

National Labor Committee
Education Fund in Support of
Worker and Human Rights
In Central America

275 7th Ave., 15th fl.
New York, NY 10001
Phone: 212-242-3002
Fax: 212-242-3821

Worker Rights in the Americas?

A Rare Inside Glimpse

May 2001

Suppressed USAID-funded investigation documents the systematic repression of human and worker rights in the free trade zones of El Salvador, government complicity and corruption.

Eighty-five thousand maquila workers, mostly young women, sewing garments for Nike, Jordan, Adidas, GAP, Ohio State, Duke, University of Michigan, Georgetown, Kohl's, Wal-Mart and Elderwear school uniforms are systematically denied their rights and paid wages of "abject poverty."

Executive Summary

A suppressed Salvadoran Government investigation of working conditions in the free trade zones--funded by the U.S. Agency for International Development (USAID) documented:

- **Below-subsistence wages**--leaving families mired in *“abject poverty.”*
- **Forced overtime**--*“on a daily basis...under threat of firings”... “On some occasions the workers find themselves obligated to sleep in the factory facilities...”*
- **Excessively high production goals**--*“If the worker does not reach the production goal during the regular work day, she is under the obligation to work overtime on her own account.”* I.e., to **remain working overtime hours without pay.** *“Supervisors frequently threaten to fire those workers who do not complete assigned production goals...”*
- **Abusive working conditions**--*“The majority of workers...are subjected to mistreatment by managerial personnel,”* who put constant pressure on the workers, shouting at them to work faster.
- **Unsafe working conditions**--*“Excessive heat”... “poor ventilation”... “the excessive lint”* which permeates the factory’s air. *“In many cases workers do not receive safety equipment...such as masks, gloves, respirators for the handling of chemicals...”* and *“poor quality of water for human consumption.”*
- **Limited access to health care:** *“In the majority of cases, the workers have had to give up their regular medical care because of the bosses’ and supervisors’ refusal to allow them to attend their appointments, arguing that their presence is needed to cover production goals.”*
- **Complete denial of freedom of association:** *“...It was found that there exists an anti-union policy in the maquilas, by which any attempt at organization is repressed...It is very common for supervisors and chiefs of personnel to threaten workers with firing if they belong to a union or attempt to form one... It is also frequent that general and local boards of unions that do exist in the maquila are systematically fired...one of the principle anti-union policies consists of the management of ‘blacklists’... Within the maquila subsector, there exists not one collective contract.”*
- **Government complicity and corruption**--*“The workers were very emphatic in declaring that there is a great deal of corruption in activities of labor inspection personnel...that certain inspectors periodically receive money from the companies...”*
- **Labor Ministry needs to be cleaned up and overhauled**--*“The urgent necessity for a leap in the quality of the work of the Ministry in its principal activities: overseeing compliance with labor laws and attending to the resolution of labor conflicts...”*

USAID-funded Salvadoran Government Report immediately Suppressed

This rare, truthful glimpse provided by the Salvadoran Ministry of Labor investigation into actual working conditions in the free trade zones in El Salvador survived just one day before managers of the maquila companies read it and began to “howl with rage.” With only 100 copies distributed, the Salvadoran government moved quickly to suppress the report, suspend printing, lay off the researchers involved, and demand the return of the 100 or so copies of the report that had been distributed. The Salvadoran Ministry of Labor then went on television to announce that the report was all a big “misunderstanding,” but that now they would conduct real, “serious” research. The cover-up had begun. The total impunity the maquila companies enjoyed in their violation of human and worker rights would be restored.

However, not all copies of the original USAID-funded Salvadoran government report were returned. The National Labor Committee held onto our copy so it could be released to the Salvadoran and American people, who have a right to know the truth.

New Research on NBA, Nike, Jordan, Universities, GAP Violations

As a follow-up to the suppressed Ministry of Labor report, the National Labor Committee carried out in-depth investigations of working conditions at 11 maquila factories in El Salvador producing for Nike, Jordan, Adidas, GAP, Ohio State, Kohl’s, Wal-Mart and others.

This is what we found:

NBA / Nike Exploitation

Workers are paid just **25 cents** for each **\$140 Nike LA Lakers** basketball shirt they sew, and **21 cents** for each **\$100 pair of Nike Lakers** shorts they sew. Wages come to 2/10ths of one percent of the retail price!

Nike:

- **Mandatory pregnancy tests.**
- **Forced overtime** - some 7-day workweeks and 19½hour shifts.
- **Workers paid just 22 cents for each \$55 Nike Ohio State basketball shirt they sew** - wages amounting to just 4/10ths of one percent of the retail price.
- **Filthy and unsafe drinking water** containing bacteria levels **429 times greater** than international standards allow.
- **Sixty-cent-an-hour wage** - which even according to the Salvadoran government leaves families mired in “*abject poverty.*”
- **Surveillance cameras** on the factory floor and in the bathrooms.

- **Total denial of freedom of association** - any attempt to organize is met with mass illegal firings and blacklisting.

Kohl's:

- **Mandatory pregnancy tests.**
- **Obligatory overtime** - 13-hour shifts, six-day work week.
- **Women workers paid 20 cents for each \$14.99 child's dress they sew for Kohl's.**
- **Temperatures over 90 degrees on the factory floor.**
- **Kohl's Code of Conduct completely unknown.**
- **Constant pressure to meet excessively high production goals.**
- **Total suppression of the right to organize.**

GAP:

- **Mandatory pregnancy tests.**
- **Filthy and unsafe drinking water** with bacteria levels *123 times greater* than allowed under international norms; water contaminated with human and animal fecal matter.
- **Workers paid 11 ½ cents for each \$12.99 GAP T-shirt they sew.**
- **Permission required to drink water or to use the bathroom.**
- **Some obligatory 12-hour shifts.**
- **Any attempt to organize met with mass firings.**

Liz Claiborne:

- **Mandatory pregnancy tests.**
- **Obligatory 12-hour shifts.**
- **Ninety to 100-degree temperatures on the shop floor.**
- **Workers body-searched entering and leaving the factory.**
- **Paid 74 cents for each \$198 Liz Claiborne jacket they sew.**
- **Workers told they would be fired if they join a union.**

In El Salvador today, there are 85,000 workers in 229 maquila factories *sewing 634 million garments* a year for export to the U.S. El Salvador is the eighth largest exporter worldwide of apparel to the U.S. ***There is not one single union*** functioning with a collective contract in any of these factories, despite mandatory pregnancy tests, forced overtime, below-subsistence wages, maltreatment, and unsafe working conditions. This is because every attempt to organize a union is immediately met with illegal mass firings and blacklisting. The Salvadoran government has provided the maquila factories and free trade zones with complete impunity to violate the most fundamental, internationally recognized worker rights.

SECTION 1 / MINISTRY OF LABOR REPORT

A Rare Glimpse of Exploitation Suppressed Salvadoran Government/USAID Investigation

This is how it happened.

In December 1999, with financing from the United States Agency for International Development (USAID), the Salvadoran Ministry of Labor established the ‘Labor Relations Monitoring and Analysis Unit,’ which was to track the maquila industry in El Salvador. This was in response to growing national and international denunciations of serious human and worker rights violations in El Salvador’s Free Trade Zones. The special Labor Ministry Unit began its work on March 10, 2000. For the next four months its professional researchers investigated and documented conditions at the four largest Free Trade Zones in El Salvador – San Marcos, San Bartolo, American, and El Pedregal. Together, these four zones account for 80% of El Salvador’s maquila, or assembly for export, production.

Since these were Ministry of Labor investigators, the maquila companies received them with open arms, for in the past they could always be counted on to overlook even the most serious and blatant violations. For years, the maquila companies had been able to violate every fundamental worker right with complete impunity. For example, there is **not one** single functioning union with a contract in any of the 229 maquila factories in El Salvador producing goods for export to the U.S. Yet the Ministry of Labor had never found anything odd about this, and, of course, never found any evidence of suppression of union rights, mass firings, and blacklistings.

However, this one time, things were different. These were honest researchers, and they spoke in depth with the workers.

To this day, no one knows how and why it happened: why the Ministry of Labor hired honest researchers, and why the Vice-Minister of Labor signed off authorizing the publication and distribution of the report, evidently without ever reading it. But however it happened, on Monday, August 21, 2000, several dozen copies of “Monitoring Report on the Maquila and Bonded Areas”/USAID/SETEFE/Ministry of Labor/July 2000, were released into circulation. When the maquila companies received it and actually read it, they squealed and howled in protest. The very next day, Tuesday August 22, the Ministry of Labor immediately ordered the report suppressed, suspending all further publication, and requesting the return of the 100 or so copies circulated the day before. Next, the Minister of Labor appeared in the media saying that everything was a “misunderstanding,” but that they are going to conduct very “serious” research.

But it is too late for them, and the truth is out. What the government researchers found and accurately reported this one time was exactly what the maquila workers have been telling us for years. Yet no one would listen. The Salvadoran government and the Free Trade Zone companies always claimed that all these denunciations of human rights violations were really a trick by protectionist big union interests in the U.S., who were using the Salvadoran workers as their dupes. With that cover the violations went on with complete impunity.

“Monitoring Report on the Maquila and Bonded Areas”

USAID/SETEFE¹/Ministry of Labor
July 2000

SUMMARY

- **Forced overtime:** “During the visits made, it was possible to **confirm that overtime is worked on a daily basis in the majority of maquila companies**, in order to complete the production goals established by the company.”

“It is also important to point out that in the majority of companies, it **is an obligation of the personnel to work overtime under the threat of firing** or some other kind of reprisal. This situation, in addition to threatening the health of the workers, causes family problems in that (the workers) are unable to properly fulfill obligations to their immediate family.”

“On some occasions, because overtime is extended into the late hours of the night, **the workers find themselves obligated to sleep in the factory facilities**, which do not have conditions necessary for personal care.”

- **Excessively high production goals:** “Another factor that directly impacts on work beyond the normal workshift is the **excessively high production goals that are assigned** to the different operators, who must work extra hours in order to fulfill the goals.....”

“In some cases, it goes to the extreme that the workers work overtime to fulfill the assigned production goals and to be able to receive the additional incentive income, **although they may not receive any additional income for the additional hours worked**, since, according to the personnel managers, **“if the worker does not reach the production goal during the regular work day, she is under the obligation to work overtime on her own account.”**”

- **Excessive production goals set by U.S. companies/workers suffer health problems:** “**It should be mentioned that in the majority of companies, the time each operation should take is set by international clients based on conditions in their respective countries.**”

“According to the production managers interviewed, **some companies use North American and Asian efficiency and productivity levels** as a parameter for establishing production goals, without considering the different nutritional conditions and technical capacity of our workers.”

“It could also be documented that working conditions for personnel are not the most appropriate for fulfilling production goals.”

“This has become evident through interviews, by way of the complaints there are about the excessive production goals they are obligated to fulfill, **and reflected in the operators’ health problems, since they may be deprived of their physiological needs, rest and other kinds of**

¹ STETEFE stands for Technical Secretariat for Exterior Financing of the Salvadoran Ministry of Foreign Relations, the agency through which the USAID funding for the report was channeled.

activities that contribute to physical and mental well-being, not permitting them to fulfill the daily goals assigned.”

“[The workers] also stated that *supervisors frequently threaten to fire those workers who do not complete assigned production goals...*”

“[The workers] complain of frequent psychological pressures that do harm to their health.”

- **Below-subsistence wages:** Despite all the forced overtime hours, “*Nevertheless, the majority of workers stated that in spite of receiving this additional remuneration, the wage was insufficient to satisfy their family needs with dignity, for which reason they affirmed the need in near term for a review of the minimum wage.*”

(Note: The minimum wage in El Salvador is 60 cents an hour. The National Labor Committee estimates that this meets less than one-third of the cost of living for the average sized family. Though not excessive, inflation is also eating away at the real purchasing power of the workers’ wages. The inflation rate for 1999 was 3 percent, and for 2000 it was 4 percent.)

- **Abusive working conditions:** “The majority of workers interviewed mentioned that they are *subjected to mistreatment by management personnel* inside the companies, especially by supervisors who, according to the workers, when they are giving instructions, do so in an overbearing manner and make use of expressions that injure the dignity of the workers....”

“Workers in the various factories state that they do not enjoy minimum health and safety conditions.”

“In many cases, they do not receive safety equipment appropriate for their personal protection in the different areas of risk such as: masks, gloves, respirators for the handling of chemicals...”

“There are also problems with regard to the physical working environment, for example, **excessive heat**” exacerbated by “*poor internal ventilation*”. This “excessive heat produces stress, tiredness, fatigue and illnesses that may become professional diseases if their causes are not corrected.”

“*Another effect of the bad ventilation is the excess of lint that accumulates* on the production plant walls, ceiling, machinery and personnel. It should be noted too that the majority of plants lack a dust collection system which would prevent this accumulation. In addition, high contact with these particles suspended in the air can cause pulmonary fibrosis or unleash other kinds of ailments ...”

“The majority of workers interviewed mentioned the *poor quality of water for human consumption*, that it had a bad taste, appearance, color and odor.”

“Nor are periodic studies conducted to determine the physiochemical and bacteriological conditions of the drinking water that comes from the companies’ own wells, and the equipment used for its purification is not submitted to constant maintenance and cleaning.”

“Many workers complain of bad handling in the making of the foods that they consume in the cafeterias. Due to *bad hygienic conditions, they often have had gastrointestinal problems . . .*”

- **Denial of Health Care:** “In the *majority of cases, the workers have had to give up their regular medical care because of the bosses’ and supervisors’ refusal to allow them to attend their appointments, arguing that their presence is needed to cover production goals.*”

“The measure that is commonly taken if someone arrives at work late because they went to Social Security is to *deduct the time used for that consult, despite their presenting documentation of the medical visit.*”

- **Complete Denial of Freedom of Association:** “One of the situations that most caught the attention during the visits was the fact that the rate of unionization in the maquila is very low... on investigating the reasons for this phenomenon, *it was found that there exists an anti-union policy in the maquilas, by which any attempt at organization is repressed.*”

“According to union leaders interviewed, it is very common for supervisors and chiefs of personnel to *threaten workers with firings if they belong to a union or attempt to form one.*”

“The workers stated that one of the principle anti-union policies consists of the management of ‘blacklists’ of the names of workers who belong or at some point have belonged to a union organization. The workers affirm that the people who appear on these lists are not hired by the maquila companies, which constitutes a flagrant violation of freedom to unionize recognized in our judicial order, the constitution of the Republic, as well as secondary labor legislation.”

“It is *also frequent that general and local boards of unions that do exist in the maquila are systematically fired. This can be easily verified* by reviewing the complaints regarding freedom of organization received by both the Ministry of Labor’s General Directorship and the Inspection Office.”

“The issue of freedom to unionize is definitely one of the areas in which the rights of the working class are frequently violated.”

“Within the maquila sub-sector there exists not one collective contract.”

- **Government Corruption and Complicity:** “On their part, *the workers were very emphatic in declaring that there is a great deal of corruption in activities of labor inspector personnel. Some even declared that they had knowledge that certain inspectors periodically receive money from the companies to not include the constant labor rights violations in their reports.*”

“They also say that most of the time the inspectors do not approach them to hear their impressions regarding company compliance with labor regulations. They also declare that normally it is the human resources heads who choose the personnel to be interviewed by the inspectors...”

- **A call for the complete overhaul of the Ministry of Labor:** “The results of the visits and the conclusions reached reveal the *urgent necessity for a leap in the quality of the work of the Ministry in its principle activities: overseeing compliance with labor laws, attending to the resolution of labor conflicts, and the creation of jobs.*”

- *Translation of excerpts of the Ministry of Labor report follow in Appendix A.*

- *Full original report in Spanish can be accessed on the NLC website: <http://www.nlcnet.org>*

Maquila in El Salvador is Booming

- 229 maquila factories
- 85,000 maquila workers

In terms of square meters of fabric, El Salvador is the **eighth largest exporter** in the world of apparel to the to the U.S.

In 2000, U.S. companies imported **\$1.6 billion**-worth of apparel made in El Salvador, which was a **21 percent increase** over the year before. In 1999, shipments to the U.S. were up another 14 percent over 1998.

El Salvador's apparel exports to the U.S.:

1998:	\$ 1,170,627,000
1999:	\$ 1,328,778,000
2000:	\$ 1,601,398,000

- The National Labor Committee estimates that *each year U.S. companies import 634 million garments made in El Salvador!*
- The maquila industry accounts for 53 percent of El Salvador's total exports worldwide. In fact, maquila exports are more than four times larger than El Salvador's next three leading exports combined. (Coffee, sugar, and shrimp exports totaled \$3.5 million in 1999, while maquila apparel exports were \$1.33 billion. El Salvador's total exports in 1999 were \$2.5 billion.)
- The U.S. takes in **63.1 percent** of El Salvador's exports worldwide. This gives the American people a very strong voice regarding the conditions under which these products we purchase are made.
- The recent passage of CBI-NAFTA Parity (on October 2, 2000) will lead to a boom in El Salvador's maquila industry, with the government estimating that another 150,000 maquila jobs will be added over the next several years. Primarily Asian companies are expected to set up shop in El Salvador to target the U.S. market. El Salvador's government, which has turned the entire country into one giant Free Trade Zone, is tying its hopes for future economic growth to an ever-booming and expanding maquila industry.

SECTION 2 / IN-DEPTH FACTORY STUDIES

Hermosa Factory *El Salvador*

NBA, Nike (Ohio State, Duke, North Carolina, Michigan, Arizona and Georgetown Universities) Adidas, Puma

NBA, Nike, Universities--Exploitation and Below-Subsistence Wages

Workers are paid just **29 cents** for each **\$140 Nike** NBA shirt they sew--which means their wages amount to only **2/10ths of one percent** of the garment's retail price! These same workers are paid **30 cents** for each **\$100** pair of NBA Nike shorts they sew. Here their wages amount to just **3/10ths of one percent** of the retail price of the NBA shorts. For each **\$55 Nike Ohio State** basketball shirt they sew, the Hermosa workers are paid just **22 cents**, or **4/10ths of one percent** if the retail price.

- **Mandatory pregnancy tests.**
- **Obligatory overtime:** 7-day work weeks during peak season, at the factory over 70 hours a week, some 19 1/2 hour shifts (6:30 a.m. to 2:00 a.m.), with workers forced to sleep on the factory floor.
- **Seriously contaminated drinking water – *bacteria levels 429 times greater than internationally permitted norms.***
- **Excessively high production quotas:** women must attach 2000 sleeves to Nike T-shirts each shift, sewing one sleeve every 15.3 seconds non-stop for 8.5 hours – paid two-tenths of a cent for every sleeve they sew.
- **Limited access to health care.**
- **Codes of conduct meaningless.**
- **Surveillance cameras monitor workers at all times.**
- **No freedom of association –** union organizers will be immediately fired: the workers *explain* “*The company will never allow a union.*”

Hermosa Manufacturing S.A. de C.V.
Contiguo al Centro Comercial Peri-Centro
Calle a la Estacion
Apopa, El Salvador

tel: (503) 216-6406

Approximately 600 workers. Believed to be North American owned.

The Anatomy of Exploitation

- **Workers paid just 29 cents for each \$140 NBA Nike shirt they sew:** In January 2001, Lines #1 and #6 at the Hermosa factory produced NBA Nike team basketball shirts, for example “Lakers / #34 / O’Neal.” The jerseys retail at the NBA store for **\$140**. There are 50 workers on each of these production lines. For the 10 ½-hour shift, from 6:30 a.m. to 5:00 p.m., management assigned each line the mandatory daily production quota of **1,250** NBA shirts. With three quarters of an hour off each day--one 15-minute break and 30 minutes for lunch--the workers were putting in a 9 ¾ hour shift. If they are paid their Seventh Day attendance/good behavior bonus, they will earn **75 cents an hour**, and **\$7.36 for the 9 ¾ hours**. The total daily payroll for all 50 workers on the line comes to **\$367.76**. These same workers must complete 1,250 NBA Nike shirts each shift, meaning they produce \$175,000 worth of garments. This allows us to calculate the direct labor cost to sew each \$140 shirt, which comes to just 29 cents. So the workers’ wages amount to a shocking **2/10ths of one percent** of the retail price of the NBA basketball shirt.



- **Thirty cents of wages in each \$100 pair of Nike NBA basketball shorts:** In the same month, January 2001, Lines #4 and #5 at the Hermosa factory were sewing NBA Nike team basketball shorts. There are 55 workers in each of these production lines, and in January they were working 11½ shifts, from 6:30 a.m. to 6:00 p.m. Here too, they received one 15-minute morning break and 30 minutes for lunch, so they were working 10 ¾ hours a day. At the 75-cent-an-hour wage, they were earning \$8.11 a day. For all 55 workers the daily payroll amounted to \$446.03. Management assigned each line a mandatory daily production quota of 1,500 NBA shorts, which at \$100 each came to \$150,000-worth of shorts each shift. Here the workers' wages amounted to just **30 cents** for every **\$100** pair of NBA Nike team shorts they sewed, or just **3/10ths of one percent** of the retail price!



- **Workers paid just 27 cents for every \$140 Puma New York Knicks basketball shirt they sew. Wages amount to just 2/10ths of one percent of the retail price:** In December 2000, Lines #2 and #3 at the Hermosa factory were sewing Puma New York Knicks basketball shirts, for example shirts printed: “**New York, Johnson, #2**”. There were 50 workers on each of these lines. In December they were working from 6:30 a.m. to 5:00 p.m., with 45 minutes off, a morning break and 30 minutes for lunch. In the 9¾hour work shift, factory management assigned each line a mandatory daily production quota of 1,350 Puma Knicks shirts. At the 75 cent-an-hour wage for the 9 3/4 hours actually worked, the sewers wages came to \$7.36 a day. For all, 50 workers on the line, the total daily payroll came to \$367.76. The line produced 1,350 \$140 Puma shirts each day, a total retail value of \$189,000 in garments. Here the workers were paid just **27 cents** for each \$140 Puma New York Knicks basketball jersey they sewed, meaning their wages amounted to **less than 2/10th of one percent** of the retail price of the shirt.



- **Twenty-cent of wages in a \$60 Nike New York Knicks Sprewell Jersey:** In January 2001, Lines #2 and #3 at the Hermosa Factory shifted to producing Nike New York Knicks basketball shirts, including “New York, #8, Sprewell.” These shirts retail at the Niketown for \$60.00. Fifty workers on each line worked the same 6:30 a.m. to 5:00 p.m. shift, with the same mandatory production goal of 1,350 Nike shirts per day. For the 9 3/4 hours of actual working time, the sewers earned 75 cents an hour, and \$7.36 per day. The payroll for the 50- person assembly line totaled \$367.76. Each day the workers had to produce \$81,000 worth of Nike basketball shirts. Here, the workers' wages amounted to just 27 cents for each \$60 Nike New York Knicks shirt they sewed, or only one half of one percent of the retail price of the jersey.



Nike's hang-tag on the NBA jersey states that: *"A portion of your purchase supports youth community programs around the world."*

The below-subsistence wages of the Salvadoran workers--most of them young women and many of them single mothers mired in abject poverty--who are also systematically denied their basic worker rights, helps fund Nike's "Youth Community Programs," the NBA Players Association, as well as Nike's and the NBA's massive profits.

Wages:

The workers are paid according to the minimum wage in El Salvador, which does not come even close to meeting the most basic survival needs of the average sized family.

- **42 colones** per day, equal to **\$4.80**
- **60 cents** an hour

With the 7th day attendance bonus, the workers earn 1,260 Colones per month, which breaks down to:

- **75 cents** an hour
- **\$ 6.03** a day (8 hour shift)
- **\$ 33.19** a week (44 hour week)
- **\$143.84** a month
- **\$ 1,726.03** a year

(As in other factories, in Hermosa there is a lot of confusion among the workers regarding how their wages are actually calculated, since they are paid through direct bank deposit and do not get to keep a record of their pay stubs. They are only allowed to review their pay stub briefly on pay day while inside the factory and the stub must be returned the same day. Failure to return a pay stub leads to a fine of \$5.71 – more than a day's base wages.)

Abusive working conditions:

- **Mandatory Pregnancy Tests:** Women seeking employment at the Hermosa factory must first undergo a urine analysis/pregnancy test at a medical laboratory and present the results. Women who test positive will not be hired.
- **Seriously Contaminated Drinking Water:** The factory does not provide purified bottled water to the workers, leaving them to drink the tap water from a faucet. The National Labor Committee had this water tested at a laboratory and found that *the bacteria levels exceeded by 429 times the advised international standards*. Water this contaminated should not even be bathed in let alone drank. (Lab testing results attached).
- **Locked in for the Shift:** Workers are not free to leave the factory grounds during their lunch break. On Tuesday, February 13, when the earthquake struck at 8:30 a.m., there was panic in the factory as the women raced for the emergency exit doors, which were locked. Some workers were injured in the crush of bodies.
- **Excessive production goals:** 2,000 operations per day. Paid 2/10ths of a cent per operation. At Hermosa there are 7 production lines with 50 workers in each line. Lines #1 and #2 each have a required daily production quota to sew 1000 pairs of **Adidas** sport shorts per 8.5 hour

shift. These production goals are set by factory management according to time motion guidelines provided by the North American companies. Lines #3 and #4 must each complete 1,500 Nike T-shirts per day.

Workers are paid according to how many pieces they sew. Each woman is a specialist racing through the same monotonous operation, hour after hour, to reach her assigned daily production quota. An example: women who specialize in attaching the sleeves to Nike T-shirts must sew 2,000 sleeves in the 8.5 hour shift in order to meet their quota and earn the minimum wage of \$4.80 a day. This means she must sew 235 sleeves an hour, or *one every 15.3 seconds*, non-stop all day. She is paid 11.5 cents for every bundle of 48 sleeves she sews, or *.0023958 cents for each operation*.

As a production incentive, if the daily 2,000 sleeve quota is achieved, the women are paid an additional incentive of 11 and four-tenths cents for every bundle of 48 sleeves they sew beyond the regular 2000-piece goal.

- **Limited access to health care:** Hermosa does have a factory medical clinic, but according to the workers “there are really no medicines available at the factory clinic.” The workers feel that the poorly equipped factory clinic was set up as a means to deny workers the time off that would be necessary for them to access the much more comprehensive health care available at the state Social Security clinics and hospitals. The workers pay for the government’s Social Security health system through deductions in their salaries. Inadequate factory-run clinics are a common complaint in many maquilas.
- **Codes of conduct meaningless:** Nike and the other companies’ Codes of Conduct are posted outside the manager’s office and on a wall near the bathrooms. However, absolutely no explanation is provided to the workers and there has never been a serious attempt to enforce these codes. They remain just a piece of paper on the wall.
- **Video cameras monitor the workers at all times:** Until September 2000, as a way of pressuring the workers, the general manager of Hermosa drove around the factory in a golf cart monitoring the production lines. After that, video surveillance cameras were installed, pointed directly at the production lines. Line supervisors were outfitted with radios, so that the general manager, now watching the closed circuit screens from his office, could direct a supervisor to chastise a woman, order her to work faster, or to stop workers from talking during working hours. The workers complain of the constant pressure and humiliation of being watched constantly.
- **No Unions Allowed, Denial of the Right to Organize:** Management has told the workers repeatedly that a “*trade union in the factory is not necessary*” because the company “gives you incentives and all the social benefits according to the law.” The workers were very clear that “*The management is very strict and will never allow a union.*”

Nike's Dirty Water

The drinking water provided to the workers at the Hermosa factory is filthy and unsafe.

- Bacteria levels in the water exceed international standards by **429 times!**
- The drinking water contains human and animal fecal matter.
- Drinking this water can lead to serious respiratory, urinary tract, eye, ear and stomach infections. It is not safe to wash with, let alone drink.



Laboratorios Especializados en Control de Calidad

Inscrito en el Consejo Superior de Salud Pública bajo el Número 357
Calle San Antonio Abad 1965, San Salvador, El Salvador, C. A.
Tels.: 226-5223 • 226-7042 • Fax: (503) 226-5223
E-mail: lecc@es.com.sv

INFORME DE ANALISIS

NOMBRE DE LA MUESTRA Agua.	FUENTE Filtro	PROCEDENCIA Hermosa Manufacturing.	FECHA DE EMISION: 14/08/2000 FECHA DE INGRESO: 08/08/2000
--------------------------------------	-------------------------	---	--

CONTROL A - 1,322	METODO Stander Methods, 18 ^a Ed., 1992.	DATOS DE CAMPO pH: _____ Fecha: 08/08/2000 Cond.: _____ T° Amb.: _____ T° Agua: _____ Elev.: _____ Hora: _____
-----------------------------	--	--

DESCRIPCION:
Líquido transparente incoloro.

DETERMINACION	RESULTADO	LIMITE
Recuento Total de Bacterias	42,900 UFC/mL	100 UFC/mL
E coli	Negativo	Negativo
Pseudomona aeruginosa	Positivo	Negativo
NUMERO MAS PROBABLE		
Coliformes Totales	Menor 1.1 NMP/100 mL	Menor 1.1 NMP/100 mL
Coliformes Fecales	Negativo	Negativo

EL INFORME CORRESPONDE A LA MUESTRA REMITIDA.
Límites correspondientes a norma CONACYT NSO 13.07.01:97.
No cumple norma.

Elizabeth Benegas de Salazar
Dra. Elizabeth Benegas de Salazar.
DIRECTOR TÉCNICO.



Hermosa Worker

Sewing \$140 NBA Nike Shirts, Describes Her Family's Poverty

Name: [Omitted so she will not be fired]

Age: 28 years

Home: Colonia Tepeyat
San Marcos, San Salvador

Single mother with 3 children; in addition she lives with her mother, a sister and an uncle.

Immediate family: 7 people
3 children and 4 adults
Children's ages: 10, 8 and 7 years

Name of factory: Hermosa Manufacturing
Calle a la Estacion, continguo Pericentro
Apopa

"The time I get up is 4:30 a.m. I get up to prepare food for my children and to bring water, because I don't have potable water. I bring it in a jug from a public tap a block away. Sometimes there is a line because everyone uses this same tap. We use the water to drink, to bathe and to do the washing. I fill a barrel every two days.

"I go to work at 6:00 a.m. taking two buses to get to my job. From San Marcos, I travel to the Center of San Salvador in micro-bus R-11 and it takes 20 minutes and from the center to Apopa to the factory, I take the R-38E and it takes 30 minutes. In total, 50 minutes, since starting time is 7:30 a.m., but I try to arrive at 7:00 a.m.

"I spend 10 colones [\$1.14] round trip.

"I eat breakfast outside the factory. It is not clean, because it is a woman who comes to sell food and we eat standing up or on the sidewalk. I spend 8 colones [\$.91] (coffee, plantain, beans, 2 rolls, sour cream). They sell food inside the factory too, but it's more expensive.

"For lunch we have to eat at the factory cafeteria because they don't allow us to go out, and the food is badly cooked and it costs me between 12 colones [\$1.37] (eating stuffed peppers, rice, tortillas and lemonade) and 15 colones [\$1.71] (eating meat or chicken, tortillas and a drink).

"Leaving time at the factory is 5:00 p.m. and I get home at 6:15. It takes me an hour and 15 minutes due to traffic in the streets. When I do two hours overtime, I get home later, at 8:15 p.m.

"When I get home I give the children dinner, since my mother makes the dinner (beans, eggs, tortillas, cheese), which costs about 30 colones [\$3.42] for the whole family. Later I help two of my children with their homework, then I put them to bed, and when they are asleep I iron their school uniforms for the next day. I go to bed at 10 p.m.

“How much milk can you buy?

I buy a 5 pound container of powdered milk for 98 colones [\$11.19] every two weeks, which you prepare with boiling water and you put in 8 tablespoons for each liter of water.

“I can’t buy vitamins because they are very expensive and my wage is not enough.

“I buy meat, 18 colones [\$2.05] for a pound, or a chicken for 25 colones [\$2.85] twice every two weeks, since they are the more expensive than grains (beans, rice, sugar, macaroni) or vegetables (potatoes, carrots, corn, squash, fruits, watermelon, melon, bananas).”

Other costs:

Rent payment: c450 a month [\$51.37]

Electricity: c130 a month [\$14.84]

Gas: c38 each month [\$4.29]

Total expenses: c618 a month [\$70.55]

Food: c450 every 2 weeks

[\$51.37] buying:

5 pounds beans, c3.50/pound [\$.40]

5 pounds rice, c2.50/pound [\$.29]

5 pounds sugar, c2.50/pound [\$.29]

5-pound box powdered milk, c98 [\$11.19]

vegetables

School costs:

“I have three children in school, paying a fee of c50 [\$5.71] a month for each of them, plus c15 [\$1.71] for school supplies. So school costs c65 [\$7.42] for each child.

“I don’t pay for daycare because my mother cares for them and helps with the housework, since she can’t work because she is very old and has no experience working for a company, only in domestic work.

“I can buy clothing every 3 or 4 months on the street, spending c200 [\$22.83] for used clothing. I buy two pairs of shoes a year, which cost c150 [\$17.12] a pair for the children, c100 [\$11.42] for the adults.

“To go to the doctor, I pay Social Security medical insurance at the factory and when I get sick I spend nothing, since they deduct [SS] at work. But I make almost no use of it because permissions are limited, it’s only when you are very sick.

“When the children get sick, I bring them to the San Marcos public health unit because it is cheaper, c30 [\$3.42] each per visit. I can’t pay for a private clinic where it costs c100 [\$11.42] to c200 [22.84] per visit.

“Under Social Security children can receive medical attention up to the age of six.

“There are three of us in the family that work (myself, sister, uncle) earning the minimum wage of \$1,260 [\$143.84] each. Since there are many expenses, the money we earn is not enough for the

family and sometimes we have to borrow money for transport or to pay for electricity or rent. We pay the loan off when we get paid, paying 15% interest.”

Do you have savings?

“We have no savings, but we do have debts because sometimes we are behind a month in the rent or can’t pay the bills on the date they are due.

“During the earthquake, two of our walls fell in and a part of the roof caved in on us. Neither the factory, nor the owners of the labels gave us help. The municipality gave us plywood and planks to construct a shelter.”

**Some Daily Expenses
for a single mother with three children.
Her base wage: \$4.80 a day**

Round trip bus	\$ 1.14
Breakfast	\$ 0.91
Lunch	\$ 1.37
Supper for her family	\$ 1.95
Rent	\$ 1.68
Gas & electric	\$ 0.63
School	\$ 0.72
Milk	\$ 0.80

The base wage meets just half of even these very limited daily expenses.

Chi Fung Factory
Apopa, El Salvador

Nike, NBA, Jordan, Adidas, Wal-Mart, VF Corporation

- **Forced pregnancy tests.**
 - **Forced overtime**—without pay—to meet production goals.
 - **Filthy and unsafe drinking water.**
 - **Workers paid just 25 cents for each \$140 NBA Nike Lakers basketball shirt they sew--** wages amounting to less than **2/10ths of one percent** of the retail price. Workers paid just **38 cents** for each **\$45 Jordan/North Carolina** basketball shirt they sew.
 - **Surveillance cameras** in the bathrooms and on the shop floor.
 - **Unions prohibited**—organizers immediately fired.
 - **Codes of Conduct posted, but meaningless to workers.**
 - **Constant pressure and humiliation**—workers screamed and cursed at to go faster.
-

Chi Fung, S.A. de C.V.
Carreterra Troncal de Norte
Kilometro 12 ½
Apopa, San Salvador

Legal Representative: Wen Ling Tsao
(503) 216-1540

Ownership: Taiwanese

Employees: 1,600 workers

The Chi Fung facility resembles a prison fortress with massive locked metal gates surrounded by a high cinderblock wall, topped with rolls of razor wire. To the right of the entrance, there is even a turret-like guard tower patrolled by uniformed personnel with rifles. There are bunker-like peepholes in the cement walls and in the metal gate for other guards to peer out. The company is currently building a second factory which will double its size.

Starvation Wages, Abuse Behind NBA, Nike, Jordan, Puma

Chi Fung workers are paid just:

- **25 cents** for each **\$140** NBA Nike shirt they sew.
- **21 cents** for each **\$100** pair of NBA Nike basketball shorts.
- **28 cents** for each **\$140** Puma New York Knicks shirt.
- **23 cents** for each **\$60** Nike New York Knicks jersey.
- **38 cents** for each **\$45** Jordan/North Carolina T-shirt.



Anatomy of Exploitation:

- **NBA/Nike: Workers paid 25 cents for each \$140 basketball shirt they sew:** In December 2000 and January 2001, 50 workers in production line “A” at the Chi Fung factory sewed NBA Nike sports basketball shirts, which retail for \$140 each at the NBA store. In an eleven-hour shift, from 7:00 a.m. to 6:00 p.m., with one 15-minute break and 45 minutes for lunch, management required Line A to complete 1,500 NBA jerseys. If they received their 7th Day attendance bonus, the workers would earn **75 cents** an hour, or \$7.54 for the 10 hours of work. The daily payroll for the 50-person assembly line totaled \$377.19. These same workers produced **\$210,000** in NBA shirts a day. So the workers’ wages amounted to just **25 cents** for every **\$140** NBA Nike team shirt they sewed, or *less than 2/10ths of one percent* of the jersey’s retail price.
- **Workers paid 21 cents for each \$100 pair of NBA Nike basketball shorts they sew:** In December 2000 and January 2001, 49 workers on Line #12 were assigned a mandatory production quota of **1,800** NBA Nike team basketball shorts in the 11-hour shift, 10 hours of which were paid. The daily payroll for the entire production line amounted to \$369.65 (754/hour x 10 hours = \$7.54; \$7.54 x 49 workers = \$369.65). These workers were producing **\$180,000**-worth of NBA Nike shorts each day. In this case the workers’ wages came to just **2/10ths of one percent** of the \$100 retail price of the NBA shorts, or only **21 cents**.
- **Workers paid 28 cents for each \$140 Puma New York Knicks shirt they sew:** Line 1A, made up of 50 sewers, had to complete 1,500 Puma New York Knicks shirts in 10 hours of work. At 75 cents an hour, or \$5.54 for the shift, the payroll for all 50 assembly workers came to \$377.19 a day. The workers, sewing 1,500 pieces a day, produced \$189,000-worth of shirts. Once again, the workers’ wages amounted to **less than 2/10ths of one percent** of the \$140 retail price for the Puma New York Knicks shirt, or just **28 cents** per jersey.

- **Workers paid 23 cents for each \$60 Nike New York Knicks jersey they sew:** Lines #1 and #2, with 46 sewers on each line, were required to produce **1,500** Nike Knicks basketball shirts per line in the 10 hour work day. At 75 cents an hour, \$7.54 for the day, the payroll for the entire 46 member line case to \$347.02. These workers were producing \$90,000 worth of Nike Knicks basketball jerseys each shift. The workers earned **23 cents** for each **\$60** Nike New York Knicks shirt they sewed. Their wages amounted to less than **4/10ths of one percent** of the retail price of the jerseys at Niketown.
- **Workers paid just 38 cents for each Jordan/North Carolina T-shirt they sew, which then retails at Niketown for \$45:** Sixty workers on a production line are assigned a daily production goal of sewing 960 Nike/Jordan T-shirts during the standard 8-hour shift. At the 75-cent-an-hour wage (including “7th Day” attendance bonus), the workers would earn \$6.03 in eight hours. The daily payroll for all 60 workers on the line would be \$361.80. These 60 workers would be producing \$43,200-worth of Nike/Jordan T-shirts each day (960 quota x \$45 = \$43,200). Based on these figures, the workers are paid just **38 cents for each \$45 Nike/Jordan shirt they sew**. The workers’ wages amount to just *eight-tenths of one percent of the retail price of the Jordan shirt*.



- **Other labels produced at Chi Fung:**

Adidas—two production lines:

Adidas T-shirts; Adidas shorts

Production goal: Adidas shorts 1,400 per production line per 8 hour shift.

Wal-Mart

PIERS shipping records show that in just one month, October 2000, Chi Fung shipped 145 tons of clothing to the U.S., with **52 percent** of it going to **Wal-Mart**.

VF—six production lines:

VF Corporation’s **Healthtex** children’s clothing.

Production goals: 60 workers on an assembly line must produce 2000 children’s blue jeans a day.

Working Conditions and Violations:

- **Forced Pregnancy Tests:** Two weeks after starting at Chi Fung, all female employees are forced to undergo a urine analysis/pregnancy test at the factory clinic for which 125 colones (\$14.29)—two to three days' wages—is deducted from the workers' pay. If a woman tests positive, she is immediately fired. This is a clear violation of the Salvadoran Constitution, Article 3, which makes such discrimination against women illegal.
- **Forced Overtime Without Pay to Meet Production Goals:** Assembly line workers must meet the daily production goal set by the company or they are forced to remain working, without pay, for another hour until 6:00 p.m., or until the quota is met. In addition, some 20 percent of the workers, about 180, must stay each day, again without pay, to repair so-called "mistakes" made during that day's shift.
- **Surveillance Cameras in the Bathrooms and on the Shop Floor:** The workers feel humiliated that there are video surveillance cameras in the bathrooms, which they believe are meant to monitor the number and time of their visits, and to keep an eye on them at every moment. There are also 12 surveillance cameras on the shop floor, which are monitored by the Taiwanese supervisors. The workers feel this is another form of pressure to constantly speed up their work.
- **Filthy and Unsafe Drinking Water:** The National Labor Committee, with the help of workers, tested the drinking water in the factory (lab results attached) and found *that bacteria levels were 290 times greater than the internationally allowed standards*. Evidence of fecal contamination was found in the water, probably from animal run-off making its way into the factory's well. A U.S. physician/pathologist recommended that this water not even be bathed in, let alone drunk.
- **No Unions Allowed, All Organizers Immediately Fired:** The Taiwanese administrators and supervisors—along with their Salvadoran staff—are not shy about constantly reminding the workers that *"organizing a union at the factory is prohibited,"* and would result in *"automatic firing."*
- **Code of Conduct Meaningless:** Nike and Adidas Codes of Conduct are indeed posted on the bathroom and cafeteria walls, but no worker could explain what they meant. Workers felt that they had no meaning or relevance to them at all, and had no impact at all on actual working conditions.
- **Humiliation, Constant Pressure to Produce:** Workers describe factory conditions as deteriorating, with pressure to work faster and faster increasing every day. Supervisors shout and scream at the workers to go faster, to produce more, while at the same time hounding them on quality.
- **Limited Access to Health Care:** Social Security health benefit payments are deducted from the workers' wages. What they get in return is a minimal factory clinic with two nurses and very few medicines - really "only aspirins," the workers explain. If they must go to the Salvadoran Institute for Social Security (ISSS) hospital for more comprehensive care, they are docked for the hours they miss. The workers must then "replace" those hours by working overtime without pay.

- **No Legal Contract Given:** The workers never receive a copy of their work contract, which is illegal under Salvadoran law. Usually a security guard takes the contract to the worker at her sewing machine, where she must sign it, while at no point being allowed to read the contents of the contract.

Note: North American students sent by Nike to visit their contractors' factories in El Salvador reported that the workers received a number of additional benefits. But fired workers now working on the ground as labor rights researchers were told a very different story by the Chi Fung employees.

- Free Coffee. - Untrue
- A suggestion box. - No one understood the concept of how this would help them, and they felt insecure regarding possible recriminations for telling the truth.
- That workers receive bonuses when children are born or when they are married. - Untrue
- That workers received subsidies to continue their studies, for meals and transport. - Untrue

Hours: Regular time

Monday through Thursday:	7:00 a.m. to 12:00 noon	Work (With one 15-minute break, 8:45-9:00)
	Noon to 1:00 p.m.	Lunch
	1:00 p.m. to 5:00 p.m.	Work
Friday:	7:00 a.m. to 4:00 p.m.	Work

When there are no forced overtime hours, the workers are at the factory 49 hours a week, while being paid for 44 hours. However, approximately 20 percent of the line workers are required to remain until 6:00 p.m. to “repair” the day’s “mistakes.” If there are rush orders, sewing operators are forced to work a nine-hour overtime shift on Saturday, from 7:00 a.m. to 4:00 p.m.

Wages:

The base wage in El Salvador is:

- **\$4.80 a day (42 colones)**
- **\$0.60 an hour**

However, when one adds in what in Latin America is known as the “Seventh Day” attendance bonus (meaning a worker with perfect attendance and punctuality will be paid for seven days, while actually working five or six days a week) the minimum wage in El Salvador becomes **1260 colones a month**, or:

- **\$ 0.75 an hour**
- **\$ 6.03 a day (8-hour shift)**
- **\$ 33.19 a week (44 hour work week)**
- **\$ 143.84 a month**
- **\$ 1,726.02 a year**

Chi Fung also has a production bonus of 57 cents a day, as an incentive for workers who meet the daily production goal set by the company. Only the top 15 percent, the very fastest workers, are able to meet the excessively high quota and gain the 57-cent incentive on a regular basis. This could add \$2.83 a week to their salary, bumping their hourly wage up by 7 cents, to 83 cents an hour. For an eight-hour day, this would come to \$6.64.

(Note: The workers have little understanding of how their wages are actually calculated because they never receive a written pay stub detailing their basic wage, overtime pay and incentives. The workers are given plastic cards with which to withdraw their money from an automatic teller machine.)

Shipping Documents:

PIERS shipping records show that in just one month, October 2000, Chi Fung shipped 145 tons of clothing to the U.S., with 52 percent of it going to Wal-Mart. Another 27 percent of the shipments went to VF Corporation’s Healthtex Division. Shipments also went to Kellwood. (Other shipments could not be traced, since companies like Nike and Adidas cover their connection to offshore factories through the use of third-party shipping, brokerage or middle companies whose names appear on the shipping documents as the importer of record.)

More Nike Dirty Water

At the **Chi Fung** factory, the drinking water provided to the workers is filthy and unsafe.

- Bacteria levels in this drinking water exceed international standards by **292 times!**
- The water contains human and animal fecal matter, and bacteria that can cause serious respiratory, urinary tract, eye, ear and stomach infections.
- This water should not be washed with, and certainly not drunk.



Laboratorios Especializados en Control de Calidad

Inscrito en el Consejo Superior de Salud Pública bajo el Número 357
Calle San Antonio Abad 1965, San Salvador, El Salvador, C. A.
Tels. 226-5223 • 226-7042 • Fax: (503) 226-5223
E-mail: lecc@es.com.sv

INFORME DE ANALISIS

NOMBRE DE LA MUESTRA Agua.	FUENTE Filtro	PROCEDENCIA ChiFung.	FECHA DE EMISION: 14/06/2000 FECHA DE INGRESO: 08/06/2000
CONTROL A - 1,321	METODO Standar Methods, 18 th Ed., 1992.		DATOS DE CAMPO pH: Fecha: 08/06/2000 Cond.: Micromhos/cm T° Amb.: °C T° Agua: °C Elev.: msnm Hora: a. m.
DESCRIPCION: Líquido transparente incoloro.			
DETERMINACION	RESULTADO	LIMITE	
Recuento Total de Bacterias	29,200 UFC/ml.	100 UFC/ml.	
E. coli	Negativo	Negativo	
Pseudomona aeruginosa	Positivo	Negativo	
NÚMERO MAS PROBABLE			
Coliformes Totales	Menor 1.1 NMP/100 ml.	Menor 1.1 NMP/100 ml.	
Coliformes Focales	Negativo	Negativo	

EL INFORME CORRESPONDE A LA MUESTRA REMITIDA.
Límites correspondientes a norma CONACYT NSO 13.07.01-97.
No cumple norma.

Elizabeth Benegas de Salazar
Dra. Elizabeth Benegas de Salazar,
DIRECTOR TÉCNICO.



Exmodica Factory
El Salvador

NBA/Nike/Puma/Adidas/Wal-Mart

- **Mandatory pregnancy tests:** women testing positive are immediately fired.
 - **Forced overtime :** 11-hour shifts, six days a week.
 - **Below subsistence wages:** 60-cent-an-hour wage meets less than one-third of the cost of living. The Salvadoran government itself defines it as a wage of "abject poverty."
 - **Workers paid just 24 cents for each \$140 NBA Nike Lakers basketball jersey they sew--wages** amount to less than 2/10ths of one percent of the retail price.
 - **Excessively high production goals:** constant abuse and pressure directed at the workers to meet these goals.
 - **Limited access to health care .**
 - **Not one cent of aid to workers who lost their homes,** but forced overtime - **without pay** - to "make-up" for working time lost due to the earthquakes.
 - **No right to freedom of association:** workers are afraid - the management constantly threatens them that anyone attempting to organize a union will be immediately fired.
-

Exportadora Monedero, Diaz Alvarez, Calderon S.A. de C.V. (Exmodica)

Kilometro 69 Carretera a Metapan
Santa Ana
El Salvador

Telephone: (503) 441-35702

Fax: (503) 441-3578

Owners : Members of some of El Salvador's wealthiest and most influential families are joint owners of the Exmodica factory. One of them, Mrs. Carmen Calderon Sol de Escalon is the sister of the former president of El Salvador, Armando Calderon Sol, who ruled from 1994 to 1999. Mrs. Calderon Sol de Escalona is also an elected member of El Salvador's Legislative Assembly, where she represents the right-wing ARENA party and holds the leadership post of Secretary of the Assembly's

executive body. Her family also owns the fourth largest bank in El Salvador and many coffee plantations.

Factory Manager: Matilde Monedero (*a former Legislative Assembly deputy representing the right-wing ARENA party, 1997-2000*)

Number of workers: Approximately 800

Labels: Nike, Adidas, and Wal-Mart. (Exmodica also frequently produces the Healthtex label for VF Corp.)

Wages of Misery NBA, Nike, Puma

Exmodica workers are paid just:

- 24 cents for each \$140 NBA Nike basketball jersey.
- 21 cents for each \$100 pair of NBA Nike shorts.
- 23 cents for each \$140 NBA Puma NY Knicks jersey.
- 24 cents for each \$60 Nike New York Knicks jersey.



NBA's Wages of Misery:

- **Workers paid 24 cents for each \$140 NBA Nike jersey they sew:** In December 2000 and January 2001, assembly lines #2 and #3 at the Exmodica factory were required to complete **1,400** NBA Nike Lakers basketball shirts per 10-hour shift, which included one hour off--15 minutes for a morning break and 45 minutes for lunch. The **49** workers on each line earned 75 cents an hour, or \$6.79 for the nine hours they worked each day. This would make the daily payroll for all 49 workers total **\$332.68**. These same workers were required to produce 1,400 NBA shirts a day, priced at \$140, with a total value of \$196,000. This means that the workers' wages amounted to **less than 2/10ths of one percent** of the retail price of the NBA jersey--just **24 cents** for each \$140 shirt sewn.
- **Workers paid 21 cents for each \$100 pair of NBA Nike basketball shorts they sew:** In December 2000 and January 2001, the 46 workers on assembly line #6 were required by Exmodica

management to produce **1,500** NBA basketball shorts in 9 hours of work. Since each worker earned 75 cents an hour, or \$6.79 for the nine-hour day, the daily payroll for the 46-worker assembly line came to \$312.31. The assembly line was producing \$150,000 (\$100 x 1,500 shorts) worth of NBA Nike Lakers shorts each day. The workers' direct wages amount to just **2/10ths of one percent** of the \$100 retail price for the shorts at the NBA stores, just **21 cents** for each \$100 pair of basketball shorts sewn.

- **Workers paid 23 cents for each \$140 NBA Puma New York Knicks jersey they sew:** In November and December 2000, assembly line #1 at the Exmodica factory was assigned a production quota of **1,400** NBA Puma New York Knicks basketball jerseys per nine-hour shift. There were 46 workers on line #1, who earned 75 cents an hour, \$6.79 for the nine-hour shift. The total daily payroll for the production line came to \$312.31. The NBA Puma Knicks jersey retail for **\$140** each at NBA stores. Producing 1,400 shirts a day, the workers were sewing \$189,000-worth of NBA jerseys. This means that the direct wages to sew the NBA jerseys came to *less than 2/10ths of one percent* of the retail price--just **23 cents** for each **\$140** NBA jersey sewn.
- **Workers paid 24 cents for each \$60 Nike New York Knicks jersey they sew:** Forty-nine workers on Line #3 were required to sew **1,400** Nike New York Knicks basketball jerseys in nine working hours. The jerseys retail at Niketown for \$60 each. There are 49 workers on line #3, earning 75 cents an hour, \$6.79 for the nine-hour shift. The total daily payroll for the line is \$332.68. These same workers were producing \$84,000-worth of Nike Knicks jerseys each shift. So the direct labor cost to sew the jerseys amounts to *less than 4/10ths of one percent* of the \$60 retail price, or just 24 cents for each \$60 Nike New York Knicks jersey.

Other labels sewn at Exmodica:

There are 12 production lines at Exmodica, with between 46 and 52 workers on each line depending on the complexity of the garment being sewn.

- **Adidas** T-shirts are made on four lines. The production goal set by the factory is 2,000 T-shirts per line per day.
- **McKids/Wal-Mart.** Five lines are sewing McKids children's pants for Wal-Mart, with a daily production goal of 1,000 pants per line. (McKids is a private label owned by Wal-Mart under a joint arrangement with McDonalds.)



Obligatory overtime: 11-hour shifts in a six-day workweek. Workers are at the factory 62 hours a week.

All overtime work is strictly obligatory. Failure to work overtime, on Saturday for example, is punished with the loss of one day's pay. Repeat "offenders" will be fired.

Hours:

- Monday - Thursday: 7:00 a.m. - 6:00 p.m.
- Friday: 7:00 a.m. - 4:00 p.m.
- Saturday: 7:00 a.m. - 4:00 p.m.

There is one 15-minute break in the morning, and a 40-minute lunch period which is staggered over five periods for different groups of workers.

Wages:

Exmodica workers earn the base wage of:

- **60 cents an hour**
- **\$4.80 a day**

However, if the workers are paid the 7th Day - which functions as a sort of attendance and good behavior bonus (workers lose the 7th Day if they cannot work overtime, or if they take a sick day) - their wages are:

- **75 cents an hour**
- **\$ 6.03 a day**
- **\$ 33.19 a week**
- **\$143.84 a month**

Even the Salvadoran government concludes that this \$143.84 a month wage will leave the average-sized family living in "abject poverty". According to the Government, **workers would have to earn twice that wage if they were to climb out of misery and into "relative poverty."** Respected independent NGOs in El Salvador estimate that the \$143.84 a month wage at Exmodica, and other maquila factories, meets less than 1/3rd of the cost of a family's most basic survival needs, leaving these families mired in misery.

With the forced 11 3/4 overtime hours each week on top of the regular 44-hour workweek, sewing operators can earn \$50.13 per week.

There was a \$5.71 incentive each week for workers who constantly met their production goals, but this incentive was dropped at the beginning of 2001. This means the Exmodica workers are earning almost 15% less now than they did a year ago.

Other worker rights violations:

- **Mandatory pregnancy tests:** Before a woman can apply for a job at Exmodica, she must pay for a urine analysis/pregnancy test at a private laboratory. Anyone testing positive will not be hired. Several months later, the women must undergo a second pregnancy test which is carried out in the factory clinic. Any woman who is pregnant is immediately fired.
- **Constant pressure to produce:** All the workers complain of the constant pressure and the abusive treatment on the part of the supervisors who yell at the workers to go faster, to produce more so they can reach the goal set by the company. The supervisors yell that "there are urgent orders to fulfill" and that the workers shouldn't be just "looking at the pieces or caressing them" but flying through the work.
- **Limited access to health care:** There is a limited health clinic inside the factory, staffed three mornings a week by a doctor and nurse. However, if a worker is sick and has an appointment to go to the Social Security clinic or hospital for more thorough medical attention, Exmodica management routinely denies the worker permission to be absent from work. Any worker going to the Social Security clinic has their wages docked for the hours missed. The workers pay for Social Security health care through deductions from their wages.
- **No earthquake aid, but rather forced overtime without pay:** Exmodica's management - made up of some of El Salvador's wealthiest families - did not give one cent of aid to its workers, many of whom lost their homes in the three earthquakes that hit El Salvador in January and February of this year. Nor did the U.S. companies like Nike or Wal-Mart help.

Rather than help the workers and their devastated families, Exmodica instead forced the workers to work overtime on two Saturdays - without pay - to replace working time lost during the two big earthquakes of January 13 and February 13.

Similarly, in the event of an electrical power shortage at the factory, the workers are required to stay, in order to make up the lost production. (This practice is illegal under Salvadoran law, which states that the workers are not responsible to replace time lost due to factors outside of their control.)

- **Absolute denial of the right to freedom of association:** Exmodica management is not shy or reticent about this. They tell the workers flat out, over and over again, that anyone "caught" attempting to organize a union at their factory "**will be immediately fired.**"

Given the high and influential status Exmodica's owners occupy in Salvadoran society, the workers have to take these threats of illegal firings with total impunity, very seriously. As a result, the workers are terrified. The most fundamental internationally recognized worker rights - freedom of association and the freedom to organize a union - are blatantly violated at Exmodica with complete and total impunity.

- **Nike's Code of Conduct is posted, but meaningless:** The workers told us that following a National Labor Committee and United Students Against Sweatshops delegation that wandered into the Exmodica factory during the summer of 1999 (in which we were attacked and threatened, and our film confiscated), Nike's and Adidas's Codes of Conduct were hurriedly pasted up all over the

walls. They remain there today, just as ineffective as ever, unable to protect the workers against mandatory pregnancy tests, obligatory overtime, below subsistence wages, and union busting.

**Nike, GAP, Kohl's, Wal-Mart...have done nothing
to aid the earthquake victims**

Three strong earthquakes which struck El Salvador on January 13, February 13 and February 17, left the country devastated, with:

- 1,127 dead;
- 7,660 injured
- 309,988 homes destroyed or badly damaged;
- 1,503,162 people homeless (23 percent of the total population).

A survey by the National Labor Committee found that the maquila workers suffered the greatest losses, with approximately 33 percent of their homes destroyed or badly damaged, since the majority of their homes, located in semi-rural areas, were made of adobe brick and highly vulnerable to collapse.

Hospitals, schools, public buildings, highways, bridges and drinking water systems were leveled by the earthquakes. The Salvadoran government estimates that poverty levels will increase by 10 percent this year, leaving 60 percent of the population in poverty.

Wage of Indecency

Minimum Wage in El Salvador Meets as Little as Twenty-six Percent of the Cost of Living

Despite the fact that El Salvador's Labor Code (Articles 144-146) guarantees that the country's minimum wage will be such that it "sufficiently covers normal necessities of [the workers'] household," the current minimum wage in El Salvador does not even come close to meeting basic subsistence level needs. Even the U.S. Embassy in El Salvador has had to observe that "***the minimum wage with benefits does not provide a decent standard of living for a worker and family in El Salvador.***"

In fact, the legal minimum wage of 60 cents an hour meets as little as 26 percent of the cost of living.

The Salvadoran Government itself calculates that the legal minimum wage it has set, at 60 cents an hour, is sufficient to meet only 49 percent of what it would cost for the average sized family to survive - even under conditions of "***relative poverty***"! According to the government, such a family would be unable to purchase even the minimum baskets of goods and services necessary to survive. In fact, **the Salvadoran government defines the legal minimum wage of 60 cents an hour as one of "*abject poverty*," which means that a family cannot even afford to purchase the basic food necessary to survive**, let alone meet other expenses. Yet this is the minimum wage the U.S. companies hide behind, repeating almost reverently to anyone who will listen: "why yes, we pay the full minimum wage."

Legal Minimum Wage in El Salvador

- 60 cents an hour (5.25 colones)
- \$4.80 a day (42 colones/8-hour day)
- \$33.19 a week (290.77 colones—based on Latin American tradition of paid 7th day)
- \$143.84 a month (1,260 colones)
- \$1,726.03 a year (15,120 colones)

(Calculated based on exchange rate of 8.76 colones = \$1.00)

Wage of "Relative Poverty," according to the Salvadoran Government

- \$1.22 an hour
- \$9.75 a day
- \$ 68.23 a week
- \$ 295.66 a month
- \$ 3,547.95 a year

Two respected NGO organizations in El Salvador conclude that the legal minimum wage meets as little as 26 percent of the cost of survival.

The Center for the Defense of Consumers (CDC) estimates that the average sized family of 4.2 people would need at least 2619.78 colones a month (\$299.06) to survive in "relative poverty." CDC's

estimates are incomplete in that they do not attempt to include necessary expenses for school, clothing, medical care and other fundamental needs.

CDC's figures for a wage of relative poverty are very close to those of the Salvadoran Government:

- \$1.23 an hour
- \$9.86 a day
- \$69 a week
- \$299 a month
- \$3,589 a year

The National Foundation for Development (FUNDE), established in 1991, includes costs for food, housing, health care, clothing, education and transportation for a family of four and estimates a subsistence-level wage at 5000 colones a month (\$570.78) - or \$2.35 an hour. It is important to note that even this wage does not include savings or any other discretionary expenses such as entertainment.

FUNDE's subsistence-level wage:

- \$2.35 an hour
- \$18.82 a day
- \$131.72 a week
- \$570.78 a month
- \$6,849.32 a year

El Salvador's current legal minimum wage of 60 cents an hour meets just 26 percent of a family's basic subsistence needs. FUNDE's research establishes a family's most basic food needs at \$144 a month - which alone would consume the entire current month's minimum wage of \$143.84.

The real purchasing power of maquila workers' wages has suffered two major recent hits. One was in May of 2000, when the 13 percent sales tax was extended to include basic foods and medicines. The other was the privatization of Social Security pension funds, which led to increases in payroll deductions.

(A full analysis of the minimum wage versus subsistence-level needs, including an investigation carried out on the ground in El Salvador by graduate students from Columbia University in 1999, can be found on the NLC website, <http://www.nlcnet.org>. The Columbia study placed a subsistence wage in El Salvador at between \$1.73 and \$2.14 an hour, findings very similar to those of FUNDE.)

*Formosa Textiles Factory
San Salvador, El Salvador*

Nike, Adidas, Columbia, Lee/VF

Nike and Adidas pull out

*In early March 2001, Nike began the process of pulling its work out of both Formosa and its sister factory, Evergreen. Adidas began cutting its orders in late December 2000. Lee jeans and Columbia sweatshirts are being produced currently at the Formosa factory. In March, following Nike and Adidas' pull-out, Formosa laid off 40 percent of its workforce - cheating them even up to the very end. Formosa management was able to threaten and cajole the great majority of the fired workers to accept just **half** of the severance pay legally owed them. By law, when a worker is laid off in El Salvador, the company must pay that worker a severance equal to one month's wages for each year worked. This severance money is desperately needed by the workers since El Salvador has no unemployment insurance or any other safety nets, and given the below-subsistence wages the workers earn, they have no savings whatsoever to cushion their unemployment.*

*A worker who spent three years working at Formosa – about average in the maquila - would be owed one month's base wage of 1,260 colones (\$143.84) for each of the three years worked - a total of \$431.51. Instead, Formosa management forced the fired workers to accept just half of that, or \$215.75. Such cheating adds up. If Formosa's bosses were able to get away with this for all 400 workers, then management quickly pocketed some **\$86,300**, which was stolen from the workers.*

4/26/01: The contract with Columbia has now also ended. At present, the Formosa factory is producing Lee jeans, in dark blue, black and gray, for the VF Corp.

- **Forced pregnancy tests.**
- **Obligatory overtime**—without pay—to complete production goals.
- **Bathroom visits monitored**, limited to two per day.
- **Workers paid 25 cents for each \$25 pair of Adidas sports shorts they sew.**
- **Talking prohibited.**
- **Constant pressure and humiliation;** workers cursed at to produce faster.
- **No right to organize;** organizers immediately fired; if union is formed the plant will be shut down and everyone fired without severance pay.

Formosa Textile S.A. de C.V. / Evergreen (sister plant)
San Bartolo Free Trade Zone
San Salvador, El Salvador

Owner: Daniel Sharp
(U.S. owned: *Formosa Textile Group, California*)

Employees: 1,000 workers (*down to 350-400 as of April 2001*)

Labels: Nike, Adidas

(*Note: Daniel Sharp also owns a second factory, **Evergreen**, that is located across the street from the Formosa plant. The abusive working conditions are identical in the two factories. As of December 2000, Evergreen was producing Nike and Lee.*)

After an NLC/USAS delegation and film crew entered the San Bartolo Free Trade Zone in the summer of 1999 - making the video 'Something to Hide' - security at the free zone has been considerably heightened, making it nearly impossible for human rights researchers to even gain access to the free trade zone, let alone meet safely with workers inside.)

Working Conditions and Violations:

- **Forced Pregnancy Tests:** Women applying to work at Formosa Textiles must present the medical results of a pregnancy test, which costs them 45 to 60 colones (\$5.14 to \$6.86) - more than a day's pay. Needless to say, ***if the test results are positive, they are not hired.***
- **Forced Overtime—unpaid:** Workers who have not met their daily production goal are forced to remain, without pay, for up to an hour and a half beyond the 5:00 p.m. shift, until they complete their quota. In the same vein, approximately twice each month, everyone must report on Saturday, also without pay, forced to work from 7:00 a.m. to noon. Formosa management tells the workers this is necessary "to replace the goals you didn't fulfill during the week." Management also explains the lack of pay by telling the workers that "***to fulfill the goals is part of the normal obligations of the workers.***" When national holidays fall on weekdays, it is not uncommon for the sewing operators to be forced to work on Saturday, again without pay - to make up the lost time.

When rush orders come, there are forced 10-hour overtime shifts on Saturday, from 7:00 a.m. to 5:00 p.m., and occasionally on Sunday to 4:00 p.m. as well. The workers are paid double time for these shifts, but often complain that they are being short-changed on their pay.

- **Excessive heat:** There are six ventilators in the factory and some sort of humidifying system to decrease the amount of lint dust in the air, but the workers complain that factory temperatures are still extremely high.
- **Constant Pressure and Humiliation:** Many of the line supervisors are men from Bangladesh, and are very hard on the Salvadoran women, screaming and shouting at them to work faster to race to meet their production goal. As a form of intimidation, the women are taken to what

they call the “Mesa Grande”—the Big Table—in the administrative offices to be rebuked, shouted at, humiliated and threatened with firing.

- **Not Allowed to Talk:** Talking among workers during working hours is prohibited, and if a worker is caught doing so, she is severely chastised by her supervisor.
- **Bathroom Visits Monitored and Limited - Only Two Visits per Day:** Workers need permission to use the bathroom and must get a ticket from their line supervisor, which they then present to the security guard at the toilet. They are allowed to use the bathroom once during the morning shift and once during the afternoon. They also need permission to get a drink of water, using the same ticket system and presenting their ticket to the guard at the faucet. The women drink ordinary tap water, which is often filthy.
- **Limited Access to Health Care:** There is a company-run health clinic in the Evergreen factory, which the workers from Formosa can also use. However, despite the fact that Social Security health care deductions are withdrawn from their wages, the workers report having a very difficult time getting their Social Security ID cards from the factory, and without them, they and their children cannot gain access to the Social Security hospital for more serious care.
- **Code of Conduct is Meaningless:** In the past, in response to international pressure, all new workers were given a small index sized card which summarized Nike’s Code of Conduct. Even then, the Code of Conduct was misrepresented, for example, telling the workers they had the right to “*freedom of Solidarista association,*” a form of company-controlled union that the International Labor Organization has strongly denounced as a violation of the right to freedom of association and the right to organize an independent union.

However, with the international attention lifted, even these little cards are no longer being distributed by the factory. *The Codes of Conduct remain meaningless, never adequately explained and never enforced.*

- **No Right to Organize:** The Chief of Personnel, Rafael Castillo, along with the factory supervisors, constantly impress upon the workers that any attempt to organize a union at the factory will be met with “*immediate firings*” of all those involved. If a union were ever formed, workers are told, management would shut down the plant, “*firing all the workers in both factories without any severance pay,*” meaning that they would be thrown into the street with nothing.
- The workers are so frightened of being seen by their supervisors and fired for speaking with outsiders that they will only talk about the union repression at Formosa and Evergreen when they are far removed from the factory and in a safe location where they are not being spied upon.

Hours - regular time:

Monday through Thursday:	7:00 a.m. to 11:45 a.m.	Work (with one 15-minute break, 9:00-9:15)
	11:45 a.m. to 12:30 p.m.	45-minute lunch break
	12:30 p.m. to 5:00 p.m.	Work

Friday: 7:00 a.m. to 4:00 p.m. Work

The workers are regularly at the factory 49 hours a week, while being paid for 44 hours. However, it is not uncommon for sewing operators to be forced to remain until 6:00 or 6:30 p.m. in order to complete their unfinished daily production quota - without pay. There are also the forced, and also unpaid, five-hour Saturday morning shifts, to make up for production quotas not fulfilled during the week. In extreme cases, workers may be at the factory 61½ hours a week, working 56½ hours, while receiving only 44 hours' pay.

When there are rush orders, there are forced 10-hour overtime Saturday shifts, from 7:00 a.m. to 5:00 p.m., and occasional Sunday shifts to 4:00 p.m. The legal double time premium for these overtime hours comes to \$1.20 an hour, but the workers believe they are often shortchanged of their proper pay.

Wages:

The base wage in El Salvador is:

- **\$4.80 a day** (42 colones)
- **\$0.60 an hour**

However, including attendance bonuses, the minimum monthly wage in El Salvador is 1,260 colones a month, or \$143.84. This breaks down to:

- **\$ 0.75 an hour**
- **\$ 6.03 a day** (8-hour days)
- **\$ 33.19 a week** (44-hour workweek)
- **\$143,84 a month**
- **\$1,726.02 a year**

Twenty-five cents for each \$25 Adidas Shorts They Sew:

There are 18 production lines at the Formosa plant, with 55 sewing operators in each line. The daily production line quota for **Nike** T-shirts is 1,200 per nine-hour shift. For **Adidas** sport shorts, the daily quota is 1,500.



During holiday sales, Adidas sport shorts made in El Salvador can be purchased for \$25. Even using this discounted price, the workers wages still amount to just *one percent of the sales price of the garment. The workers at Formosa are paid just 25 cents for each \$25 pair of Adidas shorts they sew.*

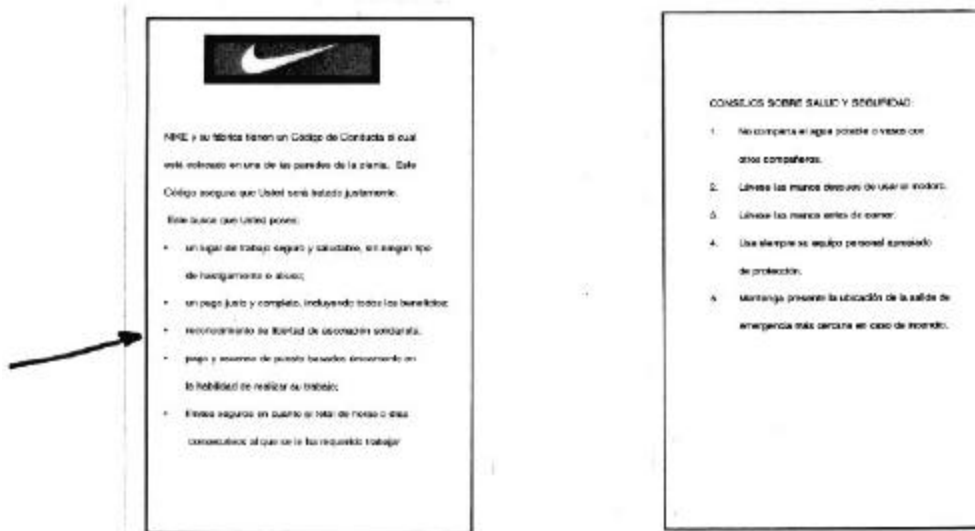
(Seventy-five cents per hour at 9 hours is \$6.75; with 55 workers on a line that's \$371.25. The Adidas shorts sell for \$25; multiply by 1,500 and that's \$37,500-worth of shorts with the wages equaling 0.99 percent of the shorts' net worth.)

347,688 Pounds of Clothing Shipped to the U.S. in a Single Month

PIERS shipping records show Formosa and Evergreen sending 347,688 pounds of clothing to the U.S. in a single month, October 2000. None of these shipments could be traced, since Nike, Adidas and the others use middlemen or shipping companies as the importer of record, which they do to hide their connection to Formosa/Evergreen.

Nike's Code Gives Workers the Right to A Solidarista Association, a Yellow Company Union

... Recognition of freedom of solidarista association ...



Translation of Nike Card handed out in Formosa factory, El Salvador

[Front]

Nike and its factory have a Code of Conduct which is on one of the walls of the factory. This Code assures that you will be treated justly. It seeks that you have:

- * A healthy and safe workplace with no kind of harrasment [misspelled] or abuse.
- * Just and full pay including benefits.
- * Recognition of freedom of solidarista association.
- * Pay & promotion based only on ability to do your work.
- * Secure limits on the total hours or consecutive days you have been required to work.

[back]

Health and Safety Advice

1. Don't share drinking water or glasses with other compañeros.
2. Wash your hands after using the lavatory.
3. Wash your hands before eating.
4. Always use appropriate personal protection equipment.
5. Be aware of the location of the emergency exit in case of fire.

Workers Pay for 2 Pregnancy Tests At Nike Contractor's Plant

03/11/98

P. E. O (Prueba embarazo)
VORK

NOTE
30 columnas is six hours
pay

\$ 30
Cancelado

LABORATORIOS CLINICOS
LAB-MEDIC

LABCRATORIO CLINICO "LAB-MEDIC"
TEL: 225-2887

PACIENTE: MARIA EMELINA AGUILA
—> FORMOSA.

(And if the test is positive... they are fired immediately.)

Leader Garments
Ilopango, El Salvador

Kohl's, Sears and Target

- **Mandatory Pregnancy Tests**; women testing positive are immediately fired.
 - **Obligatory Overtime**; six days a week, 13-hour shifts.
 - **Locked in Factory Compound.**
 - **Paid 60 cents an hour** - less than one-third of the cost of living.
 - **Workers paid less than 20 cents for each \$14.99 Kohl's child's dress they sew.**
 - **Constant pressure to reach excessively high production goals**; workers are screamed at, garments thrown in their faces.
 - **Extreme heat on factory floor.**
 - **Absolutely no right to organize.**
 - **Kohl's Code of Conduct totally unknown**; when questioned, workers have no idea what is being referred to.
-

Leader Garment S.A. de C.V.
San Bartolo Free Trade Zone
Avenue Chaparrastique and Nonualco Street
Buildings 19 and 20
Ilopango, El Salvador

Telephone: (503) 295-1378

Ownership: Taiwanese / Makalot Industries Company, Ltd. headquartered in Taipei, Taiwan. Makalot owns 12 factories located in El Salvador, Indonesia, the Philippines and Taiwan, employing more than 10,000 people.

Manager: Mr. Hong Jen Huang

Workers: Approximately 900

Labels: As of March 21, 2001, **Leader** was producing clothing for **Kohl's**, **Target** and **Sears**. **Kohl's accounts for approximately 60 percent of the work in the factory.** Kohl's labels made at Leader include **Croft and Barrow** and **Moments Intimates**. Sears label is **Bold Spirit**.



Note: There appears to be an intimate relationship between the Leader Company and the Chentex factory in Las Mercedes Free Zone in Nicaragua, where Kohl's clothing is also produced. From the attached Leader Company ledger dated January 26, 2001 (found by workers on the ground outside the factory) it is clear that Leader spent over \$71,000 assisting the Chentex company; bringing a Mr. Chao from Chentex in Nicaragua to El Salvador; purchasing house equipment, and paying both registration and mayoral fees for Chentex.

*The number one country of origin for Kohl's products is China, but Kohl's apparently also has close ties with Taiwanese companies. Chentex, a Taiwanese company, also produces for Kohl's. In May 2000, when the workers at Chentex sought an eight-cent wage increase, all 11 union leaders were fired along with more than 200 workers. The workers are paid just 20 cents for each \$30 pair of jeans they sew for Kohl's. In April 2001, the highest court in Nicaragua - whose decisions are not open to appeal - ruled that the union leaders were fired illegally and must be immediately reinstated to their former jobs, without discrimination and with all back wages for every day they were illegally locked out. Even in the face of the decision by the highest court in Nicaragua, Chentex still refuses to reinstate the fired union leaders. **Kohl's has done absolutely nothing, not even lifting a finger to phone their contractor, Chentex, to demand that they obey Nicaragua's highest court.***

Hours - Forced Overtime:

In March, 2001, Leader's workers were forced to work 13-hour shifts, Monday through Friday, and another four-to-eight-hour shift on Saturday. All overtime work is strictly obligatory. Failure to work overtime is punished with the loss of one day's pay (what is known in El Salvador as the "7th Day") and a written warning. After three warnings a worker is typically fired.

Workers are at the factory 69 to 73 hours a week, while being paid for 64 ½ to 68 ½ hours.

- Monday through Friday: 7:00 a.m. - 8:00 p.m.
- Saturday: 7:00 a.m. - 12:00 noon, or 4:00 p.m.

Monday through Friday:	* 7:00 a.m. - 9:00 a.m.	Work
	* 9:00 a.m. - 9:15 a.m.	Break
	* 9:15 a.m. - 12:00 noon	Work
	* Noon - 12:30 p.m.	Lunch
	* 12:30 p.m. - 8:00 p.m.	Work

When “Shipments” do not demand forced overtime, the regular workweek is:

- Monday through Thursday 7:00 a.m. - 5:00 p.m.
- Fridays 7:00 a.m. - 4:00 p.m.

In this case, the workers are at the factory 49 hours a week, while being paid for 44 hours. In fact, the workers are being cheated of an hour and 15 minutes of pay, since they are actually working 45 ¼ hours, not 44. Even during relatively slack periods, forced overtime on Saturdays is quite common.

- **Locked in:** The workers are locked in the factory compound and are not permitted to leave even during their lunch break. There is a factory cafeteria, but lunch there costs 15 colones (\$1.71) which very few workers can afford, given that their base daily wage is just \$4.80. Lunch at the factory cafeteria would consume 36 percent of their wage. Instead, the workers are forced to reach over the cyclone fence and through the barbed wire surrounding the factory to purchase their lunch from local vendors. Most of the workers can afford to eat only tortillas, cheese and a soda, which costs approximately 57 cents.
- **Wages:** The Leader workers are paid the minimum wage in El Salvador, which is **60 cents** an hour. However, if the workers maintain a perfect attendance and punctuality record, work all the forced overtime, take no sick days and cause no problems for management, they can also earn what is known in Latin America as the “Seventh Day’s” pay.

The wage structure is as follows:

- * 60 cents an hour
- * \$4.80 a day (8 hour shift)
- * \$33.19 a week (44 regular hours)
- * \$143.84 a month

By law, overtime is paid at a 100 percent premium, or \$1.20 an hour. So someone working **64** hours a week would earn **\$57.19** - \$33.19 in regular pay and \$24 in overtime.

It should be noted that the 60-cent-an-hour wage provides only **26 percent** of survival needs for the average sized family in El Salvador, which is why the workers are so dependent on working long overtime hours in an attempt to come even close to meeting their families’ basic needs.

- **Production schedule / High production quotas:** The production lines are located in the second floor of the Leader factory. There are 20 lines in all with 25 workers per line. Twelve lines are

producing for Kohl's, with the other eight sewing for Sears. U.S. Customs documents reveal that in a single month, December 2000, Leader shipped 11.4 tons of clothing to Kohl's.

The factory sets a daily production goal for each line. For the six lines producing **Kohl's Moments Intimates** children's dresses, the mandatory goal is **650** outfits per shift. The regular shift at Leader is from 7:00 a.m. to 5:00 p.m., or 10 hours, with a morning break and 30 minutes off for lunch. For the nine hours and 15 minutes of work, the sewers are paid \$5.55, which for all 25 workers on the line, brings the total daily payroll to \$138.75. These 25 workers sew 650 dresses per day, which retail at Kohl's for \$14.99 each. This means they sew \$9,743.50-worth of dresses per day. So it is possible to calculate that the sewers wages come to just **1.4 percent of the retail price of the dresses, or a little less than 20 cents of labor for each \$14.99 dress.**

Like other maquila factories, Leader, keeping wages at well below subsistence level, can then add a small incentive bonus for the workers who reach their production goal, knowing that this will drive the women to work that much faster. For workers who meet their assigned production quota for all five days, the reward is a \$1.14 a day bonus - or 12 cents an hour. If they fall behind in their quota just one of those days, the entire bonus is lost.

More Violations of Worker Rights:

- **Mandatory pregnancy tests:** To get a job at Leader, women must present the results of a urine test for pregnancy from a private laboratory, which costs them \$5.71 - more than a full day's wage. After three months on the job, the women are again tested, this time in the factory clinic. **Any woman who tests positive is immediately fired.**
- **Maltreating the workers:** The workers report constant pressure and humiliation. The Taiwanese supervisors constantly berate and scream at the women to sew faster. One Taiwanese supervisor named Susan often throws the garments in the workers' faces and, at one point, threatened to stab a woman sewer with a pair of scissors. The workers are afraid and feel humiliated.
- **The factory is very hot:** There are 10 ventilators, which are apparently insufficient, since temperatures on the factory floor rise to excessive levels.
- **Kohl's Code of Conduct totally unknown:** Kohl's claims to have a corporate Code of Conduct which guarantees the human and worker rights of any person anywhere in the world producing goods for sale in Kohl's stores.

At the Leader factory, however, no Kohl's Code of Conduct has ever been posted, let alone explained to the workers. When questioned, the workers were completely ignorant of such a Code protecting their rights, or even the concept that a U.S. retailer like Kohl's might concern itself with their human rights. Kohl's Code of Conduct is apparently meant only for public relations purposes.

- **Absolutely no right to organize:** If any worker sewing Kohl's clothing at the Leader factory attempted to form or join an independent union, she would be immediately fired and blacklisted on the spot. Despite the below-subsistence wages, the forced overtime, the humiliating treatment at the hands of the supervisors, and the mandatory pregnancy tests, **there is not one single functioning union with a contract in any of El Salvador's 229 maquila factories employing**

85,000 mostly young women workers. Every single attempt to exercise the legal right to freedom of association is crushed through mass illegal firings and blacklisting.

- **After the devastation of the earthquakes, not one cent from Kohl's:** Kohl's did not send a penny to help the workers or the people of El Salvador after three strong earthquakes in January and February left more than 1,170 dead and 23 percent of the population homeless.

All the Leader factory could apparently manage was to distribute \$5.71-worth of rice, beans, salt, sugar and a single bed sheet each to about 200 of the workers whose homes suffered the greatest damage.

Ledger Page from Leader Garment Corporation

LEADER GARMENT CORPORATION				real account detail	
Ledger code : 1191		TEMPORARY PAYMENT		Page : 3	
Date	Real AC REF Description	Credit	Debit	US dollar	
		-4,289.31	0.00	4,289.31	487
010105	0101B01 B01013 Reimbuster Income Taxes 12/11 12/24/00 Indirect	162.68	0.00		18
010105	0101B10 B01013 Reimbuster Christmas Bonus Mistake Direct	0.00	4,322.13		493
010113	0101S01 S01018 advance payment for luoli	4,375.00	0.00		0
000904	1191001 A09024 Transfer for fabric of mentioned change fact.	6,750.00	0.00		775
001221	1191A01 C12039 TELEPHONE BILL FROM HOUSE # 8 NOVEMBER	705.89	0.00		81
000704	1191B05 A07029 Painting, Fix Doors, Others 07/03/00	0.00	2,000.00		229
000212	1191D01 D01052 Pay of Electric service(604*8,300.00) 12/31/00	4,980.00	0.00		572
010124	1191D11 D01030 PURCHASE OF MONITOR AND CD-R /DONG PING	2,900.00	0.00		311
001207	1191E01 C12033 TELEPHONE BILL FROM NOVEMBER 0566501 ELENA	232.60	0.00		26
000830	1191J02 A09175 TELEPHONE BILL OF JAMES/856-6258/FROM JUNE	695.69	0.00		79
010102	1191J51 S01003 CANCE. OF TELEPHONE BILL FROM JHOSIE	0.00	257.57		0
001013	1191J51 C10025 CANCE. OF TELEPHONE BILL FROM JHOSIE	0.00	1,077.00		-123
000921	1191J51 C09043 TELEPHONE BILL OF JOE LBR/856-6503/FROM JUNE	3,195.54	0.00		387
		1,860.97	3,195.54	1,334.57	243
001207	1191M01 C12033 TELEPHONE BILL FROM NOVEMBER 6565922 MACO HU	111.90	0.00		12
001120	1191E01 C11033 TELEPHONE BILL FROM OCTOBER SUSAN	258.67	0.00		28
991220	1191S02 B12003 50%LAWYERPAIment Chientex regist	7,500.00	0.00		862
990922	1191S02 C09012 TRANSPORTATION EXPENSE FOR MR CHAO, COME CALVA	2,990.00	0.00		311
990917	1191S02 S09016 pay for Chientex preliminary expenditure	148,857.00	0.00		17,110
990929	1191S02 S09029 pay for chientex house equipment	12,942.53	0.00		1,487
991130	1191S02 S11030 lend to chientex for regist	200,000.00	0.00		24,968
990904	1191S02 S09045 pay for chientex house equipment	8,353.06	0.00		960
990904	1191S02 S09045 airticket for mr.chao come sal	9,615.34	0.00		1,105
001222	1191S02 B12057 Transfer Fr. Chientex to Current acc. 12/22/00	0.00	190,000.00		0
000426	1191S02 A04106 pay for chientex preliminary expenditure	36,857.55	0.00		4,236
000521	1191S02 A05134 PAY FOR CHIENTEX' MAYOR OFFICE FEE 5/24	7,804.21	0.00		897
000931	1191S02 A08211 pay for chientex preliminary expenditure	0.00	185,714.55		21,346
		59,204.74	434,919.79	379,714.55	71,337
001207	1191I01 C12033 TELEPHONE BILL FROM NOVEMBER 8566368 TERESA	118.56	0.00		12
991231	1999P01 P12002 adjustment by auditor	0.00	33.79		9
000831	2000P01 P08001 ADJUST BY AUDITOR	679,470.00	0.00		0

The Law in El Salvador

- Forty-four-hour workweek.
- Overtime must be voluntary and agreed to by both parties.
- Overtime must be paid at a 100 percent premium (double time).

How Do Maquila Wages Compare with Other Local Industries? Not So Well.

-Maquila workers earn 60 cents an hour-

- **Bakery workers** at the Lido factory, which produces for domestic consumption are paid **\$1.03 an hour - \$8.22 a day.** (Lido is a union plant, organized by the FEASIES federation.)
- **Construction workers** in El Salvador earn **97 cents an hour - \$7.76 a day.**
- **Textile workers** at the non-maquila textile factory, **Iusa**, earn **93 cents an hour - \$7.42 a day.**

Tainan Factory
El Salvador

GAP

- **Mandatory pregnancy tests.** Women testing positive are immediately fired.
- **Forced overtime;** 11-hour shifts.
- **Workers paid 64 cents for each pair of \$24.99 GAP pants they sew.**
- **Sixty-cent-an-hour wage meets less than one-third of the cost of living;** workers are shortchanged of even this below-subsistence wage.
- **Workers need permission to drink water** or go to the bathroom.
- **Constant pressure and shouting at the women** to work faster.
- **Limited access to health care .**
- **GAP's Code of Conduct not posted** and totally unknown to the workers.
- **Total denial of the right to organize .**

*Currently, GAP has five contractors in El Salvador: **Tainan, Charter, Newtex, Mansalex and Han Chan.***

Tainan S.A. de C.V.
San Bartolo Free Trade Zone
Ilopango, El Salvador

Ownership: Taiwanese capital

Number of workers: Approximately 1,200

Labels: As of March 1, 2001, Tainan was producing exclusively for **GAP**.
(Before that, the company had also produced Wal-Mart's *Catalina* label.)

Obligatory Overtime: Eleven-hour shifts; workers at the factory 6 days a week, 61 ½ hours.

- Monday – Thursday: 7:00 a.m. – 6:00 p.m.
- Friday: 7:00 a.m. – 3:30 p.m.
- Saturday: 7:00 a.m. – 4:00 p.m.

There are no breaks during the day, other than the 45-minute lunch period. This means that the workers are at the factory 61½ hours each week, while being paid for 57 hours. They are forced to work 13 hours of overtime a week.

Shortchanged on Wages: The workers are paid just the minimum wage of 60 cents an hour, which meets less than one-third of the basic survival needs for a poor family. By law, all overtime work must be paid at a 100 percent premium, that is, twice the regularly hourly rate, or \$1.20. Including their 13 hours of overtime each week, the workers should be earning at least **\$48.79** (\$33.19 for the regular workweek plus \$15.60 in overtime). But the workers report their average wage to be just **\$44.50**. It appears that the workers are being shortchanged **\$4.29** a week, losing nearly **nine percent** of what they are legally owed.

Also, it is not an uncommon practice for factory managers to simply inform the sewing operators at the end of their regular shift that they must remain working at least another hour, and *without pay*, until they complete the production quota assigned to them.

The \$4.29 owed the workers might not seem like a lot in the U.S., but when you are earning 60 cents an hour - a wage the Salvadoran government itself describes as one of “*abject poverty*,” for a small family - it means they are unable to provide enough food or milk for their children. But it is difficult for the workers to fight back, since they do not receive detailed pay-stubs, but rather are paid with a simple check from the Cuscatlan bank.

Production Goals - Workers paid 64 cents for each pair of \$24.99 GAP pants they sew: There are 16 production lines at the Tainan factory, with 55 workers in each line. As of March 1, 2001, the factory was producing exclusively for GAP.

Nine lines are producing GAP casual pants, which retail for \$24.99. Factory management sets a mandatory daily production goal for the 55-person line of **600** pairs of GAP pants during the regular shift.

Since the take-home wage at the factory is 75 cents an hour – that is, if the worker is paid her “Seventh Day” attendance bonus - daily pay for the 9 hour and 15 minute work shift comes to \$6.98. So, payroll for the entire 55-person production line comes to \$383.76. During the shift, these workers sew 600 pairs of \$24.99 GAP pants, with a total retail value of \$14,994. *So the workers wages come to just 2 ½ percent of the retail price of the GAP pants - or 64 cents for each \$24.99 pair of pants they sew.*

Other Worker Rights Abuses:

- **Mandatory pregnancy tests:** To apply for a job at the Tainan factory, the women must present a medical certificate stating that they are in good health, as well as a urine analysis testing for pregnancy. If a woman tests positive, she is immediately turned away or fired. The tests cost the women about \$10, more than two days' wages.
- **Permission required to drink water or to go to the bathroom:** The drinking water in the Tainan plant is drawn from a factory cistern, which is highly likely to be seriously contaminated. In numerous medical lab tests of such factory wells and water tanks, the National Labor Committee has found the water carrying such high levels of bacteria as to make it unsafe to drink, or even to wash with.

Workers are not free to drink water or use the bathrooms as they need to. Treated like children, they must ask permission first from their supervisor, who may or may not concede it.

- **Constant pressure to meet high production goals:** Workers complain of the constant pressure from their supervisors, the relentless criticisms and shouting to go faster so that they will reach their production goal, which management sets excessively high.
- **Being one minute late means loss of two days' pay:** The Tainan factory operates under very harsh disciplinary rules, where the workers are treated as children who will respond only to punishment. If a woman arrives one minute late to work, she will be locked out and punished with the loss of two days' wages - losing the day she is locked out, as well as the Seventh Day's pay. As in any developing country, El Salvador's public transportation system of buses suffers numerous breakdowns and much more often than not there is a valid reason for occasionally arriving a few minutes late for work, but the factory management will hear none of this.
- **Limited Access to health care:** The workers pay for the government-run Social Security Institute health care through deductions from their wages. However, it is rare that factory management gives a worker permission to visit the clinics or hospitals during working hours - which is, by and large the only time they are open. The supervisors argue with the workers that no matter what the cause is - even if one of their children is seriously ill - that they cannot leave the production line "since there is no other person who can sew the kind of operations you are doing." Even if the women have longstanding, written appointments for medical treatment at the hospital, factory management routinely denies permission to leave. After such broken appointments it is common to have to wait two to three months to set up another appointment.
- **GAP's Code of Conduct completely unknown:** The GAP Code of Conduct is supposedly meant to guarantee the human, women's and worker rights of any worker anywhere in the world who is making GAP products. *At the Tainan factory, the GAP Code of Conduct is not even posted, let alone explained through popular education to let the mostly young women workers know what their rights are and that GAP supports them in the exercise of their fundamental human and worker rights.* In point of fact, the workers have few if any rights at the Tainan factory.

- **Total denial of the right of freedom of association:** Any worker or group of workers attempting to organize an independent union at the Tainan factory will be immediately, illegally fired and blacklisted. All attempts to exercise the right to freedom of association are crushed through mass, illegal firings. The right to organize is 100 percent violated.

**GAP's Tainan Factory
Illegal Discrimination against Women**

The following excerpt is taken from Tainan's job application form, which must be completed by all prospective workers. Note that it is illegal under El Salvador's Constitution to discriminate against women. Of course, if any women said that she visited the Social Security clinic with her children, or that she was pregnant, she would not be hired.

In reference to your health:

Have you been hospitalized? No ____ Yes ____ Why? _____

Do you have some sickness or physical disability? No ____ Yes ____ What _____

How often do you go to ISSS for a medical appointment? _____ or your children? _____

FOR WOMEN: Are you pregnant? _____

Han Chang
El Salvador

GAP Producer's Water Unsafe to Drink

At GAP contractor, **Han Chang's** plant in El Salvador, the drinking water provided for the mostly young women workers contains:

- Human and animal fecal matter.
- Surface run-off, including agricultural effluents.
- Bacteria levels **123 times** European enforcement standards and 25 times greater than U.S. Environmental Protection Agency standards.
- One of the bacteria found in the sample, *Pseudomona Aeruginosa*, is associated with respiratory tract infections, urinary tract infections, eye and ear infections, and mild to severe inflammation of the stomach and intestines.

After reviewing the laboratory test results of Han Chang's water, a U.S. industrial hygienist concluded:

*"Based on the laboratory results, I recommend that the water from which these samples were taken **not be used for drinking or bathing.**"*

--David M. Newman, M.A., M.S.
Industrial Hygienist

(This is part of a series of medical laboratory tests the National Labor Committee has conducted on the safety of the drinking water provided in El Salvador's maquila factories. At one **Nike** contractor's plant, **Hermosa**, the bacteria level in the drinking water was **429** times greater than European Union enforcement standards.)



Laboratorios Especializados en Control de Calidad

Inscrito en el Consejo Superior de Salud Pública bajo el Número 357
Calle San Antonio Abad 1965, San Salvador, El Salvador, C. A.
Tels.: 226-5223 • 226-7042 • Fax: (503) 226-5223
E-mail: lecc@es.com.sv

INFORME DE ANALISIS

NOMBRE DE LA MUESTRA Agua.	FUENTE Red	PROCEDENCIA Sr. Sergio Chávez.	FECHA DE EMISION: 12/07/2000 FECHA DE INGRESO: 07/07/2000
--------------------------------------	----------------------	--	--

CONTROL A - 1,262	METODO Standar Methods, 18 ^o Ed., 1992.	DATOS DE CAMPO pH: Fecha: 07/07/2000 Cond.: Micromhos/cm T° Amb.: °C T° Agua: °C Elev.: msnm. Hora: a.m.
-----------------------------	--	---

DESCRIPCION:
Liquido transparente incoloro.

DETERMINACION	RESULTADO	LIMITES
Recuento Total de Bacterias	12,350 UFC/mL	100 UFC/mL
E. coli	Negativo	Negativo
Pseudomona aeruginosa	Positivo	Negativo
NUMERO MAS PROBABLE		
Coliformes Totales	Menor 1.1 NMP/100 mL	Menor 1.1 NMP/100 mL
Coliformes Fecales	Negativo	Negativo

EL INFORME CORRESPONDE A LA MUESTRA REMITIDA.
Límites correspondientes a norma CONACYT NSO 13.07.01:97.
Necesita tratamiento.

Por 
Dra. Elizabeth Benegas de Salazar
DIRECTOR TECNICO.

REPUBLICA DE EL SALVADOR
C. S. S. P.
LABORATORIOS ESPECIALIZADOS EN
CONTROL DE CALIDAD
No. de inscripción 357
Prop. ESEBESA, S.A. DE C.V.
San Salvador, Depto. San Salvador



NEW YORK COMMITTEE FOR OCCUPATIONAL SAFETY AND HEALTH

275 Seventh Avenue, 8th Floor, New York, NY 10001-6708
(212) 627-3900 fax (212) 627-9812

email nycosh@nycosh.org

August 8, 2000

Ms. Barbara Briggs
National Labor Committee
275 Seventh Avenue - 15th floor
New York, NY 10001

Dear Ms. Briggs,

At your request, I have reviewed and evaluated two copies of laboratory reports from the Laboratorios Especializados en Control De Calidad in San Salvador, El Salvador. The control numbers on the reports are not readable with certainty. One report bears a submission date ("fecha de ingreso") of June 29, 2000. The other bears a submission date of July 7, 2000. The reports (copies attached) analyze samples of drinking water from a factory in El Salvador. The laboratory tested water samples for total bacterial count, E. coli, Pseudomonas aeruginosa, total coliform, and fecal coliform.

Based on the laboratory results, I recommend that the water from which these samples were taken not be used for drinking or bathing.

The laboratory reports indicate several areas of concern:

- ▶ One sample measured 12,350 CFU (colony forming units) per mL (milliliter). Although the laboratory report is not specific, it is likely that this result refers to heterotrophic plate count (HPC) bacteria. Although most HPC bacteria in drinking water are not human pathogens, some HPC bacteria in drinking water are opportunistic pathogens (bacteria that cause disease when the host immune system is weakened). The presence of elevated HPC levels may be viewed as an indication that there are problems with the sanitation of source water. In addition, one recent scientific study found a link between elevated HPC levels in drinking water and gastrointestinal illnesses in otherwise healthy people who drank that water, suggesting the possibility that high HPC levels may also present a concern for healthy people.

Ideally, total bacterial count in drinking water should measure zero. The European Union has set enforceable standards for tap water and bottled water for a maximum colony count of 100 CFU/mL at 22° C. In the United States, the Environmental Protection Agency has set a benchmark of 500 CFU/mL for tap water. The American Water Works Association recommends a limit of 500



CFU/mL for bottled water. Some states have adopted similar or more protective guidelines. Rhode Island has set a limit of 200 CFU/mL. The International Bottled Water Association recommends, in its technical guide for bottlers, that HPC counts not exceed 30 CFU/sample in 100% of samples tested at bottling.

- ▶ Both samples tested positive for *Pseudomonas aeruginosa*, which is a species of bacteria often associated with human or animal fecal contamination. It is widely distributed in moist environments, including soil, water, and sewage. The presence of *P. aeruginosa* is an important indicator of poor water quality, since it is associated with surface runoff, human fecal matter, and agricultural effluents. *P. aeruginosa* is regulated or recommended for regulation by the European Community, Health Canada, and the World Health Organization, among others. The U.S. does not regulate *Pseudomonas*.

P. aeruginosa is an opportunistic pathogen in humans. It can cause serious illness in people with compromised immune systems, including infants, the elderly, people such as cancer chemotherapy or organ transplant recipients who take immunosuppressive drugs, and people with AIDS. While *P. aeruginosa* is not understood to be a life-threatening risk for healthy people, it has been associated with infections of the respiratory tract, pneumonia, burn wound infections, urinary tract infections, eye and ear infections, dermatitis, endocarditis (inflammation of the lining of the heart), and mild to severe gastroenteritis (inflammation of the stomach and intestines).

- ▶ A positive test for *P. aeruginosa* is also significant because its presence is capable of suppressing coliform measurement, i.e., coliform may also be present but not detectable using standard water testing methods. For this reason, the apparent acceptable laboratory results for *E. coli*, total coliform, and fecal coliform may or may not be accurate.

Please do not hesitate to contact me if I can be of further assistance.

Sincerely,



David M. Newman, M.A., M.S.
Industrial Hygienist

(pace: 2-149)

Mansalex
San Salvador, El Salvador

GAP / Old Navy

- **Mandatory pregnancy tests:** women who test positive are immediately fired.
- **Workers paid just 11.6 cents for each \$12.99 GAP T-shirt they sew.**
- **Below-subsistence wages:** the 60-cent-an-hour wage meets less than one-third of the cost of living.
- **Exploitation of temporary workers,** who are hired for three-month periods - and denied health insurance, holidays, severance, vacation.
- **Limited access to health care :** sick days punished with loss of two days' wages.
- **Profiting from tragedy left in the wake of three earthquakes:** Mansalex did not provide any aid to its workers who lost their homes, but did offer the accumulated severance pay owed them - at a rate of 40 percent, with the company pocketing the other 60 percent of what was owed. Some workers were so desperate they had to accept this bad deal.
- **Obligatory overtime :** 12-hour shifts, for the fastest workers.
- **Extreme heat on the factory floor.**
- **Supervisors from Taiwan: shouting, physical assaults - constant pressure to sew faster.**
- **Bathroom visits monitored: bathrooms filthy,** lacking toilet paper or soap.
- **GAP's Code of Conduct completely unknown:** not posted, no explanations provided to the workers.
- **Complete denial of freedom of association:** anyone attempting to organize a union immediately fired.

Manufacturas Salvadorenas de Exportacion S.A. de C.V.

(Mansalex)

San Marcos Free Trade Zone

Building #9

San Salvador, El Salvador

Phone: (503) 220-1134
Fax: (503) 220-1141

Owners: Victor Manuel Larin Echeverria
Mercedes Lazo Guerra de Larin

Manager: David Wang (*David Wang was manager of the Mandarin International facility, where he fired several hundred workers in 1995 when they tried to organize a union to end the serious abuses at the factory, including 18-hour shifts, child labor and sexual harassment. Mandarin also produced for the GAP.*)

Number Workers: Approximately 1,100

Labels: As of March 1, 2001, Mansalex was producing exclusively for GAP - GAP T-shirts and Old Navy tank tops. (GAP owns Old Navy and Banana Republic).

Hours:

- Monday – Thursday: 7:00 a.m. – 5:00 p.m.
- Friday 7:00 a.m. – 4:00 p.m.

There is one 15-minute morning break and one hour for lunch, from 11:50 a.m. to 12:50 p.m. However, there is obligatory overtime for the fastest workers. The company chooses approximately 100 workers per day, who are forced to work a 12-hour shift from 7:00 a.m. to 7:00 p.m. Monday through Thursday, and a nine-hour shift each Saturday, from 7:00 a.m. to 4:00 p.m.

Production Quotas - workers paid just 11.6 cents for each \$12.99 GAP T-shirt they sew:

There are 13 production lines at the Mansalex factory with between 50 and 55 workers per line (52.5 average), including supervisors and assistants. GAP T-shirts, which retail for \$12.99 are sewn at Mansalex. GAP's Old Navy tank tops in white, green, blue and gray, are also sewn at the factory and retail in the U.S. for \$12.50.

GAP T-shirts, in red, white and gray in all sizes, which retail for \$12.99 are sewn on production lines averaging 52.5 workers. Each line must complete 3,000 GAP T-shirts a day during an 8¾hour shift. Given that the sewing operators earn \$6.60 per day, the total daily payroll for the line is \$346.51. Since the 3,000 shirts retail for \$12.99 each, these workers are producing a retail value of \$38,970 worth of shirts each day. So we can calculate that the labor cost in each GAP T-shirt is **11.6 cents - less than 9/10ths of one percent** of the \$12.99 retail price of the shirt.

The lines producing Old Navy tank tops are required to produce **1,500** tops per day. Given that the daily shift is 8 hours and 45 minutes, this means that a worker's pay for the day will total \$6.65 - that is, if they are paid the "Seventh Day" attendance bonus. For the average sized production line of 52.5 workers, the daily payroll will total \$349.13. Given that the workers must sew 1,500 tops per day, at \$12.50 per shirt, they are producing a retail value of \$18,750 in tops. Thus, their wages amount to **23 cents per shirt - less than 2 percent** of the garments' retail value.

Documenting the extremely low labor cost in a GAP and Old Navy garments - less than 9/10th of one percent and less than 2 percent of the price of the garments, respectively - proves just how easy it would be for GAP to double the workers' wages, so they could climb out of misery and into poverty, with no appreciable impact on the cost of the garment. Either GAP could take a tiny sliver out of its profits, or it could pass on an 11 or 23-cent increase to consumers, who would be glad to pay it so that the Salvadoran women could afford to feed their children. As things stand now, many Salvadoran garment workers sewing clothing for GAP, Nike, Kohl's and Wal-Mart are forced to raise their children on coffee, because they cannot afford to buy them milk.

Other Worker Rights Abuses:

- **Mandatory pregnancy tests:** Before a woman is hired at Mansalex, she must undergo a test of her sewing abilities and a urine test to see if she is pregnant. Anyone testing positive is immediately fired.
- **Extreme Heat:** The factory is excessively hot due to its enormous zinc roof, which absorbs heat from the burning tropical sun. There are eight ventilators, but they are insufficient to cool the factory, where temperatures can reach 100 degrees. Also, the factory is very crowded and the 715 sewing machines are packed densely together so that the heat from the motors and from overhead lamps adds to the stifling temperatures.
- **Monitored bathroom visits:** The workers report that their supervisors get very angry if anyone dares use the bathroom more than once during the morning shift and once again in the afternoon. The workers also point out that the bathrooms are seldom cleaned and that often there is no soap or toilet paper.
- **Constant pressure and abuse:** Mansalex factory management has filled all the supervisory positions with staff brought in from Taiwan, hoping they would be tougher on the Salvadoran women.

The workers complain of the constant pressure, the screaming and humiliation at the hands of the supervisors who drive the workers on to reach the production goal. The supervisors shout at the workers that the only way to be assured that they will have their job tomorrow is to reach their production goal today. The workers told us that when GAP auditors visit the plant, everyone is suddenly full of smiles, the shouting stops and the atmosphere is less tense. But the minute the GAP people leave, there is an immediate return to the routine abuses.

- **Fined two days' wages for taking a sick day:** Any worker who misses a day's work because she is sick, even if she presents an official medical document confirming that she was receiving treatment from the Social Security hospital, will be fined two days' pay as punishment. Also, workers report being routinely denied permission to visit the Social Security clinics or hospitals during working hours, which is frequently the only time they are open.
- **Mansalex profits from misery left behind by three strong earthquakes:** Approximately 30 percent of the maquila workers were left homeless after three strong earthquakes struck El Salvador in January and February 2001. The Mansalex factory did not give even a penny to the workers who suffered the most destruction to their homes. Neither did GAP.

Mansalex did, however, concoct a scheme to cheat the workers. By law, workers in El Salvador accumulate a severance pay equal to one month's pay per year worked. When a worker is fired or leaves the factory, the severance pay they receive acts as a sort of safety net, since there is no unemployment insurance, and the workers have no savings, due to the below-subsistence wages they are paid. After the earthquake, Mansalex management informed the workers that the company would immediately free up their severance to help them rebuild their homes - even if they were not leaving the factory. The only catch was that Mansalex would pay out just 40 percent of what the company actually owed the workers. In other words, Mansalex would keep 60 percent of the workers' hard-earned severance pay. Many workers were so desperate they had no other choice but to accept this very bad deal.

- **Exploiting Temporary Workers:** Mansalex hires many temporary workers for periods of just three months at a time. Mansalex explains that the ebb and flow of orders from GAP and other multinationals necessitates keeping a force of disposable contingency workers on hand, who can be dumped at a moment's notice. An additional advantage to the company is that these contingency workers are not covered by health insurance or severance pay requirements, nor are they paid for holidays, vacation, sick days, etc. It works very well for Mansalex, since the company can pressure and trick these contingency employees, exhorting them to "work very hard" and to "cooperated with management on working overtime" in hopes of gaining permanent work in the factory.
- **GAP Code of Conduct non-existent:** GAP's Code of Conduct is not posted, nor has there ever been any explanation given to the workers regarding the content or purpose of the Code. In the real world, even if GAP's paper Code were posted, it would mean very little to the workers, whose rights are violated every day, on a routine basis.
- **Freedom of Association denied; organizing strictly prohibited:** Despite GAP's Code of Conduct, any worker suspected of involvement with defending union rights and organizing at the Mansalex factory is immediately - illegally - fired and blacklisted. That is a fact the workers must live with every day.

Newtex Factory
Olocuilta, El Salvador

Gap/Old Navy

- **Mandatory pregnancy testing:** women who test positive are immediately fired.
 - **Obligatory overtime.**
 - **Workers paid just 25 cents for every \$8.50** Old Navy T-shirt they sew.
 - **Below subsistence wages:** the 60-cent-an-hour wage meets less than one-third of the cost of living.
 - **Limited access to health care .**
 - **Constant pressure** , shouting at the women to work faster.
 - **Extreme factory heat.**
 - **Gap Code of Conduct completely meaningless:** not posted, never explained.
 - **Freedom of association prohibited:** any attempt to organize will be met with mass firings.
-

Newtex S.S. de C.V.
International Free Zone
Kilometro 30 Carretera al Aeropuerto
Olocuilta, El Salvador

Owner: Taiwanese Capital
Number of workers: Approximately 800

Labels: As of March 2001, 100 % of Newtex's production was for Gap's Old Navy label

Forced overtime:

Overtime work is obligatory. Everyone must work a nine-hour overtime shift each Saturday from 7:00 a.m. to 4:00 p.m. Excuses for family or health reasons are not permitted. *(Note: Since the regular wages paid are below subsistence levels, the workers are dependent upon overtime to survive. So the workers have little choice - they need to work. However, if they cannot make the overtime even on one Saturday - due to a sick child being at home, for example - they will be shouted at and humiliated, and as punishment they will be prohibited from working any overtime for an entire month. This means their families will really suffer.)*

Hours:

- Monday to Thursday: 7:00 a.m. to 5:00 p.m.
- Friday and Saturday: 7:00 a.m. to 4:00 p.m.

The workers receive one 15-minute break in the morning and an hour for lunch, from 11:45 a.m. to 12:45 p.m. The workers are at the factory six days and 58 hours a week.

Wages:

The workers are paid just the minimum wage of 60 cents an hour, which meets less than one-third of the cost of living.

If a worker receives what is known as the 7th day bonus - which is used by the factories as a sort of attendance and good behavior bonus - her wages will be:

- **\$0.75 an hour**
- **\$6.03 a day** (eight hours)
- **\$33.19 a week**
- **\$143.84 a month**
- **\$1,726 a year**

The Salvadoran government itself describes this wage as one of "**abject poverty**," meaning that such a wage will not even meet the basic food survival needs of a poor family.

Mandating production goals - Each worker must sew 27 Old Navy T-shirts a day:

There are a total of 12 production lines at the Newtex factory, with 48 people in each line. The company sets the daily production goal for each line at 1,300 Old Navy T-shirts. Since the T-shirts retail for \$8.50 at Old Navy stores, this means each production line is producing \$11,050 worth of shirts per day. Since there are 48 workers on a line, it is the same as if each worker had to sew 27 of these T-shirts per day ($48 \times 27 = 1296$). For an 8-hour-and-45-minute shift, a worker earns **\$6.65**. That same worker will produce **27** Old Navy T-shirts worth **\$230.21** to the Gap and Old Navy. This means that the workers' wages come to **less than three percent (.02886) of the retail price of the garment.**

The Salvadoran worker earns just **25 cents for every \$8.50 Old Navy T-shirt they sew.**



Other worker rights abuses:

- **Mandatory pregnancy tests:** Women applying for work at Newtex must present the results of a urine analysis taken at a medical laboratory. If they test positive they will not be hired.
- **The factory is extremely hot:** The factory is covered by a zinc roof that absorbs the burning tropical sun, heating up the factory like an oven. There are eight ventilators that are insufficient to keep factory temperatures even moderately tolerable.
- **Constant pressure to produce; shouts and humiliation:** The workers complain bitterly about the constant pressure placed on them by the line supervisors who check the production goals of the workers every hour, shouting and screaming at them if they are falling behind. The workers feel humiliated as their supervisors yell at them to "hurry up."
- **Limited access to health care:** As at other Gap contractors, the workers report being routinely denied permission to visit the Social Security clinics and hospitals, even if they have a longstanding appointment. The company says it cannot spare the time that the workers will be absent from the production line. Once a worker misses an appointment, it can take two or three months to get another such appointment in El Salvador's overcrowded health care system.
- **Gap's Code of Conduct affords the workers no protection:** Gap's Code of Conduct is totally unknown to the Newtex workers. Gap's Code has never been posted in the factory, nor have any explanations been provided to the workers regarding the content, meaning and purpose of the Gap's Code. The Code remains just a piece of paper, and one the workers have never seen.
- **Total denial of the Right to Freedom of Association:** The workers at Newtex have no right to organize, and anyone attempting to do so will be immediately fired. *When the workers at Newtex attempted to organize a union in November 2000, management responded by immediately firing all seven newly elected union leaders.* Of course, this is illegal. The right to organize remains one of the most fundamental of the core internationally recognized worker rights, but the Gap did not lift a finger to ask its contractor to respect the law.

Liz Claiborne, Perry Ellis, Leslie Fay

- **Mandatory Pregnancy Tests:** women testing positive are immediately fired.
- **Obligatory overtime:** 11-to-12-hour shifts, six days a week; 66-to-72-hour work-week.
- **Constant pressure to meet excessively high production goals:** workers who fail to reach their quotas are threatened with firing.
- **Women workers body-searched by male guards** every time they enter or leave the factory.
- **Below-subsistence wages:** the base wage of 60 cents an hour meets less than one-third of the cost of living.
- **Factory temperatures regularly reach a stifling 90 degrees,** made worse by high humidity.
- **Air thick with lint dust particles** in certain sections of the factory.
- **Bathrooms lack soap and toilet paper,** and are often not cleaned.
- **Limited access to health care.**
- **Workers threatened with firing if they join the SETDESA union.**

Doall is a South Korean-owned company with three factories in El Salvador employing a total of approximately 1,850 workers (Doall I with 600 workers in the Progreso Free Trade Zone, Doall II with 800 workers, and Doall III with 450 workers, both in the San Marcos Free Trade Zone).

*Doall is currently producing for **Liz Claiborne, Perry Ellis and Leslie Fay**, and in the past has produced for **Chaus and Robin Meredith**, among others. Liz Claiborne--along with Nike and Adidas-- is one of the founders of the **Fair Labor Association (FLA)**, which intends to begin certifying companies as “sweat-free.”*

*In a single month – February 2001 – Doall shipped over **66 tons** of clothing to the United States.*

Hours: Extensive overtime work at Doall is both routine and obligatory. Failure to work overtime is punished with various sanctions, including the threat of being fired.

- Monday - Saturday, 7:00 a.m. to 6:00 p.m. or 7:00 p.m.

Currently 75 percent of the sewing operators are working the forced 11-hour shift, while the remaining 25 percent are working 12 hours. Depending upon the amount of orders the factory receives, it is common for Doall to rapidly alternate between obligatory 11 to 12-hour shifts, six days a week.

Wages:

The base wage at Doall is:

- 60 cents an hour
- \$4.80 per day

The monthly wage of 1,260 colones (\$143.84) meets less than one-third of the cost of living and is defined by the Salvadoran government itself as a wage of “*abject poverty*” for the average sized Salvadoran family.

In previous reports, the National Labor Committee has documented that the Doall workers were paid **just 74 cents for every \$198 Liz Claiborne jacket they sewed**. This means the workers’ wages amounted to just **four-tenths of one percent** of the retail price of the jacket.

Worker rights violations at Doall:

- Mandatory pregnancy tests:** All women applying for work at Doall must supply a urine analysis from a medical laboratory testing for pregnancy. Women testing positive are not hired. The lab test costs the women 40 colones - nearly a full day’s wage.

Pregnancy Test Submitted to Doall, April 24, 2001.

FECHA	PACIENTE	MEDICO
24-Abril/2001	[REDACTED]	[REDACTED]
VOR:	ANTI-STREPTOCUSINA 'O'	ANTICUERPOS FEBILES (MELCH - STUART)
GRUPO SANGUINEO RH:	LATEX R A	TIFICO D -
ANTICUERPOS RE SALINAS ALBUMINAS	PROTEINA 'C' REACTIVA	TIFICO H -
COOMBS DIRECTO INDIRECTO	VIRUS DE INMUNODEFICIENCIA HUMANO (H.I.V.)	PARATIFICO A -
PRUEBA DE INHIBITIVA A LA FIEBRE TIFICA. PRUEBA DE LATEX DE INHIBICION	MONO TEST	PARATIFICO B -
		BRUCELLA ABORTUS -
		PROTEUS OX18 -

Laboratorios Clínicos "Barrientos"

- **Excessively high production goals set by U.S. and Korean companies; threats of firing if the workers fail to reach their quotas:** The high production goals are set by the North American and Korean companies with little regard for the physical capabilities of the workers, their machines, or the layout of their work stations. Nonetheless, supervisors put enormous pressure on the workers to reach the daily production goals assigned to them. Supervisors and managers actually threaten the workers with firing if they fail to reach their quotas. Workers describe the atmosphere on the shop floor as one of open hostility on the part of management. The environment is extremely tense.
- **Workers are physically searched:** Supposedly to prevent food being brought into the factory and the theft of scraps of cloth, workers are physically searched every time they enter or leave the factory - when they enter to work, when they leave for lunch and return, and when they leave at the end of the day. Women, who make up at least 70 percent of the workforce, are searched by male security guards, who the women say touch and handle them in a disrespectful manner. The workers feel their basic dignity is abused, and this is another reason for tension on the shop floor.
- **Ninety degree temperatures; lint-filled air:** Temperatures on the factory floor regularly reach 90 degrees Fahrenheit, made worse by the high humidity. Temperatures in the shipping department often reach 100. Factory air, especially in the cutting and sewing sections, is thick with excessive lint dust from the cut cloth.
- **No toilet paper or soap:** The Doall factory does not provide toilet paper or soap. Odor in the bathrooms is strong, since ventilation is inadequate, and it is common for the bathrooms to go for a week or longer without being properly cleaned and disinfected. (Workers say that the bathrooms are always cleaned just before U.S. clients or Salvadoran Ministry officials are expected to visit.)
- **Limited access to health care:** Doall Management routinely denies the workers permission to visit the Social Security clinic during working hours, which, given the forced 11-to-12-hour shifts six days a week, are the only hours the clinic is open. Company supervisors regularly refuse workers' requests, saying the factory cannot spare the worker's absence from the production line since urgent orders need to be completed for their North American clients.
- **Denial of union freedom:** With the help of international solidarity, fired union leaders were reinstated to the Doall factory in 1999 and later that year the SETDESA union was legally formed. However, factory supervisors routinely threaten workers that if they join the SETDESA union, they will be fired. Supervisors also advise the workers to stay away from the union so as "not to have problems" and to be better paid. For example, SETDESA union leaders and members do not receive their proper incentive pay, despite the fact that they fulfill their production goals.

There is not one single union functioning with a contract in any of El Salvador's 229 maquila factories, which employ 85,000 workers, despite the enormous abuses and below-subsistence wages. Every attempt to organize is met with mass illegal firings.

Quality Factory
El Salvador

School Uniforms for Elderwear

- **Below subsistence wages:** wages meet just 36 percent of the cost of living.
 - **Workers have to perform 1,625 sewing operations each day** - 180.5 an hour, three every minute, one every 20 seconds.
 - **Workers were paid just 4/10ths of one cent** for every operation they sew.
 - **Obligatory overtime.**
 - **No right to freedom of association.**
-

Quality S.A. de C.V.
Calle Antigua Al Matazano
Soyapango
El Salvador
Phone: 503 294 4402
Fax: 503 294 0479

Ownership: U.S.: Elderwear Manufacturing Company

Manager: Mr. Luis Arturo Anleu Benavides (*also vice president of ASIC -- Salvadoran Sewing Industry Association*)

Number of workers: Approximately 350

Labels produced: Elderwear, Dennis, COED

Hours:

- Monday - Thursday: 7:30 a.m. - 5:30 p.m.
- Friday: 7:30 a.m. - 4:30 p.m.

There is one 15-minute morning break, and a 45-minute lunch period, from 12:00 p.m. to 12:45 p.m. So the workers are at the factory 47 hours a week, while being paid for 44 hours.

However, the company demands obligatory overtime every Saturday, choosing the fastest 40 workers, who are forced to work from 7:30 a.m. to 4:30 p.m.

Wages:

The vast majority of the workers at Quality are paid by piece rate, and earn according to the number of operations they can sew each day.

To make Elderwear school uniforms, a typical piece rate would be 35 colones (\$4.00) per 1,000 pieces completed. Each piece is paid at the rate of **4/10ths of a cent** (.003995433). On average, a woman can race through 1,625 pieces in the nine-hour workshift, meaning she sews 180.5 pieces an hour, or three per minute, or one every 20 seconds. At the end of the day, after sewing **1,625 pieces**, she earns **\$6.49**, or about 72 cents an hour.

If the woman receives all her incentives, and what is known as the 7th Day's Pay - which the companies use as a sort of 'carrot' or bonus for perfect attendance, punctuality, no sick days, good behavior, etc - she will **earn \$48.74 a week**, and approximately **\$194.94 a month**.

Even the Salvadoran government sets a wage of **\$287.67** as necessary for a family to eke out an existence in '**relative poverty**.' So the wages at the Quality factory provide **just 68%** of what it would cost a poor family to climb out of misery and into poverty. The wages are \$92 a month short of this. So the women - many of whom are single – siblings, and their families, suffer enormous hardships, living in dilapidated homes, unable to purchase necessary foods, or pay for their children's education.

According to FUNDE, a very respected NGO in El Salvador, a living wage for the average sized 4.3-member family would be \$540 a month. By this standard, the wages at the U.S.-owned Quality factory, which makes school uniforms for export to the US, provide only 36 percent of the cost of living.

Denial of the right to freedom of association:

The workers at the Quality factory have no right to organize, and any attempt to do so would be met with illegal mass firings. To date, there is not a single functioning union with a contract in any of El Salvador's 229 maquila factories. In El Salvador, the right to organize is routinely and systematically violated on a daily basis.

**Making Children's Clothing for the U.S.
Eleven to twelve-hour shifts / Workers still left in abject poverty**

*Apple Tree El Salvador, SA de CV
San Marcos Free Trade Zone*

Interview with a worker, April, 2001:

Name of worker: *[Omitted to protect her from being fired]*

Age: 23 years

Family situation: husband, pregnant, two children

Home: San Antonio Masahuat
Department La Paz
35 kilometers from San Marcos

Factory: Apple Tree (Tres Manzanas)
San Marcos Free Zone

How many live in your house: *3 adults and 3 children, and another on the way
The children are 4, 2 and 6 months old
The youngest is my sister's child*

What time do you get up?: *At 4:30 a.m.*

What do you do when you get up?:
I wash, make breakfast for husband and the children and then I go to work.

What time do you leave for work?:
I leave at 5:30 in the morning to wait for the bus. It's the Route 134.

How long does it take to get there?:
An hour and 15 minutes. It's almost always late, because it makes lots of stops picking up people, almost all of them maquila workers like me.

How much does transportation cost?:
Twelve colones [\$1.37] round trip. The buses are full and on the way back I have to stand even though I'm very tired.

What do you eat for breakfast and where do you eat?:
*I eat at the stands outside the San Marcos free zone, at that girl, Elvira's at the side of the highway to Comalapa and it's clean. The only thing that bothers you is the smoke from the buses that stop across from where I eat. I eat refried beans, cheese, plantain, 3 rolls and a coffee.
They charge me c10 [\$1.14]--but the lady gives me credit so I can pay her on payday.*

For lunch, what do you eat and how much is it?:

The food varies. For example, I ask for chicken, rice, 3 tortillas and a drink and they charge me 12 colones [\$1.37] and write it down in a notebook to pay her every two weeks on payday. I eat in the same place I have breakfast.

What time do you leave the factory?:

At 6, and sometimes at 7 at night.

How long does it take to get home?:

It takes a little longer than in the morning, since the buses are really full. It takes me an hour and a half, and the bus leave the terminal and waits a while to fill up and then leaves.

What do you do once you get home after leaving work?:

I see how my family is and help prepare supper and wash the dishes afterward. Sometimes, when I'm not too tired, I wash some clothes. But I wash clothes on Sundays.

What does your family eat for supper?:

We get by on beans, rice, tortillas and a coffee for about c30 [\$3.42] a day.

How often can you buy milk?:

I only buy 2 liters of liquid milk on payday. A liter costs c7.00 [\$.80]. Daily, I give the children NIDO powdered milk which costs c98 [\$11.19] a can and lasts 15 days.

Can you buy vitamins?: *No, because they are very expensive.*

How often do you eat meat?: *We eat meat at home three times every two weeks.*

How much do you pay in rent?: *I pay c500 [\$57.08] plus electricity and water.*

How much to you pay for water?: *c60 [\$6.85] a month*

How much do you pay for electricity?: *c120 [\$13.70] a month.*

How much does a cylinder of gas cost?: *c38 [\$4.34] and it lasts us a month.*

Do you pay for school?:

I pay c25 [\$2.85] per child per month. I pay so little because it is a public school.

What are your family food costs?: *I calculate that they are about c800 [\$91.32] every 15 days.*

Can you go to the doctor and buy medicine?:

No, because the doctor is very expensive. Rather, we go to the public health unit and since I am insured, I go to Social Security. (Note: Children over 6 years old are not protected by the Social Security system that the parents pay into. These children must go to private clinics or the so-called Health Units of the Ministry of Health, with classic problems of lack of medicines, lack of equipment, lack of doctors and long waits for attention.)

Do you leave your children in daycare?:

There are no daycare centers where we live. We pay an aunt to care for them, bathe them and feed them. I give her c300 [\$34.25] a month.

How often do you buy clothing?:

We buy clothing every six months for my husband and me and clothing for the children every 4 months. Sometimes we buy used clothing that comes from the United States, when it's good and cheap.

How many people work in your house?:

Three of us work. My sister works in the free zone of Olocuilta in the HOONS factory, which is Korean. My husband is a bricklayer and works in construction with my father.

Do you have savings?: *No. We don't even have a passbook. The wage is very small.*

Do you have debts?:

Yes, because sometimes we borrow money for bus passage and when we borrow, they charge us 15 or 20 percent interest a month. So if I take a loan of c100 [\$11.42], I have to return c120 [\$13.70].

How much do shoes cost?:

For the children between c100 [\$11.42] and c150 [\$17.12]. Women's shoes c150 [\$17.12] or 200 [\$22.83]. Shoes for men are more expensive, c200 [\$22.83] to c350 [\$39.95].

Is the money you earn enough?:

No, because the minimum wage is c588 [\$67.12] per 15 days. To more or less get by we have to work overtime.

Was your house damaged in the January and February earthquakes?:

Yes. The house was adobe. Part of our house fell in. We asked for aid from the municipality and they have given us sheets of corrugated metal sheets and some planks.

Did the factory or the owners of the labels help you?:

Neither the factory, nor the owners of the labels helped us--not at all, not at all.

Wages of Poverty

No One Can Survive on 60¢ an Hour, \$4.80 a Day.

Partial daily expenses of a worker at Apple Tree:

Round trip bus	\$ 1.37
Breakfast	\$ 1.14
Lunch	\$ 1.37
Supper (6 people)	\$ 3.42
Rent (per day)	\$ 1.87
Water	\$ 0.22
Electricity	\$ 0.45
Gas	\$ 0.14
School (for 2 children)	\$ 0.19
Informal daycare	<u>\$ 1.12</u>
Total:	\$11.29

Note: In just one month, March 2001, the Apple Tree factory shipped a wholesale value of **\$1.6 million** of boy's sportswear to:
Fishman & Tobin, Inc.
625 Ridge Pike E-3
Conshohocken, PA 19428
(610) 828-8400

Monitoring Report on Maquilas and Bonded Areas

Republic of El Salvador

Monitoring and Labor Relations Analysis Unit

**USAID / Ministry of Labor
July 2000**

Introduction:

At the end of 1999, the Ministry of Labor structured the Monitoring and Labor Relations Analysis Unit as an auxiliary operation to follow the textile industry maquilas, to get to know the different conditions under which labor relations are conducted in the different workplaces and to use this information as input in labor policy design, proposals for the reformulation of the functioning of the various parts of the Ministry which attend to labor relations.

The creation of the Unit was supported by USAID through its Technical Secretariat for External Financing, as a support for the Ministry of Labor.

The document contains the results of the first involvement of the Monitoring Unit in the maquila . . .

. . The results of the visits and conclusions that are presented reveal the urgent need for a leap in the quality of the work of the Ministry of Labor in its principal activities: oversight of compliance of labor laws, assisting in the resolution of labor conflicts and prevention and job creation activities.

This report will be the starting point for a new type of action in the Ministry of Labor.

[Note: The full original report, in Spanish, is available on the NLC's website, www.nlcnet.org]

1. Economic Context of the Maquila

According to the Economic Bulletin of the Central Reserve Bank of El Salvador, No. 136, covering February and March 2000, activity in the maquila has maintained its rhythm of growth relative to last year, growing at a rate of 12.1%. This growth has resulted in the achievement of a stable environment, improved index of economic freedom and advancement of recent trade negotiations by the Central Government.

Foreign trade as a percentage of GDP:	1998	1999
Total Exports	20.5	20.4
Traditional	3.5	2.5
Coffee	2.7	2.0
Sugar	0.6	0.4
Non-traditional	7.0	6.8
To Central America	5.1	5.0
Outside Central America	1.9	1.8
Maquila	9.9	10.8
Total Imports	31.1	30.9
Consumption	7.8	8.2
Intermediate	11.3	10.5
Capital	6.9	6.6
Maquila	7.1	7.7

1.3 Employment in the Maquila

By 1997, the maquila had generated 59,000 direct jobs, increasing in 1998 to 79,000 direct jobs in the sector . . . Eighty percent of the maquila companies in the country, with 83% of the jobs are in the apparel sector.

In 1998, there were a total of 229 maquila companies, 186 of them located in free zones.

...According to that department's records, within the maquila subsector there exists not one collective contract. This is a worrisome situation in that collective bargaining is one of the mechanisms upon which workers rely in order to defend their interests and improve their working conditions . . .

II Principal problems that affect labor relations in the maquila

Regarding Occupational Safety and Health

The majority of companies lack a Department of Time-Motion Studies that would allow them to carry out evaluations to determine whether the different operations in the production process are adjusted to the physical capacities of the people carrying them out and the working conditions offered.

This has become evident through interviews, by way of the complaints there are about the excessive production goals they are obligated to fulfill, and reflected in the operators health problems, since they may be deprived of their physiological needs, rest and other kinds of activities that contribute to physical and mental wellbeing, not permitting them to fulfill the daily goals assigned.

Many managers said that it is the client who assigns the times for the different operations . . .

Unhealthy drinking water

The majority of workers interviewed mentioned the poor quality of water for human consumption, that it had a bad taste, appearance, color and odor.

In some workplaces, the administrative personnel drink water bottled by private companies while the workers drink filtered water that comes from the ANDA [public water] system or a water tank.

Nor are periodic studies conducted to determine the physiochemical and bacteriological condition of the drinking water that comes from the companies' own wells and the equipment used for its purification is not submitted to constant maintenance and cleaning.

. . Broken Down Machines

The companies do not have machinery maintenance programs. According to what comes out in the interviews, the lack of such a program in many cases has contributed to labor accidents, since the operators, wishing "not to stop" their work, take on the task of repairing their machines themselves, without considering the risks that this creates.

Unhealthy cafeteria conditions

Many workers complain of bad handling in the making of the foods that they consume in the cafeterias. Due to bad hygienic conditions, they have often had gastrointestinal problems or have had to make a visit to the Social Security clinic . . .

Deficient Occupational Health and Safety Conditions

Workers in the various factories state that they do not enjoy minimal health and safety conditions.

In many cases, they do not receive safety equipment appropriate for their personal protection in the different areas of risk, such as: masks, mesh gloves, respirators for the handling of chemicals, ergonomic belts for loading and unloading raw materials, mechanical equipment to facilitate tasks, etc.

There are also problems with regard to the physical working environment, for example, excessive heat generated by both external sources (sunlight) and internal (heat from the machinery, crowding of personnel and machinery, pressing equipment and poor internal ventilation). These produce stress, tiredness, fatigue and illnesses that may become occupational diseases if their causes are not corrected.

It is also evident that there is poor ventilation in the production facilities, in spite of the mechanical ventilation equipment that they possess, which may evidence a lack of technical knowledge for correct installation of the equipment, at times not taking advantage of natural air flows.

Another effect of the bad ventilation is the excess of lint that accumulates on the production plant walls, ceiling, machinery and personnel. It should be noted too that the majority of plants lack a dust collection system that would prevent this accumulation. In addition, high contact with these particles suspended in the air can cause pulmonary fibrosis or unleash other kinds of ailments . . .

Regarding the discretionary application (violation) of Labor Laws

Worker mistreatment:

The majority of workers interviewed mentioned that they are subjected to mistreatment by management personnel inside the companies, especially by supervisors who, according to the workers, when they are giving instructions do so in an omnipotent manner and making use of expressions that injure the dignity of the workers, an infringement of Labor Code, Ord 9, Art 29.

They also stated that supervisors frequently threaten to fire those workers who do not complete assigned production goals or who are unwilling to work overtime, which creates uncertainty and bad feeling among the workers, who complain of frequent psychological pressures that do harm to their health. This situation is the cause of conflict between management and operational personnel.

Overtime

During the visits made, it was possible to confirm that overtime is worked on a daily basis in the majority of maquila companies in order to complete the production goals established by the company. Despite having confirmed that in many cases these hours are remunerated according to the law, it is important to point out that the majority of overtime hours are worked at night without paying the 25 percent legal premium for [night hours].

It is also important to point out that in the majority of companies, it is an obligation of the personnel to work overtime under the threat of firing or some other kind of reprisal. This situation, in addition to threatening the health of the workers, causes family problems in that [the workers] are unable to properly fulfill obligations to their immediate family.

On some occasions, because the work time is extended into the late hours of the night, the workers find themselves obligated to sleep in the factory facilities, which do not have conditions necessary for lodging of personnel.

A situation that calls ones attention is the fact that some workers said that they were in favor of working overtime in the companies, since the law establishes that they are to be paid at a 100 percent

premium over the base rate and this permits them to earn some additional income which allows them to better attend to their families' needs.

Nevertheless, the majority of workers stated that in spite of receiving this additional remuneration, the wage was insufficient to satisfy their family needs with dignity, for which reason, they affirmed the need, in near term, for a review of the minimum wage.

According to what management representatives said, one of the principal reasons that the company is obliged to work overtime hours is that the workers deliberately delay production in order to force the company to continue operations beyond the normal shift, thus allowing them (the workers) to receive overtime remuneration.

Another factor that directly impacts on work beyond the normal work-shift is the excessively high production goals assigned to the different operators, who must work extra hours in order to fulfill the goals and receive the incentives offered by the company.

In some cases, it goes to the extreme that the workers work overtime to fulfill the assigned production goal and to be able to receive the additional incentive income, although not receiving any additional income for the additional hours worked since, according to the personnel managers, 'if the worker does not reach the production goal during the regular work day, she is under the obligation to work overtime on her own account.'

Another of the causes for work outside of the ordinary shift is lack of coordination between Planning and Production Departments . . .

Labor Absenteeism

One of the principal problems mentioned by different chiefs of personnel interviewed during the visits was the frequency with which personnel miss work, saying that this is usually for family reasons, since the large proportion of the personnel working in the maquila companies are women and they don't receive any assistance with the care of their children during the workday.

Disproportional production goals and incentives

Without a doubt, the evident disproportion between the high production goals the companies assign the operators and the economic incentives given constitutes one of the principal complaints of the workers, since according to them, the physical effort they expend to make the goals is not compensated by the economic incentives set by management.

Personnel also state that the companies do not have appropriate mechanisms for establishing goals according to the physical capacity of the workers. It was also documented that working conditions for personnel are not the most appropriate for fulfilling production goals.

According to the production managers interviewed, some companies use North American and Asian efficiency and productivity levels as a parameter for establishing production goals, without considering the different nutritional conditions and technical capacity of our workers.

It should be mentioned that in the majority of companies, the time each operation should take is set by international clients based on conditions in their respective countries. This makes it necessary for in-country maquilas to a Time and Motion Department which would permit them to adjust the times of operations to the physical conditions and work place, as happens in other companies visited.

Violation of the right to organize

One of the situations that most caught ones attention during the visits was the fact that the rate of unionization in the maquila is very low. In the majority of companies, union organization does not exist and, in those where it does, the number of workers affiliated is very low. On investigating the reasons for this phenomenon, it was found that there exists an anti-union policy in the maquilas, by which any attempt at organization is repressed.

According to union leaders interviewed, it is very common for supervisors and chiefs of personnel to threaten workers with firing if they belong to a union or attempt to form one.

The workers stated that one of the principal anti-union policies consist in the management of “blacklists” of the names of workers who belong or at some point have belonged to a union organization. The workers affirm that the people who appear on these lists are not hired by the maquila companies, which constitutes a flagrant violation of freedom to unionize recognized in our juridical order, the Constitution of the Republic as well as secondary labor legislation.

It is also frequent that general and local boards of unions that do exist in the maquila are systematically fired. This can be easily verified by reviewing the complaints regarding freedom of organization received by both the Ministry of Labor General Directorship and the Inspection office . . .

The issue of freedom to unionize is definitely one that generates major conflict inside the free zones and is one of the areas in which the rights of the worker class is frequently violated.

Restriction of permission for personal absence and to permission to go to the Social Security clinic

During the interviews, workers stated that one issue with which they greatly disagree is that they are not given permission to be absent. In the majority of cases, they have had to give up their regular medical care because of the bosses’ and supervisors’ refusal to allow them to attend their appointments, arguing that their presence is needed to cover production goals.

The measure that is commonly taken, if someone arrives at work late because they went to Social Security, is to deduct the time used for that appointment, despite their presenting documentation of the medical visit.

Many companies and free zones have privately run clinics so as to avoid workers’ transit to the Social Security facilities. It should be mentioned that often, according to the workers, the service given in such clinics is deficient or inadequate because they don’t have the equipment, specialized personnel, medicines or infrastructure that would permit them to give prompt and effective attention . . .

Performance of the Labor Inspectors Office

...On their part, the workers were very emphatic in declaring that there is a great deal of corruption in activities of Labor Inspection personnel. Some even declared that they had knowledge that certain inspectors periodically receive money from the companies to not include the constant labor rights violations in their reports.

They also say that most of the time the inspectors do not approach them to hear their impressions regarding company compliance with labor regulations. They also declare that normally it is the human resource heads who choose the personnel to be interviewed by the inspectors, which diminishes credibility in the performance of these functions...

APPENDIX B

Can you survive on Nike's wages?

No. It's a wage of misery, explain Salvadoran women who are paid just 29 cents for every \$140 Nike shirt they sew!

Nike insists that the **60-cent-an hour base wage** in El Salvador, which amounts to **\$4.80** a day, is both fair and adequate. The workers at the Hermosa factory who sew Nike garments tell a very different story. No one can survive on 60 cents an hour, they say. These are wages of misery.

A single mother working at Hermosa walked us through her daily expenses. She has three children. Remember, she earns a base wage of 60 cents an hour, \$4.80 a day:

A Worker's Daily Expenses

• Round trip bus fare (to get to and from work)	\$ 1.14
• A small breakfast (coffee, plantain, beans, 2 rolls, sour cream)	\$ 0.91
• Lunch (stuffed peppers, rice, tortillas and lemonade)	<u>\$ 1.37</u>
<i>(In Central America, lunch is the major meal of the day)</i>	
Subtotal:	\$ 3.42

So, just to get to work and back and to survive with a small breakfast and lunch costs this worker **\$3.42**, or **71 percent** of her entire daily base wage of \$4.80. At the end of the day, she is left with just **\$1.38**.

What does she do now?

She and her family have to live somewhere. Rent for a crowded, two-room house she and her three children share with three other adult relatives costs **\$51.37** a month, or approximately **\$1.68** a day. But this is more than the \$1.38 she has left over at the end of the day. And, we are not even including expenses for gas and electricity, which total more than **\$18** a month.

A cheap supper for her family--beans, eggs, tortillas, cheese and coffee--would still cost **\$1.95**, or about **49 cents each**. Remember, at this point they already have no money left over out of the \$4.80 day's pay.

This mother tries to buy meat or chicken for her children once a week. This costs **\$4.90**.

The cheapest five pound box of powdered milk she can purchase costs **\$11.19** and lasts for two weeks, which comes to about **80 cents a day**.

**Some Daily Expenses
for a single mother with three children.
Her base wage: \$4.80 a day**

Round trip bus	\$ 1.14
Breakfast	\$ 0.91
Lunch	\$ 1.37
Supper for her family	\$ 1.95
Rent	\$ 1.68
Gas & electric	\$ 0.63
School	\$ 0.72
Milk	\$ 0.80

The base wage meets just half of even these very limited daily expenses.

Suppose one of the children gets sick. A visit to a private clinic costs a minimum of **\$11.42**, which is completely out of reach. Going to the poorer public clinic still costs **\$3.43** a visit.

New shoes for her children, so they can go to school, cost between \$11 and \$17.

We asked this woman--who gets up at 4:30 a.m. every morning and frequently returns home at 8:15 p.m. after working a 12-hour shift sewing \$140 Nike shirts--if she had any savings. "No," she replied, "but we do have debts. Sometimes we cannot pay the rent."

At the Hermosa factory, the workers earn **29 cents** for each **\$140 Nike NBA LA Lakers** shirt they sew, and **30 cents** for each **\$100** pair of Nike NBA shorts they sew. These wages come to less than **3/10ths of one percent** of the retail price of the NBA clothing.

Nike also claims that a significant wage increase would actually hurt the workers. When asked by the *New York Daily News* why Nike could not double the workers' wages so they could climb out of misery and into poverty, Nike's spokesperson, Mr. Vida Manager replied, "***If you exponentially increase labor costs, that impacts on the cost of production, which means the retail cost may increase, which then reduces the amount of items sold,***" thus leading to lay-offs. Remember, we are talking about women being paid **29 cents** to sew a **\$140 Nike** shirt. If the workers pay were doubled to 58 cents per shirt, their wages would still amount to just **4/10ths of one percent** of the retail price of the Nike shirt. It is hard to imagine how that would hurt the workers or drive away U.S. consumers. In fact, it is ridiculous.

The Enormous Power of the Multinationals

It is becoming more and more of a serious question: In today's global economy, just what leverage do poor developing countries have over giant multinationals roaming the world in search of low wages, no taxes, no unions, no environmental or health and safety constraints, no red tape?

Consider El Salvador whose Gross Domestic Product (GDP) - the country's entire economic output of all goods and services – was just \$13.2 billion in 2000. This means that **Wal-Mart**, with annual sales of \$193.3 billion in 2000, is more than **14 1/2 times larger than the entire country of El Salvador!**

The Salvadoran Government's entire general budget for 2000 was **\$2.08 billion**. Gap's sales in the most recent 12-month period (ending January 31, 2001) totaled \$13.7 billion. **This means that the Gap is 6 1/2 times larger than the Government of El Salvador.**

In 2000, Nike's advertising budget was **\$978.2 million**. In that same year, the total budget for the Salvadoran government's Ministry of Labor was just **\$6.86 million**. So **Nike's advertising budget is 143 times larger than El Salvador's Ministry of Labor.**

A maquila worker in El Salvador sewing garments for these multinationals earns 1,260 colones a month, or \$143.84, which comes to \$1,726 a year. There are 85,000 maquila workers in El Salvador, who, all together, earn \$146.7 million a year in wages. **Kohl's** profits over the last year (for the period ending January 3, 2001) were **\$372.1 million**. **It would take these 85,000 workers in El Salvador two and a half years to earn what Kohl's did last year alone.**

It would take all **85,000 maquila workers in El Salvador 84 years - that is if they did not spend a nickel and saved every cent - to earn what Nike's Phil Knight is worth**, which is \$12.3 billion.

El Salvador

- | | |
|------------------------------------|----------------|
| • GDP (2000) | \$13.2 billion |
| • General Government budget (2000) | \$2.08 billion |
| • Ministry of Labor Budget (2000) | \$6.86 million |

Wal-Mart

- | | |
|--|-----------------|
| • Revenues (for the fiscal year ending January 2000) | \$193.3 billion |
| • Net Income | \$6.3 billion |

Gap

- | | |
|---|-----------------|
| • Revenues (for the last 12 months ending January 31, 2001) | \$13.7 billion |
| • Net Income | \$877.5 million |
| • Advertising Budget | \$487 million |

Nike

- | | |
|--|----------------|
| • Revenues for the last 12 months ending January 30, 2001) | \$9.27 billion |
| • Net Income | \$601 million |
| • Advertising Budget | 978.2 million |

Kohl's

- | | |
|---|-----------------|
| • Revenues (for the last 12 months ending February 3, 2001) | \$6.15 billion |
| • Net Income | \$372.2 million |
| • Advertising Budget (for 1999) | \$176 million |

Corporate Greed When is Enough Enough?

Consider Mr. Phil Knight, Nike's founder and CEO. Mr. Knight is now worth \$12.3 billion!

At the National Labor Committee we sat down one Saturday to try to figure out just how much money \$12.3 billion actually is, and what you could do with it.

So we phoned a travel agent and said we wanted to fly around the world first class. We were told we could do that for \$11,028.

Next, we called the plush Waldorf Astoria Hotel in New York, explaining that we wanted a room with a view and concierge service. We could have that for \$399. And we did not want any sort of continental breakfast – rather, we preferred the "power breakfast." The power breakfast at the Waldorf would cost \$23, and we could have lunch for \$40, and supper for \$80.

We figured we should purchase a second new Lincoln Continental, which would cost us \$39,660.

- Phil Knight, with his \$12.3 billion, could fly around the world first class every single day;
- Stay in the plush Waldorf Astoria Hotel every single night and have three full meals a day -- remember, no continental breakfast; and,
- Buy a brand new Lincoln Continental every week for **the next 1,957 years !!!!**

One would think that would be enough money for Phil Knight, and that perhaps he would finally stop sucking his wealth off the backs of exploited teenage children who are stripped of their rights and paid pennies an hour making Nike goods in China, Vietnam, Thailand, Indonesia, El Salvador, etc. But greed is a funny thing - it must feed on itself.

Nike's own pricing documents show that workers in the Dominican Republic are paid just eight cents for every \$22.99 Nike shirt they sew, meaning **their wages amount to a stunning 3/10ths of one percent of the retail price of the sweatshirt!** Also, Nike sneakers made in China by young women paid 20 cents an hour arrive in the U.S. with a total customs value of **\$14.61**. That \$14.61 includes every conceivable expense - the materials, labor, shipping, and the profit to Nike's contractor in China. Nike then turns around and sells the sneakers in the U.S. for \$135, which represents a 924 percent mark-up! Now we know where and how Phil Knight gets his billions, and how the global sweatshop economy operates.

Expert Contacts in El Salvador

Labor federation working to organize maquila factory workers:

Francisco Garcia, Executive Board Member
FEASIES--Federation of Independent Associations and Unions of El Salvador
Colonia San Jose Avenida A # 141
San Salvador, El Salvador

phone/fax: 503 226 2100
e-mail: sitinpep@yahoo.com

For more information on independent monitoring:

Carolina Quinteros, Director
Independent Monitoring Group of El Salvador (GMIES)
c/o CENTRA
Avenida B # 213, Frente al parque redondel El Roble
Colonia El Roble
San Salvador, El Salvador

Tel: 503-225-1002
Fax: 503-226-8399
e-mail: Cquinter@amnetsal.com