



RESEARCH ON WORKING CONDITIONS IN 8 FACTORIES PRODUCING WORK WEAR FOR EUROPEAN PUBLIC SECTOR BODIES



Field research by FTZ&GSE Union

Report by achACT for Networkwear







ANTRUDUCTUN

Public procurement inside the European Union is worth about 1,000 million euros, far more than the combined development aid budgets of all EU member states. Public procurement aims firstly to supply public sector organisations with services, goods and infrastructure. But public procurement is also the means to implement policies and make public commitments a reality, regarding for instance sustainable development, and to do so across the board. Indeed, how can citizens reconcile the use of their taxes in support of sustainable development policies to fight poverty and promote social progress whilst, at the same time, public authorities buy from companies who supply goods made in unacceptable social conditions, respecting neither universally recognised nor minimum labour rights?

As part of their public procurement activities, public sector bodies purchase work wear to protect their employees in the course of their activities. Most work wear is manufactured in low wage countries where basic workers' rights are most of the time neither monitored nor implemented or, in some cases, not even guaranteed by law.

The garment industry, and more specifically the work wear industry in Sri Lanka, is a good illustration of this situation.



Sri Lanka's garment industry is the country's biggest foreign exchange earner, bringing US\$3,5 billion (about €2.6 billion) in export income in 2010, i.e. 42.2% of the country's total exports and 56.5% of its industrial exports. The figure increased by 7 % compared to the previous year¹.

Despite the fact that the Sri Lankan garment industry has achieved phenomenal growth over the last 24 years, it faces intense competition from China and India. Additionally, the sector has to face the following challenges²:

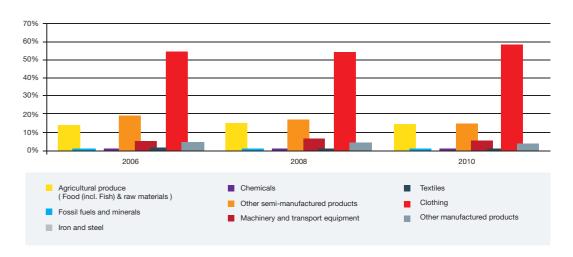
- Low productivity compared to India and China despite higher literacy levels.
- Inadequate training of managers and workers.
- Poor relationship between employers and employees.
- Investment in technology in order to reduce the size of the labour force.
- Some factories only partially complying with labour standards.
- Poor infrastructure (roads, transport and telecommunication) and lengthy custom procedures.

At the beginning of this century, the Sri Lankan garments for export industry was mainly supplying department stores (50%) and discount stores (40%). Specialised stores (including those retailing branded products) accounted for the remaining 10%³. Since then the trend has seen a decrease in production for 'discount' stores and an increase in production for department and specialised stores (including stores retailing branded products). Today, Sri Lanka supplies most well known fashion and sportswear brands as well as numerous work wear brands.

Sri Lanka – Europe: a close relationship

Garments represent the most important part of Sri Lanka's exports to the EU, way ahead of agricultural produce and other manufactured or semi-manufactured exports like machinery or textiles⁴.

Graph. 1 - EU imports from Sri Lanka (per category)



The European Union is Sri Lanka's main export market, accounting for 50.7% of total clothing exports in 2010. The U.S.A. is its 2nd largest market. Sri Lanka figures in the top 10 countries of origin for clothing imported into the EU, representing about 2% of imports in 2009, worth approximately US\$1.7 billion (about €1.2billion).

http://www.investsrilanka.com/key_sectors_for_investment/apparel_overview.html

A. Sivananthiran Promoting decent work in export processing zones (EPZs) in Sri Lanka http://oit.org/public/french/dialogue/download/epzsrilanka.pdf

³ Sri Lanka export development board : http://www.srilankabusiness.com/trade_info/srilankaproduct/apparel.htm

⁴ http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113449.pdf

EU tariff concessions

Sri Lanka stands among the 176 beneficiaries of the standard GSP Scheme which currently provides 20% tariff concessions for apparel and textile meeting 'rules of origin' requirements (i.e. that a minimum 50% of the value of the goods - at FOB level - has to be made in Sri Lanka) and 3.5 % tariff concessions on all other eligible goods.

Until recently, Sri Lanka was also the only country in Asia to benefit from the European Union's Generalised System of Preferences Plus (GSP+), enabling tariff-free entry into the European Union for 6,336 items. Sri Lanka was granted this status following its ratification and implementation of all eight core ILO Conventions, all eight human rights covenants and 11 conventions relating to the environment. In August 2010 however, the European Union suspended Sri Lanka's GSP+ trade concessions after investigation showed "significant shortcomings" in implementing the International Covenant on Civil and Political Rights, the Convention against Torture and the Convention on the Rights of the Child.

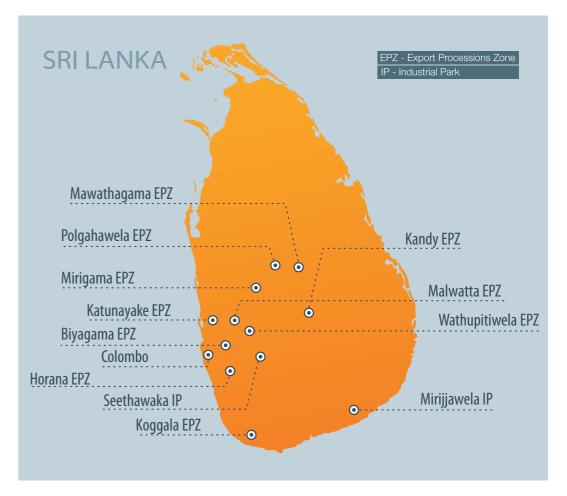
At the same time, the USA also took the decision to suspend the GSP status of Sri Lanka until January 2011, following a petition of the American Federation of Labor and Congress of Industrial Organisations (AFL-CIO) acting on behalf of seven Sri Lankan trade unions. The unions had complained about violations of workers' rights in Sri Lanka. Sri Lanka's GSP status was reinstated at the beginning of 2012, although the petition is still under scrutiny.

Table 1. Origins of EU-27 clothing imports, 2009

	Value (in US\$ Millions)	Share (%)
China	38,057	45,1
Turkey	9,967	11,8
Bangladesh	7,146	8,5
India	6,316	7,5
Tunisia	3,185	3,8
Morocco	2,813	3,3
Vietnam	1,752	2,1
Sri Lanka	1,687	2,0
Indonesia	1,603	1,9
Pakistan	1,568	1,9
Thailand	1,286	1,5
Other	9,010	10,7
Total	84,391	100

Source: WTO

Export Processing Zones



Source BOI

Garment production takes place in about 350 factories. The majority of the production of garments for export comes from garment factories operating within Export Processing Zones (EPZs) or in facilities benefiting from similar privileges although based outside the zones.

The prime motive of the Sri Lankan government when it began setting up EPZs in 1978 was to attract more foreign investment, and in so doing contribute to the overall development of the economy and in particular Sri Lanka's industry. In return for their investment, the government offered advantages such as good production conditions and a range of significant tax concessions.

Companies based in EPZs can only manufacture for export. In most cases, they source most of their inputs from abroad.

The highest EPZ authority is the Board of investment (BOI). Operating as an autonomous body, the BOI is directly responsible to the President of Sri Lanka. It functions as a central facilitation point for investors, providing advice and assistance at every stage of the investment process.

The first EPZ was established in Katunayake, near the capital city of Colombo. It remains

the largest and most developed EPZ in the country, with 83 companies present and about 50,000 workers.⁵ Twenty four of the companies based in Katunayake produce clothing for export. Biyagama is the second most important EPZ in Sri Lanka with about 20,000 workers. More than 70% of the workers in the EPZs are women.⁶

Due to the availability of latex produced in Sri Lankan rubber plantations and to the tariff concessions based on rules of origin, the manufacture of latex gloves constitutes a substantial niche market for Sri Lanka.

Table 2. EPZs: Employment statistics 2007 (within bonded area only)

EPZ	Year of creation	Number of companies	Employement		
			Male	Female	Total
Katunayake	1978	83	16,406	34,069	50,475
Biyagama	1985	53	9,338	10,649	19,987
Koggala	1991	23	1,810	8,254	10,064
Mirijjawila	2008	2	168	1,207	1,375
Seethawaka	1999	31	5,839	9,515	15,354
Horana	1999	15	560	138	698
Kandy	1994	9	324	216	540
Wathupitiwala	1998	17	1,308	4,443	5,751
Mirigama	1998	7	669	1,454	2,123
Malwatta	1998	5	616	2,001	2,617
Mawathagama	2000	6	911	2,228	3,139
Polgahawela	2000	4	590	1,304	1,894
Total		253	38,539	75,478	114,017

Source BOI - http://www.investsrilanka.com/setting_up_in_srilanka/free_trade_zones_industrial_parks.html

Some 1,200⁷ companies benefit from the same status outside EPZ enclaves, as well as from the services of the BOI. As at the end of 2011, a total 470,000 workers produced nearly 65% of Sri Lankan exports and 86% of the country's industrial exports⁸.

Rights of garment workers: what does the law say?

Sri Lanka has ratified about 40 of the Conventions of the International Labour Organisation (ILO), including its eight Core Conventions (see Table 3). Its national legal framework contains stringent measures for the implementation of these core conventions as well as other labour rights. The Sri Lankan Constitution guarantees the fundamental right to freedom of association.

Table 3. Year of ratification of ILO Core conventions by Sri Lanka

	Year of ratification of ILO Core conventions by Sri Lanka	ı
ILO N°87	Freedom of Association and Protection of the right to organise	1995
ILO N°98	Right to organise and collective bargaining	1972
ILO N°100	Equal remuneration	1993
ILO N°111	Discrimination (Employment and occupation)	1998
ILO N°138	Minimum age	2000
ILO N°182	Worst forms of child labour	2001
ILO N°29	Forced labour	1950
ILO N°105	Abolition of forced labour	2003

The **International Labour Organisation** (ILO) is a tripartite United Nations agency that brings together governments, employers and workers from its member states to promote decent working conditions throughout the world. ILO core conventions are universal human rights and are fundamental to the rights of human beings at work, irrespective of countries' levels of development.

All 183 ILO member states have an obligation to implement and abide by these fundamental labour rights whether or not they have ratified the specific conventions since these rights are part of the ILO charter.

All ILO member states are also committed to promoting the Declaration on Fundamental Principles and Rights at Work, which restates the core conventions, whether or not these have been ratified.

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⁵ A. Sivananthiran, opcit

⁶ A. Sivananthiran, opcit

⁷ Ditto

⁸ http://www.investsrilanka.com/welcome_to_boi/about_us.html

Sri Lanka's labour legislation⁹ is very complex as it consists of labour laws, labour regulations, decisions taken by the Labour Courts and the Appeal Court as well as a whole range of legally-binding collective agreements. Jurisprudence in Sri Lanka gives a major role to the Courts and Labour Commissioners in determining the scope and interpretation of the law.

Child labour is outlawed in Sri Lanka, and the minimum statutory age for employment is 15. Education and school attendance are compulsory for every Sri Lankan child aged between 5 and 14 years.

Child labour in Sri Lanka

According to the ILO, as many as 234,618 children are engaged in an economic activity and are not attending school or any other educational institution. The majority of the children engaged in economic activity are boys (62.3 %). 95 % of all working children reside in rural areas and nearly 60 % of all working children are reported to be working as agricultural workers. Among the children working in urban areas, the dominant occupations come under the category of 'shop sales persons and demonstrators'. The number of child domestic workers is estimated at 19,111, of which a majority are girls from rural areas.¹⁰

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A normal working day is nine hours, from Monday to Friday and six and a half hours on Saturdays, including a one hour break. Sunday is a day off. The normal working week is therefore 51 ½ hours, or 45 ½ hours excluding breaks.

Overtime has to be paid for each hour worked in excess of the normal working day, at one and a half times the normal rate. While a 1942 Ordinance had defined overtime as extra hours worked on a voluntary basis and capped it (for women workers) at 100 hours in each calendar year (or 6 hours in any one working week), the new ordinance of July 2002 states that overtime for women workers and young persons (16 to 18 years old) cannot exceed 60 hours per month and the word "voluntary" has been dropped from

- 9 The key national laws governing the garment industry in Sri Lanka are as follows:
 - Wages Board Ordinance -section 29 (3) of the Wages Board Ordinance (Chapter 136)
 - Employees' Council Act No. 32 of 1979
 - Industrial Disputes (Amendment) Act No. 56 of 1999
 - Unfair Labour Practices (Part VA to the Industrial Dispute Act)
 - Trade Union Ordinance Act No. 14 of 1935
 - Factories Ordinance 45/1942
 - Employment of Women, Young Persons and Children Act Act 47 of 1956, Act No. 32 of 1984
 - Workmen's Compensation Ordinance (Act No. 15 of 1990)
 - Employees' Provident fund Act 15 of 1958, Act 14 of 1992
 - Employees Trust fund Act Act 96/ 1980
 - Gratuity Act 2/1983
 - Maternity Benefits Act Act No. 43 of 1985.
 - Termination of Employment of Workmen (Special Provision) Act of 1971 as amended by Act No. 4 of 1976 and Act No. 51 of 1988
 - Amendment to the Employment of Women, Young Persons and Children Act (No. 47), 1956, 1999
 - Education Ordinance of 1940
- 10 http://www.ilo.org/legacy/english/regions/asro/newdelhi/ipec/responses/srilanka/national.htm



Housing of garment workers from the Katunayake EPZ. - © FTZ&GSEU

the text of the law. That means women workers can be forced to work up to 60 hours of overtime every month.

The employer can ask an employee to **work on a Sunday** but he must allow a day off within six days of the Sunday worked and Sunday overtime must be paid at one and a half times the normal rate for the first nine hours and twice the normal rate for each hour worked after the first nine hours. For working on one of the eight **official public holidays**, workers receive another day off during the year or are paid double time for the first nine hours and triple time beyond that.

Annual leave: an employee having worked continuously for 218 days is entitled to 14 days' annual leave, and to one extra day of leave for every four days worked above 218 days, up to 274 days. Up to seven days' annual leave can be taken at any one time. Both the employer and employee must agree as to when time off can be taken. Annual leave must be paid whether it is taken or not and pay is based on the daily wage earned in the last 60 days of the qualifying period of 218 days, excluding overtime and bonuses. Payment has to be made before a worker takes leave.

Night work for women workers is limited by the law. Women workers should not be employed after 10 pm if they have already worked on that day between 6 am and 6 pm and for more than 10 days in a month. Whether it is overtime or not, work after 10 pm has to be paid at overtime rates. Some facilities have to be made available by employers such as transportation home, restrooms, medical facilities, etc.

Maternity leave entitlements for women working in the garment industry are, for the first and second live births, two weeks before and ten weeks after the birth of the baby.

These 12 weeks are paid at 6/7 of the normal daily wage. All women working full-time in the garment industry have a right to maternity leave. There is no qualifying period. Two breast-feeding intervals of 30 minutes to one hour should be allowed every day once the mother has returned to work. Women cannot be dismissed from work because they are pregnant.

Minimum wage rates are determined by Wage Boards constituted by the Commissioner of Labour. They comprise an equal number of representatives of a particular trade's employees and employers and not more than three members appointed by the Minister of Labour.

Table 4. The Legal Minimum Wage for garment workers

Wage rates	Gazette No.	1668 / 19 of 2	Effective 01/09/2010			
Year of Em- ployment	Grade 1(a) in LKR.	Grade1(b) in LKR.	Grade2 in LKR.	Grade3 inLKR.	Grade4 inLKR.	Grade 5 in LKR.
1st Year	8,100	7,800	7,020	6,980	6,900	* 4,830
2nd Year	8,300	7,975	7,170	7,105	7,000	
3rd Year	8,500	8,150	7,320	7,230	7,100	
4th Year	8,700	8,325	7,470	7,355	7,200	
5th Year	8,900	8,500	7,620	7,450	7,300	

Add LKR. 1,000 to all grades as per Budgetary Relief Allowance Act No. 36 of 2005. (effective 01/01/2006)

Grade 1(a) designers, tailors, design punchers, design disk makers.

Grade 1(b) leaders or section supervisors.

Grade 2 cutters (head) cutters, machine minders, final checkers.

Grade 3 checkers, sorters, ironing operators, odd job operators (female), stamping operators (female), sewing machine operators, electric iron operators, issuing operators (female), embroidery machine

ead operators

Grade 4 laying out, packers, cellophane bag and cardboard box – makers, unskilled workers

Grade 5 apprentices.

As from August 2011, the minimum basic wage in Sri Lanka is therefore of LKR 7,900 (49.83 euros) per month.

The **Employees Provident Fund (EPF)** aims to provide workers with a lump sum upon retirement. Contributions are paid both by the employee and the employer. The employer must contribute the equivalent of 12% of the employee's wage. Employees have to contribute up to 8% of their wage. Either party can contribute more but cannot be forced to do so.

Employers are responsible for deducting employees' contributions from their wage and for sending it, together with their own contributions, to the EPF before a specific deadline.

Workers are entitled to receive EPF benefits when they reach retirement age (50 for women and 55 for men). Women workers are entitled to EPF benefits when they stop work due to marriage, cease work because of a permanent and total incapacity to work, take up

permanent residence abroad or die (in which case the benefit is payable to the nominee), etc.

The **Employees Trust Fund (ETF)** is managed by the Employees Trust Fund Board. It consists of employer contributions of 3% of the monthly total earned by the employees. The employer cannot deduct this amount from employees' wage. ETF benefits can be claimed once every 5 years by employees, or in case of termination of employment, or if over 60 years of age, or in case of migration, etc. The ETF is a kind of life / permanent disability insurance scheme.

Redundancy pay is owed to a worker whose employment is terminated by the employer or when a worker resigns. A worker whose employment is terminated in a factory of 15 or more workers after s/he has worked for a period of five years or more is entitled to half a month's wage for each year of completed service. Payment should be made within 30 days of termination.

Health and safety in the workplace is the responsibility of the employer. The employer has to ensure that the factory is safe for every person, direct employee or sub-contracted worker, working in the factory. Employees must not interfere with or misuse appliances or other equipment provided for health and safety purposes and cannot knowingly do anything likely to endanger themselves or others. The law contains provisions regarding the working environment - such as lighting, space per worker, fire escapes, supply of drinking water, etc.

Some items of machinery have to be checked regularly. Steam boilers for instance must be checked by qualified personnel every 12 months.

Protective equipment must be provided to any employee engaged in hazardous work.

A First Aid box, a sick room and a person able to provide first aid assistance have to be accessible during working hours in the factory.

Serious accidents must be recorded in a dedicated register and occupational illness must be reported by employers to a specific authority.

Workers injured at work are eligible for benefits through Workers' Compensation Legislation, which allows claims to be made up to a maximum of LKR 550,000.

Contracts and termination. There are only three situations where a worker can be dismissed legally: in case of serious disciplinary issues; when the employee gives his/her written consent; or with the prior approval of the Labour Commissioner. There are no requirements that a contract should be in writing. In the absence of a written contract, the terms and working conditions of employment of the applicable labour law regulation(s) are applied. The Labour Commissioner can approve any termination of employment on a case-by-case basis, and determine the amount of compensation to be paid. The compensation is often equivalent to 169 weeks of wage.¹¹

In Sri Lanka, short term employment is not regulated by national legislation. Therefore short term employees are not protected by national labour law.

^{*} The period of apprenticeship in relation to the learning of any trade referred to above shall be deemed to consist of 156 working days.

WSM, Short-term contracting in the Asian garment industry, Policy paper, December 2009

GARMENTS WITHOUT GUILT CERTIFICATION:

A guarantee that workers' rights are respected?

The 'Garments without guilt' (GWG) certificate is commonly shown by work wear suppliers to contracting public sector bodies to demonstrate compliance with core labour rights. 'Garments without guilt' (GWG) is an initiative of the Sri Lanka Employers' Organisation, representing manufacturing exporters and key trade associations such as the Joint Apparel Association Forum (JAAF).

GWG proposes a set of guidelines, a certification scheme (through social auditing conducted by SGS) and a forum in which companies can exchange good practice. According to the GWG website¹², 39 factories are certified. It presents itself as supporting the Global Compact proposed to the business community by former UN General Secretary Kofi Annan. The UN's Global Compact promotes a holistic approach to business, whereby companies are encouraged to fully embrace their social and environmental responsibilities along with optimising their economic performance.

The five guiding principles of 'Garments without guilt' are

- 1. Ethical working conditions
- 2. No child labour
- 3. No forced labour
- 4. No discrimination on any grounds
- 5. No sweatshop practices in relation to: working hours and overtime, freedom of association, wages and benefits, health and safety

Like the UN's Global Compact initiative, GWG sets out to demonstrate that companies have a responsibility to make sure the rights of factory workers are respected and to encourage companies to take initiatives in that direction.

However, GWG has some important weaknesses. Among them:

- no standard refers explicitly to specific ILO Conventions
- wages are limited to the legal national minimum (well below a living wage)
- GWG recognises employee councils as legitimate forms of organising as an alternative to independent trade unions.

Furthermore, it has been shown¹³ that the certification of factories using social audits conducted by commercial audit firms such as SGS as the main instrument, as is systematically the case with GWG, cannot be considered as a guarantee that core labour rights have been upheld. In this regard, verification schemes involving workers through careful interviews or more permanent mechanisms such as complaint procedures, which minimise the risks of intimidation and repression by the employer, should be given priority. These forms of verification are implemented through multistakeholder initiatives such as the Fair Wear Foundation.

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Freedom of association and the rights to organise and bargain collectively are recognised in the Sri Lankan Constitution and by law. Industrial disputes legislation requires that a union to which 40% or more of the factory's workers are affiliated must be recognised.

Freedom of association in EPZs

The Sri Lankan labour laws governing EPZs are the same as in the rest of the country. However, there are issues regarding the enforcement of these laws in EPZs. Some restrictions are reported in relation to trade union activity, to (longer) working hours and to the (faster) pace of work. In the mid 1990s, the BOI established guidelines for the establishment of Employee Councils (EC) in EPZs. An EC consists of a body of between 5-10 workers elected by secret ballot who are responsible for the settlement of industrial disputes. The members of an EC have two hours per month to carry out their activities. There is no fee for members and employers fund the EC and its activities. In spite of numerous requests for changes to this practice from national trade unions, international confederations of unions and the ILO, the Sri Lankan authorities have continued to recognise ECs as a legitimate form of worker representation and have actively promoted their use to prevent the establishment of independent and democratic trade unions.

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¹² http://gwg.garmentswithoutguilt.com/images/stories/pdf/SriLankaApparelCharterGWG.pdf

¹³ Clean Clothes Campaign, Looking for a quick fix - How weak social auditing is keeping workers in sweatshops, 2005

2 MURCING

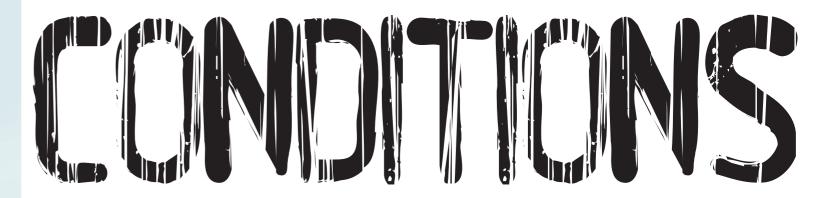
The garment sector employs between 270,000 and 300,000 workers. A large majority of the workforce - between 70% and 90% - are women. Most of them are aged between 18 and 25 years and come from rural areas. Finding a job in the garment industry is often a matter of knowing someone who already works there.

Most of the workers have completed eight years at school, usually up to Ordinary Level (15-16 years of age). Young women workers live in boarding houses near the factories. They typically share one small room with 10 to 12 others. Some boarding houses lack ventilation, electricity, running water, or sufficient toilet facilities.

As it is impossible to meet their basic needs on their basic wage, let alone those of a family, workers have developed a number of strategies to survive. The first is to increase their income by working overtime; the second to cut down their expenditure, in particular food; the third is to take out loans, borrowing from friends or local money lenders. As a result, workers endure excessive working hours while, according to the Labour Ministry¹⁴, 62% of women workers in the garment sector suffer from anaemia.

In this section, we look at how workers' rights are upheld in eight factories supplying work wear for the European market, including local authorities and public sector organisations.

The NGO responsible for this research, achACT, asked the Free Trade Zone & General Services Employees Union (FTZ&GSEU), member of the Clean Clothes Campaign international network, to conduct a survey on working conditions in these factories. The survey, based on worker interviews, was conducted by Sampah Dayaratne between August and October 2011, in cooperation with ALaRM, a Sri Lankan coalition of trade unions and NGOs.¹⁵



1.The factories

The factories concerned were chosen because of their links to the EU market. These links were identified either in the course of desk research or as a result of information gathered by NetworkWear members on cases of workers' rights violations that were taken up by the Clean Clothes Campaign. In some cases, it was possible to make a direct link between a specific public sector organisation and its supplier factory.

The research is therefore based on worker interviews and desk research. Four of the factories concerned are based within EPZs while the remaining four are located outside EPZs but benefit from BOI services and rules.

Company		Position in the supply chain	Number of employees
JSW Apparels	Panadura	Independent manu- facturer	150
Jennys Clothing	Kelaniya	Subcontractor	13
Scantex & Nordtex	Weliveriya	Independent manu- facturer	200
G.P. Garments	Avissawella	Informal subsidiary	Between 100 and 500
Workwear Lanka	Biyagama EPZ	Subsidiary	Above 1,000
Lalan Rubber Industries	Biyagama EPZ	Independent manufacturer	Between 500 and 1,000
Ansell Lanka	Biyagama EPZ	Subsidiary	2,500
ATG Gloves	Katunayake EPZ	Subsidiary	200

¹⁴ Quoted by ALaRM during the Presentation of Judges' findings & Press conference of the "People's Tribunal on Living Wages as fundamental rights of Sri Lankan Garment workers", organised by ALaRM and CAW in Colombo on 30 March 2011.

¹⁵ See Annex 1 for more details about research methodology

All eight factories produce for the European market, directly or indirectly. It is likely that none of these companies are in direct contact with their European buyers. Their position in the supply chain varies from first tier factories (subsidiary or independent manufacturer working for a producer or brand) to subcontractors.

The following overview (pp 20-21) states the position in the supply chain of each company, its relationships with potential tenderers for European public procurement contracts and the goods produced in its facilities.

Four of the factories produce gloves:

- ATG Gloves, Workwear Lanka and Ansell Lanka are subsidiaries of or directly linked with brand companies that are world leaders in the rubber glove market (ATG, Midas and Ansell). There is therefore no doubt that these companies are supplying European public sector organisations.
- Lalan Rubber Industries is part of a large, vertically integrated group whose activities range from the production of the raw material in rubber plantations to the final products (mainly gloves). Europe is its main market.

The other four factories are producing uniforms, protective work wear or security wear.

- G.P. Garments has direct management connection with the industrial, trading and
 financial group involving the Belgian companies Dress Confect, Dassy Europe and
 Cleanleasefortex (textile logistics). The factory also supplies or has supplied other
 European brands such as Engelbert Strauss (at least it did up to 2011), one of the
 biggest German companies trading in work wear. Its Belgian connections enable G.P.
 Garments to supply the French Ministry of Defence and several Belgian municipalities
 such as Mouscron and Beernem.
- **JSW Apparels** is producing for international brands such as AKZO, NOBEL and MAYER, which can be found in the catalogues of public sector suppliers.

Although **Jennys Clothing** and **Scantex & Nordtex** are probably producing goods for European public sector organisations, it was not possible to identify definite links to the final retailers.



Sri Lanka women workers - © Clean Clothes Campaign

2.Interviewed workers

The sample includes 63 workers from eight work wear factories in different areas. 64% of the workers interviewed are women. 44% are aged from 18 to 25 years (see Table 5).

Table 5. Age and gender of interviewed workers

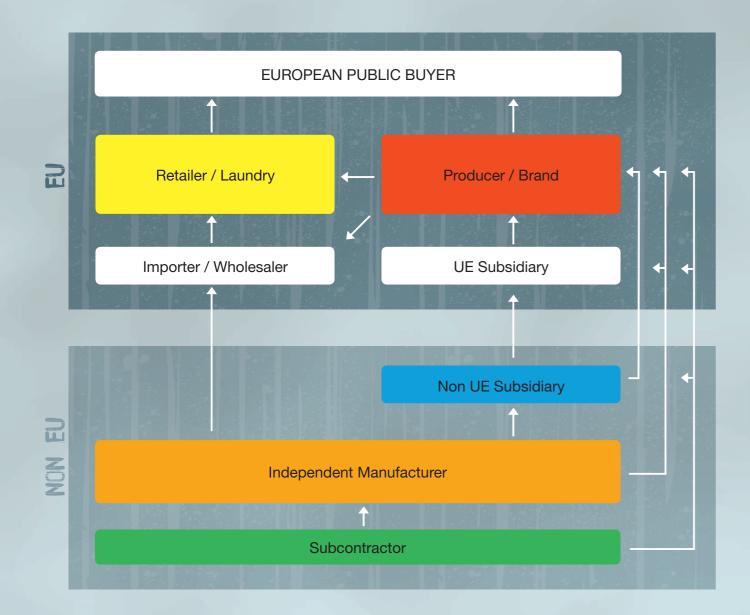
Age group	Total	% of Total	Male worker	% of Total	Women workers	% of Grand Total
18-25	28	44	11	17	17	27
26-33	22	35	8	13	14	22
34-41	8	13	2	3	6	10
>42	5	8	2	3	3	5
Grand Total	63	100	23	36	40	64

Among these workers are:

- one nurse
- supervisors (grade 1b)
- cutters (grade 2)
- line checkers, warehouse workers, general labourers and machine operators (grade 3)
- packing workers, helpers, cleaners and casual workers (grade 4).

Apart from the case of Scantex & Nordtex, where the interviewed workers come from the neighbourhood, respondents were from rural areas. 54% live in boarding houses while 40% stay with their families. 57% found their present job through another party, usually a friend.

Most of the respondents (76%) are educated at least to Ordinary Level (15-16 years of age).



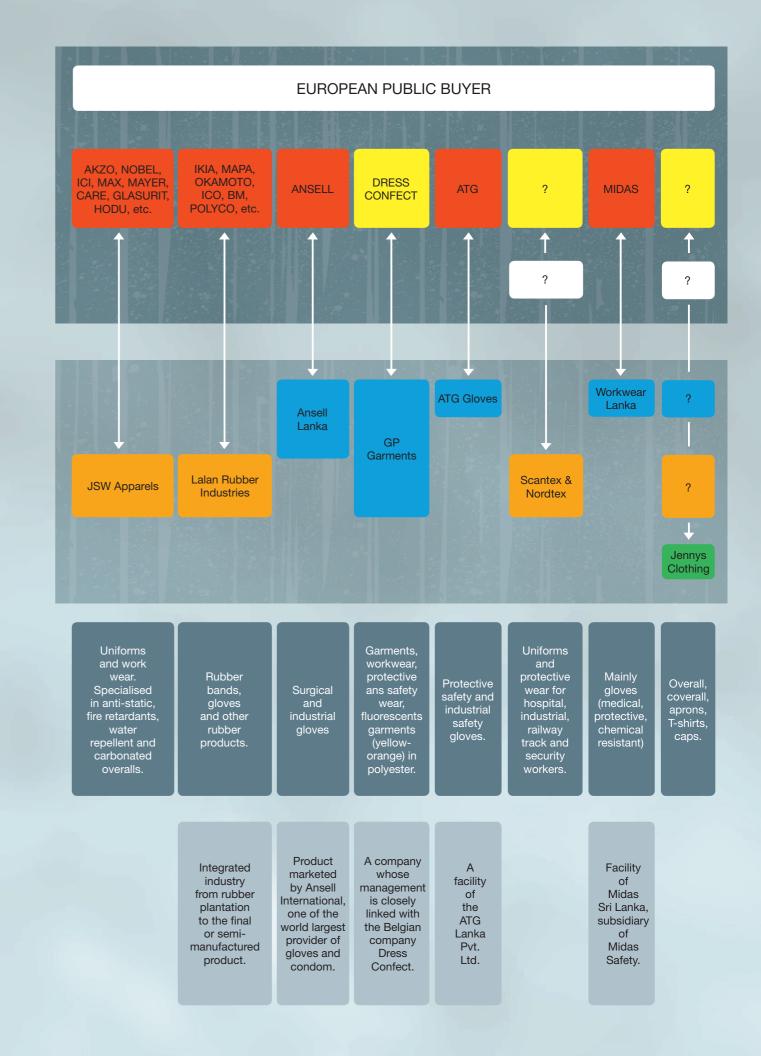
WHO SUPPLIES THE PUBLIC SECTOR?

Public procurement staff who put out a call for tenders can either be looking:

- to buy work wear
- for services such as work wear renting, cleaning, repair or replacement.

Companies selling or renting work wear to the public sector can be:

- retailers or industrial laundry companies. They source the work wear from producers;
- producers and brands supplying from their own production facility or a subsidiary facility or an independent facility. This Tier 1 facility may also contract production to subcontractors.



PORTRAIT OF LALITH

Lalith (not his true name) is the eldest son of a family of six. His father used to work for a garment factory and is now 83 years old. He works as a labourer. His mother is a housewife. Two sisters studied up to G.C.E. (O' Level or 10th grade) and are now married. His younger brother studied up to 4th grade but gave up his studies due to financial difficulties in the family. Lalith continued his education up to 7th grade then gave up his studies. He made several attempts to find work, but without proper education could not find a suitable job and managed to get by on poorly paid casual labour.

After getting married, he became a father at the age of 24. At the age of 26, Lalith fortunately got a job in a factory with the help of his sister-in-law. She directed him to an employment agency and he was given a job in Ansell Lanka (Pvt.) Limited in Biyagama working on a sub-contracted basis. He works in the same factory as his sister-in-law.

The employment agency still has not given him a written contract. Working hours are from 8 am to 5 pm each day. To begin with, his daily wage was LKR 175. Immediately after getting the job, Lalith had to do lifting and moving of heavy iron and cleaning of water tanks. After a week, he started to work on a machine where his task was to remove the gloves. After two months, he was switched to a department where he checks that the brand mark has been placed correctly.

In 2011, he completed his 11th year of (uninterrupted) employment in the factory. Two years ago, he got a wage raise and now earns LKR 375 per day (€.3). He cannot afford to have more children on his meagre earnings and his main objective is to provide a good education for his only son now 14 years old.

He has been obliged to work overtime. Lalith doubts whether the calculation of overtime pay is correct. When he asked about it at the manpower agency, he was verbally abused and chased away. He gave up asking questions for fear of losing his job. Throughout the period, Lalith has never had any of the statutory leave he is entitled to. When any time off has been taken, it has been deducted from his wages.

Lalith has noticed that the company recruits workers from four different manpower agencies and none of them provide workers with any medical insurance. An informal pay-slip is issued and it mentions deductions for the Employee Provident Fund, uniforms, gate pass fees and a funeral fund. There is no company name on the pay-slip and no information about the company's contribution to the EPF or ETF. Lalith does not know whether the company deposits EPF and ETF contributions with the central bank.

His question is: after performing the same task as permanent employees for all these years, why can he not enjoy the same benefits as they do? To whom can he turn to clarify his situation and complain regarding these issues?

3. Respect of workers' rights

Taking the code of conduct of the Clean Clothes Campaign as the reference, we will examine to what extent the following ILO core conventions and other basic rights are upheld or violated:

- · Freedom of association and collective bargaining
- No discrimination
- · No child labour
- · No forced labour
- Living wages
- · Occupational health and safety
- Reasonable working hours
- Formalisation of the employment relationship

3.1. Freedom of association and collective bargaining

In the previous section, we saw that freedom of association, collective bargaining and basic workers' rights are the subject of specific guidelines in Sri Lankan EPZs and in those factories that have similar status. In both types of factories, however, workers can be represented by Employee Committees (ECs). In fact, official guidelines are part of the obstacle to freedom of association. In promoting ECs as legitimate forms of worker representation, Sri Lankan authorities prevent the establishment of independent and democratic unions.

Compared to the relative ease with which ECs can be established, the creation of a trade union is made difficult not only by legal requirements but also by the attitude of most employers who challenge trade unions' assertion that they have organised 40% of the factory's workers. This means that a very slow procedure has to be followed, because the resolution mechanism requires the involvement of the Labour Commissioner and the organisation of a vote to assert the exact percentage of unionised workers. The time taken by this lengthy process facilitates union busting activities and intimidation of the workers, making it very difficult for trade unions to maintain the 40% membership threshold set by the guidelines.

	Employee Committee	Independent Trade Union
JSW Apparels	No	No
Jennys clothing	No	No
Scantex and Nordtex	No	No
GP Garments	Yes	No
Workwear Lanka	Yes, registered as Employees council union	No
Lalan Rubber Industries	Yes but did not meet from a long time ago	No
Ansell Lanka	No	Yes
ATG Gloves	Yes	No

In past years, cases where trade union busting had clearly occurred were reported in at least two of the eight factories that are the subject of this study: WorkWear Lanka and GP Garments. Ansell Lanka is also included here, because it embodied the union busting strategies of the 1990s.

Workwear Lanka - Gamini (not her true name) was working for Workwear Lanka for three years and a half before she was fired together with another 257 workers in 2004. « Union busting started when we officially informed management of our intention to form a trade union and gave the names of the members. The management, under the pretext of an accident which occurred outside the factory, fired 258 employees. There was no option to negotiate so we went on strike on 4 October 2004. Without waiting for the end of the strike, the employer set out to hire new workers. We then turned to the BOI who got the employer to suspend the hiring of new workers. But the Labour Minister took the opposite view and authorised new recruitments. We went on a demonstration to oppose the Minister's decision and in the end the BOI did not allow the new hiring. But the 258 workers never got their jobs back at Workwear Lanka. Some found work in another factory despite being blacklisted. But the majority is still without a job¹6.

GP Garments : After an industrial dispute in 2005, GP garments sacked 518 workers, including the entire union delegation. Some 37 workers were taken to court in 2008, but their case has been repeatedly postponed. The case is

16 Testimony published in Syndicaliste, CSC, n°651, 10 November 2006

a good illustration of how ineffective the mediation and court processes are in solving labour disputes within a reasonable lapse of time when goodwill on the part of the employers is lacking and the judiciary system is inefficient. Here are the details of this endless (long-running) case.

In 2005, the management of GP Garments expressed its intention to close down the Biyagama factory and transfer production to its Seethawaka factory. After a peaceful strike action on 20 April 2005, during which workers occupied the factory, the 518 workers who took part were dismissed and 37 faced legal procedures, charged with "taking hostages". The union filed a claim against the employer over the dismissals.

After three years, during which the arbitration procedure was suspended, the charge against the 37 workers was not upheld but was replaced by criminal charges. When the High Court called the case on 20 November 2008, 35 of the 37 employees appeared before the court, which released them on bail of LKR 10,000 each. Warrants were issued for the arrest of the two employees who did not appear in court. The case has since been postponed and no court decision has been taken up to now. 35 workers are still today under the threat of a criminal charge against them.

Furthermore, the cases regarding the termination of employment of 518 workers pending in the industrial tribunal were suspended for several years at the request of the employer. The company lawyers argued that the termination case should not be heard while the employer's case related to the alleged criminal activity was pending. The arbitrator ruled in favour of the company but was contradict by the Appeal Court under request of the trade union. At the time of writing this report, the next hearing concerning the 518 workers is due in July 2012.

Meanwhile, on 6 November 2008, the GP Garment factory closed down and some of the workers were transferred to another factory unit, in Avissawella, about 60 km away. The workers who did not want to travel to the other factory did not receive compensation.

Despite all this, the survey showed that workers at G.P. Garments are today unaware of these running court cases.

G.P. Garments Avissawella facility is certified by SGS as a "Garment without Guilt" factory since 2008.

In 1992, **Ansell Lanka** was refusing to recognise the workers' union and to negotiate wages and working conditions. Seven thousand workers then decided to march to Colombo in protest. Ansell Lanka is sadly remembered in

Sri Lanka for the way in which the march of the 7,000 workers was repressed: the police opened fire, shot dead eight workers and injured many others. Following this dramatic event, the Prime Minister decided to establish joint councils in EPZ factories (which were later be replaced by ECs) instead of promoting free unionisation.
The repression of workers' attempts to organise appears to be common in several of the factories surveyed.
Respondents at Workwear Lanka pointed out that current employees are benefiting from previous trade union actions but that there is no longer an active trade union in the factory. All respondents from this factory highlighted the fact that factory management are anti-union. Some pointed out that if management get to know about workers organising, the organiser could be harassed and lose his/her job.
In Ansell Lanka , respondents reported that if the factory gets to know about workers' attempts to organise in an union, the workers involved have to face severe punishments. Some workers were refused their wage. Workers involved in a collective action against the factory a few years back were sacked.
Respondents from ATG factory pointed out that they could not disclose any information about the factory as management would take disciplinary action if they found out.
Another, deeply troubling way in which employers have prevented trade unions from being formed is to organise recognition of their EC as a trade union, such as in Workwear Lanka. Some employers such as Lalan Rubber Industries, do not even fulfil their obligations under EC guidelines.
In the absence of trade unions, workers are not informed about or aware of their rights. The survey showed that 32% of the respondents do not know about labour laws at all and 59% only know a little. 88% do not know about core labour rights as defined by the ILO.
•••••

Scantex and Nordtex respondents pointed out that the factory dismissed some 200 workers about three years ago as a result of a dispute between

workers and factory management. The workers failed to take action against

Another consequence of the existing barriers to genuine dialogue and the repressive attitude of some management is that workers resort to other means in order to be heard.

Respondents from **ATG gloves** explained that employees resolve conflicts with management by physically abusing managers and supervisors on their way home from work. As a result, managers and supervisors no longer threaten them with forced overtime.

the employer for labour rights violations mostly because they are unaware of

3.2. Wages far from a living wage

At the time of the research (August 2011) the minimum basic wage in Sri Lanka was LKR 7,900 (49.83€) per month. This cannot be considered to be a living wage. A living wage should be a wage (for a normal working day, excluding overtime) covering the basic needs and a discretionary income for the worker and his or her family.

- According to local trade unions, a typical wage for a worker is about LKR 12,000 13,000;
- According to 2012 calculations by the Asia Floor Wage Alliance, the floor wage needed to cover the worker and his/her family's basic needs is LKR 31,795.3 (€200.55).
- According to Sri Lanka Census and Statistics Department calculations, a family of four needs LKR 41,940 (€264.55) to live.

Moreover, according to figures presented to the recent Peoples' Tribunal on Living wages in the Sri Lanka garment industry¹⁷, the price of goods has increased 100 times since 1971. At that time the monthly wage was LKR 180. Just to maintain the same purchasing power as in 1971, the minimum wage would have to be LKR 18,000 today. However, garment workers only earn about half of this as basic wage.

According to figures from FTZ & GSE Union in April 2012, inflation is such that garment workers' monthly income does not cover more than 10% of the needs of workers and their families.

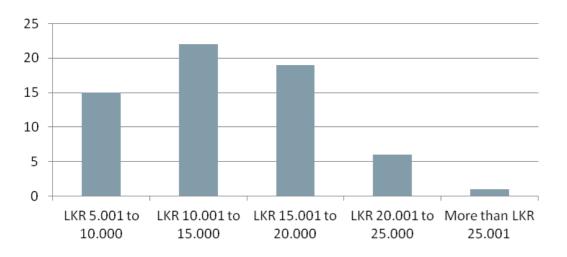
Workers are therefore pushed to accept - and even actively look for - possibilities of working overtime.

¹⁷ People's Tribunal on living wages as fundamental rights of Sri Lankan Garment workers, organized by ALaRM and CAW in Colombo 30 March 2011 – Presentation of judges' findings & Press conference

In **Scantex & Nordtex** (Pvt.) Ltd, the starting wage is between LKR 7,900 and 9,300. Even after working for about 10 years, some of them still earn about LKR 10,000 per month.

On this same issue, 15 (out of 63) respondents reported that their total monthly income (including overtime and other allowances and benefits) ranges from LKR 5,000 to 10,000. 22 of the respondents earned between LKR 10,000 and LKR 15,000. 19 of them between LKR 15,000 and 20,000 and 6 respondents earned between LKR 20,000 and 25,000 a month. One respondent earned more than LKR 25,000 per month.

Number of respondents per income range



In relation to their family situation, some of the respondents (48%), say that their income (including overtime and other benefits) is more or less sufficient whilst 30% say that their income is not sufficient at all. One third of the respondents are in debt.

On top of the difficulty of earning decent wages, additional pressure is put on the workers, for instance by fixing daily production targets that are too high (13% of respondents said that they cannot achieve the targets in a normal working day, others say that it was only achievable through continuous, strenuous hard work). If they fail to achieve the target, workers testified that they do not receive their productivity bonus and are verbally abused by supervisors.

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Jenny's Clothing pays overtime only for Saturday working starting from the ninth hour of work. The employer does not issue pay slips. There is no written proof given in writing to the worker that the employer contributes to EPF and ETF.

All factories pay an attendance allowance (LKR 2,000) in addition to the basic wage. But **Scantex & Nordtex** refuses to pay it if any worker has failed to report for work for more than 2 days.

3.3. Compulsory and excessive overtime

Sri Lankan law clearly stipulates that workers should be paid for the number of days worked as opposed to the number of items produced. The practice of setting daily production targets is a way to circumvent wage regulation. 25% of the workers interviewed said that their factory forced them to do overtime to meet the targets.

In **Lalan Rubber Industries**, workers have to achieve the targets set by the production line leader. Failure to achieve the target will result in deductions, the total elimination of the bonus payment or the obligation to work without pay.

Whilst a normal working day is 9 hours long (including a one-hour break), some workers in some factories work a shift system such as in Scantex & Nordtex and ATG Gloves. Each shift is 12 hours long.

Some days, **Scantex & Nordtex** workers have to do two successive shifts i.e. 24 hours' continuous work. The company claims that there is nobody else who can operate the machines other than those workers.

ATG Gloves operates a shift system. According to respondents, night shift workers are given a pill which, they are told, is a vitamin.

In Lalan Rubber Industries, the work is organised in shifts and workers work more than 60 hours of overtime per month. Recording overtime in excess of the legal limit is done in a separate log sheet.

4.Discrimination - short term contracts and recourse to employment agencies

In Sri Lanka, the procedures for recruiting workers are quite straightforward, whereas it is quite difficult to dismiss a worker. In addition, short term employees are not protected by national labour law. This situation gives employers a range of opportunities to use more flexible terms of recruitment and circumvent social protection and other statutory duties associated with having permanent employees. It is therefore not surprising that there is a significant decline in Sri Lanka in permanent employment and a corresponding increase in casual and fixed term sub-contracted labour.¹⁸

Companies often use short-term employees or hire workers through a labour subcontractor.¹⁹ According to respondents to our survey, this is partly the case in Ansell Lanka and Workwear Lanka.

•••••

Ansell Lanka is hiring workers through the manpower agency Thasma. While recruiting, Thasma has given candidates false information on wages (LKR 40,000 per month). No EPF / ETF cards are filled in, but the employee contribution is deducted from his / her wage.

.....

Workers are not treated equally, depending on their status and the way they were recruited. This is particularly noticeable in cases of illness or accidents within the factory.

In **Ansell Lanka**, if workers recruited through a manpower agency suffer an injury, they have to wait for the agency to come and take them for medical treatment. Manpower agencies usually neglect such responsibilities, where as direct employees are provided with a company vehicle to take them for medical treatment. A respondent reported: « On one occasion a worker got fever and fainted. The factory informed Thasma so that they would take care of the worker. Thasma took the worker away from the factory but not to a hospital. The worker was not given any medical assistance and was sent home directly. »

•••••

5. Health and safety

from their wages.

allowance was deducted.

Most of the respondents (89%) said their workplace is safe. All factories are equipped with fire extinguishers. Face masks and helmets are available for protection.

However 41% of the interviewed workers say they are frequently exposed to inappropriate lighting, dust, bad air conditions or chemical hazards and 62% are aware of accidents having taken place in the working place. Most of the workers (84%) reported that medical facilities were available, 11% say that there were no such facilities in the work place. 94% reported that a sick room was available within the factory. 88% of respondents reported that there was no permanent doctor and 73% that there is a nurse handling medical issues. 22% reported that there is no nurse available.

In the packing section of **Workwear Lanka** women workers on the night shift have to stand for 11 hours continuously.

Workers at **Lalan Rubber Industries** regularly suffer from coughs and other respiratory problems. If workers go to the sick room, the time is deducted

In **Workwear Lanka**, one respondent reports that a fellow worker got sore eyes and was given medical leave by management but her attendance

In **Workwear Lanka**, a worker died in May 2011 after attempting to control a burning machine. The factory bore the funeral expenses and built a house for his parents. His monthly wage is regularly paid to the worker's parents.

Ananda Wanawasala was a fire-fighter in **Ansell Lanka**. A boiler blew up and his leg was injured. Management took him to hospital and paid for the first medical treatment. Then the management forcefully discharged him from the hospital and brought him back to the factory, where the worker

was forced to sign out and was prevented from reporting the incident as a serious accident. Next day the worker had to be admitted to hospital again and underwent continuous treatment without support of the management for his medical expenditures. He reported to work after recovery.

¹⁸ WSM, opcit.

¹⁹ WSM, opcit.



Sri Lanka's comprehensive labour laws provide, generally speaking, a strong basis for upholding core labour rights. The weaknesses reside in the special statutes applying to Export Processing Zones, especially as regards the implementation of the freedom of association and collective bargaining, as well as in the complex and long-winded legal procedures for handling complaints made by workers and trade unions.

Based on workers' interviews, the research shows a number of abuses and violations of ILO core conventions and national laws, notably concerning freedom of association, compulsory overtime, discrimination and wages. Resort to short term employment and employment agencies creates an environment conducive to circumventing labour rights and exploiting workers, especially women from rural areas.

The legal minimum wage is not sufficient to cover the basic needs of workers and their families, contributing to the indebtedness of workers and to the acceptance of excessive overtime.

Whilst workers are not allowed to be represented through free and independent unions, permanent abuse of workers' rights and the lack of good faith dialogue can lead to the use of other means of persuasion, even to confrontation.

The eight factories covered by the research are directly or indirectly linked with brands and retailers supplying European public sector organisations. Links between some of them and specific European contracting authorities have been demonstrated. The research also reveals that at least one of the factories displays an audit certificate issued by a commercial audit firm claiming its compliance with core labour rights. This certificate was presented to at least one public sector organisation in order to secure its business. Pending legal cases concerning collective dismissal by the management of one of these factories show, however, that the compliance of that company related to workers rights can be questioned.

Recommendations to contracting authorities

Contracting authorities wanting to ensure that work wear is produced in companies where workers' rights are respected are confronted with a lack of expertise and difficulties in finding answers to basic questions such as « How to introduce social criteria in a call for tender? », « How to monitor supplier compliance with social criteria? » or « Will there be any tenders? » The European NetworkWear consortium will soon provide answers to such questions in the form of a practical guide for committed local authorities.





1. Numerous suppliers have already committed to respecting workers' rights

- by adopting a code of conduct based on core ILO conventions and implementing it at all levels of the supply chain;
- by participating in a multi-stakeholder verification initiative (with employer but also trade union and NGO representatives) in which the workers concerned can participate and which promotes social dialogue;
- by publishing the results of inspections and the verification of corrective measures;
- by publishing the list and location of their facilities, suppliers and subcontractors.

These companies, most of them SMEs, are members of the Fair Wear Foundation, Fair Labour Association or Ethical Trading Initiative, in which unions and human rights organisations effectively participate at the highest level.



2. If the contracting authority fears not being able to find tenders, it can retain the option of evaluating suppliers using a range of progress criteria (i.e. designed to assess gradual improvement):

- Step 1: the company is able to supply a written compliance commitment.
- Step 2: the company is able to supply an audit certificate issued by a social audit firm or a business association
- Step 3: the company is SA8000 certified
- Step 4: the company is a member of the Fair Wear Foundation or a similar initiative.



3. Whatever method is chosen by the Contracting authority, dialogue with potential suppliers is always an advantage.

The contracting authority should ask its current suppliers for information regarding the supply chain of which they are part. In the same way that public procurement staff asks for technical information, they could ask for information on social issues and traceability and request the list of supplier factories.

Annex 1. Research methodology in Sri Lanka

It is not always possible to use a structured questionnaire to collect data concerning sometimes sensitive social issues. Unstructured, flexible collection techniques were therefore used to gather data, such as individual interviews and direct observations by the researcher.

Telephone interviews

Telephone interviews were conducted with the Board of Investment (BOI), the Export Development Board (EDB), Sri Lanka Customs and trade union staff, to gather information on the factories. These interviews were conducted between 11 August and 10 October 2011.

Sampling

A sample of 63 workers was selected from both genders in the eight factories cited above. All interviews were carried out by ALaRM field researchers, trade union employees and workers trained for the purpose.

Questionnaire Design

The questionnaire comprised five subject areas designed to give an overall picture of the industry and gather information regarding the stated objective of the research. The questionnaire was tested with four respondents and amended accordingly.

Data Collection

The data was collected through a questionnaire used in Avissawella, Panadura, Kelaniya, Weliveriya, Katunayake and Biyagama with 63 respondents from eight factories. Data collection took place between 11 August and 10 October 2011, after a one day training workshop.

Data was collected at weekends by field researchers (two per location) as well as workers and trade union employees. In Kelaniya and Avissawella, local residents assisted in identifying and locating respondents.

Progress in field data collection was reviewed at the beginning of each week and strategies adapted accordingly to obtain accurate data. Field data collection techniques were revised and updated during these meetings to keep the field data collectors aware of appropriate techniques.

Data Analysis and Presentation

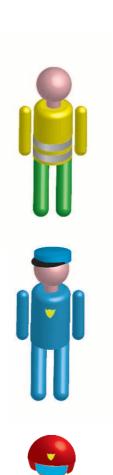
The data was collected from the eight factories by a research consultant through a semi-structured questionnaire which included close-ended²⁰ and open-ended²¹ questions. It allowed the respondents to provide information on the right to organise, collective bargaining, child labour, forced labour, wages, health and safety, the duration of the working day/week, formalisation of the employment relationship and respect of national labour law.

²⁰ Allows informants to provide focus answer

²¹ Allows informant to provide any information

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Field research in Sri Lanka

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