

A New Zealand clothing company goes "global" and shuts all local factories

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Workers in the New Zealand clothing industry were dealt a further blow last week with the decision by leading lingerie manufacturer Bendon to close its three plants and relocate overseas. A total of 400 jobs will be lost, 122 by the end of November when the Te Aroha plant is shut, and a further 278 by the end of March with the closure of the Te Rapa and East Tamaki factories.

The union that covers clothing workers in the northern part of the North Island, the National Distribution Union, has offered no program to fight the job cuts—in fact, it is overseeing the orderly closure of the plants. Bendon managing director Hugo Ventner has commended the union for working with the company and employment agencies to ensure that the Te Aroha staff "are offered every support to find new jobs".

Union secretary Judy Attenberger, defending the company, says that Bendon has "become extremely efficient" but that it can no longer compete with goods from overseas. According to Attenberger, cheap imports "have undercut Bendon locally and forced them to compete on the international market".

Reflecting the entrenched nationalism and pro-employer sympathies of the entire union bureaucracy, she argues that New Zealand's local manufacturers are simply victims of political decisions to reduce tariffs on imported goods. Claiming that many of Bendon's main export markets, such as Australia, retain strong protection for their own clothing industries, she suggests that the main issue is the "lunacy" of government moves to "lead the world in the reduction of tariffs".

Since 1987, clothing tariffs have fallen from 65 percent to 17.5 percent and are due to fall further to 15 percent by the middle of next year. Unions in the

manufacturing sector, particularly those in the clothing, footwear and motor vehicle industries, have run a decade-long campaign against rapid tariff reductions, claiming that jobs could be protected by workers and employers joining hands in order to pressure governments to retain protectionist measures.

But like an increasing number of companies, Bendon no longer produces primarily for the local market. The 50-year-old New Zealand company, which accounts for over 40 percent of local sales, now exports almost 60 percent of its products to Australia. Business in Australia grew by 25 percent last year alone. The decision to close the New Zealand plants has not been made on the basis of whether they are viable in the national market but rather whether they are "internationally competitive".

Ventner himself confirmed that tariffs were "not the main reason for leaving". Bendon's strategy, he said, was "to protect the longevity of this business and to be able to grow it, and be able to operate it in other markets". Ventner pointed out that labour rates were "cheaper overseas", and that the company needed to source its products closer to its destination markets in order to take advantage of "cost efficiencies".

Bendon has been repositioning itself for a decade or more to be in the forefront of the global clothing industry. During the late 1980s international model Elle Macpherson was engaged as the company's advertising face and design consultant as it launched into the Australian market. During this time, manufacturing operations were also shifted offshore. Half the company's production is already carried out overseas.

However, Bendon's plans are not confined to the Australasian region. While remaining a New Zealand-based company it is closing down its domestic operations in order to embark on an aggressive program

of international expansion and is seeking new supplies of cheap labour in Asia, South America and Eastern Europe.

While the company's head office will be shifted to Australia, no new jobs will be created there. For the Asia-Pacific region, manufacturing will be carried out in existing and new plants in Indonesia, the Philippines, Thailand and China. The company's intended European market will be supplied from cheap labour bases in Eastern Europe, while the United States market will be served from Mexico and South America.

The Bendon decision sparked off a media debate over whether New Zealand could sustain any sort of local manufacturing base at all in the face of the operations of the global marketplace. Joe Macky, managing director of the Auckland-based suit manufacturer Cambridge clothing, claimed that locally-based clothing companies did not have the capacity to produce the volumes needed to compete internationally, nor could they match the low wages of Asia.

LWR Industries, one of the few remaining high-volume clothing manufacturers, has downsized from 3,500 workers a decade ago to 800, while moving 65 percent of its production offshore. Outdoor Heritage, manufacturers of expensive men's leisure wear products, with a workforce of 300 and 18 stores in Australia and New Zealand, has warned that it may shift production to Eastern Europe because of what managing director Gary Gwynne calls an "impossible manufacturing climate" within New Zealand.

The announcement of the Bendon job losses came two weeks into campaigning for the national elections, due on November 27. None of the political parties condemned the decision, and none had any perspective for saving the jobs. Bill English, treasurer in the minority National Party government, claimed that the clothing industry jobs were "low quality" jobs which would eventually be replaced by "higher quality" jobs under the government's strategy to move to a so-called "knowledge-based economy".

Michael Cullen, finance spokesman for Labour, the main opposition party, used the occasion to publicise his party's promise to implement a more "hands on" approach to economic management, mainly by way of handouts to business through its industry assistance program. Labour's potential coalition partner, the Alliance, backed by sections of the trade unions,

continue to hold out the false promise of protecting jobs by slowing the tariff reduction program.

A glimpse of the conditions that now exist in the clothing industry was revealed a week before the Bendon announcement. A police raid on KC Fashions, a clothing sweatshop in the Auckland suburb of Glen Eden, found seven Thai women working in slave labour conditions. The employer had allegedly taken possession of their passports when they arrived in the country and forced them to work 13-hour days for \$NZ570 a month.

Police raided the factory after the women called for help on a phone number advertised by the Human Rights Commission. The women were forced to work from 7.30 am until after 10 pm. They often worked through the night or slept in the factory and were frequently seen queuing to wash their hair in a bucket in the carpark of the industrial estate where the factory was housed.

Hundreds of Asian women are believed to be virtually imprisoned in similar conditions in illegal clothing sweatshops. A spokeswoman for the Thai Embassy told the media that many illegal clothing factories were springing up in New Zealand. "Economic difficulties in Thailand mean many women are coming here because they are told they can earn good money. Often they find they are trapped into working for a pittance," she said.

A Distribution Union spokesman, Mike Coleman, cited another case where Chinese women were working around the clock and living in the basement of the premises housing a clothing factory. "As one was leaving the bunk, another took her place to get some sleep," Coleman said.

The two developments are opposite sides of the same coin. The closure of the Bendon plants and the slave labour conditions encountered by growing numbers of immigrant workers are the product of the same relentless drive to become "internationally competitive" by continually lowering production costs, wages and working conditions.



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