# Women workers face super-exploitation by global corporations

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An Oxfam report, *Trading Away Our Rights: Women working in global supply chains*, highlights the plight of women working in garment and food production supplying goods to major Western retail companies.

The report is based on workers' experiences in 12 countries: Bangladesh, Chile, China, Colombia, Honduras, Kenya, Morocco, Sri Lanka, South Africa, Thailand, the United Kingdom and the United States of America. It shows how big retail companies based in the West have been able to benefit from the globalisation of production at the direct expense of mainly women workers.

The report explains that tariff reductions over the last 20 years have greatly reduced the cost of trading. Many countries, especially developing countries, have created investment incentives. Export processing zones (EPZs) have mushroomed.

These EPZs set up on industrial parks offer tax holidays and other incentives to investment. Their numbers have exploded over the last three decades, from 80 in 25 countries to 3,000 in 116 countries in 2002. Each EPZ competes with those in other countries and even in other provinces of the same country to offer greater incentives to investors.

Within the EPZs labour flexibility is at a premium. Often workers within them have fewer employment rights. The report cites an International Confederation of Free Trade Unions survey, which found that in at least 16 countries workers in EPZs had fewer trade union rights than those outside. Often contracts are short term. The report explains that in China, internal migrant workers move to the EPZ areas on one-year contracts and lose residency rights if they lose their job.

These large retail companies have used computer and internet technology to make real-time communication across extended supply lines. This has enabled them to exploit just-in-time techniques and short lead times at the expense of the producers, who respond by imposing the costs on their workforce.

This domination of local producers by global business concerns is aided by the fact that transport costs have been dramatically reduced. Sea freight costs fell by 70 percent between the early 1980s and mid 1990s. Airfreight services have also expanded.

The report quotes a World Bank statement on the power accrued to the big retail groups. "Local firms may not capture the benefit of the transfer technology and increased productivity through networks if multinationals have a wide choice of production locations and a monopolist position in the purchase of supplies [one buyer choosing among many producers]. In this situation, competition among suppliers may drive prices down and the benefits of local firms' productivity improvements will accrue to the multinational."

Buyers use devices such as Internet "reverse auctions" to cut prices charged by the suppliers. The suppliers compete amongst themselves to offer the cheapest rates to the buyers. The report explains how this impacts on the workers:

"In Chile, 75 percent of women in the agricultural sector are hired on temporary contracts picking fruit, and put in more than 60 hours a week during the season. But one in three still earns below the minimum wage. Fewer than half of the women employed in Bangladesh's textile and garment export sector have a contract, and the vast majority get no maternity or health coverage.... In China's Guangdong province, one of the world's fastest growing industrial areas, young women face 150 hours of overtime each month in the garment factories—but 60 percent have no written contract and 90 percent have no access to social insurance."

The garment trade responds easily to the pressures of globalised production. The report states, "The cut-make-trim stage of garment production—where cloth turns into clothes—is a highly labour-intensive industry. No invention can yet compete with the speed and dexterity of a worker, usually a woman, at a sewing machine. And since sewing machines are cheap and mobile, investors have, for decades, shifted their factories around the world in search of new low-cost, competitive locations, knowing they will find workers wherever they go."

The retail giant El Corte Ingles, controlling 90 percent of Spanish department stores, has more than doubled its pre-tax profits since 1997. Iduyco, a sourcing company, bought in over 12 billion items, from around the world for El Corte Ingles in 2001. The report cites how Iduyco uses 11 small to medium sized producers in Morocco to produce garments for El Corte and other Spanish retailers. These factories employ 6,500 women to produce clothes. Over the last three years the factories report that the prices paid to them have fallen by around 30 percent a year. Over the same period the lead time for supplying the goods has fallen from 14 days to between five and seven days. These are some of the shortest lead times in the industry.

Many of the women workers have no written contracts and some are on revolving three-month contracts, giving them no security and fewer rights. In high season the women have to work excessive overtime, citing figures of 12, 13 and even 16 hours a day. Often they are not paid the full rate for the overtime worked. Health is affected, with workers suffering from backache, respiratory problems, and kidney problems arising from restricted monitored access to the toilet amongst other factors.

Supermarkets dominate fresh produce retailing. Wal-Mart is the world's largest retailer. It purchases from 65,000 suppliers worldwide and has 1,300 outlets in 10 countries and is a model for other such concerns.

According to the report, in the USA Wal-Mart and Kroger controlled 92 percent of fresh produce retailing and in the United Kingdom five supermarket chains controlled 70 percent of the market by 2003.

According to Oxfam, Tesco (a UK supermarket) controlled over a quarter of the British grocery market, and bought produce from over 100 countries. For the year 2002-2003 its pre-tax profits were nearly $2.5 billion. Tesco buys wine and fruit from South African producers. Oxfam reports that the company demands "open book costing"—financial transparency to be able to strip out costs. Most of the cost saved accrues to Tesco. The report quotes a packhouse manager:

"They look at the cost chain and we have to declare all our costs and then they say 'we don't need this cost' and it is cut. They heighten the risk but the sting in the tail is that they take 80 percent of the entire amount of savings with only a small proportion to the producers.... If you mention their margins you run the risk of losing your toehold with them."

Oxfam spoke to farmers and workers in South Africa. An apple farmer said, "There is less permanent labour and fewer perks and lower increases for those that remain. This is a result of overproduction and suppression of prices by retailers."

Joanna, who has worked on farms for nearly 20 years, said, "Many of the farmers are retrenching their permanent workers because they cannot afford it any more ... Where must we go?"

The report is the result of detailed research and graphically demonstrates the conditions facing workers throughout the world. When it addresses what should be done to oppose these developments, its authors resort to appealing to the "better nature" of governments and big transnational companies.

They say, "It is not inevitable that globalisation marginalised the poor in general, or poor women in particular. Nor is it inevitable that the expansion of international trade creates 'a race to the bottom', with investors taking advantage of opportunities to relocate. Increased trade and improved working conditions can go hand-in-hand, if governments, companies and international institutions create the right policy conditions. That "if" is a very big one. As the research set out here shows, powerful political and commercial pressures are undermining labour standards."

The reports adds, "No single company or government can make the changes needed to ensure that poor people, and especially women, benefit from jobs in global supply chains ... together the initiative of companies, governments, international institutions, consumers, and investors can make all the difference."

To attribute such fundamental shifts within economic and social relations to the subjective moral shortfalls of a few CEOs and government leaders is to blind one's self to reality.

The globalisation of production and the explosion of finance capital that took place in the 1980s represented responses by different sections of capital to falling profit rates that marked the collapse of the post-war boom.

Keynesian-style economic regulation of international trade—that had been used to stabilise the world economy after the Second World War—gave way as the major corporations sought to maximise profits by the export of capital and production to the less developed world, where production and labour costs were much lower. This was done for the benefit of the financial elite who control the major businesses and could only take place at the direct expense of the impoverished masses whose labour is utilised.

Ultimately, therefore, the plight of these women workers can only be transformed through an international struggle that will reorganise the world economy on a socialist basis with production designed to fulfil the needs of working people.