Chapter 7
The ITGLWF’s policy on cross-border dialogue in the textiles, clothing and footwear sector: Emerging strategies in a sector ruled by codes of conduct and resistant companies

Doug Miller*

Introduction

The central problem for trade unions in the global textiles, clothing and footwear (TCF) sector is the absence of a mature system of industrial relations in most of the countries where production is located. From the perspective of the International Textile, Garment and Leather Workers’ Federation (ITGLWF) — the global union federation representing some 240 affiliated TCF unions in 110 countries — such a system is defined as the presence of well-organized workforces in supplier factories, organized by recognized, trained and independent trade union representatives able to engage in grievance and dispute resolution, as well

---

* Multinationals Department, ITGLWF. Currently on secondment from the University of Northumbria, United Kingdom. The views expressed in this article are those of the author and do not necessarily reflect those of the ITGLWF.
as in periodic but regular collective bargaining with the management of production sites.  

In an industry with approximately 26 million workers in its formal sector (ILO, 2000), the extent to which industrial relations can be defined as "mature" is indeed very limited. Furthermore, official figures for union density in the sector are not available.  

Thus, while the affiliated membership data for the ITGLWF in 2006 give a figure of 1.7 million, there is still an unspecified number of unions that have chosen not to affiliate to the global union federation for ideological or other reasons. Based on available data, a density figure of 12 per cent is probably exaggerated, when one takes into account the (very conservative) International Labour Organization (ILO) estimate of workers in the sector (which does not cover those informal parts of the industry) and other inaccuracies in the recording of membership. Moreover, this figure masks major differences among unions in the various subsectors of the TCF sector.  

This chapter elaborates several major features of the TCF sector that present significant obstacles in the way of ITGLWF action aimed at organizing workers across borders. The first part provides data and examples that demonstrate, among other things, that the notion of "cross-border organizing" (euphemistically called "organizing along supply chains" — see below) appears to be over-optimistic and premature, to the extent that buyer-driven production chains are based on a very complex

---

1 This includes encouraging companies to establish a skilled human resources function, to embark on an agreed programme of joint management/worker training aimed at developing a better understanding and promotion of dialogue, and to negotiate a set of management systems dealing with industrial relations aimed at enhancing mutual understanding and providing the means to avoid future problems, including (a) a procedural agreement on relations between the company and the union, covering the rights and responsibilities of each; (b) a disciplinary procedure setting out clearly what happens in the event that disciplinary action becomes necessary; and (c) a complaints and grievances procedure that provides mechanisms for resolving complaints at source. See ITGLWF (2006a).  

2 For a discussion of methodological problems in determining unionization and collective bargaining coverage, see Lawrence and Ishikawa (2005).  

3 The Asia region of the ITGLWF reported in a small-scale survey density of less than 10 per cent (ITGLWF, 2007a).  

4 An example from the field is perhaps illustrative. In the textile and apparel cluster in Bangalore, the total workforce is estimated at 600,000. The Garment Workers Union estimates its membership at 54,000 (9 per cent); however, only 4,000 of its members actually pay membership dues. Alongside the Garment Workers Union (which is part of the Indian National Garment and Leather Workers Federation), the Garment and Textile Workers Union estimates its membership at 1,200, with a presence in some 85 factories. Finally, the Communist-aligned All India Trade Union Congress is present in 10-12 units, and the Centre of Indian Trade Unions in some 12 factories, but they both have an unspecified membership. (Information given by Nappenda Mukhopada, General Secretary of the Garment Workers Union, Bangalore.)
and opaque web of relations among the various tiers of outsourced production. The second part focuses on the strategy of the ITGLWF in the areas of multinational research and networking, which are viewed as a necessary step in any efforts to organize workers and pave the way towards a form of social dialogue across borders. The third section of the chapter outlines some reasons that explain the particular approach taken by the ITGLWF towards cross-border dialogue with multinational companies (MNCs) in the industry, including the absence of transparency of supply chains, the (mis)perception of codes of conduct as satisfactory forms of global social compliance, the rise of multi-stakeholder initiatives and the embedded culture of “union avoidance” in the industry. The final section outlines the background to the conclusion of the first international framework agreement (IFA) in the TCF sector with an MNC.

**Textiles, clothing and footwear: Figures and misperceptions**

In 2006, the ITGLWF undertook a survey of union membership in the sector (see table 7.1). With a 30 per cent response rate, the survey reveals a decline in trade union membership. Even where trade union recognition has been achieved (some 2,000 new units being recognized in the last few years) collective bargaining remains seriously underdeveloped (ILO, 2000, pp. 60-69; for a case study see Miller, 2005; 2007; ICFTU, 2006; Miller et al., 2007), and in many cases undermined by the adoption of alternative modes of workers’ representation whose independence is often questionable (Fair Labor Association, 2005).

**Table 7.1. Results of ITGLWF membership survey, 2006**

<table>
<thead>
<tr>
<th>Region</th>
<th>Responses affiliates</th>
<th>Affiliated membership based on levies</th>
<th>Members</th>
<th>New members</th>
<th>Members lost</th>
<th>Net gain/loss</th>
<th>New units organized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>23 / 59</td>
<td>379 250</td>
<td>95 345</td>
<td>10 393</td>
<td>16 605</td>
<td>-6 212</td>
<td>1 438</td>
</tr>
<tr>
<td>Americas</td>
<td>7 / 36</td>
<td>238 635</td>
<td>23 853</td>
<td>6 523</td>
<td>3 339</td>
<td>3 184</td>
<td>4</td>
</tr>
<tr>
<td>Asia &amp; Pacific</td>
<td>19 / 70</td>
<td>461 705</td>
<td>195 842</td>
<td>16 066</td>
<td>17 951</td>
<td>-1 885</td>
<td>234</td>
</tr>
<tr>
<td>Europe</td>
<td>24 / 62</td>
<td>700 859</td>
<td>217 051</td>
<td>26 118</td>
<td>28 774</td>
<td>-2 656</td>
<td>302</td>
</tr>
<tr>
<td>Total</td>
<td>73 / 241</td>
<td>1 780 449</td>
<td>532 091</td>
<td>59 100</td>
<td>66 669</td>
<td>-7 569</td>
<td>1 978</td>
</tr>
</tbody>
</table>

Source: Returns to ITGLWF 2006 Membership Survey as of July.
Box 7.1. ITGLWF agenda for action on multinational enterprises, 2004

The ITGLWF will:
A. promote cooperation between affiliates dealing with the same multinational enterprises;
B. build an organizing strategy throughout the operations of selected multinationals operating in the sector, including European, US, Taiwanese and Korean companies, which covers the operations in importing countries, as well as contracting, subcontracting and licensing operations;
C. in conjunction with its regional organizations, develop a dialogue with multinational enterprises with a view to concluding international framework agreements relating to trade union organization and collective bargaining as well as to information and consultation rights;
D. promote the creation of world-wide company councils within individual multinational corporations;
E. encourage affiliates to make use of framework agreements and codes of conduct as a tool for organizing workers and improving working conditions;
F. campaign to reduce the number of codes of conduct in operation, to ensure they are firmly grounded in the main Conventions of the ILO, are managed on a multi-stakeholder basis and are applied with the same intent as the ILO Conventions and that they include a system of implementation, internal monitoring and viable independent verification, with regular impact assessments;
G. campaign to ensure that codes of conduct are not used as a substitute for effective labour legislation, nor as an alternative to union organization;
H. demand that companies externally sourcing their production provide full disclosure of their suppliers worldwide;
I. campaign to make merchandisers and retailers responsible for the conditions under which goods they market are produced;
J. campaign for changes to national and international company legislation which would require companies to take into account and publicly disclose their social, environmental and economic impacts with a view to securing a legally binding international framework on corporate responsibility.

Source: ITGLWF

Consequently, the policy of the ITGLWF on “cross-border social dialogue” (see box 7.1) cannot be disassociated from a strategy for “cross-border organizing” (Fruendt, 2000). Because production in the TCF sector is buyer-driven (Gereffi, 1999) — outsourced by retailers and
brand owners that are headquartered in major buyer blocs (United States [US], European Union and Japan) and wielding considerable commercial and potential political control over social relations in the factories within their supply chains — the ITGLWF has long recognized the strategic importance of being a signatory to agreements with MNCs. However, a main objective in negotiating such enabling instruments is their use in promoting core employment standards, in particular the ILO instruments Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) and the Right to Organise and Collective Bargaining Convention, 1949 (No. 98). Such agreements could then be used as a means for securing the resolution of trade union recognition disputes in an MNC's supply chain, wherever these occur. In this respect, the policy of the ITGLWF as laid out in box 7.1 is no different from that of global union federations in other sectors (see Müller and Rüb, 2005).

However, the particular trajectory that the ITGLWF has pursued in its efforts to secure agreements, and the difficulties that it has encountered in this process, have to be viewed against the backdrop of a globally outsourced manufacturing base (Miller, 2004). MNCs in the TCF sector are positioned at various points along a global value chain and within a series of interconnected networks. Gereffi (2001) has usefully represented these networks graphically from a US perspective. This is reproduced in figure 7.1.

This graphic merits a few observations. First, looking horizontally along the chain, the TCF transects several industries/sectors and therefore the jurisdictions of several global unions. Raw material networks in both textile and footwear industries embrace the chemical and agricultural sector, and buyer and retail networks are clearly rooted in trading activities. From a jurisdictional viewpoint, this means that at least four other global union federations, in addition to the ITGWLF, have a potential interest, namely, the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers’ Association (IUUF) in, for example, cotton manufacture; the International Federation of Chemical, Energy, Mine and General Workers’ Unions (ICEM) in synthetic fibres, among other products; Union Network International (UNI) in areas such as retailing; and the International Transport Workers’ Federation (ITF), if one includes the logistics of TCF products.

Such an observation might appear irrelevant were it not for the fact that increasing reference is made to the concept of “organizing along
Figure 7.1. The apparel commodity chain

Natural Fibers
- Cotton, Wool, Silk, etc.
  - Yarn (Spinning)
  - Fabric (weaving, knitting, finishing)

Synthetic Fibers
- Oil, Natural Gas
  - Petrochemicals
  - Synthetic Fibers

APPAREL MANUFACTURERS

光照区
- U.S. Garment Factories (designing, cutting, sewing, buttonholing)
- Domestic and Mexican Caribbean Basin Subcontractors
- Asia Garment Contractors
- Domestic and Overseas Subcontractors

RETAILS OUTLETS
- Department Stores
- Specialty Stores
- Mass Merchandise Chains
- Discount Chains
- Off-Priced Factory Outlet, Mail order, Other

RAW MATERIAL NETWORKS
- COMPONENT NETWORKS
- PRODUCTION NETWORKS
- EXPORT NETWORKS
- MARKETING NETWORKS

Source: Geretti (2001).
supply chains” (for example Lund, 2003; Barber, 2006). As we explain below, even when focusing on those segments of the value chain covered by the ITGLWF’s jurisdiction, loose use of this concept can result in over-ambitious and quite unrealistic notions of cross-border organizing. Firstly, quite simply, global unions are not yet in a position to mobilize their resources to organize workers along the TCF product supply chains in this strict sense. 6

Second, and perhaps more important from an ITGLWF perspective, outsourced apparel production results in multiple brands sourcing from the same supplier factory as suppliers inevitably look to have as broad a client base as possible. In this situation, the enforceability of any IFA with a retailer or a brand owner in relation to its supplier factories is directly linked to the volume of production that the retailer or brand owner sources from that factory.

Third, in the apparel supply chain, added value and the potential for effective governance are greater towards the buyer end of the spectrum (Gereffi, 1999) as brand owners and retailers can dictate price and quantity through the orders they place and can switch production from one supplier to another and from one country to another.

Fourth, looking at the parts of a value chain from a vertical perspective, companies operating within the formal segment of these networks tend to own their means of production and service delivery. This makes it possible to establish some transparency as to the structure and patterns of ownership and control of the firms in question for the purposes of networking and organizing. However, this works only up to a point, since the phenomenon of outsourcing is as prevalent within each link or network of the chain as it is between each network. Indeed, adopting a vertical perspective permits us to see how much networks have become internally fragmented into tiers beneath the first-line contractor and constitute a vast informal “underbelly” of subcontracted manufacture and home-working, where the employment relationship in all tiers of production is governed by contractual flexibility and vulnerability.

These features are not reflected in Gereffi’s global governance model. Given the gendered nature of the supply chain, the debate on

---

6 In the context of current merger discussions between global unions, the ITGLWF will begin talks in 2009 with either UNI or ICEM/IMF (ITGLWF, 2007b). Some rationalization is likely, which might assist in targeting multinationals and in strengthening cross-border dialogue. See Vanhuijzenhuyse (2007).
cross-border dialogue can easily become de-feminized, despite the high
degree of (often hidden) female employment in the sector (Barrientos,
2005). As a result, the cross-border dialogue and organizing activities of
the ITGLWF are, admittedly, still focused as a matter of priority on the
establishment of “mature” systems of industrial relations for workers in
the largely formal first-tier part of the TCF sector, and are aimed at
unions that are still largely male dominated.

The hidden nature of this vertical underbelly is reflected to a cer-
tain extent to the lack of transparency in terms of the existing horizontal
commercial relationships between companies across networks. Until
recently, it was virtually impossible to depict an overview of the task in
hand for transnational trade union networking and organizing (Barrientos,
2002). Although a process of supply chain consolidation is under way
following the ending of the Agreement on Textiles and Clothing in 2004
(Nordás, 2005), many brand owners and retailers have only a partial
knowledge of where their products originate precisely, because they often
depend on traders and agents for sourcing. They may also be unaware
of the subcontracting activities of their known first-tier suppliers (Hurley
and Miller, 2005). Thus, outsourcing in TCF has contributed to a lack of
transparency and of formality of production relations in the sector, the
presence of which are key prerequisites for any serious effort by a global
union aimed at networking and organizing workers within its jurisdiction.

In sum, because cross-border organizing efforts tend to occur at best
sporadically and reactively, it is perhaps misleading to use the phrase
“organizing along a supply chain”. It is simply not within the logistical
capacities of a small global union such as the ITGLWF, and even the
wider global union community, to network along such supply chains. The
following paragraphs illustrate the point.

Figure 7.2 shows how a company such as Nike would locate within
an export network. Nike coordinates all aspects of the design and mar-
teting operations from its headquarters in Beaverton in the United
States. Its products are retailed in nationally based specialist sports shops,
such as JJB Sports in the United Kingdom (UK), as well as the company’s
own stores.

---

1 Namely, in the form of international solidarity campaigns originated by unions in the countries
   hosting the marketing networks, to protest against violations of freedom of association in the production
   networks.
2 Nike also has extensive retail operations so straddles the final two parts of the value chain.
Nike contracts production out to some 700 first-tier suppliers, which use the components approved by the company on the basis of global key accounts with supplier firms such as Coats (Miller, 2004), which in turn uses artificial fibre for the core of its industrial yarn supplied by DuPont. Nike products are then shipped by multinational logistics companies such as Maersk and APL. From the ITGLWF’s viewpoint, there may be some interest in cross-border dialogue with Nike on behalf of those 28,000 workers directly employed by the company around the world, notably in regional and national offices, not least because Nike does not have an in-house union (see table 7.2). Having said that, the part of the workforce that represents the real trade union prize ought to be the estimated 800,000 workers who are employed by the Nike contract factories worldwide (Nike, 2007, p. 11).

In addition, the peculiarities of the apparel sector, in which supplier factories generally manufacture for a range of brands that may switch their orders to new suppliers on a yearly or monthly basis, mean that it makes little sense for the ITGLWF to network on a brand basis.  

---

9 Whether the same argument applies to the negotiation of an IFA is, however, doubtful.
### Table 7.2. Trade union presence in headquarters of multinational companies in textiles, clothing and footwear

<table>
<thead>
<tr>
<th>Name of company</th>
<th>Headquarters</th>
<th>Product country</th>
<th>Trade union presence</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Sara Lee Corp Brand App</td>
<td>US</td>
<td>Knitwear</td>
<td>None</td>
</tr>
<tr>
<td>2 VF Corporation US</td>
<td>US</td>
<td>Jeanswear</td>
<td>None</td>
</tr>
<tr>
<td>3 Levi Strauss &amp; Co</td>
<td>US</td>
<td>Jeanswear</td>
<td>Unite Here at distribution centres in US&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>4 Jones Apparel Group Inc</td>
<td>US</td>
<td>Womanwear</td>
<td>None</td>
</tr>
<tr>
<td>5 Liz Claiborne US</td>
<td>US</td>
<td>Multiprod. clothing</td>
<td>None</td>
</tr>
<tr>
<td>6 LVMH-Gruppe Clothing</td>
<td>France</td>
<td>Prêt-à-Porter</td>
<td>None</td>
</tr>
<tr>
<td>7 Zara-Ind Dis. Text.</td>
<td>Spain</td>
<td>Mens- and womenswear</td>
<td>HQ not organized but a relationship exists between ITG affiliate and the company. Union presence in the distribution centre and some of the factories in Artexco&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
<tr>
<td>8 Nike Garment</td>
<td>US</td>
<td>Activewear</td>
<td>None</td>
</tr>
<tr>
<td>9 Ralph Lauren — Polo</td>
<td>US</td>
<td>Multiprod. clothing</td>
<td>None</td>
</tr>
<tr>
<td>10 Kellwood Co</td>
<td>US</td>
<td>Multiprod. clothing</td>
<td>None</td>
</tr>
<tr>
<td>11 Onward Kashiyama Co</td>
<td>Japan</td>
<td>Menswear</td>
<td>UI Zensen presence in HQ clerical but production outsourced&lt;sup&gt;c&lt;/sup&gt;</td>
</tr>
<tr>
<td>12 Adidas AG</td>
<td>Germany</td>
<td>Activewear</td>
<td>IGBCE, Works Council, Supervisory Board, EWC&lt;sup&gt;d&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

US = United States.  
Sources: <sup>a</sup> Unite Here; <sup>b</sup> CCOO Fisepa; <sup>c</sup> Ul Zensen; <sup>d</sup> IG Metall.

Finally, the migration of production from the former manufacturing centres of the buyer blocs such as the United States, European Union and Japan, together accounting for almost 80 per cent of global textile and clothing imports, has entailed a loss of trade union strength. Coupled with the emergence of new-economy brands that adopt a philosophy that may be encapsulated as “not dirtying our hands with production”, the
headquarters of many leading MNCs in the retail and export networks now maintain only functions such as design, buying, supply chain management and trading. These functions are usually populated by a young workforce with little trade union consciousness. Table 7.2 shows the outcomes of a 2006 ITGLWF survey on trade union activity in the headquarters of the top 12 MNCs in the TCF sector, based on Euratex (2004) data: of the 12 companies surveyed, some trade union activity was reported in only four of them, and none in the remaining eight.

### Targeting multinational companies for cross-border dialogue in textiles, clothing and footwear

Despite the above structural constraints, the ITGLWF fully understands the importance of research and networking as essential elements for paving the way for cross-border dialogue (Brecher et al., 2006). Following some bitter industrial conflicts in Central America, the ITGLWF realized the need to target companies and promote the idea of IFAs more proactively (ITGLWF, 1998). In an ambitious project launched in 2000, it selected between 10 and 15 MNCs in the TCF sector, on the basis of a range of criteria including (a) the global reach of the brand and the vulnerability of companies to negative media publicity and consumer pressure; (b) the existence of strong issues around which workers (and women workers in particular) might organize; (c) the existence of a union presence in headquarters and, if possible, in the operations of the company in question; and (d) the likelihood of a successful negotiation of an IFA.

Following these criteria, a short list of four target companies (Coats PLC, Daun & Cie AG, Pou Chen, and Vanity Fair Corporation) was drawn up with a view to exploring the feasibility of networking ITGLWF's affiliates and negotiating an IFA with these companies (Miller, 2004; see table 7.3). With the exception of Vanity Fair, all selected companies owned and controlled their production and therefore largely fitted the mould of companies in other sectors that have been traditionally targeted for cross-border dialogue.\(^{10}\)

---

\(^{10}\) Researching and networking trade union representatives at the factory locations of these target companies in order to prepare the way for cross-border dialogue were readily achievable within the textiles and footwear companies selected, where production remained in-house (because of the capital intensive nature of the operations). Some of the operations in question are of course not entirely free from outsourcing. For instance, hand-stitching in certain types of footwear allows for workshop and home-working production; the textile and yarn factories must follow the migration of apparel production (Miller, 2004, p. 219).
<table>
<thead>
<tr>
<th>Company</th>
<th>Position in value chain</th>
<th>Subsector</th>
<th>Global brand reach</th>
<th>Brand sensitivity</th>
<th>Strong issues</th>
<th>Union presence in HQ and operations</th>
<th>Likelihood of international framework agreement</th>
<th>Form of networking required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coats PLC</td>
<td>Component network</td>
<td>Thread and zips</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Vertical</td>
</tr>
<tr>
<td>Daun &amp; Cie AG</td>
<td>Component network</td>
<td>Engineered and classical textiles</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>?</td>
<td>Vertical</td>
</tr>
<tr>
<td>Pou Chen</td>
<td>Production network</td>
<td>Footwear original equipment manufacturer</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>?</td>
<td>Vertical</td>
</tr>
<tr>
<td>Vanity Fair Corporation</td>
<td>Export network</td>
<td>Branded apparel</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>?</td>
<td>Horizontal</td>
</tr>
</tbody>
</table>

*Pou Chen is a major footwear supplier for leading sportswear brands. Violations of core labour rights in its factories would immediately impact on the brands sourcing from those units. This among other reasons might have led leading brands such as Nike to maintain an almost permanent presence within its contract factories in China, Indonesia and Viet Nam.

Source: Author.
Between 2001 and 2005, the ITGLWF organized multinational workshops to bring together trade union representatives within an expanded list of targets: Coats — yarn (ITGLWF, 2001; 2002a; 2005a); Aditya Birla — synthetic yarn and textiles (ITGLWF, 2004a); Bata (Africa) — footwear (ITGLWF, 2002b); Pou Chen — footwear; and Daun & Cie — engineered and classical textiles. Workshops were also organized with the participation of two branded apparel companies and Ramatex Bhd (a large, knitted apparel manufacturer). The branded companies were Triumph, in lingerie, one of the few clothing MNCs that owns much (about 80 per cent) of its production facilities; and Levi Strauss Co, a company that had begun to close its factories and switch to offshore production. The purpose of these workshops was to disseminate the ITGLWF’s policy on MNCs, exchange information on collective agreements, discuss the desirability and feasibility of pursuing an IFA with the company, and elect a coordinator for each company network.

With the exception of Coats and Daun & Cie, where networking proved essential in pushing IFA negotiations to a very advanced but ultimately unsuccessful stage (Miller, 2004), the experience of establishing and maintaining global coordination networks within MNCs has been extremely patchy. In some cases, efforts stalled as a result of turnover in network membership, or restricted computer access for network members. In other cases, there was an absence of a sustained political focus and/or lack of commitment on the part of some network members (ITGLWF, 2005b). In the case of Pou Chen, networking initiatives proved almost impossible, given the existing ITGLWF policy of “critical disengagement” vis-à-vis the All China Federation of Trade Unions, and problems relating to accessing shopfloor representation in Viet Nam.

No attempt was made to organize a network within Vanity Fair for two reasons. First, the company operates as a typical US branded manufacturer that outsources its production to largely undisclosed locations in Central America.11 Second, and more important, UNITE, the US affiliate of the ITGLWF, did not wholeheartedly commit itself to the policy of IFAs. Instead, UNITE targeted Vanity Fair workwear firms in Central America in an effort to boost the prospects of those UNITE-organized

---

11 Some Vanity Fair workwear and jeans brands owned factories in Central America and could be traced through the US Foreign Trade Reporting Service.
shops in New York City that gained contracts for uniforms from the municipality.\textsuperscript{12}

In short, the top-down networking efforts undertaken by the ITGLWF for cross-border dialogue proved to be a failure to an extent, even though the existing EWCs and on some occasions national structures (through codetermination, for example) provided for strategic trade union access to decision making with at least two of the initial targeted companies.

\section*{Why no IFA?}

As explained above, given that the bulk of the 26 million strong global workforce,\textsuperscript{13} in the TCF sector is located in manufacturing networks composed of some 300,000 supplier factories, organizing and networking workers internationally within apparel production networks has proved fruitful only if it is done in wholly owned manufacturing MNCs operating in this sector (SOMO, 2003; Appelbaum, 2005; ITGLWF, 2006b). However, as recent reports to the Executive Committee of the ITGLWF demonstrate, these companies are largely headquartered in Asia and usually offer strong resistance to any trade union organizing efforts, wherever their facilities are located (ITGLWF, 2006c; 2007a). In only a handful of Asian-owned MNCs do ITGLWF affiliates maintain a presence at headquarters and have negotiated collective agreements with companies such as Ramatex Bhd (Malaysia), Delta Galil (Israel), Asics (Japan), and Mizuno (Japan), which potentially constitute targets for IFAs.

With Ramatex Bhd and Delta Galil, for example, both of which wholly own their production facilities, the case for vertical transnational networking is strong. However, in other companies, such as the Japanese sportswear brands Asics and Mizuno (both largely operating outsourced production in China), the immediate relevance of an IFA with one brand only may prove to be of questionable value, given that the workers in their supplier factories also produce goods for other brands. Nevertheless,

\textsuperscript{12} Oral report by Eric Hahn to the Strategic Approaches Sub-Committee of the ITGLWF Dhaka, 13 October 2002.

\textsuperscript{13} Unofficial estimates suggest that at least the same number of workers again may be employed in the less formal parts of the sector.
the potential for networking and organizing workers nationally can improve if it is coupled with disclosure of locations. As explained below, the ITGLWF's policy therefore focuses not so much on horizontal networking along a brand supply chain, but rather on coordinated national supply-base organizing in those MNCs that have disclosed their suppliers' locations.

Such a strategy does not preclude the negotiation of an IFA between the ITGLWF and an MNC. However, such an agreement to late 2006 continued to prove elusive for the ITGLWF. Successful negotiations of IFAs in other sectors have depended on a strong trade union presence in the headquarters country (Terres and Gunnes, 2003; Müller and Rübs, 2005; Hammer, 2005, p. 523), and, arguably, on the existence of robust institutional industrial relations arrangements permitting trade union access at strategic levels of decision making within companies. As seen earlier, organized labour, in apparel in particular, has a sporadic and certainly weakening membership foothold in the headquarters countries of key MNEs.

Moreover, attempts to organize and network workers' representatives along multinational supply chains have been dogged by an absence of disclosure of factory or vendor locations. In addition, there is the vexed issue of the proliferation of codes of conduct, which are viewed as alternative instruments to IFAs since they have been unilaterally drawn up by companies and often implemented with nongovernmental organization (NGO) rather than labour involvement. The waters have also been muddied by the emergence of multi-stakeholder initiatives — bringing companies, in some case trade unions, NGOs, and other interested parties together in an effort to avoid duplication and criticism via the establishment of a jointly agreed code, greater public transparency and the provision of third-party auditing/verification services. Finally, and perhaps most significantly of all, the clothing and footwear supply chain remains notoriously anti-trade union (ICFTU, 2006; ITGLWF, 2006d).

In the following section we look at each of these factors and the ITGLWF response in turn — disclosure of locations, codes of conduct, multi-stakeholder initiatives and MNCs' avoidance of unions.

---

The disclosure debate

The lack of transparency on employment practices within global supply chains has attracted growing criticism in recent years, resulting in a range of proposals for disclosure by MNCs (Doorey, 2005; 2007). The policy of the ITGLWF and some NGOs\textsuperscript{15} has focused on full disclosure of supplier locations. In the ITGLWF's draft IFA, disclosure of locations has always been a crucial transparency provision, without which any normative chapter would have no meaning (Miller, 2004, pp. 219 and 223). Furthermore, regular disclosure of locations enables organized labour and NGOs to track the supply-base consolidation process that has been under way since the expiry of the Agreement on Textiles and Clothing in December 2004.

There are very clear signs that these calls for disclosure have begun to bear fruit. Students against Sweatshops has compelled university apparel licensees in the United States to disclose their suppliers' locations on the Worker Rights Consortium website (www.workersrights.org). This has, in turn, prompted a few companies to opt for full disclosure on their own corporate websites. Social Accountability International has pursued a policy of publicly disclosing its certified facilities, although these give no indication of the buyers that source there.\textsuperscript{16} A major breakthrough occurred when Nike, on publishing its second Social Responsibility Report in 2005, decided to release some 700 addresses of its first-tier suppliers on its website.\textsuperscript{17} The ITGLWF had lobbied Nike hard on this (Doorey, 2007, p. 37).

Shortly afterward, some other companies followed suit: Puma, Levi Strauss & Co, Timberland, and Reebok. Other companies have held back or provided qualified disclosure. Adidas has provided the ITGLWF with national supplier lists on request. Mizuno has released a list of those factories that have undergone a company audit. In the wake of the Spectrum factory collapse in Bangladesh (see the section "Breakthrough", below), the Spanish multinational Inditex agreed to supply the ITGLWF with its...


\textsuperscript{17} Available at: http://www.nike.com/nikebiz/go/emp/pdf/disclosure_list_2005-04.pdf [4 Oct. 2006]. The presence of the general secretary of the ITGLWF on the report review committee was a significant factor in the decision by Nike to disclose.
list of country suppliers as part of a joint risk-assessment effort. Since one of the purposes of an IFA is to assist affiliates in their organizing efforts (Risgaard, 2005; Wills, 2002), a key objective in ITGLWF policy could be achieved at a stroke without having an agreement with these companies: the provision of key data for the affiliates of the ITGLWF to consider when planning national organizing drives, particularly in relation to those retailers and merchandisers with which the ITGLWF is beginning to develop a constructive social dialogue in other forums (see below).

Thus, the disclosure of supplier locations has largely contributed to a shift in focus in the ITGLWF’s multinational strategy, since it provided what was for the ITGLWF a prerequisite for adopting an IFA. Added to the fact that most MNCs in the TCF sector have now adopted a corporate code of conduct aimed at promoting a body of labour standards similar to that contained in IFAs, it has suddenly become possible for the ITGLWF to develop a type of organizing strategy vis-à-vis the MNCs that have disclosed their supplier locations. In sum, this has meant a shift in focus towards the use of emerging relationships between the ITGLWF and corporate social responsibility (CSR) staff in MNCs, for the development of a more proactive approach at national level in implementing the freedom of association and collective bargaining standards contained in the codes of disclosing MNCs.

Codes of conduct

Among sectors, TCF has arguably generated the largest body of codes of conduct in an effort to lay down the basis for social compliance in its supply chains. The ITGLWF has had to vie with a “code of conduct and compliance industry” where MNCs have had a predilection for coopting NGOs and consultants rather than courting organized labour in their efforts to establish global social dialogue. In the absence of negotiated IFAs and more formal proactive dialogue with an MNC, the ITGLWF as a matter of policy had been encouraging affiliates to use codes of conduct as the normative reference point in any unresolved national disputes with a supplier, particularly where labour standards contained in the multinational buyer’s code had been breached.18 Although the trade union position was to present IFAs as alternatives to codes of conduct (Kearney and Justice, 2003), codes were nevertheless

still deemed to serve a purpose as a norm prevailing in a supply chain which workers could use particularly in such a poorly organized sector.

Moreover, a code of conduct and an IFA are not mutually exclusive; it is by no means a given that a successfully negotiated IFA in the TCF sector would supplant or replace an existing corporate code and related compliance efforts. This is because, although an agreement would cement a relationship between the ITGLWF and a particular MNC, the suppliers may still be bound by contractual commercial relationships with other MNCs which, as clients, may have stipulated different requirements. During a factory visit to the Triumph facility in Thailand, it could be observed that several different "codes" were pinned on the notice boards by the staff canteen — the company code that had been negotiated between the European works council and the company, the Adidas Standards of Engagement and the global social accountability standard SA 8000. The company justification for this was that although the company essentially produced its own brands, it nevertheless acted as supplier to some major labels which insisted on their own code or third-party code requirements.

In the majority of cases where affiliates and other organizations bring an urgent appeal to the attention of the ITGLWF, the focus is usually on the failure of a supplier to observe the freedom of association and collective bargaining provisions of a particular buyer’s codes (ITGLWF, 2004b; see also Rimmil, 2003). Increasingly, this type of case has involved degrees of direct local intervention by the general secretary of the ITGLWF, often accompanied by CSR staff of the major buyers, to pressure the management of suppliers to, for example, reinstate sacked trade union organizers and put in place an industrial relations framework (ITGLWF, 2006c).

**ITGLWF involvement in multi-stakeholder initiatives**

Some of interventions have been made as a result of the ITGLWF’s involvement in multi-stakeholder initiatives. Such initiatives are common in the TCF sector. In them, civil society organizations, employers and even government officers are involved in the design and implementation.
of standards and a variety of reporting, auditing, monitoring, verification and certification systems. Their development has a business logic since numerous companies have long recognized the tremendous duplication involved in the proliferation of codes and of code compliance efforts, as well as the need for some independent form of verification of their monitoring efforts (Utting, 2002).

The ITGLWF has become an active member in several multi-stakeholder initiatives: Social Accountability International (SAI), the UK Ethical Trading Initiative (ETI) and the Multi-Fibre Arrangement Forum. In the case of the SAI, the ITGLWF played a central role in developing the SA 8000 standard, which is widely viewed as the most robust in the industry. Furthermore, information on the locations of factories certified under SA 8000 have been distributed to affiliates. In one or two isolated cases, sacked trade union representatives have been reinstated under threat of invoking the SA 8000 complaints mechanism. In the case of the ETI, which very much takes a "learning organization" approach to CSR, the ITGLWF has invoked the complaints mechanism to resolve freedom of association violations in UK retail supply chains and is participating in some ETI working parties. Finally, the Multi-Fibre Arrangement Forum — established after the expiry of the Agreement on Textiles and Clothing in 2004 in an effort to address impending job losses — has involved staff from the ITGLWF in discussions with participating companies on guidelines for managing the impact of restructuring on factories in vulnerable supply bases. There is little doubt that the ITGLWF's involvement in such initiatives has raised its profile and fostered working relationships, particularly between the general secretary of ITGLWF and other staff, and the CSR managers of corporate members.

---

20 SAI has the following member companies in TCF: Textile, Charles Vögele, Synergies Worldwide, GAP Inc., Eileen Fisher, Otto Versand, and Timberland. In 2006, the general secretary resigned from the board of SAI after a decision was taken to work closely with the Business Social Compliance Initiative — a retailer-dominated organization that has embraced neither labour nor NGOs in its governance structures or compliance efforts.

21 ETI has the following member companies in the sector: Asda, Cutler & Buck, DCC Corporate Clothing, Debenhams Retail, Dewhirst Group, Flamingo Holdings, Gap Inc., Inditex, Levi Strauss & Co., Madison Hosiery, Marks and Spencer, Marshalls, Myntra, Mothercare, Next, Pentland Group, Quantum Clothing, Rohan Designs, Somerset Stores, William Lamb Footwear, and Tesco.

22 Available at: http://www.mfa-forum.net/. Participating organizations include Accountability: Business for Social Responsibility; Co-operative Group; Ethical Trading Initiative; Fair Labor Association; Fundex; Gap Inc.; George/ASDA; Interfaith Centre on Corporate Responsibility; International Textiles, Garments & Leather Workers' Federation; Littlewoods; Marks & Spencer; Maquila Solidarity Network; Nike; Oxfam International; Social Accountability International; UNDP Asia Trade Initiative; UN Global Compact; and World Bank Group.
Union avoidance

Sectorally, TCF is notorious as a sector in which, at least as far as supply chains are concerned, trade unions are at best avoided, at worst deliberately dismantled by the management of supplier factories. Globally, the picture is somewhat more complicated. MNCs, which purport to operate according to their codes of conduct or according to multi-stakeholder initiative codes of which they are members, are bound to observe the principles of freedom of association and collective bargaining. Yet for most of the 1990s, calls by the ITGLWF to specific companies for dialogue to resolve the victimization of workers during national recognition disputes were generally ignored. Where necessary, the ITGLWF has adopted more creative approaches to bring resistant employers to the bargaining table. In the case of a targeted German multinational, where the owner of the company had flatly refused to consider any “central guidelines” on employment standards, the threat of a global petition and leafleting campaign in German factories forced the company to begin negotiations on an IFA. Although negotiations remained inconclusive, coordinated trade union action clearly had an impact (Miller, 2004; ITGLWF, 2004b).

In the case of an MNC component supplier that had been taken over by a private equity concern, negotiations for an IFA were at an advanced stage before collapsing, following notification from central management that it would be adopting its own code of conduct. After a 12-month interregnum, the ITGLWF organized a workshop for trade union representatives in the Asian facilities of the company. The process of clarifying the programme for this event required renewed contact with the company and the ITGLWF was asked to attend a meeting at the company’s headquarters, at which company strategy, production locations and an outstanding Organisation for Economic Co-operation and Development complaint were discussed (Miller, 2004; ITGLWF, 2006b).

Following an international workshop held in 2003 for trade unionists within the wholly owned operations of Ramatex Bhd, the ITGLWF wrote six times to the company with concerns about trade union and workers’ rights at several of its global facilities. On each occasion the company failed to respond, but when a serious violation occurred involving foreign migrant workers at its Namibian factory, prompting the ITGLWF to write to the buyers sourcing from the factory and to the Namibian Government, the chief executive officer began direct email contact with the general secretary in an effort to resolve the dispute.
In 2003, jointly with Oxfam International and the Clean Clothes Campaign, the ITGLWF engaged in a global campaign for improvements in working conditions for sportswear workers in the run-up to the 2004 Athens Olympics. Campaign activities, launches, materials and other resources developed among the international secretariats of the three organizations focused on Mizuno, Puma, Asics, New Balance, Kappa, Fila, Lotto and Umbro.

The overall aim of the campaign was to persuade the International Olympic Committee and its sponsoring sportswear companies to recognize the limits of existing approaches on regulating abuses of workers’ rights in sports-goods supply chains and to engage directly with the labour movement in developing a collective programme to address these weaknesses. One of the central planks was the call for a sustained effort to address the problematic areas of freedom of association and collective bargaining and for the negotiation of an international framework agreement for the entire sector, between the World Federation of Sporting Goods Industry (WFSGI) and the ITGLWF. The campaign "lever" in the first instance was the publication of a research report in the media on violations in the sector, which led to "verification" meetings between some companies and the campaign team. This has led at times to ongoing dialogue between the ITGLWF and the companies in relation to general supply-chain management issues, health and safety and the resolution of specific disputes.

At two meetings held under the informal auspices of the ILO between the campaign team, leading corporate members of the WFSGI, and representatives of the International Olympic Committee, it became apparent that as a trade association the WFSGI had neither the authority nor the resources to engage in such a campaign. Moreover, some leading Corporate members of the WFSGI made it known that they preferred to see sectoral matters addressed by the offices of the Fair Labor Association (FLA), a multi-stakeholder initiative with a significant sportswear-brand membership. It became apparent that an agreement with some...
of the leading sportswear corporate members of the FLA, rather than with the WFSGI, might be possible (ITGLWF, 2005e). However, in return, the ITGLWF would be expected to go back on the withdrawal from the board of the FLA in 1998 of UNITE and United Students Against Sweatshops, which had resulted in a loss of credibility for the FLA. Some FLA officers considered formal recognition of the FLA by the ITGLWF as an action that would have helped restore this credibility. While such a sectoral framework agreement would essentially have addressed trade union rights, the ITGLWF felt that major shortcomings in the FLA’s own code provisions in respect of wages and working hours were too great for it to take the matter further (ITGLWF, 2006e).

Although talks over a sectoral framework agreement had therefore stalled, sportswear brand owners were nevertheless interested in meeting with ITGLWF affiliates in Asia specifically to address the issues of freedom of association and collective bargaining. A regional seminar involving CSR staff from Adidas, Asics, Lotto, Nike and Puma, and affiliates from Cambodia, Hong Kong (China), India, Indonesia, Malaysia, the Philippines, Sri Lanka, Thailand, and Vietnam was held in Vietnam one year after the Athens Games. One significant agreed outcome was to replicate such an event at national level, but in the presence of suppliers (ITGLWF, 2005d).

Underpinning these trajectories is a marked shift in the thinking of leading companies in relation to the existing code compliance model toward root cause analysis and the explicit pursuit of global partnerships with stakeholders (Nike, 2005, p. 11; Adidas, 2005, p. 17; GAP, 2005, pp. 19, 34-41), and external critiques of this auditing model, such as O’Rourke (2000; 2004); Bendell (2001); Ascoly and Zeldenrust (2003); Estenshade (2004); Prueitt (2005); and Locke et al. (2007). In their public recognition of the limitations of the current compliance model, leading sportswear companies have acknowledged the importance of a developmental approach and social dialogue between trade unions and management. This has been evidenced by their willingness to participate in national seminars in the Philippines (ITGLWF Philippines Projects Office, 2006), Indonesia (Serikat Pekerja Nasional, 2006) and Thailand (ITGLWF, 2006d), and by involving ITGLWF affiliates and their suppliers in implementing freedom of association and collective bargaining measures.

Such initiatives help to make progress, although brand representatives are, correctly, keen to point out that they are not in the business of
organizing workers on behalf of unions. That would indeed fly in the face of the principle of freedom of association. There is little doubt, however, that the discrimination of workers on the grounds of trade union membership and activity does, as in the case of other forms of discrimination, deserve positive remedial action. At present, initiatives under consideration range from suppliers' awareness training to the brokering of negotiated "access" or "neutrality agreements" or non-interference guarantees to facilitate trade union recognition on the part of brands and retailers, rather than simply reacting to the many complaints of violations of ILO Conventions Nos. 87 and 98 as they emerge.

**Breakthrough?**

In April 2005, Spectrum — a knitwear factory that employed some 2,000 workers in the Savar district of Dhaka, Bangladesh, and producing for some 23 (mainly European) retail brands, collapsed, killing 64 workers and injuring 84. The factory had been built on a swamp without proper foundations. Permission had been given for a four-storey building, but the owners had added a further five floors, and placed heavy machinery on the top floors. In the wake of this disaster, the ITGLWF organized a mission of major buyers to the site. The delegation consisted of representatives from the ITGLWF itself, the Business Social Compliance Initiative, the Cotton Group of Belgium, Inditex of Spain, Karstadt Quelle of Germany, and ETI of the United Kingdom. The first employer member of the delegation to respond almost instantly to the needs of the workers in Bangladesh was Inditex: in addition to making €35,000 available for the establishment of a Spectrum Fund, the company announced its intention to embark on an improvement programme with its 73 suppliers, disclosing their locations as part of a programme of work with local unions in Bangladesh.

In a series of joint follow-up visits aimed at establishing proper administration of the Spectrum Fund, the general secretary of the ITGLWF and the head of CSR of Inditex began to discuss ways in which the company and the ITGLWF could work together to address compliance issues in the company's supply chain. This culminated in an IFA

---

25 The company had traditionally based the bulk of its manufacturing activity in Spain where CCOO-Italea, the local ITGLWF affiliate, had membership in several supplier factories.
that was formally signed in October 2007 (ITGLWF, 2007c). Prior to this, two serious freedom of association violations had occurred at supplier facilities belonging to River Rich in Cambodia and TopyTop in Peru in the first half of 2007 (ITGLWF, 2007d). These incidents required country visits by both the general secretary of the ITGLWF and the head of CSR of Inditex, which resulted in the establishment of workplace systems of industrial relations and capacity-building programmes. In the period up to the formal signing, staff from the ITGLWF initiated work with the CSR department of Inditex with a view to revamping the company’s audit methodology and engaging on the issue of purchasing practices.

Conclusions

This chapter has outlined the flexible multi-track approach pursued by the ITGLWF in its quest for cross-border social dialogue with MNCs in the TCF sector. The peculiarities of globally outsourced apparel production have a critical impact on the trajectory of ITGLWF’s policy and practices with regard to MNCs. Despite the problematic nature of seeking meaningful cross-border dialogue along apparel supply chains, the ITGLWF has nevertheless succeeded in securing its first IFA with an apparel retailer — Inditex. It remains to be seen whether this will lead to similar agreements with other global brands or retailers in the same sector. Alongside this goal, the ITGLWF continues to seek dialogue via involvement in multi-stakeholder initiatives, global campaigns and national meetings between brand owners, their suppliers and ITGLWF affiliates, in order to address the difficult implementation of freedom of association and collective bargaining principles. Crucially, the recent disclosure of supplier locations by leading companies in this sector represents, in many respects, the attainment of a major policy objective of the ITGLWF with regard to MNCs.

Nevertheless, the promise that has been held out by the willingness of CSR managers to engage in dialogue on the implementation of freedom of association and collective bargaining, and by their efforts to encourage suppliers to attend such meetings, marks the beginning of a critical process. It is not the role of MNCs to organize on behalf of a global union or its affiliates and companies know their place in this respect. However, the contested terrain is the extent to which forms of positive action can be resorted to in order to address the ongoing
discrimination against trade union organizers and members. The ITGLWF is thus pursuing, alongside a conventional IFA, other types of global agreements that would focus primarily on the issues of trade union access, neutrality and non-interference. Arguably, the opportunities for moving towards mature industrial relations in parts of the industry have never been better, but MNCs seeking to respond positively to root cause analysis of compliance failures within their supply chains know that the key issue is to get their suppliers to fully understand and accept the meaning of freedom of association. For the ITGLWF and its affiliates, Hyman's observation that the actual composition of trade union membership in many countries still reflects the composition of the working class half a century ago is powerfully relevant. If the unions that manage to organize in the apparel and footwear sector are to reach out to as many young men, women and migrant workers as possible in those supply chains, then they will have to adopt more imaginative methods of representation and recruitment and "seek alliances with other collective agencies once treated primarily with distrust and disdain" (Hyman, 2005, p. 149).

References


Barber, B. 2006. “Speech by the TUC General Secretary Brendan Barber at the founding conference of the International Trade Union Confederation”, Vienna, 2 Nov.


CROSS- BORDER SOCIAL DIALOGUE AND AGREEMENTS


186
2006a. "Preparable report on human and trade union rights: Solidarity action to ITGLWF, paper presented by the ITGLWF to its Executive Committee, Mar.
2006b. Organising in a global economy (Brussels).
2007a. "Organising in a global economy": Regional Asian Workshop Executive Summary Bangkok, (Brussels), Dec. 4-5.


