Wal-Mart:
Menace to Social and Labour Standards Worldwide

Honour Speech for day one of The Public Eye on Davos, Berne Declaration, 26 January 2005

Lucy, a Kenyan mother of two, sews the pockets onto children's jeans destined to be sold at Wal-Mart. Her factory in Nairobi is under intense pressure to keep costs low and production high. A year ago, when her manager demanded she worked non stop for two days and nights to meet the shipping deadline, her partner walked out, leaving her to raise the children. Some time ago, she sold her table, cupboard and bed so that she could pay the rent. Now her children live with her parents, 150 kilometres north of Nairobi and she has not seen them for six months. "if this EPZ could be better, and consider us as people, and give us leave and holidays, then I would be able to go and see the children," she said.

Like her colleagues, she faces excessive production targets and is expected to put in extra hours to meet them. One month, she worked twenty hours of overtime but was paid for only six. At the end of each month, she receives only half her earnings – the rest is held back for two weeks, to discourage workers from resigning. Some factory supervisors give loans but at 30% interest. "Sometimes we have to take that money to keep us going" said Lucy, "because even though the rate is very high, there is no alternative… instead of eradicating poverty, they are increasing poverty."

Talk of trade unions is banned and the factory atmosphere is intimidating. "Supervisors abuse us… If we talk they say, "shut your beak, even a child can do your job". She most pities the young women in low skills tasks such as counting and cleaning garments. "If you are a helper, you need security" she said, "they are sexually harassed to keep their job. That's why as women we are so oppressed. Because you can't secure your job through the trade union, you have to buy it with sex." [1]

It is for worker realities such as these that we have nominated Wal-Mart for their labour rights abuses in the Wal-Mart garment supply chain. The nomination is for Wal-Mart's blatant refusal to take any responsibility for working conditions in its garment supply chain. After years of informing Wal-Mart of labour conditions in its supply chain and urging the multinational to take responsibility for and change its policy, amend its code of conduct and make sure its code is implemented, Wal-Mart has hardly ever responded to allegations and has hardly taken any action to correct terrible labour conditions. They lag far behind many other companies in this regard. As the world's largest retailer, Wal-Mart should be amongst the companies taking the lead on improving labour conditions in its supply factories. Not only has it failed to take the lead, they are nowhere in site![2]

In 2002, Wal-Mart topped the fortune 500 list and has stayed there.[3] Wal-Mart is the world's largest retailer with 256 billion US$ in sales and 9 billion US$ in profits for the fiscal year ending 31 January 2004. The multinational corporation employs 1.6 million workers. It has over 3600 stores in the United States. Wal-Mart also has more than 1570 stores outside the US, in Mexico, Puerto Rico, Canada, Argentina, Brazil, China, South Korea, Germany and the United Kingdom.[4] Wal-Mart sources from tens of thousands of factories in 70 countries around the globe.

The labour problems at Wal-Mart supply factories originate in Wal-Mart's promise; "always low prices, always"[5] These low prices come at a high cost to factories workers all over the world.

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[1] Lucy's story is taken from The Manufacture of Poverty: The Untold story of EPZs in Kenya, Prisca and Steve Ouma, Human Rights Commission, 2004.
[2] The nomination for this award was drafted and submitted by Esther de Haan, Clean Clothes Campaign, 2004.
[3] Will Labour take the Wal-Mart Challenge? Liza Featherstone, The Nation, 28 June 2004.
[4] Wal-Mart's new website, www.walmartfacts.com
[5] Wal-Mart website, www.walmartstores.com

Whilst Wal-Mart claims an "unprecedented commitment to purchase American" the small print says, "Whenever pricing is comparable to goods made offshore".[6]

Globalisation has hugely strengthened the negotiating hand of retailers and brand companies. Wal-Mart will go to a factory and dictate the production time and the price it will pay for an order, if the factory does not agree to these terms they just move on to another producer. Today, with new technologies, trade liberalization and capital mobility there are a number of countries and producers from which Wal-Mart can source products and as a result competition in the supply chain is ruthless. Producers themselves have become multinationals as they set up factories in poor countries with cheaper and more exploitable labour and with trade arrangements that give better access to their goods in massive consumer markets. These poor countries have been forced to liberalise their economies and now compete with each other to attract investment and increase exports. This has been the story in Africa in recent years, of the mainly Asian multinational producers that have set up factories in the African garment sector with a view to export to the US, and many to Wal-Mart ,under preferential access afforded under the US legislated African Growth and Opportunity Act.

With such competition, Wal-Mart can dictate its terms and demand to know the price of every component and step in production, eliminating any profit margins on input.[7] Under these pressures supply factories respond with:

- excessive hours of compulsory overtime;
- poverty wages that don't meet workers' basic needs and
- cutting of corners resulting in health and safety violations.

The vast majority of garment workers are women, poor conditions in these factories also result in:

- Verbal and physical abuse and sexual harassment;
- Humiliating strip searches;
- Inadequate washroom facilities and restrictions on their use, and
- Unfair treatment of pregnant workers.

In order to maintain these sweatshop conditions at factories, employers violate workers' rights of freedom of association and work very hard at keeping trade unions out. Workers are often victimised, sometimes even dismissed for union activities. Unions are denied access to workers and put through lengthy and cost crippling legal wrangles over recognition.

I doubt that even if was given the full two days of this event, I would have enough time to present all the documented cases of labour violations at Wal-Mart supply factories. So I will limit myself to one of the supporting cases of this nomination, an appeal that was made to Wal-Mart by the Clean Clothes Campaign, the organisation that originally submitted this nomination, and I will add to this from my experiences working with trade unions in Southern and East Africa on behalf of the Regional Office of the International Textile Garment and Leather Workers Federation.

In an appeal sent to Wal-Mart in January 2003[8], for which there has been no response from the corporation, the Lesotho Clothing and Allied Workers Union called for Wal-Mart to take immediate steps to ensure that all its suppliers in Lesotho are complying with the Lesotho labour laws and conventions of the International labour Organisation. Factories producing for Wal-Mart had been found to be in serious violation of worker rights. Workers were working up to 14 hours a day and in some factories were found to have to work 24 hour shifts and longer in periods before shipment of an order. Overtime was forced and unannounced putting great pressure on women workers that are then unable to meet family responsibilities and making it impossible for them to adequately care for their children. In addition, workers were often required to work seven days a

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[6] Wal-Mart Workers of the World Unite: Wadi'h Halabi, Political Affairs, www.politicalaffairs.net

[7] Wal-Mart Worldwide: Who Pays for Price Cuts? Trading Away Our Rights, Oxfam, 2004.

[8] Appeal based on information sourced by ITGLWF and the Lesotho Clothing and Allied Wprkers Union through worker interviews, Clean Clothes Campaign, January 2003.

week, and then overtime is often not documented and paid for correctly. Workers at one factory said they were not allowed to clock in on Sundays because the managers "were afraid of losing their orders" if buyers saw that the code of conduct was being violated. In return for their labour, most workers at Wal-Mart supply factories in Lesotho receive "poverty wages" of 54US$ a month.

Workers are subjected to verbal and physical abuse. It is common practice for supervisors to demand bribes when recruiting new workers. A supervisor at one Wal-Mart supply factory reportedly demanded sexual favours from female workers and recruited other supervisors to pressurise workers that were reluctant to meet his demands.

Humiliating physical searches are common practice, whilst it is most common for workers to be lined up and patted down by supervisors, at three Wal-Mart supply factories workers must undergo strip searches, in which they are required to remove their clothing. At another factory, menstruating workers are forced to show their sanitary pads during searches.

The appeal goes on to detail the lack of consideration for pregnant women, health and safety concerns and access to washroom facilities. It also states that in some factories, despite having 50% of the workers signed up, employers refuse to recognise the union. Many managers in these factories have been openly hostile to the union and its members. Last year, managers at Lesotho Haps encouraged a splinter union to be formed in Lesotho with devastating results for the Lesotho Clothing and Allied Workers Union and worker representation. The factory also refused to honour the recognition agreement it had with the union. Then at the start of this year, garment workers returned to work at Lesotho Haps and its other subsidiary factories in Lesotho after the Christmas break to find that equipment had been removed and the factory closed down. In an instant, some 4000 workers that worked in these companies have had their world thrown into chaos and desperation.[9] They have had their jobs taken away with no notice and no compensation. Haps continues production at its Malawi factory. Both Lesotho Haps and Malawi Haps are known suppliers of Wal-Mart.

These conditions are not limited to Wal-Mart supply factories in the countries mentioned. Research in other African countries have found parallel working conditions at factories supplying the retailer. In Malawi wages of workers in garment factories supplying Wal-Mart were even lower at about 14US$ a month. Garment workers in Malawi and those in Swaziland, Kenya, Uganda and Namibia[10] have relayed alarmingly similar horror stories of working conditions in their Wal-Mart supply factories. These stories are again echoed by garments workers in Mexico, South America and Asia.

On behalf of these thousands of workers in factories producing for Wal-Mart throughout the world, I thank you for acknowledging their plight and for giving Wal-Mart the great "dishonour" of this award.

http://www.evb.ch/publiceyeondavos.htm

[9] B. Shaw Lebekae, Lesotho Clothing and Allied Workers Union, January 2005.
[10] Research work in these countries has been done by ITGLWF, SOMO, CSRSC and in Namibia by LaRRI