

FILA Still Silent on Workers Rights in Indonesia

NIKEWATCH NEWS - May 2005

Challenging Sports Brands to Respect Workers' Rights

This month we update you on the situations faced by workers producing for Fila and Adidas in Indonesia and for Nike in Thailand. There's also news of a small but important step forward – Nike has released the addresses of all factories supplying Nike-branded product.

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1. FILA Silent on Workers' Rights

On 11 February 2005 the 3,600 women and men working at FILA supplier PT Tae Hwa Indonesia returned from a public holiday to find the factory had closed, leaving them all without jobs. FILA was the major customer of the factory from 1994 until 2005, accounting for between 70 and 90% of the factory's production. The workers want FILA to set up a fund to pay their compensation entitlements.

FILA has so far failed to respond to letters from Oxfam Community Aid Abroad and other international organisations regarding the case. Plans are afoot to step up the pressure on the company – stay tuned for more information and how you can get involved.

For more details and to take action see

<http://www.oxfam.org.au/campaigns/nike/action/taehwa.html>

2. Nike In Thailand – Progress at MSP Sportswear!

Many thanks to all readers who sent emails to Nike in support of the three women union organisers fired from Nike supplier MSP Sportswear. Nike and MSP Sportswear recently agreed to offer two of the women their jobs back, including full back pay to the date of dismissal. The third woman agreed to a financial settlement. While it is disappointing that Nike took so long to uphold its code of conduct in this case, it is positive that Nike eventually cooperated and helped ensure that the workers' rights were respected.

For more information see

<http://www.cleanclothes.org/companies/nike05-03-23.htm>

3. Adidas in Indonesia: Update on Freedom of Association at Pt Panarub

Regular readers of this newsletter will know that we have had an ongoing concern about labour conditions at the PT Panarub sport-shoe factory which employs more than 10,000 workers in Tangerang, Indonesia and produces exclusively for Adidas. We reported in December 2004 that the Worker Rights Consortium (WRC) had released an updated assessment of working conditions at the factory. A summary of the WRC's findings and recommendations can be found at www.workersrights.org.

Recent meetings with PT Panarub, Adidas and both unions at the factory indicated that substantial progress has been made toward implementing most of the WRC

recommendations. The remaining serious issue is freedom of association. There has been a history of discrimination by factory management against one of the unions and so the WRC recommended a process for workers to verify their union membership. This process has yet to take place. Discussions with Adidas and the factory are continuing and we hope to be able to report on a resolution of this issue in a future edition of NikeWatch News.

4. A Small but Important Step Forward – Nike Reveals Factory Addresses

Oxfam Community Aid Abroad welcomes Nike's decision to release its address list of factory suppliers for Nike-branded products. The release of factory addresses is an important step forward in terms of transparency and we strongly encourage other brands to follow Nike's lead. We also encourage Nike to release the addresses of factories making the other brands which Nike owns, including Converse and the discount sportswear Nike produces for sale in Wal-Mart stores.

The addresses were made public in April as part of the launch of Nike's latest Corporate Responsibility Report. Another positive aspect of the report is Nike's openness in admitting that between 25% and 50% of its supplier factories are:

1. failing to provide workers with one day off in seven, and
2. paying wages below the relevant legal minimum wage

Nike also acknowledges that the company's business decisions—including manufacturing timelines and pricing—may contribute to negative impacts on workers. More information is needed in order to assess whether Nike's "balanced scorecard" approach to selecting factories will reduce this problem.

While openness and transparency are important, there is a difference between admitting to problems and solving them. Oxfam Community Aid Abroad remains concerned that the great majority of workers producing Nike product are still not paid enough to meet the basic needs of their dependents and are denied their right to freedom of association.

It is good that Nike acknowledges that trade union rights represent a key challenge for the company and admits that some suppliers are actively and illegally opposing organising efforts. However, Oxfam Community Aid Abroad is aware of only a few isolated cases where Nike has helped increase the space for Nike workers to exercise their trade union rights and in those cases Nike only acted positively in response to sustained campaign pressure.

On wages, whereas Oxfam believes companies should commit to a living wage, Nike's report makes it clear that the company does not support this approach.

Nike's moves to increase transparency in its supply chain are welcome. We encourage Nike to match this with a commitment to ensuring that workers are paid a living wage and with concrete action to ensure that workers' trade union rights are respected.
