working up to 50 hours’ overtime in a week in order to meet tight deadlines. These deadlines are a consequence of the buying practices of retailers, which put the garment

factories under pressure to deliver sudden orders at short notice.

Very often these workers are not paid for the additional hours they put in. Workers in the factories we surveyed felt they were being cheated out of the wages they had earned, which is consistent with what we found two years ago. Workers told us of instances where the record of their hours was falsified, or simply not acknowledged by their employer. In some factories overtime after 7pm was recorded on a separate timesheet, without explanation. Since few records of hours are kept, many workers are unsure as to the exact amount of money they are owed.

It is also common for workers to be paid late. For workers who depend on the prompt payment of their wages for their basic needs, these are delays that they can ill afford. Workers stated that they often do not receive their pay cheque until the middle of the month after it is due, while nearly 80% of workers interviewed reported that their overtime is paid even later. These late payments only exacerbate the already precarious livelihood of garment workers.

Workers explained to us that factory bosses are quick to belittle or physically assault them if they feel targets are not being met. It is common to hear of garment workers being beaten or verbally abused for not producing enough items of clothing per hour. These workers have no complaints system to turn to or means of redress if they suffer abuse. Moreover, speaking out against abuse can put their livelihoods at risk. Without the collective support of a trade union, many workers dare not challenge management misconduct.

War on Want found that women workers are particularly vulnerable to abuse. Those interviewed spoke of verbal abuse, teasing and corporal punishment as being the norm in many factories. More than 60% of the female workers we interviewed described how they were subjected to obscene and sexually suggestive language in the workplace, while some reported instances of sexual abuse. Given the stigma surrounding this topic in Bangladeshi society, it is likely that the true number is even higher. These findings are consistent with what we uncovered two years ago in our original *Fashion Victims* report.

Clothing retailers have for many years imposed unrealistic deadlines that fail to take into account the capacity of suppliers, and the advent of 'fast fashion' has only accelerated this trend. Many factory managers use the unreasonable targets set by retailers as justification for the abuse of workers. The working conditions which result put even more pressure on garment workers, the vast majority of whom have no other employment options available to them.



Female workers making clothes for export in a Bangladeshi factory
Photo: GMB Akash/Panos Pictures

Poverty pay, rising prices

When War on Want published the original *Fashion Victims* in 2006, Bangladesh's minimum wage board had just proposed an increase in the minimum wage for garment workers. The move followed massive protests by garment workers and represented the first increase in 12 years, during which time the real value of the minimum wage had more than halved. Yet the new minimum wage still fell well below what could be considered a living wage in Bangladesh.²

When War on Want returned in 2008, we discovered garment workers producing clothes for Asda, Primark and Tesco on the minimum wage of Tk 1663 (£13.97) a month, or just under 7p an hour.³ Rapidly rising inflation and accompanying hikes in oil and food prices since the last report mean that garment workers have seen the real value of their wages fall again.

The basic monthly wage for a 48-hour week, before overtime, of the workers interviewed for this report ranged from Tk 1663 to Tk 2900 (£13.97 to £24.37). Even at the top of the range, this is not enough to live on. Runa, a young woman worker in her early twenties in a factory producing for both Asda and Tesco, explained: "I work for Tk 2900 per month. My pay is so meagre that I cannot afford to keep my child with me. I have sent my five-month old baby to the village to be cared for by my mother."

A living wage is defined as a wage that enables a worker to provide his or her family with nutritious food, clean water, shelter, clothes, education, health care and transport, as well as allowing for some discretionary spending. Bangladeshi workers interviewed for this

research have calculated that a living wage for a garment worker and family should be around Tk 5333 (£44.82) per month. Garment workers in the factories surveyed by War on Want were paid on average Tk 2280 (£19.16), less than half this figure.

In the interviews conducted for this report, workers made clear that they are not paid enough to support their families. The recent increases in food prices have made the situation for workers even worse, with the result that the amount needed for a living wage has nearly doubled in just two years. Despite working long hours of overtime, the wages of garment workers remain well below this basic level. Even some of the best paid workers, such as senior sewing machine operators, only earn around Tk 3500 (£29.41) per month, including overtime.

In December 2006, the price of low quality rice was Tk 18-20 per kilo. It has now risen to Tk 32-34, an increase of 70%. Other essential items such as cooking oil, onions, pulses, wheat and flour have gone up by 30-60% since 2006. Faced with these dramatic price rises, many families have been forced to do without even basic foods. As Ifat, who works in a factory producing clothes for Asda, Primark and Tesco, stated: "I can't feed my children three meals in a day with my earnings. This is my fate."

Low pay also results in appalling living conditions for the vast majority of Bangladeshi garment workers. Workers live in small, crowded shacks, many of which lack plumbing, proper washing facilities and clean running water. Despite the low cost of their housing, most workers struggle to afford even the very

basics required to live.

Conditions have become so dire that in September 2008 the Bangladeshi government suggested that firms raise wages to bring them in line with the 20% 'dearness allowance' granted to all government employees in recognition of the rising cost of living.⁴ However, even if such a 20% increase were implemented, it would still not raise the standard of living to its level prior to the food crisis.

According to a recent survey of UK high street retailers, neither Asda, Primark nor

Tesco have clear plans in place to start paying a living wage, despite this being a condition of their membership of the Ethical Trading Initiative. Primark has made no commitment to paying a living wage to workers in its supply chains, while Tesco and Asda claim that by linking pay to productivity, the wages of workers will rise to acceptable levels. As part of such targets-based pay schemes, however, garment workers will have to produce even more clothing under the same deadlines. Even if they meet their targets, there is no guarantee that factory managers will pass on the financial gains to workers.⁵



*Factory workers' housing in Dhaka
Photo: GMB Akash/Panos Pictures*

Workers' rights denied

Since the publication of the original *Fashion Victims* report in 2006, labour relations in Bangladesh have deteriorated significantly. Prior to 2007, trade union membership in the country was already very low, with roughly 3.5% of all workers belonging to a union.⁶ Conditions have worsened for workers following a crackdown on trade unions and workers' organisations after a military-backed caretaker government took power in January 2007.

After the caretaker government took power, political and trade union activities were banned nationwide. In September 2008 the government made some superficial concessions, such as allowing trade unions to hold indoor meetings with official permission.⁷ However, harsh restrictions on forming unions

were kept in place in the months leading up to the planned December 2008 elections, despite the objections of labour rights organisations.

In addition to state and employer efforts to suppress trade union activity, non-union worker protests are also not tolerated. Since January 2008 around 200 garment factories have been involved in disputes over violations of labour rights and suppression of garment workers' voices.⁸ Mass protests have been met with severe repression from both the police and private security guards. For example, in September 2008 in the Dhaka export processing zone, police baton-charged workers during a sit-in protest over back pay, injuring 100 people.⁹ In addition, since demanding full pay and leave for the Muslim festival of Eid in September 2008, more than

Dodgy audits

UK retailers carry out audits on their own suppliers, and claim that they can uncover poor labour practices and harassment through this mechanism. As the original *Fashion Victims* report showed, these audits are deeply flawed. Company audits are typically conducted just once a year, with many suppliers notified ahead of the audit so that factories can be cleaned up in advance and workers coached in what to say to the auditors. Time and time again these inspections have failed to uncover appalling conditions and a glaring lack of respect for workers' rights.

In the two years since the publication of the original *Fashion Victims* report, a number of high street retailers have privately admitted to War on Want that their audits are failing to capture the reality of conditions in their supplier factories. In addition, retailers have acknowledged that our reports have given a fair representation of the problems facing workers in the garment industry. Others have claimed that they are now planning unannounced audits, although none of the workers interviewed for this report were aware of any having been conducted. Yet such measures fail to address the underlying flaws in the audit process, or the deep mistrust that workers feel towards auditors, who are widely seen as supporting the factory managers rather than the interests of the workers themselves.

90 workers have been fired from garment factories, including seven trade union executives and one president of a trade union who has been imprisoned on falsified charges.

Workers have explained that management and the police coordinate their actions to stifle any labour protests. Nazera, who works in a factory producing clothes for Asda and Tesco, told War on Want's researchers: "If workers try to organise themselves or form a trade union, management call the police to punish them or file false cases against the workers."

According to the workers interviewed, none of the factories surveyed for this report were unionised. Many of the garment workers we spoke with expressed a general lack of awareness around labour organising. Others had no real knowledge of their right to freedom of association, or of the legal obligations of employers to their employees.

As an alternative to trade unions, many factories have allowed for the establishment of so-called 'workers' committees'. Management exerts a great deal of influence over these committees, whose representatives (unlike in trade unions) are not elected by the workers themselves. The committees invariably voice support for management practices and rarely, if ever, side with the workers they are meant to protect.

Tesco, Asda and Primark all respect the rights of their UK workers to join and form trade unions. Yet they deprive overseas workers supplying their stores of this same essential right, even though it is protected under the terms of the Ethical Trading Initiative. In the final analysis, it is easier for factory owners to exploit a non-unionised workforce: workers who negotiate independently for better wages and decent hours lack the necessary leverage which trade unions provide.



*Garment workers in Dhaka rally
for safer working conditions
Photo: GMB Akash/Panos Pictures*

It's work, but not decent work

The garment industry in Bangladesh is not properly regulated, which leaves workers vulnerable to exploitation. Many of the workers come from impoverished and poorly educated backgrounds and are often unaware of their rights or the benefits to which they are entitled. Furthermore, since there is a vast pool of available labour in Bangladesh, those who refuse to work under such conditions can be easily replaced.

Nearly half of all workers interviewed for this report stated that they had never received an appointment letter or contract. Without any

legal documentation outlining the terms of their pay and conditions, it is easier for factory managers to deny workers benefits such as maternity pay, sick pay and redundancy pay. Workers in Bangladesh who lose their jobs are not afforded social protections such as unemployment benefits, pensions or quality health care.

Farzana, who works as a swing operator in a factory supplying both Asda and Tesco, told us about her experiences:

A way out of poverty

The decent work agenda seeks to ensure that workers are paid a living wage. It also promotes access to universally agreed labour rights such as freedom of association and collective bargaining, as well as essential benefits such as sick leave and maternity leave.¹⁰ The decent work agenda aims to create workplaces where workers are free of harassment and exploitation and where men and women are treated equally. Under the principles of decent work, the social protections many of us take for granted would be enforced across the world, from unemployment benefits to guaranteed pensions, quality education and universal health care.

In acknowledgement of the crucial role decent work has to play in reducing poverty, the UN has adopted it as a central target of its Millennium Development Goals. Under the primary goal of eradicating extreme poverty and hunger is included the target of "full and productive employment and decent work for all, including women and young people". Sadly, as the most recent UN report on the Goals concedes, meeting this target remains a distant possibility.¹¹

Yet decent work is more than just a slogan or a distant dream. It is a model of economic empowerment which enables people to work their way out of poverty rather than just deeper into debt. As an alternative to the free market model, which has trapped millions in exploitative jobs with no future of a better life, decent work establishes a clear framework for productive employment and human dignity. The garment workers of Bangladesh deserve just such a future.

I had two children before I was widowed when my husband died in a fire at the factory where we both worked. I got no maternity leave during my pregnancy, and no compensation for the death of my husband, except for the money from our mandatory group insurance. I did not even get medical leave when I was suffering from jaundice and had to take unpaid days off.

The absence of benefits has a significant impact on workers who fall ill and need to miss work. As Sultana, a worker in a factory supplying Asda, explained to us: “I was sick for nine days and couldn’t work, and my nine days’ wages have been deducted.” Failure to provide such basic social protections contravenes the central tenets of ‘decent work’ (see box) and condemns many workers to desperate and long-term poverty.



*Entrance to the export processing zone in Dhaka, where many sweatshops are located
Photo: Laia Blanch/War on Want*

Take action

Two years after the release of the original *Fashion Victims* report, which exposed to the world the appalling conditions faced by Bangladeshi garment workers, War on Want has found that garment workers making clothes for Asda, Tesco and Primark continue to face the same grinding poverty and exploitation as before. This follow-up report reveals the continuing failure of UK retailers to improve the conditions of workers at the bottom of their supply chains, despite their repeated claims to be addressing the issue.

In light of this failure, War on Want believes that the UK government must act now to stop the exploitation of overseas workers making clothes for high street retailers. In particular, the UK government must enact legislation so that those overseas workers who supply UK companies and suffer from exploitation can seek legal redress in the UK.

We are asking all readers to take the following actions to ensure that the rights of garment workers are respected:

1. Call on the UK government to stop companies from using sweatshop labour. Demand that the government regulate UK companies and adopt legislation enabling overseas workers to seek justice in the UK when they suffer from exploitative buying practices.

Write to The Rt Hon Lord Mandelson, Secretary of State for Business, Enterprise and Regulatory Reform at the Department for Business, Enterprise and Regulatory Reform, 1 Victoria Street, London SW1H 0ET.

2. Call on Tesco, Asda and Primark to change their buying practices and respect the principles of decent work throughout their supply chains, including a living wage and the right for workers to organise and join trade unions. Write to:

TESCO: Sir Terry Leahy, Chief Executive, New Tesco House, Delamare Road, Cheshunt, Hertfordshire EN8 9SL or phone 01992 632222.

PRIMARK: Arthur Ryan, Chairman and Managing Director, Primark House, 41 West Street, Reading RG1 1TT or phone 0118 960 6300.

ASDA: Andy Bond, Chief Executive, Asda House, Southbank, Great Wilson Street, Leeds LS11 5AD or phone 0113 243 5435.

Please note War on Want is not calling on consumers to boycott the above retailers, as this could result in job losses, leaving impoverished workers in an even more vulnerable position. We are asking all readers to add their voices to ours and press for a fair deal for workers.

3. Join War on Want and help campaign for justice for workers across the world. War on Want works in partnership with groups in developing countries to help workers stand up for their rights, but we can only do this through the support and solidarity of people in the UK. You can join us in this campaign today by becoming a member of War on Want – go to www.waronwant.org/joinus or phone us on 020 7549 0555.

Appendix: How the research was conducted

War on Want's researchers returned to the six factories where they had interviewed workers for the 2006 *Fashion Victims* report. These were six typical factories that were known to be supplying Tesco, Asda and Primark; for full details, see the original *Fashion Victims* report.

Since the first report, it has become harder to speak with workers, many of whom feared retribution from factory management if they spoke about their jobs. A structured questionnaire written in Bangla was used to collect information. In addition to the questionnaire, our researchers also held discussions with workers in groups and in face-to-face meetings.

Our researchers faced many of the same challenges in conducting interviews that they encountered in 2006. As nearly all the workers interviewed leave work in the evening, the interviews took place after 8pm. To protect the anonymity – and the jobs – of workers, all interviews were held at their homes rather than near the factories in which they work. To accommodate the needs of female garment workers, who had no other spare time to offer, the discussions often took place during the preparation of the evening meal.

A total of 115 workers were interviewed during August and September 2008 (almost twice the number in the previous report), with a breakdown of 102 female and 13 male workers. As before, all workers' names have been changed to protect their identity, and the names of the factories have not been revealed to the companies they supply.

Notes

1. In 2007 Primark overtook Asda as the UK's leading clothes retailer, with profits increasing by 20% to £200 million. Despite being overtaken by Primark, Asda helped push profits at its parent company Wal-Mart to £12.8 billion for 2007. Tesco also had a record-breaking year, with profits totalling £2.8 billion

2. See the original report *Fashion Victims: The true cost of cheap clothes at Primark, Asda and Tesco*, War on Want, December 2006

3. The exchange from Taka to sterling has been calculated at the rate of £1 = Tk 119, the average rate for October 2008

4. 'Bangladesh: Govt asks apparel makers to raise pay', just-style.com, 23 September 2008

5. *Let's Clean Up Fashion 2008 Update*, Labour Behind the Label, September 2008

6. 'Bangladesh: Working Conditions', *Encyclopaedia of Nations*, 2007

7. 'Bangladesh relaxes ban on trade unionists', Reuters India, 7 September 2008

8. S. Quadir, 'Bangladesh garment factories attacked by workers', Reuters India, 19 August 2008

9. 'Over 100 garment workers injured in police action at DEPZ', *New Nation*, 24 September 2008

10. Freedom of association and the right to collective bargaining, along with benefits such as sick leave and maternity leave, are all part of the international labour standards set by the International Labour Organisation (ILO)

11. *The Millennium Development Goals Report 2008*, UN Department of Economic and Social Affairs, August 2008; for further information on the decent work agenda, please visit www.decentwork.org

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War on Want

War on Want fights poverty in developing countries in partnership and solidarity with people affected by globalisation. We campaign for human rights, especially workers' rights, and against the root causes of global poverty, inequality and injustice.

Cover picture: A woman worker in a Bangladeshi garment factory

Photo: GMB Akash/Panos Pictures

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