

Report

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The Dark side of Healthcare

a report about Swedish county councils' procurement of goods from India and Pakistan

SwedWatch



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SwedWatch is a non-religious and non-political voluntary organization. Its mission is to review the trade and activities of Swedish companies in developing countries, in order to reduce unsatisfactory social and environmental conditions. SwedWatch has five member organizations: Church of Sweden, Swedish Society for Nature Conservation, Fair Trade Center, Education for Aid Activities/Latin America and Friends of the Earth Sweden.

FAIR TRADE CENTER

Fair Trade Center is an independent non-profit organisation with the aim to promote a fair trade with the developing countries. The organisation informs consumers about companies activities in developing countries. www.fairtradecenter.se.



Clean Clothes Campaign Sweden is a network of solidarity - , youth - and trade union organisations. The aim of the network is to improve the working conditions in the global garment industry. www.renklader.org and www.cleanclothes.org

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Introduction to the english version

The Dark side of Healthcare (2007) is a report about Swedish county councils' procurement of goods from India and Pakistan. The report reveals that simple surgical instruments, as well as patient wear, are produced for Swedish county councils in unacceptable working conditions that also leads to environmental destruction.

The research is conducted by SwedWatch and the follow up work is done by Fair Trade Center and Clean Clothes Campaign Sweden.

SwedWatch has also produced a documentary with the same name which may be reserved from Fair Trade Center. The film includes footage of workers involved in production, suppliers in Pakistan and India, as well as procurement directors and politicians in Sweden.

All identities of the workers mentioned in the report are simulated in order to protect them against any harm.

This report was originally published in Sweden in the end of March 2007. The english version is an abbreviated version.

Executive Summary

Every year Swedish municipalities, county councils and authorities purchase goods and services for around 400 billion SEK. Around 40 percent of this money spent is on goods, totalling 160 billion SEK. In 2005 county councils bought goods for 10 billion SEK. Most private companies in consumer-related businesses have begun thoroughly working with ethical procurement. However, public organisations have almost entirely failed to do so. Only a few county councils have made any social demands and then only concerning child labour for certain goods.

The report presents investigations about the purchasing surgical instruments and hospital textiles by county councils. The research has been conducted during February 2006 – February 2007. SwedWatch have also looked at two suppliers of garments to The Swedish military. This is because The Swedish military is one of the first public institution to be putting demands on manufacturers stipulating that work should be carried out with respect for human rights and that this should apply to all workers. SwedWatch has conducted exploratory work in both Pakistan and India and we have ourselves visited all the factories.

A large proportion of the simple surgical instruments (scissors, tweezers, hemostats, etc.) that reach Swedish hospitals and health care centres have come from Sialkot in North Eastern Pakistan. Only a small amount of surgical instruments are imported into Sweden directly from Pakistan. A significant part of this trade is done via Germany. Two of the Swedish companies, Medixa and Sunnex Tillquist, who buys and sell simple surgical instruments to Swedish county councils tell SwedWatch that they buy from Pakistan. However, it is very possible that other companies purchase products made in Pakistan, either with or without their knowledge. The surgical instrument association in Sialkot believes that expanding direct trade between Pakistan and end consumers in Europe and USA would improve the possibilities to aid development in Sialkot.

Most exporters in Sialkot use several subcontractors for several stages of the production process. It was revealed that this was also the case for Sunnex Tillquist's, one of the biggest actors on the Swedish market for simple surgical instruments. Although MA Arain had got Sunnex Tillquist to believe that all production was made within one factory it was shown that the supplier used at least ten subcontractors. The big factory was well ventilated with good lighting throughout. By means of interviews outside the factory we learned that most employees were happy about their work. Unfortunately MA Arain did not want us to visit any subcontractors during our visit. They referred to the ILO project for eradication of child labour within manufacturing of surgical instruments. We visited the ILO project, and they did not want to show us to any of the subcontractors either. SwedWatch was instead shown an ILO model workshop yet Pakistani labour laws were not upheld here either.

Our local contacts made it possible for us to visit three subcontractors. All of them told us how they were used by the bigger factories since the economic compensation was minimal for the work they did. This low payment led to long working hours and the usage of child labour. SwedWatch had the chance to interview a seventeen year-old boy who had been working at one of the subcontractors for four years. He dips his hands into a bath of corrosive chemicals without any protection. This subcontractor tells us that they work with MA Arain from time to time.

A lot of different textiles are used in hospitals. In addition to work wear there is patient wear, bed linen, towels, curtains, tablecloths and more. The Swedish county councils buy textiles for 150 million SEK every year. Most of the sewing for work wear and bed sheets is done in the Baltic States and Eastern Europe, but several companies tells us that they also move production to suppliers in cheaper countries in Asia and Africa. The fabric often comes from Asia.

The county councils have for several years had contracts with laundry service companies for all kinds of textiles. These include TVNO Textilservice AB, Textilia Tvätt & Textilservice AB, Alingsås Tvättereri and Skånetvätt. The laundries have contracts with companies such as Martinson Konfektion, Almedahls, Segers Fabriker, Hejco and Mitt Plagg, and these companies source from different suppliers. SwedWatch visited three suppliers in Lahore, Pakistan, that produce fabric and towels, as well as one supplier of patient wear in Tirupur in South India.

The supplier in Tirupur in particular shows to have poor working conditions. The employees are forced to work to one o'clock at night several times a week. Fifteen out of seventeen workers interviewed say that they are forced to work far beyond legal working hours and sixteen out of seventeen say that they do not receive overtime compensation despite there being legal provisions set for this. Thirteen out of seventeen complain about the working environment at the factory. Many of the employees work around 89 hours a week. The legal working week in India is 48 hours with a maximum set at 60 hours. Five out of seventeen employees say that the supplier employs children below the legal working age of fifteen. A boy aged fourteen tells us that he works equally long working hours as the adults. The employees complain about back pain and exhaustion, but they do not dare to complain to their employer since they are afraid to lose their jobs. Many of the workers do eventually stop working anyway due to the hard working conditions.

Martinson Konfektion, which buys around 40 percent of the supplier's output, say that they are not aware of the hard working conditions at the factory from which they have been buying goods since 1990. Not until 2006 did Martinson Konfektion begin to ask questions about working conditions at the factory.

Almedahl's supplier of towels in Pakistan also has many problems. Employees reveal that their wages are lower than the minimum rate, that they are not

allowed to organise independent trade unions and that they are punished with unpaid overtime if they make mistakes.

This supplier did not have any kind of treatment for its outflows from dyeing and bleaching. One of the garment suppliers in Tirupur stands out as a good example. The supplier allows trade unions at the work place and meets the legal rights of the workers. One of the fabric suppliers in Pakistan also seems to follow most of the law.

The solution is not for county councils to decide not to buy from developing countries because of the problems in the production. Instead the conclusion should be that the county councils must raise their demands and follow up on these, so that employees producing goods for Swedish public institutions do not suffer. As it is now workers in Pakistan and India risk their health in producing surgical instruments and patient wear for Swedish hospitals.



Surgical Instruments

How does the trade work?

Sweden primarily buys surgical instruments from Germany, Denmark and the US. The statistics available are very vague since surgical instruments are included in a larger group called “medical apparatus”, which even includes much more advanced surgical instruments and machinery. Put very broadly, simple surgical instruments are often imported from Pakistan, undergo final assembly in Germany and are then reexported.

- “Companies in Sweden do not want to buy directly from Pakistan. Rather, they want known brands and therefore buy via Germany”, says Anjun Assad Amin, Commercial Attaché at the Embassy of Pakistan.

Even if none of the companies contacted by SwedWatch want to admit that they do in fact purchase surgical instruments in this way, all agree that it does go on. According to Anjun Assad Amin this is due to the fact that the Nordic market is strongly steered by quality, and that Pakistan’s reputation in this field is worse than Germany’s. British doctor Mahmood F Bhutta writes in the British Medical Journal that suppliers in Sialkot are hard-pressed to reduce production costs to remain competitive.

During SwedWatch’s visit to Sialkot in November 2006 it came to light that most exporters in Sialkot allow subcontractors to carry out the first stage of production. Most of the production is carried out on small premises or in the home. Only certain stages of production take place in the official factory. This is where the products are checked in line with EU and US standards before they are exported to the US and Western Europe. The western buyers only see this part of the production line if they visit Sialkot. Yet producers in Pakistan rarely have the opportunity to sell directly to customers in the West, and often only sell to intermediaries with relatively small margins. These intermediaries are often based in Tuttlingen in Germany where the profit margins are greater. Scissors costing 8 SEK (Swedish Krona) to produce sell to an intermediary for about 10 SEK but are then sold on for anything up to 500 SEK, writes Mahmood F Bhutta. He says that he himself has experienced that companies in Tuttlingen continuously label surgical instruments originating in Pakistan as “Made in Germany”. Nobody knows how wide-ranging this kind of relabelling really is. The manufacturers’ association in Sialkot, SIMAP, is strongly pushing for western buyers to purchase directly from Pakistan instead of going via Germany.

- “If they buy directly from us they get the same pair of scissors for 14 SEK, instead of 140 SEK. This is a big difference that is of great importance to us”, says the chairman Aami Riaz Bhinder.

Production of surgical instruments

The different stages in production of surgical instruments involves making moulds, metal work, filing, abrasive grinding, surface finishing and heat treatment. The simple steel moulds are often first imported from Germany and then sold in Sialkot. According to the subcontractors that SwedWatch talked to, the large factories often allow subcontractors to buy this raw material themselves on the market. Then most of the work is carried out by subcontractors who then hand over their work to the factory. According to the subcontractors, they are paid in arrears, whilst the manufacturer's association SIMAP maintains that they receive 70 percent before and 30 percent upon delivery.

The use of subcontractors became common from the 1970s following workers' strikes. Workers at this stage of production are paid per instrument they produce and correspondingly their earnings vary greatly depending on how much they work. The earnings of those workers whom SwedWatch spoke to ranged from 380 to 640 SEK per month. This often involved working during evenings and weekends. The minimum wage in Pakistan lies at around 510 SEK per month.

Working Environment

The production of metal instruments involves workers being exposed to metal dust, noise and poisonous chemicals such as lead sulphate, silver nitrate and trichloroethylene. All of these are due to be phased out are on the priority list of the chemical authority because they are so hazardous. The widespread usage among subcontractors makes it difficult to tackle the insufficient working conditions and the often harmful working environment. None of the subcontractors can afford to invest in health and safety for their employees.

Freedom to form trade unions

Trade unions are generally very weak in Pakistan and there are no organisations representing workers who manufacture instruments at the subcontractor stage at all. Even in the large factories unions are very unusual. SIMAP's chairman Aamir Riaz Bhinder explains their view on trade unions:

- "It's actually as though we have trade unions at our factories, since we give our employees whatever they want; we meet their economic and social demands, so there is no need to vent any annoyance towards us. We have a very good relationship with our employees!"

Child Labour

What captured most attention as regards the ethical aspects of the trade in surgical instruments was the occurrence of child labour. As Pakistan decided to get to grips with eliminating child labour (see above) an ILO project was even started in Sialkot to deal with child labour in instrument manufacturing. During SwedWatch's visit in Sialkot we visited two larger factories that exported to the west, as well as three subcontractors. It is clear that child labour only continues to exist within the subcontracting stage.

Since it is during this stage the child labour exists it is impossible to say how many children are still involved in production. Mahmood F Bhutta gives a figure of 7700 child labourers under the age of 15. He goes on to write that most are older than nine, but that some are only seven. According to an update from the leader of the ILO project in August 2006 the number of children involved in the production of surgical instruments now lies at around 1400.

The industry association “Surgical Instrument Manufacturers Association of Pakistan” (SIMAP) has been actively engaged in the ILO’s project against child labour in production of surgical instruments in Sialkot since August 2001. SIMAP’s chairman is now quite sure the child labour no longer occurs in the factories of any of their members:

- “There is no child labour in the factories! It has already been certified that all factories that produce surgical instruments in Sialkot are free from child labour”, Aamir Riaz Bhinder, the chairman of SIMAP, tells SwedWatch.

Pakistan’s government ratified the ILO’s convention number 182 concerning the worst types of child labour in 2001 and followed this up with six different prioritised industries. The surgical instruments industry was one of them. An IPEC/ ILO project to eliminate child labour with production of instruments (primarily by offering schooling) has been in place for a few years and will draw to a close in 2007. Mian Muhammed Benyameen of the ILO project reveals that 50 percent of child labour in Sialkot has been eliminated by being able to provide education and other activities for children instead. He also explains that awareness about the problem of child labour has increased considerably in the area. See also below in the section on case studies in Pakistan.

Case study: Sialkot, Pakistan

SwedWatch visited Pakistan from 2 – 11 November 2006. The first part of the trip was to Sialkot. Sialkot is an industrial town which is primarily focused on export to Western Europe and the US. It is here that the scandal about child labourers sewing footballs for Nike, Adidas, Saga and other big brand names, first broke out in the mid-1990s. The scandal had serious repercussions on the industry, but the football industry got to grips with the question and extensive work began. According to IMAC, the independent organisation that now carries out 95 percent of inspections for football production in the Sialkot district, child labour has basically been eliminated completely.

Leather goods, sports equipment and a large part of the world's simple surgical instruments are also manufactured in Sialkot, and even the surgical instrument industry has previously been known for using child labour. In 1999 the ILO started its project to eliminate child labour in this industry.

On day one we visited MA Arain who produces for Sunnex Tillquist in Sweden. Besides that they even export a lot to Denmark, Germany and the US. Since BRIC had been in touch with workers from the factory during the feasibility study we learned that the night before the visit the factory management had told their employees that they could stay at home with paid wages during our visit if they wanted to.



MA Arain & Brothers

Sunnex Tillquist's suppliers in Pakistan are called MA Arain & Brothers. Even women work at the factory. The factory appears to be a very pleasant and large factory. According to Tariq Mehmood, the manager responsible for administration and export, the company has 200 employees. About half of them in every unit are contractually employed with the other half permanently employed. BRIC has interviewed nine workers from the main unit. The workers reveal to BRIC's researchers that Arain has another production unit in Sialkot as well.

According to Tariq Mehmood the factory has had a union with 12-13 members since the beginning of the year. However, the nine employees whom BRIC interviewed state that there is no union. Other details that these employees do not agree with, according to what some of them tells us, is that they do not get double pay for overtime, that they do not get an annual bonus and that they do not receive health and safety training. But, all of those whom BRIC interviewed are satisfied with their work and they think that the factory management is good.

We are then shown around the factory, but are not allowed to film, though to photograph everywhere apart from where it looked even slightly dirty, as for example where the instruments undergo filing, polishing and a surface finishing treatment. It is evident that MA Arain is very worried about its reputation and wants to create the best possible impression. Tariq Mehmood shows us a typical contract that they make with the employees as well as other documentation to underline the fact that they take care of their employees in accordance with the law.

An important difference between what Sunnex Tillquist details (which they in turn have received from Arain, according to Tillquist), is that Tariq Mehmood admits that they use subcontractors, so-called makers for certain processes. According to MA Arain they use around ten subcontractors and all are said to be registered with the ILO project in Sialkot. SwedWatch asks for addresses or at least to be able to visit some of these, but Tariq Mahmood redirects any questions concerning subcontractors to the ILO project and SIMAP, the industry organisation for factory owners in this industry.

The factory premises seem spacious and well-aired. Many work stations were also empty. Tariq explains this by the fact that many employees have stayed at home a little longer after the holidays that are celebrated in Pakistan until 31 October. SwedWatch knows though that many of the employees were told by their employer that they could stay at home if they wished, due to our visit. Yet even if the factory had been full, all departments had good ventilation and good lighting. There is no suspicion of child labour. Men work in all the departments except for inspection and packing, where there are only female employees. Our overall impression from the visit was that MA Arain seemed to be the pleasant and good factory that Sunnex Tillquist told us it was and that even most of the workers had expressed. However, we wanted to find the subcontractors.

Tariq Mehmood later talked to SwedWatch's local guide and told him no to show us the small workshops. "Don't show her the small workshops. Don't give a bad impression; show here the nice ones!", he advises.

Interviews with employees

BRIC's team interviewed nine employees at the factory during its feasibility study for SwedWatch.

All regard the employer as being friendly and say that there is a good atmosphere, yet at the same time they complain that their income is far too low to be able to cover their basic costs of living. Many earn something around the minimum wage of 512 SEK per month.

– "My wages don't cover my expenses. My wages are less than my work, but my employer pays on time every month so that's why I stay. There is a good atmosphere as well", says Ramzan Bhatti for example, who has been working for Arain for two years. Ramzan Bhatti is 30 years old, is married and has three children. He earns the minimum wage of 512 SEK per month.

The nine employees whom Liaqat interviewed believe that all manufacturers of surgical instruments in Sialkot use subcontractors, so-called makers, for certain parts of the production process. These subcontractors prepare instruments for the bigger manufacturers such as Arain.

- "There is no child labour here, but many smaller units employ children and they work as subcontractors, so indirectly the larger factories also use child labour", says Ramzan Bhatti.

Ramzan Bhatti works in the packing department. He does not think that he has any problems and his working environment is good in comparison with the department that washes instruments where employees are exposed to strong chemicals. He goes on to say that employees do not receive any health or safety training, but if one falls ill at work there is a small hospital. If one has a problem, one goes to the supervisor, he says.

Rasheed Masih has been working for Arain for one year. He has six family members and lives in a house near the factory. He also earns the minimum wage of 512 SEK per month. On the whole he is satisfied with his work and thinks that the working environment at the factory is good. He says that those who work with chemicals get special protective clothing. Akber Hussain says though that there are many workers in the department who don't bother using the protective clothing. All three state that the employees do not receive any health or safety education.

Akber Hussain, aged 35, has worked in the inspection department of the factory for three years. He earns a little more than the minimum wage, 575 SEK per month. Bashir Waasen has been working in the surface finishing department at Arain's factory. He is 30 years old and already has 15 years of experience of production of surgical instruments.

– “When I started I was just 15 years old. It was hard for me to work in the smelly room all day long. When we were supposed to start the surface finishing with all the chemicals it felt as though something was stuck in my throat and my eyes became red. At that time we did not get any masks or gloves. But after a few years I got used to it. Now these smells are a part of our life and we no longer bother with protective clothing. But if a visitor comes I usually put my protective clothing on so as not to feel embarrassed”, Bashir Waasen tells BRIC’s researcher.

When SwedWatch was on location in Sialkot we tried to interview some of Arain’s employees in their homes, but due to the fact that the employer told employees about harming the company if they said anything bad about the factory, only three wanted to speak to us. Two of these had just been taken on and were very happy with everything. The third had clearly been affected by the employer and now had no complaints about the employer. He himself told us that he had been affected by the employer. All had the choice to remain anonymous.

The reaction of MA Arain

Since SwedWatch have let MA Arain know about the results of our research MA Arain has promised several improvements. Tariq Mehmood, Export Director at MA Arain, informs SwedWatch that the company now plans to adopt a system to see to that it will only buy from subcontractors with decent working conditions. Tariq Mehmood rejects the allegation from some of the employees that there is no independent union and that the employees do not receive any bonus. He has shown written documents to prove this. He also says that the company will improve the health and safety training for the employees. (Please read the full comment from MA Arain on the report on SwedWatch website).

Chain of subcontractors

Later that evening we made our way to a subcontractor whom BRIC’s team had identified in August by going around and asking in the streets about where the subcontractors had their workshops. There are large numbers of subcontractors of surgical instruments and seemingly in large areas in and around Sialkot. This subcontractor had told Liaqat Javed that he had once been asked to do business with MA Arain, but that they wanted to see papers proving that he was the owner as security. Gulzar Ahmed refused. Now Gulzar Ahmed tells us that he does certain jobs for MA Arain, but via an intermediary. He tells us that the intermediaries take orders from the large factories and that they give these to the makers who offer the lowest price.

- “The large factories behave terribly towards us; they use us. We have many complaints, but if we were to complain they would not give us orders and how are we to survive then?”, says Gulzar Ahmed.

He tells us that factory owners often don’t pay to cover their expenses, and ins-

tead allow subcontractors to stand for all costs of purchasing raw materials and labour costs. And then they only pay for that they are satisfied with.

- “When they pay us too little in comparison to their order we pay less to the maker (the workers who manufacturer the instrument for the supplier – author’s notes). In this way we are victims of exploitation”, he says.

He has no written contract with Arain that he can show us, but says that he works for Arain only on the basis of a verbal agreement between intermediaries. The pattern is becoming ever clearer – the large factories only carry out certain processes in their factory, and most of the work is done in the small workshops. Between these there is sometimes even an intermediary who takes a commission for this work.

Gulzar Ahmed says that there are more than 50 people at his workshop. The premises that SwedWatch visits employs about 20 people. First Gulzar Ahmed’s son tells us that they currently have four child labourers, or “support workers”, as he prefers to call them. During the filmed interview Gulzar Ahmed says though that he does not have any employees below the age of 18 at the moment. He tells us that he faces problems if he does not employ young workers.

- “Parents ask me to allow their children to work for me! If we refuse they will hang around on the streets and fall into crime.”

Gulzar Ahmed expresses it almost like a demand from the neighbours to employ children.

We are allowed to film freely in Gulzar Ahmed’s workshop. In the surface finishing department a young boy shows us how to achieve the finish the customer wants to have. Right now he shows us how to get an instrument to have a gold finish. This is done by means of electro-polishing. The electricity is turned on and electric current passes through the water. He adds gold colouring and then starts dipping the instrument into the various baths with his bare hands. One time he makes sure to rinse his arms and hands afterwards in the water that stands in a bowl beside the chemical bath. He says that he is 17 years old and that he has been working at the factory for four years. He has a slim build and seems to be quite shy. He says that he thinks the work is ok, but that he would of course much rather go to school if he had the opportunity.

- “I work from eight until eight and receive 384 SEK per month”, he says. (The minimum wage in Pakistan lies at 512 SEK per month).

Later on we visit two more small workshops. All three owners we talk to tell the same story; they are paid very little by the factory owners, often for doing a large part of the entire production process. Workshop owners tell us that they are responsible for buying in raw material, which constantly increases in price (something that even the factory owners confirm during our meeting with SIMAP). Then they prepare the whole order and deliver the product, almost ready to be stamped. One of the subcontractors shows me an example where they receive 30 SEK for an instrument, which the factory owners then stamp,

package and export for almost 200 SEK. The profit margin for factory owners is therefore on the up.

- "It is the workers who do the work, but when it comes to profit sharing, it goes to the factory owners", says Qasim Noor whose family runs two workshops with makers for the large factories.

There is no kind of insurance or social security for employees at subcontractors. We visited a subcontractor where the owner showed us how a grindstone had broken down and a large part had flown through the premises and out through the door. A man was slightly injured. He told SwedWatch that it was just a matter of luck that no one was more badly hurt on this occasion. It can even result in a fatal accident. There are simple safety measures, but they are rarely observed at subcontractors.

- "We can only develop further if we are fairly paid for our production, otherwise we will remain in this state of misery", says Qasim Noor.

All subcontractors are in agreement that child labour is extensive within the production cycle of surgical instruments in Sialkot.

- "The say that there is no child labour, but behind the curtains it is most definitely there. It is merely well-hidden", says Qasim Noor.

But doesn't the ILO's staff come to visit occasionally?

- "No, no, they don't come here! They only go to the well-known factories. They don't even know that we work on this street. In Sialkot, surgical instruments are manufactured in homes and all over. And how is the ILO supposed to know that?", says Qasim Noor.

In his mind the only lasting solution is if the small producers who are subcontractors to the large factories and exporters organise themselves and place common demands to get better remuneration for their work. In turn, this could lead to better working conditions for those who work in the workshops.

The Surgical Instrument Manufacturers Association of Pakistan (SIMAP)

SwedWatch gets the chance to visit the industry organisation SIMAP. Outside their building there is a fleet of nice cars. We have asked for an interview with SIMAP's chairman, Aamir Riaz Bhinder, but SIMAP has instead arranged a meeting in which several exporters are present as well as the chairman.

We soon notice that accusations of child labour are an incredibly sensitive topic in the industry. Aamir Riaz Bhinder talks about the industry and maintains that child labour no longer exists. In total, SIMAP has contributed more than 5,6 million SEK to the ILO project against child labour in the surgical instrument industry between 1999 and 2006. That said, SIMAP's chairman half-admits that child labour does exist among subcontractors.

– “Among those who have a small workshop at home it can be the case that children help their parents to pick things up or leave messages between the parents”, says one of the exporters.

SIMAP believes that that even the situation concerning working conditions at subcontractors are being dealt with, but he directs all questions about how this has gone so far to the ILO project.

- “We already work with the ILO to be able to deal with situations if they arise in the workshops”, says Aamir Riaz Bhinder.

SIMAP points to a system where the ILO project registers ”approved” sellers/ subcontractors. According to SIMAP these subcontractors are then checked by ILO staff once per year. SIMAP’s chairman is willing to admit that they have much to thank the many subcontractors in Sialkot for their success.

– “To produce everything under one roof is no longer possible and neither is it desirable”, says one of them.

However, SIMAP does not want to admit that there are any intermediaries, those who the workshop owners call contractors. Instead SIMAP claims that they always have direct contact with the workshops and that relations are very good. They are all good friends and there are no conflicts, they believe. SIMAP also maintains that they always pay in advance and that they provide the subcontractors with material; this the opposite of what the subcontractors say.

SIMAP’s chairman does not agree that any trade unions are needed.

- “When a worker has a problem, he is able to come directly to the management. Until now, everything has been solved smoothly, and there are no labour disputes in this industry”, says Aamir Riaz Bhinder.

SIMAP does not want to show us to any subcontractors but we are allowed to visit a large exporting factory who also sells to UNICEF. We are not able to film here either. SIMAP’s chairman goes on to tell us how proud he is about their great contribution to infrastructure such as roads and an airport outside Sialkot. SIMAP’s chairman Aamir Riaz Bhinder highlights how important it would be if the European importers were to trade directly with Sialkot, instead of via Germany as they do now.

The ILO project concerning surgical instruments

According to the project leader, Mian Muhammed Benyameen, the ILO-IPEC project against child labour in the manufacturing of surgical instruments in Sialkot has made great advances since it began in 1999. The ILO-IPEC project carried out an evaluation in April 2006 and will end in early 2007. In November 2006 only one inspector and one accountant were working for the project, but there were two inspectors previously. In an update from August 2006 it was written that many children had been identified in the industry, and that to date only approximately 1000 children had ceased to work in the industry. Around

2600 children had been to the 58 training centres organised by the project.

SwedWatch is permitted to look at the documents signed by factory owners to be able to participate in the ILO project, as well as those signed by the subcontractors/vendors.

Amongst other things, the factory owners promise to grant the ILO project access to all their subcontractors so that these can be visited by the ILO's staff. In turn, subcontractors promise;

- to state the number of employees and child labourers in a special form,
- to immediately move children working in hazardous and unhealthy departments to easier and safer ones,
- not to employ and minor under the age of 18 for hazardous work,
- not to employ any children under the age of 14 at all.

One is even encouraged to try to employ somebody from the same family, if possible, to prevent the family's income being lost. Workshop owners are encouraged to cooperate with the ILO project by sending child labourers to the ILO-IPEC training centres and to try to increase awareness of health and safety at the workshops. The ILO project writes in its project report that 10 000 checks on registered vendors/subcontractors of surgical instruments have been carried out.

What have you discovered during these checks and which measures have you implemented in response?

- Subcontractors was not even a part of the industry before! Now these subcontractors are beginning to register themselves and some of them even become members of SIMAP, says Mian Muhammed Benyameen.

He goes on to tell us that there are up to 3000 subcontractors involved in surgical instrument manufacturing in Sialkot and that 1100 of these are now registered. To date, factory owners are not obliged to buy from the registered subcontractors, but Mian Muhammad Benyameen believes that this is something that should be required in the future. Mian Muhammad Benyameen admits that there is tension between the large factories and the small workshops, but he explains that SIMAP has now launched an initiative inviting workshops to become members as well as to develop a "vendor friendly policy".

Mian Muhammad Benyameen from the ILO project believes that is important that no new underage workers join the industry.

- "One way of preventing child labour is to prevent new recruitment of underage workers. And for those children who are already employed vocational training must be offered", says Benyameen.

According to Mian Muhammad Benyameen the whole chain needs to get involved into eliminating child labour and in getting better working conditions. He highlights the football project as a good example. However, if buyers were to turn away from the production in Sialkot, this would spell disaster for workers and their families.

- “Almost 56 000 workers are reliant on this industry. What would happen to them if buyers boycotted surgical instruments from Sialkot?”

He thinks that even buyers need to accept that good working conditions cost. To continually increase the price pressure is not a serious way to do business if one at the same time wants good working conditions and no child labour.

Many local NGOs are critical of the ILO project against child labour in simple surgical instrument manufacturing. Many believe that it has not got rid of child labour and that the initiatives have been limited in comparison to how widespread child labour really is. Zahid Nazir, who amongst other things also works locally for UNICEF, believes that greater international awareness is needed for parties to really be able to develop effective measures to tackle child labour.

- “Most parties within the surgical instrument industry are not genuine as compared to how it was in the football industry. Most subcontractors and factory owners haven’t felt any considerable pressure to change anything. They do not have a great desire to change anything because everybody is profiting from the situation as it is”, he says.

He believes that factory owners profit from the low labour costs when they buy cheaply from the subcontractors and the subcontractors employ children because they need to have a cheap workforce since they are poorly paid and the local community is dependent on the income they get from their children.

Unfortunately, Mian Muhammad Benyameen of the ILO project does not want to show us round the whole group of subcontractors, which makes it difficult for SwedWatch to check whether the project has managed to get subcontractors to improve their working conditions and to replace child labour, and so on. In Gulzar Ahmed’s workshop a sign from the ILO project has been put up about the elimination of child labour from surgical instrument manufacturing, but Gulzar Ahmed says that the ILO project has never done anything to help them.

- “My experience is that nobody gives anything to us, and nobody gives anything to the children. It’s all just empty words”, he says bitterly.

On our way out of Sialkot, we receive a telephone call from Gulzar Ahmed’s son. He says that staff from the ILO project has been to see them asking whether any foreigners have been there and whether they have been filming and asking questions. Apparently ILO staff has heard about which workshops we have visited on the local grapevine. They even told them that they should not have let us film or ask questions. Gulzar Ahmed replied that this is his workshop and that he will do what he wants there. The staff from the ILO was not happy and said that next time any foreigners come asking questions, they should first inform the ILO.

Mian Muhammad Benyameen gives us permission to visit a so-called “ILO model workshop”, a workshop that should be a model for other workshops. We are not given permission to film though.

The ILO's model workshop

This workshop owner employs a total of 50 people, of whom eight belong to the model workshop. The ILO helped him to install lamps and buy chairs for this model workshop. The model workshop has two rooms. Five women are sitting in one of the rooms and are making minor adjustments, as well as packing the scissors that have been manufactured. We ask what they earn. The women say that they earn between 230 SEK and 310 SEK per month and they work from half past seven until the evening, six days per week. Since this is way under the minimum wage of 512 SEK; an embarrassing silence falls. Abdul Mateen Janjua, programme assistant of the ILO surgical instrument project, who came with us say to my local guide that it would be “good not to translate the women’s answers to my questions concerning their earnings”, as he understood that this didn’t look good.

Only one man is sitting in the other room at the moment. He is shaping tools with a chisel. In comparison to the other workshops we have visited he is sitting on a chair and a broken lamp is flickering above where he is working. Otherwise the working environment is comparable to those of the other workshops we have visited.

When a door opens to the room next door and loud noise blasts in; the ILO staff immediately say that this should be kept closed. It became evident that only eight of all the 50 employees worked in the two main rooms that make up the ILO model workshop. The other employees worked in the “normal” workshops. ILO staff do believe though that even these inner rooms were controlled during their “checks”. We say that we would like to visit even these parts of the workshop. It is dirtier and noisier here, but this is mainly down to the fact that these workshops do more of the earlier production process such as filing. Three workers come out from the inner room, their faces completely covered in soot. We ask the person in charge of this part of the workshop was not part of the model workshop as well.

- “The workers don’t think that it’s comfortable to sit on stools while they work”, he answers.

Conclusions about surgical instruments

What is quite clear from the research that SwedWatch has carried out into simple surgical instruments is that there is a chain of production in which many of the main actors feel themselves treated unfairly.

Factory owners in Sialkot feel that they are treated unfairly by the Western buyers who don't want to purchase Pakistani goods, and rather take the detour via intermediaries in Germany. In this way buyers in the West avoid the uncomfortable issues concerning poor production conditions in Pakistan, and instead they hide behind the "Made in Germany" label.

The result is that Pakistan's manufacturers are not paid as well as if they would be if they could supply directly to customers in the West, which in turn would enable them to increase the quality of working conditions and working environments. Worth naming here is that Sunnex Tillquist has a good exception, which has for over the last decade or so developed a direct trading link with a serious operation in Sialkot, MA Arain. Even if there is much room for improvement as regards MA Arain's social and environmental responsibilities, not least regarding subcontractors, the likelihood of making these improvements is much greater than if one conceals Pakistani production behind intermediaries in Germany.

Subcontractors in Sialkot are also indignant about what they call exploitation by the exporting factories in Sialkot. They believe that they do most of the work, but that remuneration for this is far off from legal. This in turn means that they are forced to keep wages low (those makers who sit in workshops are often paid on a piece rate and are not actually employed by the workshop owners). This further means that poverty among the local population continues and that fewer parents can prioritise sending their children to school instead of working, which increases the pressure on workshops to allow children to work there. The lack of profit results in even fewer possibilities to carry out well-needed investments in the working environment of the small workshops.

A combined solution is needed – buyers in the West with the purchasing power they have must place harder demand for direct trade and gain insight into the whole chain of production and subcontractors as well as being prepared to pay a price of production that would enable working conditions for adult employees to work in a healthy working environment. One must then of course check that money from the purchase really goes to improving working conditions and an improved working environment right down to the subcontractors' level. For this to be able to be checked in a reliable way employees at all stages of production must be encouraged to form trade unions and to seek cooperation with organisations such as IMAC (which today monitors the football industry).

The easiest reaction from buyers in the West is to turn their back on production in Sialkot and to buy via Germany to an even higher extent. This would though only lead to a deterioration of the situation.

Case Study: Textile production in Lahore, Pakistan

County councils buy from three suppliers in Pakistan

Supplier F

Supplier F is one of Pakistan's largest textile companies. The company has 14,000 employees in total and makes fabrics for export all over the world, including fashion clothes and uniforms and textiles for hospitals and other institutions. Most of the products are made using a combination of cotton and polyester. The company produces fabrics and textiles for Elof Hansson, who sells this on to Segers Fabriker, Martinson Konfektion och Almedahls. Supplier F sells cloth directly to Almedahls and even Hennes & Mauritz. BRIC's research team has interviewed twelve employees in three units. All of them are satisfied with their work and think that there is a good atmosphere in the factory. They consider the factory management to be friendly and the working conditions to be good. If they have any complaints, they can turn to the supervisor who listens to their views.

All state that they work eight hours during a normal shift and that some work overtime if their supervisor asks them to. It is possible to choose not to work overtime, though the majority want to do so as soon as they have the opportunity, as they want to earn more. They receive double pay as prescribed by the law. They also explain that those who work in the wash and chemical units have protective clothing and safety equipment. Employees are also covered by sickness, accident and pension annuity.

SwedWatch visited supplier F on 7 November. The first person we meet is the Managing Director, at the office in central Lahore. He says that as far as they are concerned it is not just a matter of complying with the law, but that the company wants to be even better than that. The director believes that it is matter of course to comply with labour legislation. He goes on to say that he supports the idea of more and more buyers placing social and environmental demands on the production side.

He also says that supplier F is keen for unskilled workers to receive training and opportunities to enable them to advance to new tasks. He believes that it is highly unlikely that somebody who has been employed at the company for ten to fifteen years will still have the same role and receive the minimum wage. The director feels that the minimum wage was too high, in the sense that it hastened the process of mechanisation. He also says that there is a lack of skilled workers in Pakistan in general.

– “If one is skilled in a particular area today, one can get a very well-paid job”, he said.

We then travel 26 km outside Lahore to visit the place where most of the company's production units, such as spinning and weaving, are located. Production is very modern and the premises are large and modern, with a lot of light and good ventilation. For the most part supplier F can be said to a very good and apparently even standard as regards working conditions, which can certainly be compared to textile companies in Europe.

A thing to note though is the noise level in the weaving halls. The noise is deafening, and supplier F's staff are careful to hand out earplugs to us. Yet despite the fact that staff have been forewarned of our visit only half at the most use earplugs. When we go back the same way on our return only a few still have their earplugs in. The production manager explains that he has tried to persuade the employees to use earplugs:

- "I tell them that they can lose their hearing within two years if they don't protect their ears."

He even says that they are trialling a system whereby those of use earplugs receive recognition for this. However, it is clear that employees are lacking health and safety training. Neither does supplier F regularly carry out health checks on employees to establish whether their hearing is being damaged or they are suffering any other kind of complaints as a result of their work. In the area where steam is used to treat the yarn prior to weaving is very hot and humid. The factory manager tells us that during the summer temperatures can reach 46 degrees Celsius.

- "Then we allow workers to take as many water breaks as they need", he says.

Around 75 per cent of supplier F's workforce in the three units that we visit are guest workers from other parts of Pakistan. They live in factory accommodation. We ask to see the employees' living quarters. Five or six workers share a room. The accommodation is clean and the company has recently built a mosque. There is a simple canteen, but according to the factory head, most of the employees prefer to prepare food in their rooms, as this is cheaper. He adds that they try to place workers from different parts of the country in different production processes and accommodation.

- "Otherwise they meet which can cause problems."

"Is it something like them organising into unions?", asks Liaqat Javed of BRIC.

- "Yes, exactly", he replies.

According to the director there is a union at the factory, but at the time he implies that this is not needed and it is unclear what purpose the union serves. Following interviews with a production manager and two factory managers from different units it becomes clear that what one calls union is in fact a list of names of employees that the factory management has created in case it would be "needed". There are no regulated negotiations, and neither are there any unionised activities in general.

- “We have been lucky so far, says the factory manager for this unit. There are no conflicts. If anyone has something to complain about he just turns to his supervisor or the factory management.”

- “It happens sometimes, but it’s about small things that can often be resolved directly”, he says.

After the visit to supplier F, that has taken the whole day we are to visit a village where some of the workers at the factory live. We turn off the main road and drive along narrow, dusty lanes. There are fields all around. The village is built from bricks and one doesn’t get much idea of life within the walls if one just passes by. However, we are very eagerly awaited guests and we are invited inside one of the gates. It opens up into a little yard where fires are lit and domestic livestock is kept. To the right are two doors leading into the two rooms that make up the living quarters. The cleaner for supplier F, Barkat Hussain, lives here with his wife and youngest son. The husband of his daughter, Zafar Din, who also works as a cleaner for supplier F, live in the neighbouring house. They have five daughters and a son.

Barkat Hussain tells us that he has worked for Supplier F for 16 years and that he is now the cleaning supervisor for his unit. He enjoys his work, but he does not think that he is sufficiently remunerated for his work. He is 67 years old and is actually a pensioner. He receives a smaller pension of about 170 SEK per month, yet has in spite of this not stopped working at the factory.

- “I can’t stop working because we are poor. If I don’t work, how am I going to survive in this world?”, says Barkat Hussain.

None of them can remember receiving any health and safety training. And neither have they noticed anything of any ongoing health checks. But the company gives them a card that entitles them to free health care from the national health service provider. Both earn exactly the minimum wage of 512 SEK. Several of the employees that the BRIC research team has interviewed also state that they only receive the minimum wage of 512 SEK per month, despite the fact that they have worked at the company for several years. With this income they barely cover the family’s expenses. The costs of supporting a family in the countryside consist of repayments on their loan for their house, or alternatively rent, electricity, clothes, school fees and medicine.

- “We are pressured by the low wage, we are forced to live from hand to mouth, but we have to accept what they pay. There is no point in complaining, it’s up to them to give us what they want to. We can’t pressurise them”, says Barkat Hussain.

For Zafar Din the wage does enable him to afford the school fees for his daughters. They therefore work sorting cotton at another factory, where his wife also works. The night that SwedWatch visits the village, all six work until ten o’clock. The daughters are aged between 11 and 17. Zafar Din is very afraid of becoming ill and not being able to work. When they come home they are tired, but they still want to sing a song first.

- “What will happen to my daughters then? They won’t be able to cope”, he says.

We ask the workers if they wouldn’t like to form a union and thereby demand higher wages. None of the workers know what a union is, and one realises that the employer would nevertheless never agree to anything more than he himself would decide.

However, during the interviews carried out by BRIC some of the workers complain about absence of a union. All say that they wish that there was a union, but the workers seem not to think that one can start up a union without encountering problems with the employer.

- “There should be unions, but who is to fight for this? All workers try to retain their jobs and if anyone is seen to be actively organising a union, he will immediately be fired”, says Khadeem Ali for example. He is 24 years old and works as an assistant in the wash and chemicals unit.

If Supplier F were to dismiss staff who tried to organise themselves then they would be breaking the law in Pakistan. Another law that Supplier F seems to be violating is that of offering health and safety training in certain units. Seven of twelve employees reveal that they have not received any kind of health and safety training. That said, however, all five employees in another unit say that they receive health and safety training.

Silvana Cappuccio, responsible for health and safety issues at the “International Textile, Garment and Leather Workers’ Federation” (ITGLWF), highlights though that Pakistan’s legislation is very weak where health and safety training requirements are concerned. Amongst other things she points out is that Pakistan has still not ratified the ILO’s convention 155 about the right to health and safety training. She does not think though that international companies that trade in Pakistan should hide behind the weak legislation – international buyers should nevertheless demand that ILO convention 155 is followed. If we use the argument that the legislation is poor and the follow-up process is poor, then we can justify anything, says Silvana Cappuccio.

Possible contraventions against legislation and ILO conventions by supplier F:

- the right to form trade unions
- the right to health and safety training
- the right to fire safety drills

Supplier C

Supplier C manufactures fabric for Almedahls. We are shown around supplier C's premises by Azmat Rauf Khan, the assistant marketing director. Supplier C also weaves fabric that is used by customers for various purposes, though primarily professional clothing. Besides Almedahls Azmat Rauf Khan tells us that they also supply to Fristad and Borås Wärfverier in Sweden. Supplier C now even wants to develop sewing competencies and has therefore established a sewing unit in the same place outside Lahore. Azmat Rauf Khan goes on to explain that they have customers from all over the world, but that Europe and the US are their most important markets.

All of supplier C's units are located in the same enclosed area. As a result it was difficult for BRIC's researchers to determine which unit employees worked for when interviewing them outside the company's premises. Therefore BRIC's researchers interviewed only a few workers from the newly established sewing unit. Moreover, only textiles are exported to Sweden at the moment, making the interviews quite irrelevant. That said, however, nothing in the interviews pointed to any serious violations of legislation or ILO conventions.

Even here, the manager of the dyeing and bleaching unit explains, many customers ask for Öko-tex. He believes that this involves the usage of "entirely harmless" chemicals. He goes on to say that supplier C releases essentially untreated outflow from production, since there is no sanitation plant. Waste water from dyeing and bleaching process flows into the outflow untreated.

- "We have planned to introduce sanitisation of outflow from the factory, but to date we have not done so", the factory manager explains.

On the whole, the standard of all machines and rooms are somewhat worse here in comparison to how they were at supplier F. But it is difficult to determine which of them is best at minimising health hazards for their employees.

Supplier C ISO has certification as well as SA8000 certification. Supplier C does not have any kind of union either and their attitude towards unionisation is not particularly reassuring. In response to the question about whether they are any unions at the company Azmat Rauf Khan replies:

- "There is no need since we comply with all legislative guidelines and all demands from our buyers."

SwedWatch has not been able to pinpoint any violations of legislation or ILO conventions due to lack of interviews.

Other remarks:

- No water treatment

Supplier B

Supplier B owns a unit outside Lahore. The factory manufactures fabric for export and employs approximately 750 men. There are no female employees. Supplier B sells to Almedahls and Textilgruppen in Sweden. The latter is a supplier of towels, bedlinen, etc. to hotels and restaurants. That said, Almedahls is supplier B's largest and most faithful customer in Sweden. Almedahls has been buying from supplier B for the last 25 years. According to the factory manager between 10 – 15 per cent of their sales go to Sweden the end users of their goods are primarily public institutions.

The factory is shabbier than at those of suppliers C and F we visited previously. Liaqat Javed has interviewed four employees during the feasibility study he did for SwedWatch. There do not seem to be any subcontractors and work is organised into three shifts. Child labour does not exist according to the interviews. SwedWatch gets the chance to interview two additional employees anonymously in their homes.

There is a chemical department, and the employees state that they have not received training in either fire safety, health and safety or first aid. And neither does supplier B have any kind of treatment system for its waste water. Moreover, for the local market they still use chlorine.

- "Our water runs into the outflow."

And where does the outflow go?

- "We don't know", supplier B's factory manager tells SwedWatch.

All of the workers interviewed state that the employer would not tolerate any kind of unionised activities.

- "If anybody were to speak about unionisation, he would immediately be pushed out of the factory and his wages would be stopped", says Hakim Ahmed Naqvi, who is 26 years old and has been working for supplier B for four years. Hakim Ahmed Naqvi is married. His parents and five siblings are his family.

SwedWatch meets a worker who says the same thing; if one tries to organise a union one is immediately fired.

- "We know this because somebody who has been working at the factory for a long time said that it has happened before and we discuss this a lot and the older workers say that if we try then the same thing will happen", says Sarfraz Nawaz Bhatti.

Hakim Ahmed Naqvi is employed to sweep up fibre and dust in the factory. He tells us that he works 12 hours per day, of which eight hours are part of his normal working hours and four hours are overtime. He says that he earns 512 SEK per month. The figure is in accordance with the minimum wage in Pakistan. That said, the basic living costs required to provide for a family in Lahore are around 1 300 SEK according to Liaqat Javed, BRIC.

- "I am not happy with my wages, but it's better than nothing and that is why I

am still working here”, says Hakim Ahmed Naqvi.

He considers his employer to be friendly, but says that the employees have two problems. The first thing is that if a worker makes a mistake during work then a whole day’s wages are lost. The second thing is that when a new employee starts, the employer retains 15 days worth of earnings.

- “These are two very serious problems for us. We work hard but when a whole day’s wages are lost for any little mistake, this had serious implications and badly affects our budgets. We are worried and want to complain, but whom are we supposed to complain to?”, says Hakim Ahmed Naqvi.

Another employee, Navid Hussein, 28, points to the same two problems in the factory.

- “We don’t dare to complain because then they might sack us”, he says.

Navid Hussein is part of a family of nine and has been working as a machinist in the sewing department for three years. Even he receives just the minimum wage of 512 SEK for the same working hours of 12 hours per day.

- “I make an honest living, but have many everyday problems because I have such a low income”, he says.

Shareef Lahoria, 25, works as an assistant in the chemical department. He washes and dries terry towels manufactured by supplier B. He is married and has five siblings. He has only worked for supplier B for three months, and earns just 450 SEK, i.e. less than the statutory minimum wage.

- “I work with chemicals, yet don’t use any protection clothing, shoes, gloves or mask. We are not provided with any protective equipment like that and I am not asked to use any”, says Shareef Lahoria.

Shareef Lahoria has no complaints about his employer, and rather states that all factories have problems. For anyone hurt at work, there is a pharmacy at the factory, according to Khaled. Mahmood Ali, 22, has been working in the dyeing department at the factory for two years and even he earns less than the minimum wage, at just 450 SEK. And even he tells us of the obligatory four hours of overtime per day.

- “Many come and start working here, but quit again after a short time due to the tough and unfair working conditions.”

He is not satisfied with his income or working hours, but says that there is no union that can do anything for the employees.

- “We often don’t want to work overtime because we get tired, but sometimes I like working overtime because it means more wages”, says Mahmood Ali.

Mahmood Ali does not get any protective equipment or protective clothing either despite the fact that he works with chemicals during the dyeing process.

- “We are not afraid of the chemicals”, he says and explains how they have not been given any health and safety training.

Mahmood Ali lives 18 km away from the factory in a village with his seven brothers and sisters. The factory does not pay for transport so once he has subtracted the transport costs there is not much left of his income.

- "Our life really is a fight for survival", he says.

However, when we visit the factory the factory manager says that there is a trade union and that we are welcome to interview the person who is said to head it. The next day we meet two workers in their homes and they tell us that this person is merely their supervisor and that they have never heard of any union. We even check the name of the person that the supervisor gave us with Zaheer Ahmed Taj, General Secretary of Pakistan National Textile Leather Garments & General Workers Federation (PNTLGGWF).

- "They are yellow unions! Did you see anything of what they have achieved? They can't produce any kind of contract; it's all just about bonuses, the cafeteria and certain advantages. They simply just defend their own interests!"

According to Zaheer Ahmed Taj yellow unions are increasingly common in Pakistan.

- "They are lying when they say that they allow trade unions. They don't like unions, because a union means that they must bargain and the union makes demands."

What should Western buyers be demanding?

- "They should make sure that legislative guidelines are being adhered to in the factories and they ought to insist that there are free and independent trade union organisations", says Zaheer Ahmed Taj.

The factory manager admits that they have four hours of overtime in the factory every day, but he says that this is what the employees want. He tells us that the inexperienced employees receive the minimum wage, but that most are on a higher wage, of about 640 – 770 SEK per month. He says that technical staff stay at the factory for a long time.

- "But the inexperienced workers quite after a month or two", he tells Swed-Watch.

According to the supervisor, who says that that he is committee spokesperson for the factory, the problem is that workers do not want to stay for more than a year.

He says that after a year they have the chance of getting better pay and benefits. According to the two employees whom SwedWatch met, this is only applicable after two years of employment.

- "Once you have worked formore than two years you get some benefits; before that, we get nothing. We are forced to four hours of overtime per day and if you're new you don't get any compensation for this, but if you have worked for a long time you get double pay", says Shareef Lahoria.

He goes on to tell us about the working conditions.

- "If something goes wrong or breaks at work then a person is deemed personally responsible for this and has his wages docked."

Proven violations of local legislation and ILO conventions by supplier B:

- Unacceptable working hours

Possible violations of the law and ILO conventions by supplier B:

- Lower wages than the law stipulates
- Obligatory overtime
- No compensation for overtime
- No health and safety training
- No fire drills
- Dangerous working environment
- Lack respect for freedom of association

Other remarks:

- No water treatment

The reaction from supplier B

Supplier B rejects that the company should restrict trade union rights and writes to SwedWatch that they had a active union for 20 years at the factory. They also write that 12 hours work day is industrial praxis in Lahore. Please read their comment in full on the website of SwedWatch, www.swedwatch.org.

Case Study: Tirupur, India

Supplier A – a company violating labour legislation

Presentation

Supplier A has a medium-sized factory just outside Tirupur that manufactures patient clothing for public health authorities in Sweden and Denmark. Supplier A has been supplying to Martinson Konfektion since 1990 and it makes up around 40 percent of the supplier's total production. Supplier A states that it also has the following customers in Denmark: Franca, Claire, BNC, as well as Muller and Co. Martinson is, however, the only customer it has in Sweden.

When supplier A has a large amount of order the company outsources production to the subcontractor Ab which lies around 2km away from supplier A's main factory. During high season subcontractor Ab even relocates seamsters to a neighbouring factory. According to SAVE and CARE's researchers there are 188 employees at supplier A's main factory, with 58 at the subcontractor Ab. Both factories are run by the same family, and subcontractor Ab is regarded as being a part of supplier A. When SwedWatch asks the Managing Director, C Madhan, he says they there are about 200 employees during high season and between 100 and 150 during low season in just one unit.

Most of the employees are guest workers from south and central Tamil Nadu who have often been in Tirapur somewhere between two and four years. About 80 percent of them live in two villages near the factory. Some of the workers come from the neighbouring regions Karnataka and Kerala. All workers are indirectly employed by supplier A, but supplier A recruits by means of intermediaries. According to research carried out by SAVE and CARE there are three so-called recruitment agencies that do the hiring and take care of all employment procedures. They then follow the workers to the workplace and supervise "their" departments. When we ask owners C Madhan and N Chandramohan about this they say that they would actually prefer to employ workers directly, but that seamsters and tailors in particular prefer to be employed freely on a piece rate. They say that they have workers who have been "employed" for a number of years, but that others move on after just a few weeks.

It is unclear exactly how many are directly employed by supplier A, and how many are hired in using intermediaries. However, it seems to be primarily administrative staff who are employed directly. This is an increasingly common way for employers in Tirupur to avoid taking responsibility for their workers as

regards social security and safety provisions, according to A Aloysius, secretary-general of SAVE. It is very doubtful that this method of dealing with personnel complies with the law. G Ganesan, the Deputy Chief Inspector of Factory in Tirupur responsible for the supervision of factories in Tirupur, tells SwedWatch that it is not permissible for intermediaries to act as employers when production takes place in a factory. That said, he tells us that if production occurs outside the factory premises, intermediaries are allowed.

Method

The SAVE and CARE research group first tried to identify where the workers lived, and they then tried to gain their trust. Many of the workers were very afraid of talking to them, since they are worried that this will have negative repercussions in the future. All workers were told that their identities would be protected so that they personally would not be punished for speaking the truth.

SAVE and CARE tried to interview 25 employees, 15 at supplier A and 10 at subcontractor Ab. However, eight of these were apparently so afraid of answering, that information they provided was very limited and contradictory. SAVE and CARE therefore decided only to give an account of the 17 interviews that were completed. Unfortunately, it is primarily the younger women who did not dare to talk.

- "I came to Tirupur to work and pay back debts to my parents. If the factory management finds out that I have told the truth about the working conditions at this factory I will be beaten or chased away, and how will I survive then? So please, don't ask any questions", says 18 year-old Kalyani Sivakumar, for example, who works for supplier A.

Of the 17 interviews that are described below, 10 are men, even though that about half of the employees are women. About seven percent of the 248 employees were interviewed in July and August 2006. SAVE even carried out two focus group discussions to check information provided in the individual interviews. In this case a group of men and women working for supplier A was brought together in their village on two Sundays to talk about their working conditions and social audits. A special discussion about the local environment around the factory was also held with a chosen group of people from a nearby village.

The information provided by SwedWatch in the results below about the situation at supplier A is based on 17 interviews that SAVE and CARE's researchers carried out with employees and some people living nearby during July and August 2006.

General

Many of the interviewees say that they prefer working for supplier A in comparison to other factories since the supplier provides work all throughout the year. Most of the workers support around four to five other family members and the families are very much dependent on their wages. Most of them work at the

factory because they are poor and have debts, but also because the number of working days is lower than in their hometowns. Most of the workers first say that they consider it to be a good job, that they have a good employer and that they have nothing to complain about. Later on in the interview, however, most of them have complaints and say that the employer does not care about the employees and so on. Many also say that the turnover of workers is high as a result of the tough working conditions.

When SwedWatch interviewed some of the employees during our visit in December 2006, many were afraid to criticise the employer. Many of them who previously complained to SAVE and CARE's researchers now claim that everything is fine at the factory. A few men confirm the long working hours at the factory. When we perform the interviews a neighbour (not working for supplier A) suddenly appears, evidently very enraged.

- "How can you guarantee this man's safety now? There are many people here who could tell the factory management that he has been criticizing things about the factory and then he will lose his job! That's what happened to me, so I know", says Jothi Raman.

We try to explain that we allow everybody to remain anonymous and that our aim is not for employees to lose their work, and rather, quite the contrary, it is help them get better working conditions. SAVE's staff write down everybody's names and leave their telephone number. They promise to keep in touch to make sure that nothing bad happens to those who have spoken to SwedWatch.

Child labour

Five of the 17 employees who were interviewed stated that there were around six children under the legal age of 15 working at the factory. All the young workers in the Tirupur area are very aware of how sensitive an issue child labour is for buyers from the West and for the employers. Many are afraid that they will harm the industry and risk jobs. The young workers at supplier A and Ab have equally long working weeks as the adult workers, involving up to 89 hours. This violates Indian labour legislation, which forbids young workers under the age of 18 to work evenings and nights. SAVE and CARE's researcher interviewed a fourteen year-old boy just after an overtime shift which finished at 8 o'clock on Sunday morning.

- "I wish we had Sundays off and that there was no overtime (from 22:00 until 01:00 - author's notes). Wages should also be increased to match those of other clothing export companies", says Sivakumar Vinayagm.

Sivakumar Vinayagm says that there are six boys his age working at supplier A. Apart from Sivakumar Vinayagm who is too young to be working at the factory at all, four other employees also state that child labour exists at supplier A and Ab. Children are said to work with folding, packing and general assistance to the tailors. The other 12 persons interviewed, say that there are no young workers under the age of 15.

Wages

Employees at supplier A and Ab do not earn enough to cover the basic living costs of one family, despite the extensive amount of overtime. According to SAVE and CARE's interviews those workers with lowest pay earn just 11 SEK for an eight hour shift, this despite the fact that the Tirupur agreement between the union and employer, that all employers in Tirupur need to follow, sets a minimum wage of 14 SEK per shift for this category of workers (see above). These workers earn less than 1.40 SEK per hour.

If he or she works six days a week with just one shift per day this works out as a monthly income of around 260 SEK. Most of those people SwedWatch has talked to in Tirupur (trade union representatives, employers and NGOs) agree that a family of four needs approximately 840 SEK per month to cover their basic living costs.

An experienced worker within the tailor category should earn at least 24 SEK per shift according to the Tirupur agreement, but employees at supplier A earn just 23.50 SEK for a day's work from nine in the morning to nine at night.

The company is part of the employer association in Tirupur and must therefore abide to the contract made with the trade union. According to SAVE and CARE, supplier A (both the main factory and the sub-contracted factory) pays lower wages than other companies in the region. Yet C Madhan says that they follow the Tirupur agreement. When we ask Tarja Pajula, responsible for purchasing at Martinson Konfektion, about the income level she says that the supplier has told her that they had raised the wages to 14 SEK per shift. That said, however, she did not know whether this applied to all categories of employees. If this is the case, supplier A pays demonstrably lower wages than stipulated in the agreement.

Working hours

All workers interviewed by SAVE and CARE for the feasibility study complained about the long working hours. Employees are forced to work 14 hours per day and 89 hours per week. They stated that they work from 08:45-01:00, with a lunch break between 12:45 and 13:30 and a dinner break between 18:00 and 21:00. Sometimes they even work Saturday nights from 22:00 to 08:00 on Sunday morning. Most of those employed at the main factory stated they work until 1 o'clock in the morning three days a week and until 9 o'clock at night the other days.

Even most of those working for subcontractor Ab state that they work overtime three days per week. However, here the normal working hours are between nine and nine and normal overtime is between 21:30 and 01:00. Additional overtime is between 02:00 and 06:00. There is also Saturday overtime from 21:30-01:00 and 02:00-08:00 on Sunday morning. One person also states that Sundays are also part of the obligatory working hours throughout the year except during low season.

SAVE and CARE even interviewed some former employees and they said that their main reason for leaving the company was long working hours. They had become affected by health problems, general tiredness and body pain. One of the former employees has now started working as a builder and claims that the conditions here are better than at supplier A. All workers whom SAVE talked to want double pay for overtime and would like overtime to be limited to 21:00, and then only during high season. Moreover, they would like to limit night work (22:00-01:00) to twice per week.

They also complain of being forced to work overtime, or else facing threats from the factory management about being fired. In comparison to other factories in the area supplier A can offer work all year round, which the company uses as the reason to demand overtime according to SAVE. They are only paid on a piece rate for overtime (not double pay as the law prescribes).

C Madhan, the CEO and owner, tells SwedWatch that the employees currently work four hours of overtime per day, but that this is what the employees themselves want. Yet this does not correspond to what the employees say, either to SAVE and CARE during the feasibility study, or to SwedWatch during our visit.

C Madhan says that they are currently expanding and that they will employ between 50 and 60 new employees and that this will bring down the extensive overtime. Tarja Pajula, Martinson Konfektion, tells SwedWatch that it is known that the supplier has had a lot to do, but she has not asked how much overtime there has been at the factory. According to Tarja Pajula the supplier has been promising to expand the factory since spring 2006.

Freedom of association

According to SAVE and CARE's research trade unions are forbidden at supplier A and subcontractor Ab. Collective negotiation is not possible since the majority of the employees are employed via intermediaries. There is therefore no democratic way for the workers at the factory to express their opinions or complain about their working conditions. The workers tell SAVE and CARE's researchers that they are afraid of the management. One person who has worked at the company for eight years even said that he was afraid of being "attacked or punished" if he had any kind of relation to a trade union at all.

Even if some of the workers say that they would like to join a union they don't dare to do so.

- "It is impossible to join a trade union since it is forbidden by our employer", Ramesh Mariyappan, a young worker, tells SAVE.

More about this came to light during SwedWatch's interviews with the employees (see below).

Benefits and insurance

According to SAVE and CARE's estimations, about 70 percent of the employees working for supplier A and subcontractor Ab are temporary employees and are therefore not eligible for festival bonuses, employees' state insurance (ESI), the provident fund (PF), paid holiday, parental leave, double pay for overtime, insurance, medical checks and so on.

The remaining 30 percent are permanent employees, yet these still only receive the festival bonus and provident fund. In its report, SAVE states that the benefits provided by this supplier are worse in comparison to other clothing exporters in the region.

Working environment

Few of those interviewed are satisfied with their working environment. Complaints are based on poor lighting, insufficient ventilation, lack of drinking water and seating. The employees don't think that the factory management care about their situation.

- "There is a link between effective work and better ventilation and light, but our factory management is totally opposed to employees' welfare", says Chandran Murthi who plans to leave the factory after he has received his festival bonus in October.

- "Nails often damage our fingers, we need better light and normal working hours", he says.

Only a few of the permanent employees say that they have gone through fire drills. Most do not know anything about where fire escapes are located or what they should do in case of a fire at the factory. Following the focus groups it is clear to SAVE and CARE's researchers that supplier A and the subcontractor do not meet up to the health and safety standards of other factories in the region in any way.

Labour legislation

Most of the employees whom SAVE talked to are unaware of their legal rights. They do not know that they have the right to insurance, parental leave or employment contracts. They are not aware of the fact that they have the legal right to become trade union members to protect their rights. The employees at subcontractor Ab in particular had no idea about their legal rights.

SwedWatch's visit to supplier A

We visit supplier A on 16 December. We are first shown around by the son who is the CEO, C Madhan, and his father, N Chandramohan. The son has taken over more and more in the last few years. We see the county council logo on many items, as well as a patient robe with the "Region Skåne" logo on one sleeve. C Madhan openly tells us that the employees work about four hours of overtime per day, six days a week, thereby already breaking Indian legislation. They explain

though that they will solve the issue of long overtime by expanding. They are currently in the process of increasing the factory premises. They plan to employ 60 additional workers. Not before last year had they heard anything about any other social demands other than no child labour from Martinson Konfektion. It seems that these are new issues for them and they are very unaware of what is required of them and ignorant about which laws and regulations apply.

– “Child labour is not permitted at all, production is to be performed safely and ventilation is to be good and we comply with all of this. There are to be fire extinguishers and we have fixed this and we pay wages according to the agreement...What else is there?”, wonders N Chandramohan.

They claim to be willing to make improvements if they are paid for the additional costs that this will require.

- “When there are too many demands and we are not paid in relation to these demands things get difficult. We must be able to afford to introduce them as well, but this is on the way. We will raise the standard gradually”, says N Chandramohan.

As regards employment N Chandramohan first said that workers stay for a long time, but then remarks that most are only piece rate workers and that they are free to come and go as they please. Both owners are utterly quizzical about what health and safety training is, and after much deliberation N Chandramohan tells us that SAVE had been there on one occasion to inform about Aids.

According to the employer, official working hours are between 08:30 and 12:45 and then 13:30 and 17:30 with two tea breaks. They then work overtime between 18:00 and 21:00. They are not paid double for overtime as stipulated under Indian legislation, and instead receive four hours’ wages for three hours of work according to N Chandramohan.

- “They can easily work 12 hours per day; they do this everywhere! They are used to this; working until nine is quite normal for them. They want to work like this”, says C Madhan.

When supplier N Chandramohan is asked to answer questions about whether they pay enough to cover the basic costs of living he makes a calculation based on all four family members working. When SwedWatch points out that children should scarcely be counted as wage earners, he recalculates, but with four hours of overtime per day. This is not legal either.

N Chandramohan and C Madhan tell SwedWatch that they only own this unit and they deny the existence of subcontractor Ab.

We ask to visit their subcontractors for bleaching and dyeing as well as weaving of stockinet. We are allowed to go there, but the dye-house is closed since the state has decided that all dye-houses must remain closed on Saturdays and Sundays due to the acute environmental situation. We are even allowed to visit

a smaller weaving supplier. There is dust all over the place and younger workers are spirited away when we arrive. There is no supervision of the working environment or health for employees.

Interviews with workers at supplier A

On 17 December we visited the houses where SAVE and CARE had interviewed several persons employed at supplier A in August. It appeared that several had resigned from the factory after the Indian festival Diwali in mid-October. However, we were able to meet with five of the workers.

Vimala Raghunathan, the first worker we talk to, tells us that everything is good and that she merely works eight hours per day and that she is satisfied with her income of approximately 12 SEK per shift. She is employed directly by the factory management as a controller. We then talk to Bhooma Parthasarathy who is employed via an intermediary on a piece rate basis. She would rather be employed directly by the factory to get more security and benefits. Contractual workers receive no benefits such as insurance, leave, and so on. But even she was quite satisfied and did not want to reveal exactly how much overtime she worked. At that point she was mainly laughing and peering at her husband, Kasi Murugesan. He also works for supplier A. They have three children, a 12 year-old boy and nine year-old twins.

- "We start work at nine every day, and twice per week we work until one in the morning. I don't like doing that as it affects my health. I get backpain, but you can't complain. Others who have complained about too much overtime have been told to leave the factory", says Kasi Murugesan.

He tells us that he is a union member and that there are others at the factory who are as well. But nobody dares to say anything about this for fear of losing their job. Neither do they dare to meet each other because there is no internal trust. All are afraid that somebody might gossip about them having meetings.

- "If I had the chance I would ask the employer not to force us to do so much overtime. At least give us Sundays off so that we can be with our families. The only demand is less overtime!" says Kasi Murugesan.

Both he and his wife often work nights. He wishes that the factory could arrange some kind of child care.

- "The way that things are now means that the children look after themselves. They are used to that", says Kasi Murugesan.

Environment situation

Supplier A is about half a kilometre away from the river Noyyal. The river flows slowly; it has been black and polluted for many years and farming is forbidden due to the health risks. The ground water is destroyed and it is forbidden to consume it.

The younger generation of farmers have been forced to work in the textile industry. Even the air is polluted by the dye-houses and bleacheries that lie around the village where supplier A is located. The local population has stopped rearing cattle due to lack of water. Drinking water is in short supply in Tirupur. Water vehicles come every day, but the price of drinking water is constantly increasing.

C Madhan, CEO of supplier A, takes us to one of the dye-houses that the company uses; Processes. It's Saturday and due to the new environmental regulations the dye-houses are only able to run five days a week, so production is not in progress. We are nevertheless shown around the factory and T R Subramaniam explains how the sanitation process works.

- "Before July the highest court decided that the industry must also have a joint sewage plant for all outflow", says T R Subramaniam from Jayasakthi Processes.

But nobody knows what is to be done with all the solid chemical waste, says T R Subramaniam pointing to the right towards bags piling up on the river bed.

- "They have been lying there for five or six years now. The state has promised to designate a site where we can dump the waste, but nothing is happening", he says dejected.

T R Subramaniam believes that nobody knew about these problems when they started the production many years ago. The owners of the dye-houses indignantly speak about the rising costs for sanitation as well as the penalty fees that the high court in Tamil Nadu has now burdened the dye-houses with. On 1 January 2007 the dye-houses protested in Tirupur against these tax duties by closing down production, which harmed the export industry.

Proven violations of local legislation and ILO conventions by supplier A:

- Unacceptable working hours
- Failure to pay correct compensation for overtime
- Failure to pay wages according to the Tirupur agreement

Possible violations of local legislation and ILO conventions by supplier A:

- Child labour
- Do not follow agreements made concerning "young workers" under the age of 18
- No health and safety training
- Contractual employment (highly likely to be contravening Indian law)
- No fire drills
- Lack respect for freedom of association



The reaction from supplier A

Since supplier A has taken part of the complaints from the employees the company have promised a lot of changes. Among other things the company will start to pay double overtime compensation from 1st of April 2007, the wages have been raised since January (though not up to the Tiruppur agreement level), the employees will be covered by social security insurances and the health and safety training will be improved. Supplier A plans to fully adopt the changes up to June 2007. The supplier though rejects that they should ever employ any child labourers and point out that their factory is well ventilated and have good light. (For the full comment of Supplier A, please visit the SwedWatch webpage).

Supplier E

Supplier E is a relatively small supplier with around 90 employees. Since August 2006 Bombay Dyeing has been the majority owner of supplier E. The previous majority owner was Proline, which still retains some ownership of supplier E. Proline previously supplied many of the big Swedish clothing chains (Lindex, H&M), but these stopped buying from Proline about five years ago. Nowadays their only customer in Sweden is The Swedish Defence Material Administration (FMV), and other than that they sell to brand labels including Russell, Wilson and Fila. During SwedWatch's visit they were manufacturing goods for Fila.

SwedWatch's visit to supplier E

On 19 December we visited supplier E. B T John, responsible for exports, showed us around. The factory is small, and at the time they had less than 90 employees. Both the ironing and packing departments were almost entirely empty. B T John first claimed that they never outsource sewing to subcontractors, instead only buying in things like buttons. He believed that they had to reduce production by 50 percent when they were getting WRAP certification, because the company had to reduce overtime and at the same time not outsource to subcontractors. Yet during a filmed interview the factory boss, K V Vaijukumar changed this information since he realised that we knew that they use subcontractors.

- "99 percent of production is done here. Maybe sometimes during high season", he says.

Because a little later in the interview he says:

- "We maybe use subcontractors approximately every third month."

At first B T John calls the relationship with subcontractors as "exploitative", but then he changes his mind and says that the suppliers that their company deal with have signed up to ISO 9000 and he believes that the difference between that and WRAP is not that great.

- "The only thing that is different is that the ISO does not have any requirements concerning working conditions", says B T John.

B T John states that there was a delivery time of up to nine months for FMV's order, meaning that everything could be manufactured at the factory. It was therefore possible to handle FMV's order as a result of the long production time and by buying in two new machines, that stood covered up in the sewing department. They said that they could make around 3000 items per day and they worked 25 days per month and spread out the production over a long period of time. This assertion is dismissed by Bhooma Parthasarathy in the quality control department whom SwedWatch has talked to. She has not seen this order and believes that it was entirely manufactured outside the factory premises.

When SwedWatch pointed out to supplier E that certain women had stated that some of the supervisors shout and accused them of derogatory treatment, the

factory boss seemed very surprised and he said that he had never heard anything about this, only to change his mind and say that it had happened once and that he had dismissed this supervisor.

The factory boss said that 28 employees chose to resign around Diwali this year, but believed that this was quite normal since they claim that several employees had been there many years because things are so good. When SwedWatch added that some of the employees had said that they were sacked after Diwali, they deny this:

- "Nobody has been sacked", says B T John.

SAVE and CARE's interviews with employees

SAVE and CARE interviewed 16 persons from supplier E, of whom 10 were women and 6 were men. After a few interviews the factory management found out that SAVE and CARE were carrying out this research and warned these employees about talking to anyone asking them questions. This meant that it was very difficult for SAVE and CARE's personnel to establish what the situation at the factory is really like.

What was quite clear was that the WRAP certification of spring 2006 involves many changes for the employees. When the factory started planning for certification they made sure to establish a committee for the employees. This committee is made up of five employees chosen by the factory management. It was these same employees who told the factory management that SAVE and CARE were performing interviews with employees. However, a genuine right to form unions does not appear to exist, according to information gathered from the interviews. - "We do not have the right to collective bargaining since the representatives are chosen by the factory management and the committee was established to help the factory obtain WRAP certification", an employee, Rajan Govindan, tells SAVE and CARE.

During the interviews the majority tell SAVE and CARE that they are satisfied with most things. There are though a few who are more critical, complaining in particular that WRAP certification has led to the fact that one can no longer do overtime and that more and more of the production is outsourced to subcontractors. This means that they can't earn enough to cover their basic needs. Some also testify that female employees are shouted at and verbally abused by supervisors.

- "Verbal insults against women are commonplace in this factory as well as many other factories but the women consider this to be part of the job", says Rajan Govindan, for example.

When SwedWatch speaks to S M Prithviraj who carried out most of the interviews with the employees at supplier E he exclaims:

- "Oh my goodness, how we have been deceived!"

We then learned that this factory had been made into a kind of “show case” and that most of the production is done by subcontractors.

Unfortunately, Swedwatch was not able to perform any interviews with employees at subcontractors of supplier E.

FMV and FMV’s agent CA Monitor visited supplier E in August 2006 and according to B T John they were very satisfied with everything. Björn Söderström at CA Monitor thinks that supplier E seems like a serious and good company. He even says that supplier E has told him that the company is trying to avoid unionisation by dividing the operation up into smaller units. Björn Söderström has heard the pronouncement that trade unions in Tirupur are political and that they lead to arguments at the work places and that unions are therefore not that desirable. At the same time FMV has a stated ambition to observe the basic ILO conventions which denominates the right to form unions as basal.

According to Lennart Borghagen at FMV, the suppliers to FMV are allowed to use subcontractors, although they have to follow the same conditions that FMV demand from their main supplier. In other words, ILO core conventions must be followed also in the subcontracting line.

When FMV visits the supplier in the beginning of the production, it also request to get information about where the production is manufactured and asks for visit.

Marja Appelblom, FMV, visited both supplier E and D during August 2006. The general impression was that everything was fine and supplier E said that all production was done in the main factory.

When SwedWatch informed Lennart Borghagen about the complaints that some former workers had told SwedWatch, he says that he thinks that it is good that FMV now comes to know about this.

– Naturally this gives us reason to be more careful to investigate this supplier next time, he says to SwedWatch.

Interviews with employees and former employees at supplier E

On 15 December 2006 SwedWatch gets the chance to interview some of the employees at supplier E via SAVE’s contacts. We go along some narrow roads where people are going about their morning chores. We meet a woman in her thirties, Bhooma Parthasarathy, who has been working for supplier E for three years. She lives with her husband and child in a small room. The woman starts off by saying that she is happy, but quite soon it becomes evident that she has problems at work.

Her husband, Karthik Parthasarathy, worked for supplier E for some years. He resigned after complaining that middle managers in the factory were outsourcing work to subcontractors and that they were pocketing the difference. The managers demoted him as a punishment and he then decided to resign.

- “Everything has got worse since we received WRAP certification”, says Bhooma Parthasarathy. “Before that things were ok at the factory, but now we receive increasingly less to do and they place more and more work on subcontractors”, she says.

The corruption that middle managers at supplier E were/are guilty of were discovered by the manager of the previous majority owner some months ago resulting in a big quarrel according to Karthik Parthasarathy. But shortly after, this owner sold to a new majority owner in Mumbai. The new majority owner does apparently not know about the corruption. The couple say that the previous finance manager at supplier E was sacked when he tried to stop the corruptive practices of the middle management. This came after he had also refused to reprimand some female workers who had dared to complained to WRAP’s auditors during last May’s inspection.

Bhooma Parthasarathy works in the quality control department at the end of the production process. She explains that 3000 items can suddenly arrive from outside, and that she is then ordered to check the thread and quality of these.

– “This work that comes from outside is always of lower quality than what we do in the factory, meaning more work for me”.

She goes on to say that managers in her department used to shout at her for not working fast enough or for not doing a good enough job. Sometimes they hold her down for half an hour after work shouting at her.

- “I don’t want her to go back there”, says Karthik Parthasarathy.

Both state that one would immediately lose one’s job if one were to start a real trade union at supplier E. Both say that the employer association is not a real trade union. Rather it is a “welfare association” that the company formed when they wanted to get WRAP certification.

- “Supplier E does not want a real union since they would then have to comply with labour laws and they don’t do that today”, says Karthik Parthasarathy.

Bhooma Parthasarathy and Karthik Parthasarathy know at least one subcontractor, whom they say is TexIndia. Bhooma Parthasarathy later shows us to this subcontractor. She also tells us that she also faintly remembers the underpants that FMV ordered, but thinks that these were only samples.

– “They must been produced outside the factory. It is impossible that I would not have noticed the production of 75 000 of them. I get to see every single order as I am in the final quality control department”, she says.

Bhooma Parthasarathy tells us that the working conditions have got worse since Diwali, an Indian festival that occurs between October and November every year. According to her, they no longer get double pay for overtime and she is often shouted at by supervisors in her department. When we meet Bhooma Parthasarathy some days later she has chosen to resign from the factory.

Later we get the opportunity to interview another worker, Prakesh Swaminathan, who has recently been sacked from supplier E. One day when he got to work one of the security guards stopped him.

- "They treated me like a thief, but I didn't steal anything! It would have been ok if they had just treated me with respect and told me that I had been sacked and why. Instead they set the guards on me", he says indignantly.

The reason for his dismissal after five years at the factory was that he wanted to go to church on Sundays. Supplier E changed his day off from Sundays to Fridays to avoid paying double overtime if they had to make him work overtime on his day off. He also thinks that the "workers welfare association" does not do anything more than deal with water sanitation. He asked them why they did not try to negotiate higher wages and better bonuses, but they just thought that he was troublesome, Prakesh Swaminathan tells us.

Even Prakesh Swaminathan confirms that supplier E now outsources a large part of the work to a number of subcontractors. He rings one of the supervisors at the factory whom he knows privately and he gives him the names of three subcontractors. Many of the employees whom SAVE and CARE interviewed during the feasibility study also state that supplier E often outsources work to subcontractors following WRAP certification.

Possible violations of local legislation and ILO conventions by supplier E:

- Lack respect for freedom of association
- Verbal abuse of female personnel
- No compensation for overtime with double pay

Other comments:

- A large part of the production being done by subcontractors (where working conditions are generally worse)

Supplier D

Supplier D started its operation in 1984 and is at present one of the largest exporters in Tirupur. The company has about 2 900 employees. Supplier D has a vertical production structure and owns everything from spinning mills to sowing units. It is considered by NGOs and the unions to be a forerunner regarding environmental and social responsibility. It has a long-running relationship dating back several years with the Swiss company Switcher. Switcher has not merely demanded that supplier D follows all labour legislation, but has encouraged there to be an independent union. Today there are four unions represented at supplier D. Unions are however missing at certain units, such as the spinning mills for example. It is just during the last few years that supplier D has opened

up its services to customers other than Switcher. One of these is FMV.

FMV has an ongoing contract for production of T-shirts with supplier D.

SwedWatch's visit to supplier D

We visited supplier D on 18 December. We were shown around by M Suresh Jerry, responsible for supplier D's code of conduct and compliance with all certifications. Supplier D is both WRAP and SA 8000 certified in certain units. There were even codes of conduct on the walls from Switcher, Reebok in addition to their own code of conduct.

On the whole things are much better at supplier D than at most of the other suppliers in Tirupur. For example, all workers are covered by the national social security, they have permanent employees and they allow freedom to form unions. But there are still certain things that don't seem entirely right.

SwedWatch got to visit one of supplier D's spinning mills. Supplier D recruits 18 year-old girls from southern Tamil Nadu who then work as "trainees" for three years. During the first year they receive just 11 SEK per shift, corresponding to India's minimum wage. In year two they get 11.50 SEK and in year three they get

12 SEK per shift. After three years they receive a one-off payment of 1680 SEK. They are then offered a permanent job with 28 SEK per shift, says M Suresh Jerry.

Using young women as “trainees” in spinning mills for three years is common in Tamil Nadu, but this is also strongly criticised. According to A Aloysius, head of SAVE, few girls can work the whole three years even though their parents often pressurise them to stay on to get the end payment. M Suresh Jerry believes though that supplier D’s spinning mills are different and that the company offers the young women training in IT and English. SwedWatch has not had the chance to further investigate the situation. At the spinning mills there is no union either. - “We are one big family here”, the factory manager of the spinning mills tells SwedWatch.

Supplier D belongs to the few companies in Tirupur to have invested in their own water sanitation plant in the dyeing unit. According to M Suresh Jerry the water can then be reused in production. However, when SwedWatch visits the water sanitation plant is closed. First, M Suresh Jerry said that it had shut down for lunch, and then someone else said that it was because it was Monday and that production had been down as Sunday was a free day. On the walls there was a black board on which the different daily measurements were reported. When we were there it was lunchtime on Monday 18 December. The date was 15 December though. When we asked about this it was because they had “forgotten to change the date”. They later wrote 18 December. But this was not right either because they had not done the day’s measurements yet. The facility wasn’t even in operation. Despite the fact that supplier D has ISO certification, no external checks are required to ensure that their own measurements at the sanitation plant are correct. It is also hard to establish whether the company sometimes closes down the sanitation plant to save money.

According to M Suresh Jerry the union at supplier D didn’t have any complaints about their employer either, but following interviews with a couple of employees it was shown that this was not true.

Interviews with employees at supplier D

Vidya Jothi has worked at supplier D for two years as an assistant in the sowing unit. She has a very good wage for being an assistant at 15 SEK per shift. She says that supplier D is a good employer in comparison to most others in Tirupur. - “At this company overtime means 18:00 – 20:00. At eight the bell rings and we can go home. In other companies overtime is unlimited, they never let one go home. That’s why we prefer to work for supplier D”, says Vidya Jothi.

She also raises the unusual fact that the company provides social security. But, she has more demands for improvements.

- “I would like to go to the toilet when I want to”, she says.

Vidya Jothi says that the company used to allow this when the union complained about this, but then the supervisors did not let them go to the toilet when they wanted to anyway. She even complains that the company no longer provides masks, except when visitors come to the factory.

- “Otherwise one can get sick from all the fibres in the air”, she says.

Vidya Jothi is a union member and is satisfied that the workers can influence their situation. Some months ago supplier D had tried to employ 100 tailors/seamsters on a contractual basis, but the union had got together and opposed this they got their demand of only allowing permanent employment through.

- “I feel safe in that those of us who are active union members can handle different problems that can arise”, she tells SwedWatch.

Sunderesan Masilamani is a tailor who has worked at supplier D’s sewing unit for three years. He earns 23.50 SEK per shift. He is also a union member, but he says that supplier D is no longer as positive towards the union as before.

- “Switcher insists that the union exists, but now that there are more customers, the management has started wondering why they should allow the union”, he says.

He believes that it is very important that buyers demand the freedom to form unions and that they encourage unions. Sunderesan Masilamani also says that supplier D violates the employees’ right to go to the toilet. According to Sunderesan Masilamani one is only permitted to go to the toilet once during the morning and once during the afternoon. He gets double pay for overtime, but there has not been any overtime for a long time.

- “I like supplier D as an employer because they offer permanent employment and they pay social security, but I don’t like the fact that we cannot go to the toilet when we want to”, says Sunderesan Masilamani.

Comments:

- Restricted toilet visits
- No protective clothing (except when visitors are coming)

The reaction from supplier A

According to M Suresh Jerry it is not true that the employees are not allowed to visit the toilets, but he thinks that some workers do not work effectively since they use to visit the toilet more often than needed.

M Suresh Jerry also says to SwedWatch that everybody receives protection clothes, but sometimes it is difficult to make the employees to use the protection. He confronts strongly the information that the company may close the treatment plant in order to save money and affirm that the girls that are employed as ”trainees” in the spinning halls gets education and are treated well.

Conclusions: Textiles

In summary, SwedWatch has established that several of the suppliers to Swedish county councils violate basic ILO conventions and human rights in the workplace. It is primarily Martinson Konfektion's supplier A in India and Almedahl's supplier B in Pakistan who stand out as being the worst at living up to both national and international conventions.

However, there are even suppliers who provide a relatively good situation for their employees. This includes FMV's supplier D in India and Seger's supplier F in Pakistan. The documentation is too minimal to enable SwedWatch to draw any far-reaching conclusion about whether FMV's social demands have had any meaning considering they are the ones whose supplier best lives up to the labour legislation and international conventions.

Yet one can conclude that it undeniably facilitates the move towards better working conditions when customers place social demands and follow these up by asking questions and being actively involved when during sourcing. Supplier A would hardly have been able to be a supplier to FMV since FMV asked about basic working conditions such as working hours during its visit and would therefore easily have been able to establish that supplier A itself admits to contravening local legislation. That said, it is harder, even for a customer who is actively engaged in ethical sourcing, to see through supplier E's strategy. Since supplier E has a nice little factory that they show to the customers, the buyer needs to be suitably involved in production to even be able to reveal the use of subcontractors. A first step should though be to always demand to know about all production locations and to demand to visit these.

SwedWatch has identified that supplier A in particular has failed to carry out production with respect for the ILO conventions as well as national labour legislation. The supplier provides a few hundred employees with work, but they exploit these workers in an inappropriate way. SwedWatch does though believe that the treatment of these employees is probably a result of a combination of ignorance and greed; and as long as supplier A does not receive any clear details about what customers demand, they will exploit the situation in Tirupur where violations of labour laws are commonplace. Martinson Konfektion has a big responsibility to expose their supplier. That the representative from Martinson's claims that they have not been able to get hold of Indian labour legislation is not acceptable.

The largest and most decisive reason for a scarcity of ethical sourcing at Martinson Konfektion, Almedahl's and other companies who buy textiles for Swedish public health authorities is that their mandatories, Swedish county councils, still do not place such demands during their bargain process. That FMV has been placing social demands for the last five years shows that it is possible to do so, even for public institutions. This is also shown by the environmental demands that appear in the purchasing documentation.

The conclusion is that not to place demands on the fact that basic human rights in the workplace and local labour laws should be followed in the production of our patient clothing and public health textiles ought to be highly dubious.



Recommendations

The Clean Clothes Campaign Sweden, Fair Trade Center and SwedWatch recommends the following to Swedish municipalities, county councils and authorities, as well as the companies that sell products to them. The Clean Clothes Campaign Sweden, Fair Trade Center and SwedWatch are willing to have a dialogue with all parties in order to implement these recommendations.

Recommendations for Swedish municipalities, county councils and authorities:

Put ethical demands in public procurement

Swedish municipalities, county councils and authorities should demand that basic trade union and human rights are respected in the production of the goods they purchase.

Monitor the demands

They should also demand that the companies that supply goods for the public institutions should report on what they have done to ensure that basic human rights in work life are being respected as well as openly showing which suppliers and subcontractors they use. Evidence that the company does so is if they have an international global agreement with a global trade union. To increase knowledge within the company it would also be good to join a multi-stakeholder initiative (initiatives where parties from trade unions, NGOs and companies are involved).

Educate workers

A huge part of the problems in the clothing industry can be traced back to the fact that employees in the production are not aware of their rights. The Clean Clothes Campaign Sweden, Fair Trade Center and SwedWatch therefore see it as necessary that an initiative for an education programme for workers of suppliers to Swedish health care and surgical instruments is implemented. Such a programme can be formed and conducted in cooperation with relevant global trade union organisations, local trade unions and, where possible and appropriate, by local NGOs.

Recommendations to companies that sell to county councils:

Follow up the actuations in the report

This should be done in cooperation with local trade unions and trustworthy local organisations. During the follow up, the companies should also cooperate with trade unions and NGOs in Sweden.

Adopt an ethical code of conduct

The companies should develop a trustworthy code of conduct with clear goals. The code of conduct should make it very clear that the suppliers must respect the human rights of the employees. As a minimum, the ILO's core conventions should be followed. The code should also put forward the right to a living wage for a normal working week of 48 hours.

Cooperate with trade unions

The company should seek to cooperate with relevant global trade unions. This cooperation could eventually lead to the signing of international trade union agreement. This sort of agreement is, unlike a code of conduct that is only taken by one part, made between two parties and it is signed by the organisation which has the right to represent workers.

Communicate the code of conduct

The code of conduct and/or the global trade union agreement should be communicated internally in the company and to the suppliers. The suppliers should be given the option to follow the code. It is important that companies do not edit the contract when conditions are found below the standard. Instead the company should try to influence the supplier towards acting on the problems that have been identified.

Raise the knowledge

The companies should make sure that they have a clear picture of the situation at their suppliers. The companies should have knowledge about the local legislation for employment relations as well as for environmental issues and they should demand that this is followed. One should also know which and how many subcontractors the supplier uses to ensure that the code of conduct is also followed at this level of production.

Monitor that the code is followed

The companies should develop a trustworthy monitoring system for the code of conduct. Supplier inspections should be carried out with trade unions and trustworthy local NGOs. The most important aspect concerning these working conditions is that the employees organise themselves. In the cases where there are no trade unions the companies should clearly tell the suppliers about the workers' rights to organise independent trade unions.

Make sure that all employees know about their rights

In order to encourage formation of trade unions and get workers to uphold the working conditions stipulated, it is essential that the employees receive training about their legal rights. The companies can ensure that there is a complaints procedure in place to make it possible for workers to complain secretly if the code of conduct is not followed at the work place.

Use the code of conduct when sourcing

When the companies choose new suppliers the code of conduct should be an important reference point. The existence of an independent trade union in particular should be seen as an important factor when choosing a supplier.

Schooling for child labourers

In the cases where there are suspicions of child labour the companies must first try to gather more evidence and should then actively try to demand that the children can go to school and that the family receives compensation for the lost income.

Increase the transparency

The companies should publicly reveal information about their suppliers, concerning working conditions as well as details of how ethical procurement is handled. Results from inspections in the manufacturing countries should be publicised.

Direct trade

The companies selling surgical instruments should develop more direct trade with Pakistan. The companies can in that way work for a higher direct price for the producers. On top of that the companies thereby have a better possibility for dialogue direct with the producers about the conditions of trade and the possibilities of change so that the code of conduct is implemented. The companies should also work for long-term business relations with their suppliers. This will also assist with implementation the code of conduct.

Give the subcontractors better conditions

Ensure that the subcontractors within the production of simple surgical instruments get better conditions for their business with the aim to preventing child labour and a sub-standard working environment.

Follow up on environmental destruction

The companies should follow up the actuations concerning environmental destruction resulting from production. They should demand treatment of outflow from dying and bleaching. This should be monitored by independent experts.

SwedWatch is a nonreligious
and non-political
voluntary organisation
whose task is to review
Swedish companies' trade
with and activities in
development countries.

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