Thousands of Sri Lankan garment workers retrenched

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According to a survey conducted by the Workers Welfare Centre, more than 60 garment factories out of a total of 735 have closed totally or partially during the past year, retrenching about 4 percent of the Sri Lankan industry's mostly female workforce of 300,000.

Among the large factories that closed recently were: Indev Apparel in Monaragala with 700 workers; PV Garment and Work Wear in the Biyagama free trade zone with 541 and 350 respectively; Pearl Mount Apparel of Matara with 456; Cadillac Garment of Angulana, 400; Hessing Garments of Colombo with 350; Shanex Apparel of Doluwa with 250.

A long list of small factories with less than 100 employees also shut down. In addition, many partial closures and retrenchments were reported.

According to a survey by Oxfam Australia, very few companies paid any form of compensation to the retrenched workers and most of the factories were closed abruptly, without adequate notice. Almost all the closed factories had large employees provident fund (EPF) defaults and some companies had not paid back wages.

One retrenched worker from A.J. Milton & Co told the media at the launch of the Oxfam report that the factory gates were suddenly closed in June 2005. No salaries were paid. "I am struggling to survive. I am still trying to settle debts due before I lost my job and at 45 years I can't get another job," she said.

Another 36-year-old unmarried female worker said she was laid off from Cadillac garments after 17 years of service and now had to work in a small factory earning 4,000 rupees ($US40) a month.

Some workers formerly employed in the Ratmalana industrial zone, south of Colombo, explained their plight to the WSWS. About 15 retrenched Best Way Fashion workers had gathered to see whether they could get their unpaid salaries.

A 27-year-old woman said: "That was my third job. I came to Ratmalana from Welimada (a rural area). The second factory I worked in was closed within nine months without any compensation. Even the EPF was not deposited.

"Then I joined another factory. It was closed last December without us being paid the November salary and other salary arrears. I have six members in my family. My father was a retired carpenter. My sister and I were earning for the family. But we both lost our jobs."

Another worker said: "We still have not been able to find another job. Life has become very difficult as there's no money to pay for food and rent." Some had left their boarding places and were staying with friends until they found work.

Some vacancies had been announced in Ratmalana garment factories but workers explained they were reluctant to apply because they would have to start as unskilled workers for lower salaries.

Most factories have begun slashing workers' attendance bonuses, overtime payments and leave entitlements, while increasing daily production targets. A worker from DNP Garments at Ratmalana expressed her disgust: "Every day work is compulsory from 8.00 in the morning to 7.00 at night. We didn't even get a holiday for the Christmas festival. I hate this job. The situation is worsening day by day. We have no freedom at all."

The Multi Fibre Agreement (MFA), in force from 1974 to 2004, gave "developing countries" almost guaranteed shares of the world market. It was initially designed as a short-term measure to allow industrialised countries to restructure and adapt to competition from cheaper imports. Increasingly, however, global garment companies utilised the system to outsource production to low-wage sweatshops run by local entrepreneurs in poor countries.

Many of the same firms are now using the abolition of quotas, demanded by the World Trade Organisation, to shift production to even lower-paying locations. Last October, the UN's International Labour Organisation stated that million of jobs were being affected worldwide. In a recent press release, the International Textile, Garment, and Leather Workers Federation said serious plant closures and job losses had been reported in Kenya, Cambodia, Mauritius, Philippines, and Tunisia, as well as Sri Lanka.

The US was the single largest market for Sri Lankan garments, accounting for about 60 percent of total exports. While the value of Sri Lankan garment exports to the US grew slightly by 3.13 percent in the first three quarters of 2005, this compared to rises for China, India and Bangladesh of 56.21 percent, 23.96 percent and 12.26 percent respectively.

The Sri Lankan government has been desperate to negotiate a Free Trade Agreement (FTA) with the US but so far has failed. After discussions with US officials at the recent WTO conference in Hong Kong, trade and consumer affairs minister Jeyaraj Fernandopulle lamented that Washington had initially agreed to give Sri Lanka least developed country status, following the December 2004 tsunami. "But they have backtracked now and the chances are remote," he said.

Addressing Sri Lankan business leaders in Colombo on January 10, the US ambassador Jeffrey Lunstead said bluntly: "I would not bank on the FTA as a solution right now... There is a chance but not a great chance." He insisted: "Instead of looking at market access for Sri Lankan products as a type of development assistance, Sri Lanka should look at the major benefits that accrue by opening other markets in other countries."

His remarks reflect the interests of US and other multinational clothing makers and retailers. They are determined to continue reaping the benefits of shifting garment production to countries, such as China, with the cheapest labour and harshest working conditions. Garment workers in Sri Lanka can only defend themselves through unified struggles with their fellow workers internationally against the companies and the underlying profit system itself.