

Subject: Hugger and VisionTex

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NOTE: This is not a transcript. This document comprises interview notes from the interview conducted with workers from Central General Trabajadores in San Pedro Sula, Honduras, on November 2nd, 2012. We hope to provide a direct transcript in Spanish and English as soon as resources become available.

[Clip 27]

Can you tell us a little bit about the background of CGT?

CGT is one of three central worker organizations centered in Honduras. It was founded in 1970 and has 13 affiliates, which consists of rural and factory workers. Within CGT there are different sectors, including industrial workers, teachers, rural workers and others.

What were the original labor rights violations that closed the Hugger and VisionTex factories in Honduras and the processes to combat those violations?

From 1993, CGT has worked with factory workers. We help in two ways: assistance in labor issues and assistance in the creating unions within the factories. There is one problem we found and that is production goals for workers are set too high requiring more hours per day than what was allowed. In most cases there was no health care or overtime and sometimes factories close with no severance pay or benefits. In the case of VisionTex and Hugger, the companies prohibited workers from forming unions and did not pay workers benefits at the time of factory closure. To help VisionTex and Hugger, CGT presented the case to the Ministry of Labor, but the ministry did not have enough power. Accordingly, the CGT tried to find other ways, leading them into contact with organizations in the United States, like Workers Rights Consortium (WRC) and United Students Against Sweatshops (USAS). CGT also gained lots of support from universities in the form of students and professors and such. The workers in the factories sought out CGT and when the owners of the companies were confronted they did not show their faces.

Why was the factory closed?

The general manager of the factories was also the owner of the factories and informed the workers that they could not form a union in response to a number of labor violations. The manager said he would rather close the factory than offer them benefits.

Is the story at Hugger the same as VisionTex?

The factories were both closed on the same day because they didn't accept the form of unions the workers were pushing for. The owner of VisionTex was Korean and the owner of Hugger was Honduran-American.

What were the specific violations prior to closing and what else was happening at the time?

In Hugger they denied workers the ability to go to the bathroom. They had guards at the gates of Hugger, forcing workers to stay until they reached the production goal for the day.

Is it the same for VisionTex?

In VisionTex, they deducted social security from the pay, yet never provided the social security. The production goals were set far too high and they controlled when workers went to the bathroom. VisionTex has in-house doctors so the workers did not go to social security. These doctors within the factories could give permits to workers without confirming the medical. At VisionTex, they started firing people six months before closing because if they fire them they do not have to provide severance benefits. Pregnant women also got no medical attention when it was needed.

Were the workers aware that the factories were about to close?

For workers it was a surprise. In December they sent workers to take a break or a vacation and when workers came back to work the factory was closed. This was the same for both factories.

How did the international organizations get involved and what role did they play?

For CGT, VisionTex and Hugger were the second case international organizations got involved, the first was the Jerzees Workers. Before, we never thought to take conflicts out of the country thinking we could solve them within Honduras, but we realized we could not do so. We were very interested in how international organizations would confront the situations. We saw how the organizations worked and made clear that we were very serious and diligent, because we had had bad experiences with international organizations before. In the case of the FLA, they believed more in the brand and what the brand says about the product. For WRC and students, they confirmed the truth of the labor violations against the workers in the factories, which is when we realized international organizations could provide help. What we learned in the process is that it is important to have conversations directly with the brand. The brand must understand that they don't check the quality or the production system and human beings create these products and they have certain necessities. Nike knew what was happening because these were subcontracted factories. Nike had contracts with two companies, New Holland and Start, and these companies subcontracted Hugger and VisionTex. In the Nike case, the brand sends auditors to the subcontracted factories so they could know what was occurring. One day, we went to the factory with the labor ministry and found an auditor from the brand was working in the factory at that moment. This means the brand knew what was happening in Hugger and VisionTex. At the entrance of Hugger and VisionTex, there is a code of conduct and we believe that if Nike follows the code of conduct, they will respect the workers. The mutilation of rights will not happen if the brand respects the codes. It is important to tell brands they need to take care of their workers.

In the code of conduct, it is the social part where they will the decisions. In Honduran Labor History, there are no other cases of such significance as the Hugger and VisionTex cases.

How does CGT work with organizations like the WRC in gathering evidence?

The workers can provide personal statements and WRC conducted a lot of interviews even when the factories were closed. There were video interviews conducted and workers also gave the WRC their salary receipts. Workers also gave them papers with the medical stamp that restricted them from going to social security.

How do you form the strategy to proceed especially in this case?

[Clip 28]

Since the factories were closed, what was the process?

When the factories closed, we went to the Ministry of Labor to see what the law said on the matter. According to the law, they must give all the equipment to the employees until the money from the benefits was given to the employees. The workers protested and coordinated with the Ministry of Labor to get a letter saying that all machinery/equipment now belonged to the workers. The success of this method is on case-by-case basis, though. In other cases, we had to go to court to get the machinery turned over to the workers. At Hugger, the workers worked to get this machinery ownership letter signed by the owners of the factory. However, they knew if they owned and sold all the machinery from the factory, it would still not be enough to compensate the unemployed in terms of severance pay. An article in Honduran law mentions solidarity saying the workers must confirm they work for a brand and that brand is responsible for all things involved with the case. We confirmed that the products produced in Hugger and VisionTex were university products. Some University officials even travelled to Honduras to confirm that their products were being produced in the factories. We attempted to contact the brand but got no response, which prompted us to go the states. We visited universities and spoke to students, professors, administrators and also unions and politicians. It was at this time we got the support of certain international organizations. Nike is a highly publicized brand and they do not understand the necessities of workers. The support and response in the United States made Nike pay attention. Two important things happened as a result from the Nike agreement: [Make training available for employees], and health care/benefits for workers. Nike is paying health care for workers for one year following the closure of the factories in form of social security checks they may use for one year.

[Clip 29]

During the year, the workers could go to us and collect checks for the public health care system and Nike is paying for this.

Do the workers go to a private hospital or somewhere else?

It is a public system and normally the workers pay for most of it and the owners pay the differential, but in this case Nike is paying for everything. Nike had to come in and give jobs to the workers who were working in these particular cases. In the process of these cases, the brand must abide by what the contract says when they sign it. For the workers and us, we feel we are moving and making progress.

What part of the settlement has advanced the most? Have some aspects advanced more than others?

All the social parts are moving fast, such as the fund for the workers and the health care. The slow moving parts are the training and the contracts for the new employees that were not rehired. The most important parts are the new contracts, which is where we are stuck relative to the other aspects. Nike is not the best in this regard.

How is the rehiring process supposed to work, given these are subcontracted factories by Nike?

The training is for people who are going to work under the new contracts. But even if they pass all the tests, the workers are not always guaranteed a job in the factory. The workers feel that Nike is not providing enough upkeep and feel left out by them. It is important to note that Nike has no factories in Honduras and we are uncertain whether this is political and their objective to only have subcontracted factories in Honduras. In the agreement between the subcontracted company and Nike, in Honduras' case it is [New Holland], they must give jobs to former Hugger and VisionTex employees. There have been no advances in this area. Discrimination also exists in what VisionTex and Hugger pay workers.

When former Hugger and VisionTex employees go to New Holland for jobs, what is the reason New Holland gives for not hiring them?

New Holland tells the workers they will call them and to be ready or they do not pass the test. In this test, New Holland does not state the justification for workers not passing the test. Many of these workers have been operators for many years, doing the same job, and to say they cannot perform the tasks is unjustified. Hugger was even a certified company by Nike.

Can they explain the health care system and how it affects the workers' quality of life?

Having social security is a big benefit but in Honduras it is always minimal. Social security is better than even the public hospital because with the checks they can get tests and such for free. For people who are unemployed at the moment, it is a big save. In public hospitals you have to pay for tests, exams, medication, etc. Public hospitals may not even have the correct machinery to perform certain tests, but social security does.

What health care issues do some of the workers face that is covered by the social security fund, particularly coverage for younger women who may become pregnant?

Any type of sickness, surgery, or attention needed is covered for workers and children. Spouses are not covered though. However, if a worker is a man and their wife is pregnant, they can receive benefits for the wife.

What was the impact of the emergency supplied by Nike on the workers?

The impact was very helpful and helped pay some of the debt that workers had developed over the period of the case. Many of the workers are single mothers so they had rent and school to pay for. When they got the funds from Nike, much of it went to paying back the debt that had accrued over their period of unemployment. So the money was gone very quickly.

What were the most important groups/organizations in pushing Nike?

For us, all the organizations were important. The groups were always supporting us and were going to see the case to the end.

In the end, why do you think Nike made this settlement?

The workers carry their image. In the states, Nike has a very clean brand image and portrays itself as helping people even though Nike disliked what was said in the cases and even those people. People representing Nike didn't believe what was happening in the campaign. In the middle of this campaign, Nike gave Tiger Woods millions for a personal problem he had at the time. While the workers are the ones who made the products and Nike did not want to support them.

If Nike cares a lot about their image, what threatens their image? Is it the students or is it more general?

The first thing that's important for consumers is to know what they are buying or what the corporation is. We have no implications to lie or say anything bad against any brand. But we want to prove there are violations occurring for the people who make those products. Nike needs to be more conscious in the brand and care more about workers and violations. The best way to do that for the brand is the prevention of such instances like in Honduras from happening. The brand must understand they must cooperate with workers and people in any country they're in. If the brand is more involved with workers these sorts of cases will not happen. At the moment, we are handling another case called Pinehurst Manufacturing. In this factory, they make clothes for different brands like Adidas and Nike. There are lots of conflicts with this company and brands do not want to get involved in the situation. Two weeks ago, Adidas said they were doing an investigation at the plant and we do not know what this will constitute. At this point, the plant has fired people associated with unions. Even with the global agreement between Nike and CGT, Nike must increase the level [INAUDIBLE] (~24 min.). Nike is going to take their product out of Pinehurst Manufacturing but they are putting more production into because it is part of the agreement. Pinehurst Manufacturing has workers who are part of the CGT. We called Nike for explanations as to why they are taking our production from this factory. To create understandings with the brand, Nike needs to be part of the situation because it is a complicated

conflict that when involved could improve productivity. In these agreements, it's important for organizations to follow the next steps in the process.

What's your understanding of a University's process in ending its contract with companies like this?

We discussed what the role of universities could be in their contracts. Universities being more involved in the certification of the plants will put more pressure on the brand. The students need to be more involved in the whole process because they can help with the certification of the factories that are making the products because they are the largest consumers of what is produced in Honduras. Basically, making all the parts of the supply chain and the consumer, from the plant to the store, more involved. We do not know the procedure of the universities in regards to the brand nor we know the relationship of the brand and the university. But student must take larger role in ensuring that when a factory is certified that there are no violations within that factory.

If there were one thing they could tell to people, particularly university students, what would they say?

We think the students should ask the brands where all the products come from because in our case as a subcontracted company, our rights were violated.

In regards to the Hugger and VisionTex factories, were they only producing goods for Nike or for other brands as well?

Hugger had 13 U.S. affiliates, but during these two years, it was mostly Nike. Other brands included Adidas and others but it was very minimal. It was 95% Nike and 5% others, except at closure where Hugger was 100% Nike production. VisionTex had five years working with Nike with eight line productions, and only one of those lines was for another brand, the rest were for Nike.

Did you know how much of your production for Nike was going to universities?

In the particular case of Hugger, they knew because they print logos on the t-shirts. So they knew where the products were going. VisionTex did not know where the product goes because it goes from VisionTex to New Holland to the United States.

How have conditions in *maquilas* changed in the last 10-15 years?

A lot has changed but not for good. Something of importance is after the signing of the agreement between Nike and the two companies we feel the brands are more interested in what is happening in Honduras. We know that associated in the maquilas had meetings with subcontracted...

[Clip 30]

...companies, they have to be more careful with the labor violations of employees.

Now, is that a positive development?

Yes.

What is the typical background of the maquila worker?

The average age is between 18 and 25 with some sort of work experience. It is 70% women and 30% men. If you are pregnant, you cannot work. They don't like to hire women who are overweight because they get sick more frequently. Workers cannot have asthma. There's discrimination for political positions in regards to sexual orientation and some companies do not hire black people.

How has the gender ratio changed?

There has always been the same balance since the 1990's, even the 80's.

What are some of the special challenges women workers face?

The double shift. Many of the workers have to work in the factories then go to work in their homes. The factories barely pay livable wages so the workers make bare minimum to survive. Many of the workers quit school for work. Some workers have 30-35% of their body damaged from the job they are doing. Even two to three years working at jobs have negative consequences to worker health. This is the reason why it's the brand's responsibility. One solution is to have the owners at the maquilas be more conscious by having lower goals and changes in the routine such as number of hours. This could benefit production and decrease the number of labor violation cases. This is the reason why we are so insistent on pushing for more social clauses in contracts. It is just another way to get more benefits for workers who are reaching production goals.

What are the special challenges that pregnant women face?

It's complicated because the moment someone is pregnant in the maquilas they are discriminated against. [INAUDIBLE] are making money as a production response.

What are the challenges of forming a union in a maquila and what the special challenges union workers have are?

In CGT, we have an organization program where a union already exists and they have collective contracts. They have benefits and labor dignity relations. The reason to be in union is the collective contract. For example, Jersey Workers and [INAUDIBLE] signed the first collective contracts. For companies without a union, the CGT is defining a strategy for how the workers can organize with just one union. The idea is that workers to have better position. In the end, the process is to bring more benefits for the workers into their lives like vacations, social security, and other benefits. We know it is not easy to get one union in a company and in some maquilas

there are still violations in the right of workers to form a union. We are looking for what is right in respect to the law to form a union because at this moment they are not respecting.

What percentage of maquila workers are in unions?

Of all workers in maquilas, less than one percent are in unions, so they basically have no right to form unions. There are 100,000 workers in maquilas and less than 5,000 workers are in unions. 125 of them are [INAUDIBLE]...1.8%.

So most of the maquilas that make products for Nike do not have unions?

In the case of New Holland, they have one union.

Have you ever taken any cases here to domestic courts? Have any of them been positively resolved or what's normally the outcome?

In the case of Hugger and VisionTex, we took the case to court. But they got the compensation from Nike, so we stopped the cases in court.

Have there been any other cases where you've taken corporations or factory-owners to court?

No, the first step is to work with the Ministry of Labor.

Had the CGT not stopped the case, what would their expectations in court have been?

We didn't have an expectation of courts in Honduras.

Why?

We had minimal success in other cases where workers presented to the court and the court and the legal system did not help the workers. The same people who control the legal system are involved with the owners of the maquilas. Even the people who make the law in Honduras are the same businessmen.

How do the factory owners respond when workers/CGT talk directly to the brands?

The workers are receiving bad responses from factories. They are seen as enemies in the production system. It is not a positive reaction from companies and do not see the workers with good eyes.

What your thoughts on the auditing/monitoring process on the maquilas by Nike and their accuracy?

When auditors come to factories, all the workers are really happy because that day all the bathrooms are cleaned, water is provided, as is air conditioning, and there is toilet paper in the

bathrooms. When the auditors leave the toilet paper is take away and there is no water. For workers, auditor day is party day. The owners of factories know when the auditors are coming, so they tell the workers when the auditors are visiting. However, even when the auditors are coming, after their shifts, the workers have to clean the factory. Therefore, the auditors are not credible.

Is there anything else important that they wanted us to know?

The brand has to be a part of it and involved in the conflicts.

INTERVIEW NOTES