The Fiji Garment Industry

Oxfam

This report was commissioned by Oxfam and written by Donovan Storey BA (Hons) (Cant), DipDev and PhD (Massey)

As part of the Oxfam International family, Oxfam New Zealand works worldwide with poor communities, with a particular focus on our region, to understand the causes of poverty, injustice and suffering and to develop, campaign for, and deliver lasting solutions which support basic human rights. Oxfam has no religious or political affiliations.

Donovan Storey is a senior lecturer in Development Studies at Massey University.
He previously taught at the University of the South Pacific in Fiji.

Cover photograph: Martin Wurt/OxfamCAA

Contents

Report Summary

This report examines the garment industry in Fiji. The Fijian garment industry has had a short and often turbulent history. A product of the post-1987 coup strategy of export-led economic development, coupled with key preferential trading arrangements, it had a dramatic early growth. The industry rapidly became a critical part of the economic structure of the country, surpassing sugar as the number one export sector in 1997.

Critics, however, point to the fragility of the garment sector and its dependence on markets and buyers over which it has little control. The sector has struggled to mature in terms of becoming an efficient and sustainable industry. Its reliance on preferential trade agreements which gave rise to rapid growth has masked its inability to value-add to products and develop key markets outside of the region. Even government and owners themselves appear to be going cold: a number of interviewees remarked to me that they felt the industry was either stagnating or, worse still, dying.

The industry has come in for sustained criticism over the years, as this report will show. Low wages, precarious employment, examples of abuse, and threats against union membership have all been documented at one time or another. Recently media reports have also accused the industry of turning a blind eye to (albeit uncorroborated) claims of child labour and even creating a rise in prostitution, as workers supplement low incomes.

Nevertheless, the sector continues to be critical for Fiji in a number of areas: in terms of its role in economic growth; employment creation; foreign investment and skill development. While there remain critics of the industry, particularly in terms of its record on labour issues, no one would wish to see the sector disappear – if only because of its role in employment creation, especially among unskilled and mostly poor urban women. There are around 15,000, mostly women, still employed in the garment industry and their incomes are estimated to affect the lives of some 80,000 people, or 20percent of all urban households. It should also be noted that at least some of this

income is further remitted to extended families in rural areas, making the industry extremely significant in terms of poverty alleviation.

However, this ‘successful’ industry has a very uncertain future. Its development here is referred to as ‘dependent development’. Since the late 1980s the garment industry has evolved on the back of key preferential trading agreements, notably SPARTECA (the South Pacific Regional Trade and Economic Cooperation Agreement, 1980), the Import Credit Scheme (ICS) and the Multifibre Agreement (MFA). Historically, manufacturers have relied upon a few key markets (especially Australia) for continued purchasing support. Domestic political instability, and its aftermath, has also plagued the industry. Most recently the coup of 2000 almost dealt a fatal blow. Finally, its initial role as a Cut, Make and Trim (CMT) industry has been all but eliminated by cheaper production sources in the People’s Republic of China (PRC) and South East Asia, but many factories so far have failed to move beyond this role thus increasing their vulnerability to the global market, and consequently the vulnerability of their workers.

The garment industry is therefore of particular significance and importance. It remains a critical industry for the economy and a source of employment for the poor. However, its precariousness is highlighted by even slight changes to regional and global trading agreements and political volatility. Criticism over labour conditions and freedom of labour rights also continue to weaken the industry’s standing.

Where the answers may lie is a key objective of this study.

The terms of reference were to

- Investigate the labour conditions in Fiji’s Export Processing Zones (EPZ), and in particular examine the impact of the 2000 coup on economic strategy.

- Examine the changing nature of ownership and employment in the EPZ and link this to local and global economic pressures on Fijian-based exporting industries.

- To outline the links between the Fiji garment industry and regional trading agreements, and to look at the role of both Australia and New Zealand in the industry's past, present and future.

- To suggest ways in which Oxfam can use the research, in terms of lobbying, awareness-raising and campaigning to more positively affect the lives of workers in the garment industry.

- To tie in this research to Oxfam's Make Trade Fair campaign, focussing specifically on issues of gender; precarious employment; worker conditions; worker's rights and making trade fairer for all. These issues have been selected as especially relevant to this research.

Methodology

The research was carried out over a thirty-day period beginning July 2003. Key questions and the structure and purpose of the research was established through Oxfam's focus on labour issues (Oxfam, 2002). Key stakeholders, in New Zealand, Australia and Fiji in particular, were also consulted prior to in-country fieldwork. Fieldwork took place over a 12-day period between September 26 and October 8, 2003. Fieldwork involved interviews with various stakeholders and institutions directly or indirectly associated with the garment industry in Fiji. Primary and secondary literature on the Fijian garment industry is not large, but was consulted through the University of the South Pacific's Pacific Collection, and by personally approaching academics and institutions involved in previous research. The majority of these reports are dated, and often only focus on particular issues, such as health and safety, the garment industry's impact on FDI, or employment data. The methodologies used were also somewhat limited, either being wholly quantitative, surveying workers at their machines, or providing rich data but focussing on only a handful of workers. No studies I came across examined, through interviews, the concurrent views of workers and factory owners/managers. It is hoped that this study will provide a better overall picture of the industry, though of course it still represents the views of only a fraction of those involved.

Another characteristic of the fieldwork component of this study was the use of four female research assistants (RAs). These RAs were employed to reach women of four ethnicities who are represented in the sector, as workers and management, namely Fijian, Indo-Fijians, Chinese and Filipinas. This resulted in approximately 45 workers being interviewed via closed and open-ended questions. The data that was obtained through these interviews was variable, a result of the uneven experience of the RAs as well as the issue of access to workers which sought to minimise harm through avoiding workplace contact and not aggressively pursuing some responses.

As much as possible the words used in this study are of the workers themselves through RA notes, though no recording devices were utilized. All RAs were briefed on not only the purpose of the research, but also key ethical principles to adhere to at all times.

Approximately 20 factory managers and owners were invited to take part in detailed interviews. The final number interviewed was five. This small number was dictated by time, but also by the number of positive responses. Although the sample was small, it was diverse in terms of size, location, history and ethnic ownership. Interviews were in-depth, lasting between one and two hours each. All were conducted at the site of production which allowed the researcher to gain some appreciation of what was produced, the size of the operation and the workforce. Again, I have attempted to replicate the responses made in interviews as accurately as possible without the use of taping.

2 Origins of the Fiji Garment Industry

This section will trace the local, global and regional spurs to the establishment and initial growth of the garment industry. In particular, it will examine the political-economy of growth and the relationship of the industry to structural adjustment in Fiji and the region. The industry experienced rapid expansion following the coups of 1987 and the shift to foreign-exchange earning polices. Its growth (in terms of income and employment) was also attributed to the gradual demise of the garment industries of Australia and New Zealand. The industry was then established in terms of filling an important role following import-substitution policies and preceding the experience of wider globalisation (for example through SPARTECA and the ICS).

2.1 The Tax Free Factory/Tax Free Zone Scheme

The Tax Free Factory (TFF) scheme of 1987 included incentives of a 13-year tax holiday, duty exemptions on capital goods and raw materials, and freedom to repatriate capital and profits (FTIB, 1999:85). Under the Tax Free Factory/Tax Free Zone (TFF/TFZ) Scheme, companies exporting over 70 percent of their annual production were granted a corporate tax holiday for 13 years. Initially this was 95 percent but was reduced. It also included total waiver of licensing for import of capital goods and other production materials and exemption from customs duty on imported capital goods. In addition, there was no withholding of tax on interest, dividends and/or royalty payments paid abroad if they were not subjected to tax in the shareholders' country. Furthermore, final dividend was taxed at a rate of 15 percent when paid to resident shareholders compared to the then normal rate of 35 percent.

A further benefit for TFFs, together with the investment permits granted by the Fiji Trade and Investment Board (FTIB) and tax-free status, was the entitlement to import 'specialist labour' without passing the stringent tests of importing labour from other countries as provided for under the immigration laws (Narayan and Prasad, 2003:13).

A tax free zone is a collection of factories within a specific location which enjoy preferential conditions. Individual factories, enjoying the same preferential conditions, are known as tax free factories.

Reserve Bank of Fiji (RBF), 1993.

SPARTECA: Allowed garment manufacturers in Fiji preferential but non-reciprocal access to the markets of Australia and New Zealand in the form of duty-free and unrestricted access or concessional access.

ICS: Allowed Australian fabric to be shipped to Fiji at a competitive price if it was then used in re-imported goods for Australian wholesalers or retailers.

MFA: A global agreement through which Fiji garment exports enter the US under export quotas. Due to expire in 2005.

Narayan, 2001:37.

Early growth was spectacular, with garment factories accounting for 78 of the 114 implemented TFF projects and 83.4 percent TFF employment between 1987-1990. Garment employment tripled from 3,000 to 10,000 in just four years (between 1988 and 1992) (Reserve Bank of Fiji, 1993:28). New Zealand (16 factories) was the leading source of early foreign ownership, followed by Australia (13) and Singapore (3) (TFF Sector Report, nd:2).
In practice, the scheme came to be dominated by the burgeoning garment sector. In the period 1988-1998, 57percent of all TFF investment was in the garment sector (Narayan, 2001:37) and garment employment became the dominant source all manufacturing jobs.

Table One: Fiji's garment exports, 1986-2002 (F$ million)

Year	Garment exports	Percent of total exports	As percent of GDP
1986	4.8	1.6	0.36
1987	8.8	2.2	0.66
1988	30.1	5.7	2.10
1989	97.3	14.8	6.24
1990	113.7	15.5	7.73
1991	131.1	19.7	7.14
1992	116.7	16.8	5.78
1993	128.7	17.5	5.92
1994	140.9	18.4	6.20
1995	185.0	21.4	6.62
1996	189.9	21.3	7.41
1997	200.1	22.9	7.70
1998	302.8	29.8	10.8
1999	322.1	31.6	11.4
2000	332.9	32.7	11.8
2001	313.9	30.8	11.1
2002	245.4	..	..

Source: Fiji Bureau of Statistics (Various issues).

It was Australia, however, that soon came to dominate the industry. Growth to Australia was spectacular through the 1990s as it moved from a quota to a tariff system and in 1991 Australia implemented the Import Credit Scheme (ICS) which gave incentives for Australian companies to source raw materials from Asia, add value in Australia and then export to Fiji for off-shore processing where a finished product could re-enter Australia under SPARTECA. Under the scheme Australian companies could claim a 'duty drawback' on imported Asian fabrics. Coupled with SPARTECA, the ICS offered further opportunity for the Australian garment industry to strengthen ties with Fiji's emerging garment sector. Consequently, Fiji became, by the late 1990s a key supplier for major Australian brands: Bonds, Yakka, Rip Curl, Country Road, Lee Jeans, Just Jeans, Hot Tuna, Voodoo Dolls, and Wet Wet Wet. Indeed, the Fiji garment industry continues to be quite embedded in the production of recognizable global and regional brands. For example, brands identified through the worker surveys (interviews, 2003) in Suva included:

- Nike
- Yakka
- Australian Horizon
- Target
- Kingkee
- Paulmason
- Farah
- Fijian Creations
- Savanne
- Country Road
- Ada
- Adidas
- Triple Sin
- Casual
- Shan
- David Jones
- Lee Jeans
- Palmer Fleet
- MilFord
- Miburn trainer
- SirNormies

Foreign ownership, particularly Australasian, has also remained pronounced. In the late 1990s Cawthorne (2000) estimated that two-thirds of factories were foreign-owned, including 37 under Australian and New Zealand ownership. Nevertheless, one of the lesser-appreciated aspects of this growth was the number of Fijian-owned factories which were established. Certainly local entrepreneurs saw great opportunity in the garment industry and they also played a key role in the early growth years of the 1990s (Gaunder, 1990:19).

Table Two: Manufacturing and Garment Employment, 1986-98

Year	Manufacturing Sector	Garment industry	Garments as percent of manufacturing.
1986	13,973	1,547	11.0
1987	13,814	2,069	14.9
1988	14,040	3,299	23.4
1989	19,666	5,934	30.1
1990	21,051	7,212	34.2
1991	23,400	7,495	32.0
1992	21,181	7,955	37.5
1993	23,479	8,807	37.4
1994	23,677	9,015	38.1
1995	25,309	9,845	38.9
1996	24,635	10,186	41.3
1997	27,041	13,051	48.3
1998	27,604	18,000	65.2

Sources: Fiji Bureau of Statistics (various issues)

Immediately prior to the 2000 coup around 105 factories were employing 18,000 to 20,000 workers and were exporting more than F$200 million in garments to Australia, the United States, Europe and New Zealand. This accounted for an estimated 28percent of local weekly waged employment (Keith-Reid, 2001). The industry was a key one in terms of providing employment to some of the estimated 17,000 annual new entrants into the labour market (new formal sector jobs typically average 2,000 annually). From 1997-2001 garments replaced sugar as the country's leading export sector, accounting for an average 26 percent of total exports (MoF and National Planning, 2002:15). It was even hoped that the TCF sector would reach F$1 billion in exports in 2005, that employment would reach 30,000, and that the industry would be in a position to move beyond its reliance on preferential trade agreements, Australasia and the United States (FTIB, 1999).

3 The Fiji garment industry: a case of 'tied trade'?

The preferential trade agreements which provided an important impetus to early growth proved a double-edged sword. The SPARTECA and ICS schemes benefited manufacturing plants in Fiji, but also Australian businesses. Raw materials were more likely to be sourced from Australia, processed, then re-sold in Australia. Fiji's garment sector therefore developed a low-skill and low-technology Cut, Make and Trim (CMT) focus. Grynberg's (1997) study of 40 firms showed that 80percent were involved in CMT operations. There was little real reason then to invest in staff development or technology or to enter competitively into other markets. Throughout the SPARTECA regime, trade imbalances actually increased between Fiji and Australia/New Zealand.

SPARTECA was seen as having several weaknesses which held back the maturity of the industry, notably the Rules of Origin clauses; a lack of size which has hampered competitiveness; a dearth of marketing and management skills; uncompetitive exchange rates; and supply constraints, especially the tied nature of raw material supply which was seen to impede both flexibility and competitiveness (Rao, 2002:4). In a study critical of SPARTECA, Rao (2002:23) thus concluded:

> There is a strong relationship between Fiji exports of garments to Australia and New Zealand and her imports of textile yarn from the same destinations. This finding implies that SPARTECA agreement (sic) may not be, as claimed, a non-reciprocal trade arrangement.

While demand was strong and policies stable, the garment industry was able to flourish, albeit on an unsustainable footing. This lack of competitiveness was evidenced, during the boom times, by Fiji's falling export trade to New Zealand. New Zealand had quickly moved into a trade liberalisation pattern in the late 1980s. After significant early New Zealand investment in the Fijian industry, this quickly declined. The reason being that Fiji, without preferential agreements (such as the ICS), remained unattractive to New Zealand investors even after the disestablishment of many of its own garment manufacturers. New Zealand holds in place the derogation period for garment imports from Fiji until 2006, subject to the 25percent local content rule but still investment has lagged. Of late, this has been mirrored in Australian patterns.

Similar observations have been made about the opportunities and costs associated with the MFA. Khalid Nadvi (2003) has noted that:

> Trade preferences such as the MFA quotas can be an important driver in promoting industrial development, but do not necessarily encourage moving up the value chain into functions with a higher value.

Nadvi has further noted that the key to post-MFA survival, for Vietnam and Bangladesh, will be in upgrading technology, enhancing linkages with the textile sector, reducing delivery times, and improving product quality. The Institute of Development Studies (2003) has also suggested that one strategy for garment exporting countries which are being squeezed by the loss of preferential agreements and through low-cost competition is to upgrade to higher value-added activities within the value chain. However, the downside of this is that a number of the least skilled workers will lose their jobs, replaced by higher-skilled workers and more efficient technology. Whatever the strategy, IDS adds that trade reform and changing trade strategies in individual sectors 'should not be regarded as a substitute for anti-poverty programmes'.

(Over) Dependence on the Australian market became more pronounced as the industry grew. This included decisions on design, fabric sourcing and even marketing. At its peak, the Australian market absorbed more than 70percent of total Fiji exports in 1999 (Radio Australia, 30/9/00). The ICS relationship proved very good for Australian fabric makers. In 1996 Fiji exported F$93 million in garments to Australia, but it *imported* textiles from Australia valued at F$65 million (Grynberg, 1997:iii-iv). The main cost to Fiji was and is that it subsequently 'has had little propensity, or opportunity, for product development or growth into other export markets' (TCF Council & MoC, 2003:7). A further weakness is that it did not develop backward and forward supply and integration (for example its own fabric making and dyeing capacity) (Gaunder, 1990:65). However, this is not to deny the undoubted positive legacies: 'Over 13 years the industry developed rapidly and helped reduce the number of unemployed people. It served as a catalyst for the building, transport and food sectors. More families were able to afford education and better living conditions' (FT, 13/3/01).

3.1 Crises in 2000/2001

There was not one shock to the industry in 2000/2001, but several. The first significant blow to the garment sector was the overthrow of the democratically elected People's Coalition by the military following the government being held hostage by George Speight and Fijian nationalists in May, 2000. This led to a protracted military and political standoff which still has repercussions today. United Apparels owner Ramesh Solanki claimed the company lost F$200,000 in the six weeks following the coup and associated sanctions. According to Ranjit Solanki, the industry was losing F$10 million (US$4.4 million) a month after May 2000 (Keith-Reid, 2001), or about one-third of total exports (FT, 23/3/03). Rolls, in a survey of 19 factories, estimated a loss on average of F$380,000 (total lost income of F$7.2 million) (Rolls, 2002:69). There were power shortages, looting of some factories, and problems of safe transportation for workers, which resulted in workers staying home.

Through interviews with industry representatives, Rolls illustrated that of the 48 factories in operation prior to the coup, 14 subsequently shut down, 30 were still in operation and there were four mergers (Rolls, 2002:75-6). Of the 14 which ceased operations:

- Ten cited lost customer confidence as their main reason;
- Two indicated that the slump in Australian orders propelled them to move to China and South Africa; and
- A further two cited the expiry of the ICS in their decision. The coup was the final straw.

Robert Keith-Reid (2001) estimated that between 7,000-8,000 jobs were lost and 'seven or eight' factories closed their doors for good, often without any notice to employees, who were left unpaid waiting at locked gates the following morning. Those exposed to the Australian market were particularly hard hit. Receipts from Australia fell by over 30percent in the 4th quarter of 2000, compared with the corresponding period of 1999 (Reserve Bank of Fiji, 2001:12). Exports to Australia plummeted 50percent in the eight months following the May coup.

Most indications are – and this was confirmed through several interviews – that the factories which closed were predominantly foreign-owned 'fly-by-night operators' (FT, 23/3/03). Industry spokesperson and owner of Mark One Apparel, Mark Halabe, also suggested at the time that expatriate managers were leaving the country after their permits expired (FT, 13/3/01). Many factories in 2001 operated just 3-5 day weeks. In 2003 it was estimated that between 10 and 12 factories had closed down since May 2000 (FP, 8/9/03).

Redundancies have continued, as a result of the coupling of decreased confidence in Fiji's stability with increased manufacturing capacity elsewhere, particularly in Asia. Between January and May 2002 more than 3,000 workers were made unemployed (FT, 29/5/02). Tanjing Garments alone laid off 600 workers in April 2002. Overall, estimates from industry sources put current employment at approximately 15,000, down from around 20,000 four years ago.

The crisis and the continuing lack of confidence has also had significant social consequences, especially for the more vulnerable and poor garment workers. The Fiji Women's Right's Movement, for example, was inundated with women seeking help after the coups as a result of factory closures. Chinese-owned businesses out of Singapore and Hong Kong, in particular, had simply taken their equipment and padlocked the gates leaving workers unpaid (interviews, 2003).

Box one: Company C

Company C is based in Lautoka, on the Western side of the main island of Viti Levu. Towards the end of the 1990s Lautoka and nearby Nadi were very significant in terms of foreign-owned factories, but a number of these closed hurriedly during and following the political turmoil of 2000. Company C is going through difficult times. At its peak it employed 275 workers and manufactured for Rip Curl, SMP and Hot Tuna. Income was averaging between F$30,000-$40,000 a week. Some of these contracts continue, but most have been lost to factories in the PRC. In particular, an earlier relationship with Rip Curl has been lost. Two of its factories closed in 2000, and today it occupies a second-storey location employing 30-40 workers. Finding new contacts is increasingly difficult. To offset this, the factory has its own outlet shops, to help tap into the local (tourist) market.

The owner is currently putting faith in PICTA offering alternative markets and has already established markets for ‘Hawaiian’ or ‘Bula’ shirts in Tahiti (2,000-3,000 shirts a month) and the Cook Islands. The most consistent market is in surfwear. The company sees its comparative advantage remaining in terms of quick turnover (two weeks for most orders) and proximity for Australian and New Zealand buyers. As a small manufacturer, Company C felt the cards were stacked against them. Export tours were seen as merely promoting the big politically-connected Suva operations. The new credit scheme with Australia was seen as ‘worthless’ and government assistance was ‘nil’.

PICTA, The Pacific Island Countries Trade Agreement, came into force in April, 2003. Through PICTA 14 Pacific Island states have agreed to mutually remove tariffs and other barriers in order to free up trade in the region. The eventual aim is to move towards a regional free trade area with the larger states (Fiji, PNG, Tonga and FSM) eliminating trade barriers by 2010 and smaller island countries having until 2012.

Oxfam, 2003

But perhaps just as significant in the past few years has been the phase out of the ICS. Though the Fijian garment industry experienced rapid growth for a decade following its establishment, it remained vulnerable. Through the ICS, raw materials were sourced from primarily Australia and a reciprocal relationship was based on the supply of raw materials from Australia, which were turned into finished products in Fiji, then re-exported to Australia. The S-TCF scheme, introduced in 2001, is seen as failing to continue this momentum. It is confusing and complicated, and gives little benefit to Australian companies. Only when there is a strong, established relationship between the fabric supplier, the garment manufacturer and the Australian customer has the scheme been effective (TCF Council & MoC, 2003:13). Indeed, as of 2002 only 0.6 million of the 8 million credits accrued through the scheme had actually been used (TCF Council & MoC, 2003b:4).

S-TCF stands for SPARTECA-Textile, Clothing and Footwear (TCF). The S-TCF Scheme allows certain TCF goods manufactured in FICs but not meeting all the provisions of SPARTECA to enter Australia duty free in certain circumstances. In particular, excess local area content, or local content above 70 per cent, can be distributed via credit 'points' to other imports with local area content below the required level, that is between 35 and 49 per cent. The scheme came into force on 1 March 2001 and expires on 31 December 2004. The Scheme has been ineffective, with many industry representatives, both in Fiji and Australia, claiming it is overly complicated and offers little incentive for Australia-Fiji TCF trade.

Finally, on January 1, 2001 the TFF/TFZ scheme was withdrawn. A leading Indo-Fijian economist told me that the TFF/TFZ systems were 'disappointing' in terms of attracting FDI and the government felt it was time to try policy alternatives, and that, 'in the end the bottom line is wages' (interviews, 2003).

Box two: Company A

Company A has always been a family-owned enterprise. In the 1970s it was a shop, mainly involved in cutting and outwork, and employed around 7-8 workers. In 1983, it evolved into a manufacturing factory. At one stage there were two factories, one for export production and the other for the local market. The export-only factory recently closed down and now operations are consolidated in the one factory.

By 1986 the company was exporting to the US and Europe. From 1989 to 1993, when it was a TFF, it shifted its focus to New Zealand. With greater competition into the New Zealand market it then focussed on Australia. Finally, with the demise of ICS in 2000 the Australian market also dried up. This finished their knitwear trade. 'The Coups were irrelevant compared to the loss of ICS'. The company owners essentially followed opportunities as they arose and to a great extent trade agreements dictated markets.

Today 75percent of its output goes to the local market and the remainder is exported. Of the export markets that remain most are in PICs, two connections remain in New Zealand and just one in Australia. The factory is now moving into sports clothing and the owners estimate that the local market is now more lucrative than exports, particularly in terms of price per garment. Carlton Breweries, Mobil, schools, government departments and resorts are established buyers. They have the occasional 500 or 1000-garment order from Australia and still have four years remaining on their TFF status. At its peak the company employed over 215 workers, but in 2003 the figure was only about 100. The owners estimated that its focus on the local market has saved at least 50 jobs – especially experienced staff – as CMT operations were 'destroying skilled people'.

In terms of Company A's relationship with overseas purchasers, price is everything. They have never been asked about working conditions, wages or been affected by compliance issues. On the question 'Do your buyers want value-added, more expensive garments, or cheaper ones?' the response was 'they want it all!' 'They basically quote the price in China to us, but we can't make that price. They want good stuff, for as cheap as possible'.

Consequently, rather than a single cause, the Fiji garment industry went into crisis because of a combination of factors: the political crisis of 2000; the end of a significant number of 13-year tax concessions; increasing competition from PRC and South East Asia; the loss of the ICS (a clear consequence of single market dependence); and reaction to impending trading agreement changes. The period of 2000/1 was a 'time of fire' in the words of one factory manager. Given the lack of a single factor, this then poses policy makers and those interested in the continued viability and health of the industry with a range of potential challenges.

With shifting priorities of Australasia towards increasing global commitments to free trade, by the end of 2000 the industry faced a highly uncertain future. Government, additionally, has taken the position that the industry is unsustainable post-2005, despite its critical significance in terms of employment creation. Today the industry is being hollowed out, hampered by uncertainty, the loss of former customers to Asia and a cost structure which is uncompetitive by international garment sector standards.

3.2 The industry today and tomorrow

This section will draw upon the five in-depth interviews with factory managers and owners as well as primary literature on other factories and interviews with a range of organisations with interests in the garment sector. Through these carefully chosen examples I will explore the common issues facing the industry but also note the different responses to these challenges. The 'heyday' of the Cut, Make and Trim (CMT) sector has passed, and today more successful factories are seeking to add value, find niche markets (including in the PICs) and diversify products.

While commenting on the Fiji garment industry at the 16th Australia Fiji Business Forum, Australian Minister of Foreign Affairs Alexander Downer stated, 'We must be realistic – increased competition means that reform is not a choice, it's a necessity …. The choice is between having a textile [industry] that is competitive, or watching it disappear altogether' (PIR, 1/9/03). But what should the nature of this comparative advantage be?

Despite noting the need for reform in order to add value, industry representatives still ‘sell’ their role as a ‘low cost, flexible, short-run clothing and footwear manufacture’ (TCF Council & MoC, 2003:3). Indeed, the industry promotes itself as playing the same ‘strategic role’ for the Australian TCF sector ‘as Mexico and the Caribbean Basin do for the US and Eastern Europe and Northern Africa do for Europe’ (TCF Council & MoC, 2003:8). Dependence on Australia continues. There are still an estimated 50 garment factories exporting garments to Australia (DP, 8/9/03).

Today, there is huge variation in the experiences of factories: some are on the brink of collapse while others are looking to the future with great confidence (see text boxes). The garment industry is enjoying some rebound at present, with export receipts for the first five months of 2003 up 8percent on the previous year’s figures. Overall production for 2003 was expected to be marginally higher than in 2002 (RBF, 2003). Wages too have recently stabilised, or have made slight gains. Even though there were a significant number of closures in 2000 and beyond, it is also pertinent to note that the garment industry historically has been very profitable, attaining between 1986 and 1994 an average profit margin of nearly 30percent (manufacturing in Fiji outside of garments averaged 3.6percent in the same period) (Narayan (2001b).

Nevertheless, with the loss of preferential trade agreements and as a result of the shakedown of the past three years it is a misnomer to talk of a single garment industry today. The garment sector is divisible by size, export orientation, target markets and comparative advantage, as well as positions in value chains.

A number of factories had anticipated the effects of increased competition and upgraded their factories with equipment and staff training in order to be able to produce higher quality value-added products for niche markets. It is widely held that Asian exporters are either not interested in, or not geared for, providing higher quality garments in short time frames, especially for orders which are distinct from high volume/standard-cut production lines. This was reiterated to me by industry representatives and factory managers (interviews, 2003). In addition, several larger operations (with consequences for the industry as a whole) have attempted to improve their relations with workers and even trade unions (see Company E). This would include Mark One, United Apparel and perhaps others such as Ranjit Garments.

It is fair to summarise that these companies are the better-placed ones with regard to future prosperity. They are currently undergoing re-growth following 2000 and are well embedded both locally and globally. However, they are not necessarily typical of the industry as a whole. That they have found niche markets has a great deal to do with their unique and long-term links with wholesalers and their ability to develop markets purchasing high-quality, high-cost products. One company – Outdoor Designs Ltd – even has subsidiaries in New Zealand and Australia. The exports of successful businesses such as this include suits, safety wear, business shirts and specialist clothing (such as GoreTex).

Box three: Company E

Company E is a large, established operation in Suva. It makes men's work shirts; business shirts; and up-market ladies' wear. Some notable brands include King G and Yakka although most of its products are sold to wholesalers which are also shareholders. Its biggest business at the moment is Australian demand for OSH-compliant protective work wear. Around 70-80percent of exports are bound for Australia, where the company also has its own distribution arm. This allows it some control over distribution. It also, through a partner, owns its own fabric mill, which avoids difficulties with supply.

The company currently employs 580 workers. Seventy percent are women and 70percent are described as long term employees, a further 15percent have been with the factory for two to three years. The remainder are typically 'transient, young people straight from their villages' who tend to move on regularly.

Company E strongly believes that to survive companies will have to find niche markets and add value to their products – but this will not be an easy transition and 'plenty of factories will be lost along the way'. It was remarked that anyone competing with China, or 'in their way …. should just give up'. The comparative advantage that the Fijian garment industry will retain after 2005 will be based on specialist and well-trained staff; short runs; the ability to adapt to specified styles; having English as the main language of communication; been close to Southern hemisphere markets; and having a fast turnaround time.

Consequently Company E has invested in technology, including a Gerber cutter. Even so, the industry was described as a ‘bums on seats’ one and labour costs were the key factor for both profit margins and the reason for being in Fiji. It was argued that there was a ‘ceiling on wages’ and if you go over this then you will be out of business: margins were described as ‘generally tight …we sell minutes’. The company claimed to adhere strictly to the minimum wage.

Still, there was an appreciation that the industry, at the bottom of the wage scale, had a responsibility to its workers. Company E had claimed some effort in improving its workers’ lives apart from direct wage increases. Examples include the funding of a (sporadically open) nearby crèche, health assessments for workers, an on-site health centre and a micro finance and savings scheme, from which workers can draw money against their wages for emergencies.

Relations with trade unions are generally good, and the company has accepted the voluntary unionization of its workforce. In fact, this also helped in regaining ground lost after 2000, in terms of credibility and image in the eyes of buyers and overseas governments. ‘We welcome any inspection of our factory, and at any time’. They feel that this policy has created a much better working environment, a more responsive workforce, and less potential conflict with unions and buyers, which is ‘good for business, after all’.

Others are struggling to find markets, are laying off staff and portray the industry’s days as numbered. Many of these organisations have evolved from Indo-Fijian tailoring backgrounds and entered the export market through TFF status. They are now facing painful readjustments. Some, more than others, have gained success through selling locally and are emerging as exporters to other Pacific Island states. They see opportunities in PICTA, but are sceptical of ties to Australasia. By far, these factories are the greater number, and they span those that are experiencing moderate growth to those who are in decline.

There remain some CMT operations, and ‘repackaging’ of Chinese polo shirts for re-export. In recent years, some factories had simply been importing whole polo shirts from China, adding a pocket and label, and exporting them. It was seen as the only possible alternative to turning down orders, as they could not hope to provide shirts at the price (especially Australian) buyers expected (interviews, 2003). In this category of enterprise price is often the main determining factor for buyers, though proximity and turnaround time are also important factors.

Box four: Company D

Company D is a Nadi-based operation which has been operating since 1981 in the local market, and since 1983 as an exporter. Its Tax Free Status expires in 2006. Currently about 5percent of its production is sold locally. Some key brands are Biz Collection, Billabong, and Reef. The most important destination market remains Australia, though it also exports to New Zealand, Tahiti, New Caledonia and the USA. PICTA is being watched in terms of providing alternative markets.

Buyers have fluctuated over time. The end of the ICS with Australia in 2000 coupled with political instability meant the loss of 50percent of production, though by early 2003 this had been recovered. Production mostly consists of knotted tops, Polos, protective clothing and semi-constructed bottoms.

The future of the industry is not seen as particularly bright, being described as 'cancerous' and 'dying': 'the rag trade will not survive 20 years'. Partly this is due to the loss of preferences, '50percent of factories will close with the end of duty free status', but also the inability of the industry to develop its own self-supporting infrastructure. The garment industry still has to scramble around to find fabrics, primarily from Australia, New Zealand and Asia. This has meant that the cost of critical inputs has determined much of the production cost and suppliers have done very well from this arrangement. In short, the industry has failed to become independent.

Finally, there are those factories that are integrated into the global economy in a quite different way. Many of these are Asian-owned and are exporting to the United States. The most spectacular (in terms of size) of these is Ghim Li. There are eight Ghim Li factories located in the West of Viti Levu employing around 4,000 workers. Ghim Li, a Malaysian company, has a chain of 13 factories with manufacturing bases in Singapore, Malaysia, Indonesia, Brunei, China, Guatemala and Fiji. It produces for Wal-mart, Sears, Warner Brothers, Go Sports, Kiabi, Federated, May Department, K-MART, and Goody's. Its Fiji operations mainly produce for Wal-mart in the United States.

Ghim Li Fiji appears to owe its existence to the fact that it can utilise Fijian quota access to the US market (referred to sometimes as 'quota-hopping'). Its production is based on a high quantity of cheap products, which sets it apart from other Fijian manufacturers. It has a number of outsourcing factories in Fiji, including Columbia in Nadi. It has also been a very controversial enterprise, with its high use of female labour recruited from the PRC, a protracted strike in 2003, accusations of 'slavery' in terms of migrant labour housing, and being a sweatshop in terms of the way it operates.

Interviewees assured me that the Fiji operation was profitable, but, even if it were not, it would still provide an important function in terms of fulfilling quotas as part of much larger orders (interviews, 2003). Ghim Li Fiji has certainly expanded significantly over the past ten years, including the purchasing in 2000 of at least two factories from manufacturers who were closing their operations down.

There are questions about Ghim Li's ultimate sustainability in Fiji post-2005. In the last couple of years worries over the US market, and lower US quota intakes have fuelled these concerns. Several interviewees, some with a long-term relationship with Ghim Li, were adamant that their position in Fiji was 'opportunist' and they were not in the country for the long haul (interviews, 2003).

Thus the future looks challenging for the Fiji garment sector. In early 2003 Fiji's foreign secretary, Ratu Isoa Gavidi reaffirmed fears that more than 6,000 workers could lose their jobs once MFA agreements began expiring in 2005 (PIR, 23 March, 2003). As can be seen in this report, owners are not passively waiting for the industry's demise however: refer to the company examples.

Box five: Company B

Company B originated from a tailoring business. In 1992 a long-time clothing store in central Suva was closed in favour of a Tax Free Status company being formed with six employees. Though operations are controlled by an Indo-Fijian family, the company is 100percent Australian owned. High-quality materials are imported from the USA, Korea, and Taiwan and made into niche export products destined for primarily New Zealand and Australia.

The factory has manufactured products for the Australian Police and Australian Army and its labels include Mount, Traverse, Astral and Sienna and other outdoor brands. It manufactures Polar Tec and Gore Tex products and is moving towards small quantities of value-added garments. Its other strengths are claimed to be in quick response times to small quantity orders, and using English as a first business language.

The factory employs around 140 workers and typically operates from 8am to 5pm on weekdays only. Labour is seen as the company's biggest expense. To offset turnover good workers are offered between 5-10percent more than the going rate. This is especially the case for skilled machinists.

In addition, the company has an in-house loans scheme; offers bonuses for productivity; offers funeral expenses for family deaths and one month on full pay is given for next of kin deaths. Workers are allowed to clear with family members before committing to overtime.

The workforce is evenly split between Indo-Fijian and Fijian workers. Previously Filipino workers were tried but this created too many communication problems on the shop floor. For this reason workers from the PRC have not been considered.

Trade unions are seen as a ‘waste of time …. In business terms if unions have a product which is in demand then they don’t need to push it’. Workers are allowed to meet with union representatives, but only in their lunchtimes.

The future of the industry is seen as ‘poor’, especially in woven garments, with an expectation that things will level off in 2005. The company has looked at relocating to China but does well enough through its own outlet shops in both New Zealand and Australia, which are run from Fiji.

4 Labour issues

Labour issues, along with trade agreements, are a key factor in the sustainability and health of the garment industry in Fiji. However labour, working conditions, and particularly wages, are highly contentious issues. The issue of wages is inseparable from that of where Fiji's garment factories want to position themselves in terms of the global garment value chain.

Wage and labour issues have been perennial problems throughout the Fiji garment industry's short history and have only really been seriously addressed by a select few factories. Father Kevin Barr - a critic of Fijian development policy for a number of years – has lamented that, even during the growth years of the late 1990s, wages lagged behind the minimum wage for those living in urban areas, which was US$56 in 1999. At that time, garment workers' wages were as low as US$23 for 45 hours work.

Wages in the garment sector are comparatively low by formal sector standards in Fiji. The experienced daily 'minimum' wage of $12.24 in 2002 lagged behind the mean manufacturing wage of $14.93 in 2000, while mean wages across all sectors were $17.08 (RBF, 2003: A42). Even then, by 1998 manufacturing wages had fallen 34percent in real value compared to their 1986 level (Chand, 2001). In 1999 the People's Coalition talked of introducing a minimum wage of $120 week, but it backed down after industry comments that this would destroy the garment sector. Subsequently the Labour and Industrial Relations Minister Ratu Tevita Moemoedonu declared the pursuit of a 'liveable wage' instead (Joy, 1999). Today, the government wants wages to be related to productivity.

These issues are much worse in terms of the garment industry because of the prevailing gender inequalities of income. Manufacturing had a worse gender/wage differential in 1997 than any other sector, with women's pay 63percent that of men's. Given that the garment sector employs around 15,000 women today 'there is no doubt that the Fiji garment industry, with its rapid expansion of employment for women but very low wages, presents a substantial conundrum for people concerned with the economic position of women' (ILO/UNDP, 1996:16).

While some have argued that Fiji's comparative advantage lies in its skilled and comparatively well-educated workforce, others still see the future health of the industry as being based on low wages. They consider that wage increases will be the final blow to the sector:

> The cost of garments is not going up, but the price of making them is. In 1983 labour was 40c, it is now $1.15 - for someone with no experience! After 5 months this has to be $1.35. For good ones you need 1.70c. Otherwise they are leaving the industry for shop keeping jobs etc. which pay more than $2. But basically these are school dropouts! (factory interview, 2003).

This has created a situation where garment employees can be accurately described as 'the working poor'. Eradicating poverty in Fiji, as father Kevin Barr has noted, is not only a matter of creating employment. Wages are also a critical issue. A recent study has shown, based on 1996 figures, 'that 46.8percent of those who were in full-time employment earned wages below the poverty line …. Of these 67.9percent were women'. Barr has estimated that in 2002 the poverty line in urban areas would be around $128-132 a week for a family with 2-3 children (Barr, 2003: 200). Cawthorne (2000) has estimated that approximately 80percent of employees are women earning wages which are below the poverty line. Even then, union organisers feel that the minimum wage is not met in many factories, a situation compounded by a lack of enforcement by the Ministry of Labour (interviews, 2003). Nevertheless, industry spokesperson Mark Halabe admitted that a product which cost US$5 to produce could sell in Australia for as much as US$50, the differential explained in terms of mark-up accruing to the manufacturer, wholesaler and retailer (PIR, 30/3/99).

Responsibility for this 'working poverty' cannot be solely laid at the feet of the industry itself – government policy has also played a key role. The Garment

Industry Wages Council came into being in 1990 and set a wage level of between 65c and 85c/hour, well below other sectors, including manufacturing in general, and again, below the then poverty line. A critical factor in the profitability of the industry for owners has been in successive governments pursuing a ‘competitive wage policy’ (ILO/UNDP, 1996:17). This has been done through regular devaluations of the dollar, the balking at the idea of a minimum wage, and restrictions on trade unions: ‘Yet the policies may have done more to shape the structure of the industry than guarantee its expansion’ (ILO/UNDP, 1996:17).

Box six: The Minimum Wage: a liveable wage?

	Learner	**Other**
1991	$0.65	$0.85
1999	$1.05	$1.26
2002	$1.15	$1.36
2004	$1.21	$1.43

Note: A ‘learner’ is described as someone with less than six months experience though factories are not legally bound to this definition.

Unionisation has been a controversial and divisive issue. While unionisation rates in the mid-1990s were about a quarter in the manufacturing sector this figure was ‘barely ten percent’ for garment workers (interviews, 2003). The election of the Peoples Coalition in 1999 gave new life to the union movement, and several larger companies opened their doors to union membership. Mark One Apparel opened its doors to the Factory Worker’s Union in October 1999 and a Fiji Times editorial called for the unionisation of all garment workers as a right, adding it would ‘put an end to the sweatshop image for which the industry is rightly or wrongly notorious worldwide’ (FT, 27/10/99). Other factories, such as Intimate Apparels, have followed suit, but as is demonstrated in the factory interviews, views on unions and union membership are very diverse.

The Fiji Trade Union Council (FTUC) is frustrated in its attempts at unionising workers in the garment industry as a whole and especially in TFFs. It has claimed illegal and intimidating practices, including threats of dismissal if workers join unions, or if they engage in union activity. Unions may be formed but not accorded recognition by employers. This makes members vulnerable to harassment or redundancy (ICFTU, 1997). The same report noted evidence of ‘sexual harassment; denial of maternity leave and annual leave; instant dismissals; random strip searches of women; clocking in and out when using toilets and excessive hours, unpaid overtime and low wages’. These problems plague the industry and there is also large-scale violation of health and safety and sanitary legislation (ICFTU, 1997). Still, the current government views ‘militant’ trade unions, and unionisation, as a threat to economic growth and productivity (Bureau of Democracy, Human Rights and Labor, 2003:18).

Trade Union lack of penetration is coupled with failings on the part of the Ministry of Labour, which some accuse of failing to adequately monitor health and safely issues in factories. Others claim that laws do not allow effective punishment, even if monitoring takes place. Even if OHS inspectors do get around, they are also frustrated because non-compliance fines are ‘laughable’ (interviews, 2003). Some respondents noted that this was because the garment industry is a very significant political lobby, and very well connected and that the government would presently do anything to avoid losing FDI (interviews, 2003).

However, the losses to the industry resulting from a low-wage strategy may be higher than the immediate gains. Even in the early years of the push to exporting it was noted that the Fijian garment industry had no chance of competing with Asian countries and that it needed to move toward a quality, value-added, niche-marketing strategy (FWRM, 1986). To break out of both the dependence on preferential agreements and reliance on the Australian market, the TCF Council of Fiji has argued that the industry needs to ‘create higher efficiency, productivity and quality: ‘only by investing in human and managerial capital will the industry be able to create comparative advantage and keep pace with technological progress’ (TCF Council & MoC, 2003:23). However, the garment industry remains dependent on producing cheap, poor-quality garments which cannot possibly compete with garments made in Asian countries whose costs of labour and utilities are 5 to 10 times lower than Fiji's (TCF Council & MoC, 2003:23-4).

4.1 Worker conditions … from the workers themselves

This section will primarily draw upon the interviews conducted with 45 workers, including a few production managers. Interviews were conducted with Fijian, Indo-Fijian, Filipino/Filipina and Chinese employees. In total 29 'local' workers were interviewed from seven different companies. Most were in their mid-20s, but the next greatest proportion was over 35 years old (the oldest was 49). Some workers interviewed had more than 20 years' experience. The level of education of workers was comparatively high. It ranged from class eight (one worker) to Form 6 (one-third of workers). The average education level was Form 5, which could be considered well-educated in the Fijian context.

Most had entered the industry because of a lack of choice, in terms of financial needs, their lack of education or the limited employment opportunities open to them. When asked what they would be doing otherwise, responses included 'stay home'; 'work in a restaurant'; 'a nurse'; 'a tailor or work in the tourism industry'; 'an office assistant'; 'a sales girl'; 'a housegirl – or stay at home' and 'a market vendor'. The two male machinists interviewed chose 'sailor', and a 'security officer'. Most women stated that they would have no other obvious source of employment: 'I have to do this job because of a lack of education and employment – I have no choice'. This indicates the continued importance of the sector for women with no immediate alternative formal job prospects.

This section will also utilise text boxes of worker responses in detail (giving a 'portrait' of individual workers). Chinese workers were interviewed in groups, and these group discussions will also be used to identify issues facing foreign contract workers (see below).

Workers were first asked to outline their key working conditions, in particular hours worked, overtime and wages.

4.2 Hours of work

The hours worked in a typical week ranged from 40 to 56. This latter figure included weekends to fill an order and consisted of seven nine-hour days. The average working week was 44 hours. This is much lower than the 'sweatshop' hours indicated by other studies. On closer inspection lower hours appear to be a reflection of lowering demand rather than changed practices, however. The hours worked also very much depended on the factory concerned, with some factories working staff every day (such as those producing Nike), and others having a more stable 40-hour week.

4.3 Wages

The 'minimum wage' for garment sector workers in 2003 was $1.15 for a new entrant and $1.36 for an 'experienced' worker (more than six months). In terms of the latter this would equate to $12.24/day and, for a 45 hour week, $61. The average weekly wage in this survey was $59, with a low of $50 and a high of $68. There was no significant variation across the factories. The lowest pay was $53 for a 49 hour week, or $1.08/hour. A hypothetical hourly wage from average hours worked across all the respondents would be $1.34, more or less the minimum experienced wage.

However, what was apparent was essentially a 'ceiling' on wages. That is, one worker with 15 years experience at the same factory was still being paid $50. Another machinist with eight years experience was still being paid the 'minimum' experienced wage. A third worker, who was casual, was being paid $10 a day in hand after 13 years experience, and had no FNPF (Fiji National Provident Fund) entitlement.

> The FNPF is a compulsory superannuation fund for all full-time local workers and involves both employers and employees paying a set percentage of wages into an account managed by the government.

Some wages have even been reversed at times. Over a period of four years one worker's pay increased from 1.55 to 1.65 and hour, but it was subsequently reversed in 2000 and has not been increased since.

Another 24 year-old worker has remained on $1.20 for two years at the same factory. In addition, often employers do not recognise previous work experience, and pay workers a ‘starting wage’ even with several years of garment industry work behind them.

There was no clear pattern across the factories and workers with regards to wage increases. This seemed very much up to the individual situation. Some workers had received sporadic increases, others no increases for a number of years. Still others could depend upon a 5c/hour pay rise each year.

In almost all instances the correct overtime pay was received by workers, that is, time-and-a-half after 5pm and on Saturday mornings, and double time after that. Narayan and Chandra (1997) also found, in their study of 154 garment workers, that 90percent of workers were paid the proper overtime rate.

While not increasing pay rates per se some employers offered workers ‘extras’, such as $3 for the bus fare for a week, and a $10 end-of-year bonus for each year served. In one factory prizes are also given to employees who ‘work diligently’ and ‘who had a good record in terms of not having being absent from work’. Workers could also ‘save’ through not using up ‘sick days’. Many women saw this as a saving strategy as employers would pay them for unused sick leave at the end of the year. Not one worker identified that they had any access to paid annual leave.

The number of dependents in the home varied greatly, from being single and having no dependents (one-third of respondents), up to six. Indo-Fijian dependency rates were significantly higher than Fijian, averaging four. For several workers their income was the sole family means. Most of these women were solo parents with children. Low dependency rates could be explained by the high number of single women interviewed, but also the growing dominance of nuclear families in urban areas. What was of concern was that, even with small numbers of dependents, the majority of respondents still stated that their wages were critical for meeting basic needs.

For the vast majority of workers, their income from garment work was used for meeting basic needs, rather than being supplementary to the family income. In these cases money was mostly used for food first, then transport. Rarely were clothes bought. For some, even their income from the factory still left basic needs unmet, and they were forced to borrow from friends, family or the factory itself as an advance on next week's wages: 'I am only able to buy food and pay for my bus fare'. Both Narayan (1997:5) and Prasad (1990) found that a high proportion of garment workers lived in peri-urban squatter settlements in order to avoid the costs of formal housing, and to minimise travel distances to factories.

Box seven: Ameeta's story

Ameeta is 21 years of age and is originally from Suva. She has completed schooling to form four, is single and has two dependents. Her wage is the sole cash flow in the family and it caters for her needs but her wants still remain unsatisfied.

Work

Ameeta worked in another factory which closed down prior to this job, which is located in Vatuwaqa, Suva. She chose garment work because of her lack of education and the lack of employment available. She works for a fixed 44 hours a week and is paid on an hourly basis. She gets paid $60.00 per week and this is just enough, but only if she makes sacrifices.

The brands that the factory makes are Palmer Fleet, Yakka, MilFord, Milburn trainer, Sir Normies and Ada. She does work overtime and is paid time-and-a-half rate in the evenings and on Saturdays. Ameeta is a member of the FNPF and there is also a banking scheme in the workplace. Ameeta says that she is content with her job though not very satisfied. The best thing about her job is that it is situated near her home. She doesn't however look forward to work each day. The worst thing about her job is the 'horrible' wages. 'The workers also have to take passes to go to the toilet. There are also a lot of rules and regulations'. The only incentive they get is the arrangement of buses for employees, though they have to pay their own bus fares. None of her co-workers are happy with work because of the low wages.

Ameeta has seen the factory owner, who just greets them but never really talks to them or asks about their problems. There are mostly women working in the factory and most of these women travel from a distance, which results in a high proportion of their wages going towards bus fares. When overtime is worked they are only provided with half a cup of tea and one bun, which does not satisfy their hunger and results in working on an empty stomach.

Change

Ameeta has been working at this factory for two years and her pay has increased by five cents an hour over the past year. She has noticed that the number of workers is increasing each year. 'There are mostly locals, but there are also some workers from India'. According to Ameeta 'these workers from India come over with the real purpose of getting Fijian citizenship by marrying local girls'.

Ameeta is a union member and a dollar is deducted every week for the union. ‘Only the old workers’ are allowed to join the union. She has, however, not seen union people at her workplace. ‘Only our union leader goes to meet them but there seem to be no changes so far’. She does feel stressed at work. Workers are always under pressure. ‘We are not given enough time to be in the washroom’.

Ameeta has experienced harassment in the form of supervisors using ‘rude words … because they get angry when the work is slow’. Rather than improving the machines, they scold her. She doesn’t feel secure in her job because she is always yelled at and warned with threats of expulsion from work. Her plans/dreams in five years time are to get married and move away from the garment factory.

Above all Ameeta would like to see an increase in wages, removal of excessive pressure from employers, and that women be allowed to take leave. She says that women have to visit the hospital at times because of ‘gynae problems’ and they are told by the employers to return to work within an hour, which is just not practical, so they are warned about losing their jobs.

Satisfaction in the workplace varied widely. Similar to the findings of previous studies, most workers found that the best thing about their job was avoiding the isolation of home life. Almost all found that they enjoyed meeting people and making friends and, of course, earning money. A number of responses however indicated that their greatest satisfaction was in achieving personal or company goals, such as learning to operate new machines and learning new skills or even reaching the production target. These responses somewhat mirror those of Harrington’s in-depth conversations with four Suva garment workers in the mid-1990s. That is, the primary negative factor for women working in the industry was wages vis-à-vis expenses, while the positive drivers in garment work were ‘the opportunity to learn new skills, the ability to socialise, and the broadening of women’s life choices’ and the ending of isolation (Harrington, 1998:160)

Across the board, workers found the job tiring and demanding. They cited physical stress as a cause of depression. For example, a 24 year old Indo-Fijian worker reported stress from trimming: she was not able to sit all day or walk between trimming tasks. This was aggravated by the lack of paid days off.

There were more disturbing complaints about the workplace. Three respondents felt that going to the toilet was seen as a 'privilege' that workers had to earn. One worker confirmed that in her factory passes were needed for the bathroom. Being shouted at by the supervisor was a more common complaint: 'The bosses scold the supervisors and these supervisors scold the employees in turn even though the mistake is theirs', as was being forced to do overtime in order to meet deadlines. While not common, one Fijian worker complained of having to clean the factory floor after work and even painting the factory on one occasion (after her shift had ended). Another Indo-Fijian worker was asked to clean and sweep the factory each day and make tea for her supervisors and bosses.

Reasons for unhappiness at work – low wages, abuse and poor conditions - have been noted for a number of years (Prasad, 1990). Some employers see these complaints as predictable, even citing 'cultural attitudes' (interviews, 2003). But they also fear that high wage rates would cause the industry to collapse (Grynberg 1997:20).

Worker attitudes do significantly impact on the profitability and even the viability of the garment industry. For example, while firms complain about low productivity and high rates of absenteeism, Harrington has argued that this is a direct result of the forms of production employed at factories, where workers are repeating the same tasks through the day, or been forced to stand or sit with few breaks. 'Viti', one of Harrington's respondents, stayed home occasionally to just to break the boring pattern of her factory work. While Narayan and Chandra (1997:5) have lamented that 'Fiji lacks disciplined and committed workers for its garment industry' it may be more the nature of their work and conditions.

Box eight: Imrana's Story

Imrana is 49 years old and went to school up until form four. She is originally from Suva and is married with three dependents. Her husband works and her earnings supplement the family income.

Work

Imrana has not worked in any other factory apart from this one, which is located in Suva City. She wanted to leave the factory but stayed because her husband lost his job during the 2000 coup. Imrana works for 41.5 hours a week excluding weekend work which she might be called on to do if orders need to be filled. She works fixed hours and is paid on an hourly basis totaling her income to $57.00 a week. It helps meets basic needs but when her husband is not working then life becomes quite difficult.

The brands that Imrana knows of that are made in the factory are local ones which are made for tourists, rugby teams in New Zealand, Samoan/Tahiti jerseys, and the factory also makes local primary/secondary uniforms. She does work overtime when orders are high. She gets paid for overtime on a time-and-a-half rate from 8am until 12 noon on Saturday, and double pay after 12 noon.

Imrana is in the FNPF scheme. She works because she has to work for a living. The good thing about her job is that 'the boss is very good, but the supervisors cause trouble now and then'.

Still, Imrana does not look forward to going to work each day. The worst thing about the job is that there is 'no hot water available, no tea available at tea time or lunch and I have to sit on the steps to have lunch'.

Her co-workers are also not happy, except the ones who have high wages, i.e. $1.80-2.00 an hour. The rest are unhappy because of the $1.20 an hour rate. No incentives are given to her. Only five days paid sick leave is allowed per year. Most co-workers are older, ranging up to 68 years old. If she was not a garment worker, she would have been a house girl or stayed at home.

Change

Imrana started working in this factory in 1982. The rate increased from 50 cents to $1.00 an hour initially. She worked at this rate for four years and then it only increased to $1.20. However, her wages returned to $1.00 an hour following the 2000 coup until she was moved from the export section to the local section where her wages have gone up to $1.50 an hour.

Imrana is not a union member. Initially union people did visit the factory to recruit people for a garment workers' union. The boss told the workers that those joining the union 'should also be prepared to lose their jobs'. She does want to be a union member but is scared of joining: 'no one will employ me now since I am too old to learn a new trade'.

When union officials do visit 'the bosses choose the women who will talk to the union people and usually the chosen ones are very satisfied with their jobs or scared of the boss and don't paint a true picture of the working conditions'. Some women did join the union secretly but 'since the union demands money from its workers, fees were deducted straight from their wages. This is how the bosses knew that they had joined and they were given the ultimatum of leaving the union or losing their jobs'.

Imrana does get stressed and exhausted while sitting in a wooden chair for endless hours, bending over the machine, doing the same thing over and over again. She also feels insecure with her job as 'thousands of other women are waiting for a job and any mistake or problem from me can make me lose my job'.

Imrana wants to stay working at the factory but she would like to see an increase in the wages (at least $2.00 per hour and above for everyone). On the death of a co-worker, the company should provide transportation for the workers to attend the funeral and the wages for the hours spent at the funeral should not be deducted.

4.4 Unions and Unionisation

When asked if they had seen union people in their factory most responded that they had, and a few indicated that a union member visited 'about once a month'. Union officials had either come to investigate complaints or to advise workers on their rights, but in these cases they were not allowed to join. Only a few workers had not seen a union member in their factory. The vast majority of workers were not union members but they indicated that they would like to be. Reasons given included 'to be more secure' 'to improve wages' 'so I can have a voice in determining my future, especially in terms of wages'.

However, of those indicating a desire to join a union many expressed fear of doing so. One worker stated 'I would join if others joined – but nobody will'. In general, workers feared retribution – real or imagined - from factory managers. At one factory, making high quality lingerie, workers stated 'We are not allowed, if you join the union you get the sack immediately', 'No, we can't. If I do I will lose my job'

Some workers were critical of unions. One worker remarked it was 'a waste of my dollar', another 'what have they done for us?' and there were three 'ex-members' who were disappointed that their subscription was deducted from their salary. It then became obvious who was a union member to management. One subsequently lost her job.

Some observers of the garment sector are also critical of the efforts of trade unions. An academic respondent noted to me that:

> the garment industry has not previously been attractive to unions, who are reasonably wealthy. It is a case of thankless gain in the face of a highly politicised and sensitive industry owned by powerful people who have many powerful political friends. Their interests are window dressing.

Unionisation is important for garment workers – even if there is no consensus on whether trade unions have been active enough in the sector, or have built positive enough relationships to effect change (see the factory interview boxes). There are few other avenues where workers can turn if their rights are violated. The Ministry of Labour (MOL) process for grievances was described to me as a business-friendly, drawn-out process which essentially tries to wear down the complainant (interviews, 2003). The worker must lodge a complaint with the MOL, which then discusses this with management. If there has been a breach then this is filed, and the factory owner is given time to rectify the situation. If this is not done then a date is set for it to be done, and only if this deadline is not met will penalties eventuate. The lack of capacity, power and the 'ridiculously low' fines for factories which impede inspection of workplace violations is another constraint (Harrington, 1998:166). Even a Labour Ministry official described the fines as 'pathetic' and stated that buyer standards were much higher than those of the Fijian government – for example American buyers had more influence over these issues than factory inspectors (interview, 2003).

Despite these conflicts and the low wages and repetitive nature of work, most workers still felt reasonably secure in their employment, and viewed their positions as permanent or even a stepping-stone to better opportunities. This is evidenced in the responses below, several of which indicated that workers wanted to succeed within the industry itself.

Box nine:

What do you want to be doing in five years time? What are your plans, and dreams?

‘To own a small tailoring business’.

‘To build a home for my children and see that they achieve something better than what I am achieving’

‘I want to learn all there is about the industry so I can open my own business’

‘To be a supervisor’

‘I want to stay a garment worker’

‘I want to work in another garment factory – one that pays better wages’

‘My plan is to visit New Zealand and to look for a partner. My dream is to be a teacher’.

‘I want to stay at this factory’

‘Just to earn money and help my family at home’

Box ten: Luisa’s story

Luisa, a Fijian, works for a Chinese-owned factory in Suva which employs around 170 workers. Luisa is an older worker, over 36, and her highest schooling was at class eight. She started working in the garment industry five years ago and her starting salary was $0.80c an hour – today it is F$1.30, an increase of 10 cents an hour each year. Luisa is separated, with two children, one at secondary school and the other at primary level. Her children live with their grandmother in her home village as she has no-one to look after them while she works.

Before working at this factory Luisa worked at the Suva Ghim Li factory (it has since relocated to the West). She works nine hours a day and in some weeks does not have a day off (meaning a 56 hour week). A ‘normal’ pay, that is without overtime, is F$63 a week. If Luisa does work overtime she receives time and a half on Saturdays until noon, then double pay. On top of this Luisa pays a superannuation contribution to the FNPF.

Luisa is not very happy with her working conditions and environment but she feels this is the only job she can find. She feels harassed by the supervisors and finds the job tiring and demanding. Because Luisa walks to work she avoids transportation costs, but still finds that her pay – though high by garment factory standards – leaves her little at the end of each week. Her workmates are also unhappy because, for such a demanding job, there is little financial reward.

Luisa does not receive any paid days off, and has to apply for sick days. Only once has she seen union representatives at the factory, as they had received some complaints from workers. Luisa herself is not a union member, though she would like to be ‘so I can fight for my rights’. She has been told that she would be ‘sacked immediately’ if she did though. Ideally Luisa would like to build a home for her family, and to see them achieve something better that herself.

4.5 Chinese workers

A further element of this study is to pay some greater attention to the issue of migrant labour. Migrant labour, especially Chinese and Filipina, has consistently been a point of controversy in the development of the industry. Owners cite their importance in bringing in much-needed skills and passing these on to locals, asserting that the lack of a skilled and efficient workforce undermines competitiveness. Migrant workers are less likely to be absent, are more productive and are willing to work longer hours.

Critics counter that importing foreign labour is unnecessary, puts local women out of work, and is really an attempt, by managers, to create a compliant 'bonded' workforce which is not covered by adequate labour rights or trade unions. These fears have recently been rebutted by a US Secretary of State report on Fiji which claims that Chinese workers appear to be economic refugees, rather than victims of trafficking (Bureau of Democracy, Human Rights and Labor, 2003:20). Still, concerns are raised about the growing number of Chinese in the country every week in the daily papers. This is compounded by a widespread claim that the immigration department is very corrupt, and that work permits are given with 'surprising speed'. They point to evidence of overcrowding ('15 to a room') and a growing concern about Chinese brothels (which are said to have resulted from the garment industry being used as a front for illegal activities) (interviews, 2003).

A 1997 ICFTU Report also raised concerns regarding the use of Chinese 'forced' labour. It estimated that there were some 2,000 (out of an estimated 12,000) workers on two-year contracts: 'More than half their pay is generally transferred to blocked accounts in China by management to pay the "employment agency" fee. The workers live on the premises under control and surveillance of the employers and barely leave the site'. Pre-coup industry estimates put the figure at 800 of 18,000 (DP, 9/2/03). A Fiji Police director of operations has expressed concern over a 'massive problem' of uncontrolled migration (Asia Times, 17/9/02). However, the issuing of permits has been tightened in recent years, for machinists the Fijian Cabinet set a ratio of 1:10, though clearly some factories are very dependent on imported labour while others employ only locals. By law, there can only be 10percent of the workforce in any particular factory made up of foreign workers. These workers must then train locals to do their job within three years (when their work contract runs out). A Ministry of Labour official though felt this was widely abused, and suspected minimal training took place, primarily because foreign workers could speak so little English! Workers were brought in for their skills and speed of work (interviews, 2003).

There has been little research done on migrant workers to inform these debates. This is especially so in terms of using Chinese researchers. The following represents the views of ten Chinese workers working in two garment factories (factory X and factory Y) in the West of Viti Levu.

All the Chinese workers interviewed worked in the sewing department of their respective factories, or were line managers. Locals were preferred to work as cutters and in finances. In factory X there are about 24 lines in the sewing department of the main factory, and almost all the line leaders are Chinese workers, as are the managers. Chinese are favoured for sewing as they are generally seen as faster than locals. To avoid problems of uneven production, an even number of Chinese are placed in each production line.

The age range of the respondents was between 20 to 40 years old. They tended to be sourced from particular provinces (Fujian, Yanchen, and Jiangsu). The primary reason for them to come to Fiji was to earn money, to support their family, and especially their children's higher education. But they also travelled abroad for the experience of living somewhere different. For the majority of the workers their exposure to life outside the dormitory and factory is limited. They said that they knew nothing about the outside world except working. The main limitation preventing them from having greater contact with locals was their poor English, but they were also told by the factory owners that it was quite unsafe to leave their dormitory.

Most of them are qualified from intermediate school, and most of them have had work experience in garment factories in China. All of them were sourced through an agency, and generally paid F$2000 to F$6000 to the agency. The agent fee includes a one-way ticket to Fiji. Generally the first contract is for three years, and workers cannot break the contract during this period. They receive a return air ticket from the factory only on completion of their contracts. After three years they may renew their contract for a further two years, and so on, and many of them choose to do this. The main reason for this is that, as they have already paid the agent's fee, they wish to make full use of the opportunity to save. The factory also employs a policy of holding their business passports for the first three years, and their passports are kept at the factory. After they finish their first contract, their passport can be changed into a private passport if they decide to stay for another contract. They are then permitted to privately hold their passport.

The factory generally arranges and covers all their main expenses including food, accommodation and transportation. The dormitory in which they live is a unit with a toilet, shower and kitchen. Usually 16 or even more live in the 3 or 4 bedroom dormitory. They also receive basic cooking utensils including a rice cooker, gas stove, wok etc from the factory. None of the workers expressed 'enjoyment' of being in Fiji, and the principal reason they remained was for the opportunity to make money. They estimated that the money they earn is about 4-5 times greater than in China.

Typically, they worked from 7:30 am to 5:15 pm. There is only one break a day for 30 minutes at lunch time. There is no morning tea or afternoon tea, however they are free to take time to have a drink or to go to the toilet. Their dinner is supplied after 5:15, and they receive a small fee for breakfast. The workers knew almost nothing about the role of unions in the factory. However, the factory had set up a complaint box for them, and they could complain about work conditions by writing a letter. Most of their complaints were only associated with the quality and quantity of food.

Chinese workers' wages are based on the items they have produced (piece work), but for the line leaders, their wage is fixed at F$915 per month. Experienced workers could earn even higher than the line leaders, but generally earn no more than F$1000/month. The piece rate applies after the base minimum salary has been passed. That is to say, if a worker is very slow the factory will still pay F$12.24. Generally, the local workers were considered to be happy with the base wage and volunteered for minimal overtime. Chinese workers, however, wanted to earn much more than that and F$500 per month is the average amount. Generally it was the Chinese workers in the factories who volunteered to work after hours. They could work till 8:00 pm if necessary or even in the weekends. As with local workers, Chinese workers were covered by overtime rates. They did not receive FNPF, but had 5percent deducted each month, though they did not know why (assuming this to be tax).

The machinists were not covered with paid sick days, but the line leaders were. If they had to see a doctor, they were generally escorted and the factory paid $10 toward expenses.

The workers were not very clear about the brands they worked on. They generally made T-shirts, long sleeve or short sleeve, and trousers. They said that the patterns were supplied by the buyers from the USA, and the materials were cut identical to the samples. The materials were from Asia, probably from either China, Hong Kong, Singapore or Taiwan (from characters printed on the box). They generally do not want to involve themselves in the business of the factory and basically only do whatever they are told to do.

Relations with local workers were considered to be very good. It had been expressed to them by locals that they were pleased that the Chinese workers could take most of the extra work arranged by the factory. This was supported by further interviews with several Fijian and Indo-Fijian workers. While they felt the Chinese workers were somewhat aloof, they also found them to be hard working, honest and friendly.

In recent years, they have not been as busy as before. While in 2002, they could earn as much as $1000 per month this year their wages have fallen by almost a half. This has been a result of a factory visit by purchasers from the

USA. They had instructed the company that no employee could work more than 60 hours a week. If they found any evidence of overwork, they would end the contract. As a result, the main factory has created three branches in the past year, and the number of Chinese workers has been increased by almost three times.

Workers in factory Y, a branch of factory X, work in a smaller factory. It has only 20 Chinese workers, among whom several are male. However, the number of Chinese workers has decreased over the past five years. They all work in the sewing department.

All these workers are below 25 years old and come from the same city, and all graduated from a garment training high school. The reason they chose Fiji was that much more money could be made than in China. Most of their classmates also chose to go overseas, especially to the USA and Japan. About F$2000 will be paid to the agency in total.

As with the workers in factory X, the agency fee covered their one-way ticket, and after they finish their contract, the factory will buy them their return ticket. All their food, accommodation and transportation is covered by the factory. Their accommodation is poor compared to the workers at factory X. It is a one-level flat with 4 or 5 partitions. Each section has a small kitchen, toilet, shower and three bedrooms; each bedroom is shared by two people.

The workers average around $700 per month. Their wage is calculated by the pieces produced (piece rate). There is no tax deducted from their wages. However, their income has declined recently due to decreasing orders.

They work from 8:00 am to 5:00 pm, from Monday to Friday. If more orders come, they work extra hours. Their piece rate is lower than at factory X. Also, their wages are all kept by the factory. If they need pocket money, they have to ask. At the end of the month the factory gives each worker a list outlining how many withdrawals were made and the total amount of money they earned in that month.

The workers receive the same medical allowance as the core factory (factory X). However, one of the girls who became pregnant did not receive any pay during late pregnancy or after the birth, besides being eligible for food and accommodation. Now she pays $20 per week for a Fijian to look after her baby while she works.

Production is of T-shirts, long-sleeved or short-sleeved for the USA, and also big winter fleece pants for Australia. The materials come from China (especially Hong Kong) and from Singapore. They find the materials and production processes to be of poor quality, so assume the products are cheap brands.

4.6 Philippine workers

The view from above the factory floor offers a different story. For some years experienced Philippine workers and especially management have been recruited to fill supervisory positions left vacant by demand and the migration of professionals, experienced workers and technicians. Expatriate management are paid well and are now an experienced workforce in the Fiji garment industry – many have been in the country for 10 years or more. From the interviews it appears that Philippine workers, particularly management, are generally satisfied with their working conditions:

- pay is relatively high and they are able to save money
- they usually occupy management or supervisory positions and are given a deal of control by the owners. They are even invited out to dinner as an additional form of incentive/motivation
- as expatriate workers they are provided with incentives such as free housing (they only pay for electricity); free transport and are provided with a food allowance ($110 per month)

- they enjoy sick and vacation leave; upon completion of 3-year contract can go home with travel expense shouldered by the company.

Even machinists are able to occupy a position not available to local workers. For example, a recently-arrived female machinist on a three-year work permit, with no previous experience on an eight-hour day received $80 a week, as well as food, housing and transport allowances.

5 Conclusions and findings

The Fijian garment industry is essentially a creation of special access to Australian, New Zealand and Unites States markets. Now that these preferential trade agreements have ended, or are coming to an end, the industry finds itself at a significant crossroad.

Fiji still seeks ‘an industrial revolution’ as part of an export-oriented diversification strategy (DP, 26/11/01).

> The challenge for the garment industry is in the erosion of preferences and a shift from focus on production quantity to niche marketing and quality (MoF and National Planning, 2002:12): ‘The way forward is to produce for niche markets, such as corporate suits and women’s wear’ and not in the volumes market occupied by China (MoF and National Planning, 2002:15).

However, the industry has not developed along these lines. It has essentially evolved as a service industry to satisfy buyer and consumer preferences in countries seeking competitively-priced garments. Key inputs, designs and even ownership were external to Fiji’s development. Preferential trade agreements have masked the uncompetitive basis of the industry. Change then will not be easy.

This challenge is taking place alongside rapidly shifting regional and global contexts. The Australasian markets continue to ‘liberalise’ and prefer to seek bi-lateral free trade arrangements with North American and Asian countries, not small island Pacific states. The emergence of Chinese production is also critical. It is simply not conceivable for Fiji to be competitive in what China, or any other low-cost Asian country, exports.

Progressive government initiatives are critical to the survival of the garment sector. To date, government policies have effectively exacerbated the low quality/low wage cul-de-sac the industry finds itself in. A cheap labour policy has not helped in the development of a quality-oriented, value-added industry. To preserve the industry, policy must then ‘improve the conditions of workers in the industry’ (ILO/UNDP, 1996:47).

Box eleven: Learning from Saipan?

In the mid-1980s the garment industry of the Northwestern Pacific island of Saipan (Northern Mariana) was seen as a national embarrassment. Workplaces were described as hot, over-crowded and unsafe. Faced with fines and sanctions, the sector has been turned around. Today, factories are air-conditioned, with new dormitories and kitchens and they meet US federal health and safety regulations. So much so that the industry has been described as potentially ‘becoming a model for the rest of the world’, especially in terms of worker welfare.

The comparisons with Fiji are considerable. The industry is highly significant in Saipan’s economy and employs around 17,500 workers. As with Fiji, the industry plays a major part in the economy, competing with tourism as the highest foreign income earner. But how did this turnaround come about and what are the lessons for Fiji? The major factor was a US government-led crackdown on workplace conditions in response to NGO exposés of working conditions, and a (successful) US$20 million lawsuit for unpaid overtime against more than 20 factories. Hefty fines, amounting to some $US12 million, were imposed on three factories in the late 1990s. The industry has also sought hi-tech modernisation as a way of improving worker welfare and competing post-2005. Though around one-third of companies are likely to close in 2005, those remaining will focus on quality production – though, through mechanisation - this will impact on less skilled labour.

Johnson (2001); www.cleanclothes.org.

Though some within the Fijian industry have re-positioned themselves, there remains doubt as to whether they can ever become truly competitive without preferences in the global economy. Likewise, other industry representatives see ‘no way out except for government assistance’, including efforts to secure greater trade access to the US market (DP, 18/6/01).

There are a number of innovations emerging, some more likely to be successful than others. In January 2002 the Fijian Government appointed US-based Sandler, Travis and Rosenberg (www.strtrade.com), a trade advisory service, to lobby on their behalf to negotiate preferential access for Fiji’s garments into the US market. The firm had been contracted to pursue an AGOA-type agreement. The Fijian Government and the FTCFC hoped that such a deal would help exports to the US reach US$400 million (Fiji Government Online, 1 February, 2002).

Recently, in August of 2003, Australian Prime Minister John Howard offered to conduct research on the garment industry in order to help its restructuring and he instructed his officials to ‘prepare a package of substantial technical support to ease the industry’s transition into the global market’ (Fiji Government Online, August 16, 2003). This has so far resulted in a ‘scoping study’ of the industry (DFAT, 2003).

There are also dynamic examples of multi-stakeholder initiatives in setting context and industry-specific standards which are practiced in the garment sector which may have relevance to Fiji. As IDS have cautioned, ‘*the risk is that standards act as non-tariff export barriers that exclude small firms from the global market*’. However, small firms may have a role to play in niche markets (as the international success of Fiji Water has demonstrated) and compliance need not be a negative move. As one example, the US Fair Labor Association (FLA) and the Clean Clothes Campaign (CCC) bring together footwear and apparel companies, human rights groups, trade unions, religious organisations, consumer advocates, universities, southern NGOs as well as retailers and companies into public-private initiatives which help to develop relevant standards for workers, mostly based on ILO principles (IDS, 2003b). The effort here is to develop compliance codes which all can agree to, and which are recognised as meeting global environmental, labour and ethical standards of production and exchange.

The garment industry in Fiji is extremely important. Any collapse would create a crisis which would be both human and economic. Though low even by local standards, garment wages are a critical factor in supporting the urban poor. The garment industry still employs the vast majority of manufacturing labour, and a disproportionate number of workers are women of all racial groups. Government officials have inadequate policy responses on the question of employment. Yet, a collapse of the industry would substantially increase poverty and would likely represent a further threat to political stability.

Substantial efforts then need to be pursued for the industry on several fronts. Some examples may include: increasing local capacity of the industry in terms of greater self-sufficiency; the development of polices in purchasing countries which represent a serious commitment to the industry; increased engagement of policy makers over the economic and human significance of the garment sector in Fiji and using employment as a basis for addressing holistic needs (for example, two ‘progressive’ factories have implemented microfinance workplace schemes; health assessments for workers; regular eye assessments; literacy courses; crèches etc). Such innovations may feed into future Oxfam programmes.

5.1 Making trade fair and sustainable

The Fiji garment industry is at a crossroads. It faces an uncertain present and future. This report argues that the demise of the industry would affect far more than the 15,000 who are directly employed in the industry. Most of those working in the garment industry are poor, unskilled, and have few alternative employment opportunities. It will be women and their dependents who bear the brunt of lost employment and income in terms of poorer health, lost education opportunities for their children and poverty.

In a recent scoping study by the Australian Department of Foreign Affairs and Trade it was stated that ‘Australia feels some sense of responsibility for the industry’s future’ (DFAT, 2003: 2). The same report also noted that ‘a declining garment industry brings the prospect of adverse socio-economic impacts, including increased unemployment and growing poverty in the Suva area’ (DFAT, 2003: 6).

Though both Australia and New Zealand have committed themselves to global free trade agreements, they must balance this with a commitment to their own region, and those who live in it. Abandoning key sources of employment, especially for women, carries great cost and appears to run counter to efforts to create a sustainable and poverty-free region which sees trade as a tool for poverty reduction (NZAID, 2003). An argument based solely on (a lack of) global comparative advantage offers little hope for any form of economic or human development through trade among the Pacific Island countries.

5.2 Avenues for action

From the research I have identified three avenues for action. These are consistent with the need to make trade fair for the poor and to improve opportunities for workers, especially women, and to better enhance their lives through garment sector employment. Though there are serious issues of wages and worker conditions to be addressed, the garment industry in Fiji still provides an important opportunity for empowering women socially and economically.

The United Nations (UNDP, 2003:1) has recently argued that 'the expansion of trade guarantees neither immediate economic growth nor long term economic or human development'. Trade is a means to an end – not an end in itself. What is critical in transforming trade into development are the internal and external institutional and social conditions which allow workers to reap the rewards of trade and give countries and industries a sense of security. It is essential that efforts be made in multiple areas which seek to both develop the role of progressive industry initiatives as well as more directly enhance the lives of female factory workers. This research has found that the potential of Fiji's garment industry in shifting into higher value chains and as a tool for poverty alleviation is dependent on both the evolution of the industry *as well as* the enhancement of labour rights and rewards.

Government organisations, such as NZAID and AusAID, *should play a proactive and key role in developing sustainable forms of employment in Pacific Island countries*, especially for poor and unskilled workers. This report has shown that the garment industry still plays a crucial role in offering paid work to those who have few other choices. But, as workers are locked into a low wage occupation, it could be claimed that the industry is as much a *cause* of poverty as it is a means out. This especially applies to semi-skilled women, who often support large families. *Recognition of the vital role of the industry in this regard is consistent with the gender and poverty orientation of the respective aid programmes*, which attempt to enhance the social and economic status of women, as well as supporting trade initiatives through the Australian/Fiji Business Council and New Zealand/Fiji Business Council.

The conclusions of this report are then *consistent with the respective trade and aid directions of both Australia and New Zealand*. Clearly the garment industry remains a significant employer of vulnerable women and more needs to be done in terms of evaluating polices which can balance global trade agreements with the support of vital and large-scale employment sources which can potentially offset poverty and marginalisation. There are few positives to be gained by seeing the decimation of a successful source of employment and income generation in the Pacific.

Consequently, efforts should focus on the following:

Building **multi-stakeholder partnerships:** At present there are a number of in-country organisations, governmental and non-governmental, that are critical to developing policies and programmes beneficial to a sustainable and empowering garment industry. However they work in isolation and often at cross purposes. It is unlikely that either government policy, unionisation or NGO initiatives in *themselves* can save the industry. What is needed is a direction which is consistent. This must also involve purchasers. As Oxfam (2002) has shown, while trade is important for reducing poverty, it also requires a policy context which ensures that the benefits of such opportunities are felt evenly. In particular this report finds that:

- Organisations such as AusAID, NZAID, the Australian Ministry of Foreign Affairs and Trade and New Zealand Ministry of Foreign Affairs and Trade need to work more closely together to ensure programmes are developed which provide a consistent and supportive environment for the garment industry, *or provide clear and sustainable alternatives for those currently employed in the industry*.
- These policies should also be developed in consultation with the Fijian government, which has recently asked for assistance to retain the viability of the industry in a deregulated world economic marketplace.

- A closer partnership should also be formed with NGOs focussing on global trade issues, such as Oxfam, as well as local NGOs involved with the garment industry and workers, such as the Fijian Women's Rights Movement, Fiji Women's Crisis Centre, the Ecumenical Centre for Research, Education and Advocacy (ECREA) and organisations such as trade unions.

***Creating* awareness:** Very little is known of the (changing) production processes in the Fijian garment industry. Even key government actors such as the FTIB operate with limited appreciation of the issues. Certainly, in the process of this research, I was made aware of the dysfunctional knowledge which exists on the sector. More information needs to flow back up from workers and the shop floor to policy makers, purchasers and donors. There needs to be greater awareness of global and regional trade processes and Small Island vulnerable industries such as the Fiji garment sector. Though a small player in even regional trade flows, the consequences for Fiji if the garment industry collapsed would be immeasurable, not to mention the impacts on the tens of thousands of urban poor - women and their dependants - who are inextricably linked to its continued existence.

The conclusions here are that:

- The garment industry provides a source of employment which directly and beneficially impacts on poor populations in Fiji's urban areas;
- That large scale redundancies leading to unemployment would likely aggravate economic hardship and social tensions and that;
- This hardship would disproportionately be felt by both Indo-Fijian and Fijian women and their dependents.

***Supporting* initiatives:** There are a number of initiatives taking place at both the macro and micro level. NGO's like Oxfam should, for example, have a say in recent Australian efforts to 'restructure' the industry. Some factories have also made attempts to improve their worker's lives, through health centres, childcare facilities, microfinance etc. While sceptics may point out that such initiatives primarily support profit, they also have long-term benefits for women. An example is a recent code for ethical retailers among 20 major clothing retailers within Australia which aims to make supply chains more transparent (Oxfam, 2004: 86). More initiatives of this kind should be supported by donors and even the companies which source their products from these factories internationally, such as Fiji. Such efforts may even 'add value' to the end product in the eyes of the consumer in terms of consumer support for ethical trading practices in the region.

In particular Australia and New Zealand, through their respective aid and trade programmes in the Pacific, should:

- Develop more responsive and supportive trade arrangements with Fijian manufacturers which focus on equitable and sustainable trading links.
- Encourage the viability of the garment industry as a poverty-reduction strategy consistent with current global aid objectives through greater investment in workers and improvements in both their working conditions and wages.
- Enhance the rights and quality of life of (predominantly female) workers through supporting, identifying and initiating programmes which enhance human development through trade.

In summary, human development through the garment industry could be substantially enhanced through improved employment conditions for workers which would simultaneously act to address poverty alleviation, gender equality and create more winners through international trade. Trade *can* work for women workers, their families, and communities (Oxfam, 2004) but this potential is not currently being realised.

Acknowledgements

This research would not have been possible without the excellent work of four research assistants. Thank you to Xun Li, Ofelia Eugenio, Josephine Sen and Vasiti Seruvatu.

Notes:

Abbreviations used in citation:

FT, *Fiji Times*; DP, *Daily Post*; FP, Fiji Post; PIR, *Pacific Islands Report*.

At the time of writing F$1 = US$0.59c.

References

Barr, Fr. K.J. (2003) 'Wages councils and just wages in Fiji', *Fijian Studies* Vol.1(1): 199-208.

Bureau of Democracy, Human Rights and Labor (2003) Fiji. Country Reports on Human Rights Practices, 2002. US Department of State (www.nationbynation.com/Fiji/Human.html).

Cawthorne, P. (2000) Fiji's garment export industry: an economic and political analysis of its long-term viability. School of Economics and Political Science Working Paper ECOP2000-3. University of Sydney.

Chand, G. (2001) 'Overview of current economic conditions in Fiji', www.globalpolicynetwork.org.

Department of Foreign Affairs and Trade (DFAT) (Australia) (2003) Future Directions for Fiji's Garment Industry: Scoping study. Economic Analytical Unit, August.

Fiji Government Online: http://fiji.gov.fj.

Forsyth, David and Nii-K Plange (2001) Social impact assessment of membership of the Pacific Free Trade Area. University of the South Pacific.

Fiji Reserve Bank (1993) 'The Tax Free Factory/Tax Free Zone scheme in Fiji', *Pacific Economic Bulletin*: 27-34.

Fiji Trade and Investment Board (FTIB) (1999) Fiji Product Directory 1999-2000. Suva.

Fiji Women's Rights Movement (FWRM) (1986) Submissions to the Garment Tribunal.

Gaunder, Radha K. (1990) *In-depth study of the garment industry in Fiji*. Report prepared for the Forum Secretariat, Suva.

Grynberg, Roman (1997) *A survey of the Fiji garment export industry*. Economics Department, University of the South Pacific.

Harrington, C. (1998) The Seams of Subjectivity and Structure: women's experience of garment work in Aotearoa New Zealand and Fiji. PhD Dissertation, University of Otago.

IDS (2003) Can trade reform reduce global poverty?, IDS Policy Briefing Issue 19.

IDS (2003b) The cost of compliance: global standards for small-scale firms and workers', IDS Policy Briefing Issue 18.

ILO/UNDP (1996) *Fiji: Towards equality and protection for women workers in the formal sector*. International Labour Organisation and the United Nations Development Programme, Suva.

International Confederation of Free Trade Unions (ICFTU) (1997) Internationally-Recognised Core Labour Standards in Fiji. Report for the WTO General Council Review of the Trade Policies of Fiji, 9-10 April.

Johnson, G. (2001) 'Saipan Works to Shed Sweatshop Image', Pacific Magazine and Islands Business, June.

Joy, T. (2003) Fiji's new Labour-led coalition ditches its promises for better living standards. World Socialist Web Site (www.wsws.org). October 29.

Keith-Reid, Robert (2001) 'Uncertain Future for Fiji's Garment Industry', Pacific Magazine and Islands Business, June.

Keith-Reid, Robert (2002) 'Fiji: a country with great potential?', Pacific Magazine and Islands Business, July.

Ministry of Finance and National Planning (2002) *Rebuilding Confidence for Stability and Growth for a Peaceful, Prosperous Fiji*. Strategic Development Plan 2003-2005. Suva.

Nadvi, K. (2003) ‘Cutting cloth to fit: competing in global garment value chains’, *Insights*, June.

Narayan, P. (2001) ‘Globalisation of the garment industry: implications for Fiji’s economy’, *Development Bulletin* 55: 36-38.

Narayan, P. (2001b) ‘Fiji’s Garment Industry: an economic analysis’, *Journal of Economic and Social Policy* Vol.6(1):35-55.

Narayan, P. and R. Chandra (1997) Worker Perception of Employment in the Garment Industry in Fiji: A case study of factories in Suva. Paper presented at the 8th Pacific Science Inter-Congress 13-19 Jul, 1997. USP.

Narayan, P. and B. Prasad (2003) ‘Fiji’s sugar, tourism and garment industries: a survey of performance, problems and potentials’, *Fijian Studies* No.1(1): 3-27.

North, R. (2000) ‘Australia urged to get tough with Fiji over sanctions’, The University of Sydney News 15 June.

NZAID (2003) *Trade can reduce poverty*. New Zealand Agency for International Development. Wellington.

Oxfam International (2002) *Rigged Rules and Double Standards: trade, globalisation, and the fight against poverty*. Oxfam International.

Oxfam International (2003) Pacific Islands Free Trade Agreements. Oxfam Briefing Paper for the Pacific Islands Forum Leaders Meeting, August 2003.

Oxfam International (2004) *Trading Away Our Rights: Women working in global supply chains*. Oxfam: Oxford, U.K.

Pacific Island Monthly (PIM) (1999) ‘FATERA will eventually have to replace SPARTECA’, June: 18-19.

Prasad, Roshni D. (1990) Women wage labour in the garment industry in Fiji: problems and prospects. MSc Dissertation, AIT, Bangkok.

Rao, G. (2002) Fiji exports to Australia and New Zealand under SPARTECA agreement. USPEC Working Paper 5/2002, University of the South Pacific.

Reserve Bank of Fiji (RBF) (2001-2003) Quarterly Reviews.

Rolls, Lorna (2002) Civil Conflict and Development: a case study approach to evaluating the economic and social costs of the 2000 civil conflict to Fiji’s garment industry and society. MA Thesis, University of the South Pacific.

Tax Free Factory Sector Report (nd) The performance of the Tax Free Factory sector as at June 1990 and June 1991.

Textile, Clothing and Footwear Council (TCF) of Fiji & Fiji Ministry of Commerce (2003) Productivity Commission Inquiry into Australia’s TCFL Industries Post 2005 Assistance, March.

Textile, Clothing and Footwear Council (TCF) of Fiji & Fiji Ministry of Commerce (2003b) Productivity Commission Inquiry into Australia’s TCFL Industries Post 2005 Assistance, Supplementary Submission, May.

UNDP (2003) *Making Global Trade Work for People*. Earthscan: London.