FIJI: NO PARADISE FOR GARMENT WORKERS

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Garment workers are arguably the most exploited section of Fiji's formal labour force. Comprised primarily of women from impoverished urban households, many of them sole income earners with dependents, the workforce in the garment industry has been described in public debate as "the poorest of the poor"(Slatter 1987). The industry employs more than 4,000 workers on wages ranging from about $2.50 a week for 'trainees' in some factories to $2.00 an hour for highly skilled workers in short supply.[1]

The garment industry in Fiji has experienced an extraordinary boom in the 1980s and particularly since 1988. Two factors have underpinned this boom. Under the terms of the South Pacific Regional Trade and Economic Co-operation or SPARTECA agreement, signed in July 1980, manufactured goods from Fiji and the Forum Island Countries of the Pacific have entered Australia and New Zealand under preferential tariffs and quotas or duty free.[2] SPARTECA's terms have been progressively altered in favour of the forum island countries by Australia and New Zealand to the point where access to New Zealand markets in entirely unrestricted. The growth in garment exports during the SPARTECA agreement's first four years of operation[3] led the then Fiji government to

1 All wage rates mentioned are in Fiji dollars. At the time of writing, $1 Fiji equals 83 cents Australian.

2 The Forum Island countries are the Cook Islands, the Federated States of Micronesia, Fiji, Kiribati, Marshall Island, Nauru, Niue, PNG, Solomon Islands, Tonga, Tuvala, Vanuatu and Western Samoa.

3 Although signed in 1980, the SPARTECA agreement did not come into force in Australia until 30/6/82.

declare that the garment industry was a lynchpin of Fiji's economic development (Slatter 1987).

The garment industry received a further fillip in December 1987 when the post-coup "interim" government enacted a tax free factory/tax free zone scheme in Fiji. The scheme offers factories producing 95 percent or more of their annual production for export complete tax exemption for 13 years, unrestricted repatriation of profits and capital and other incentives such as subsidised electricity. No minimum local added value is required of tax free factories although the SPARTECA and Lome trade agreements do impose some local content provisions.[4] Lured by these incentives, many local manufacturers have geared themselves to the export market, often producing under contract for Australian and New Zealand garment companies. Several Australian and New Zealand garment manufacturers have also invested in Fiji, generally in joint ventures with local firms but in some cases by establishing wholly-owned subsidiaries or by moving their operations offshore.

This paper takes up a number of issues arising from the boom in Fiji's garment industry and the formation of the tax free zone/factory scheme. It examines the plight of garment workers in Fiji, and the implications of the tax free zone/tax free factory scheme for the union movement in Fiji, as well as critically examining its merits as a strategy for economic development. It also looks at the likely impact of the boom in Fiji's garment industry for the Australian industry and its workers, and examines trade union responses to labour exploitation in the Fiji garment industry.[5]

4 The Lome convention is a trade agreement between the ACP group, with 10 member states in Africa, the Caribbean, and the Pacific, including Fiji, and the EEC. Named after the capital of Togo, where it was signed, the convention allows products 'originating' in ACP countries to receive duty free and unrestricted access to EEC markets, subject to a safeguard clause for industries in the improving country and rule of origin requirements.

5 Much of the information on these matters was derived from fieldwork in Fiji. Of particular importance were completed membership forms for the Garment Workers' Union

Wages, conditions and the struggle to organise garment workers

National controversy over the wages and conditions of garment workers in Fiji erupted in 1986. A Wages Council Order, prepared more than three years earlier but withheld because of pressure from garment manufacturers, was gazetted early that year. This followed a spate of letters and articles in Fiji's newspapers protesting the garment industry's low wages and sweatshop conditions. The Wages Council Order obliged garment manufacturers to pay a minimum of 70 cents an hour to new entrants into the industry and 90 cents an hour to other workers. But the order was rescinded by the Alliance government two weeks after it was announced, following a three day protest lock-out by manufacturers who threatened to close shop if the order was enforced. Unorganised women workers took to the streets in a spontaneous protest, but their actions received little support from the then secretary of the Fiji Trade Union Congress, James Raman, who advised the women to go back to work (Slatter 1987).

A tribunal established by the Alliance government to look at the garment workers' situation failed to bear fruit before the Alliance government was swept from office in April 1987. The Fiji Labour Party-National Federation Party government headed by Timoci Bavadra came to power with a promise to enact a minimum wage for garment workers. But there was little time in which that promise could be tested before the government was ousted in the May 14 coup.

The immediate post-coup period was characterised by open repression of the labour movement. Attacks included jailing and harassment of some trade unionists and the passing of laws which made trade union activities illegal. The offices of the FTUC and the Fiji Public Service Association were raided by the military after the second coup and selected union leaders were again harassed and detained. While such excesses have been curbed, hostility to trade unions has continued under Ratu Mara's interim administration, which did not formally acknowledge the right of trade unions to exist and organise until early October 1989, following visits and lobbying by officials from the ICFTU and the ACTU.

However, the attacks have engendered resistance. The FTUC's old-guard was ousted after seventeen years at the helm at the Congress's biennial conference in January 1988. The new executive has proved more militant, and willing to stand up to a hostile regime. Organising garment workers has been and remains one of its top priorities, though employer resistance and laws designed to curb unionism have made this a difficult task.

In Fiji, as in the United States, a union must recruit 50 percent of the workers employed by a company at each of its operations the company is legally obliged to recognise the union. Unions have no right of entry to workplaces. Garment manufacturers have displayed a particular hostility to unions and have actively discriminated against workers known to have or suspected of having union sympathies.[6] The FTUC Women's Wing has fought this employer resistance with a resourceful recruitment drive. Denied access to workplaces, activists have visited worker's homes and villages, signed-up women workers travelling to and from work on buses and used a 'word of mouth' network to make contact with workers. After close to a year's campaign in which its application was rejected four times by the Registrar of Trade Unions on technical grounds, the FTUC succeeded in registering a Garment Workers Union in July 1989. But unionising factories has proved more difficult. Several major garment manufacturers have publicly stated their opposition to unionisation of the industry and most have done their best to keep the union out. Evidence gathered by the FTUC suggests that major export garment factories have colluded to thwart attempts to organise factories. Several prominent export garment factories are linked through interlocking directorships. The FTUC approached these manufacturers after apparently recruiting more than 50 percent of the workers seeking recognition for the union, only to be told that many of the workers on its membership did not work there. The union alleges that when management discovers that workers have been recruited in a factory, some of those employees are 'swapped' to another factory - linked to its rival by interlocking directorship or even family or marital ties - thus reducing the quota of recruited workers.[7] At

6 Discrimination has included dismissal of workers found to have union sympathies. See, for example, 'Garment factory sacks machinist' *Fiji Times* 28/6/89.

7 Rank and file workers interviewed in Fiji by the author told of another way in which these interlocking directorships are used to deprive them of their rights. The workers said that they are sometimes asked by their employer at the end of the working day to work 'overtime' at another factory owned by a 'rival' firm. But because this 'rival', which shares a common director with their normal firm, is registered as a different company, they are paid at normal rather than overtime rates.

the time of writing, the union had not succeeded in organising any garment factories despite its success in recruiting close to 1,000 workers - about a quarter of the total number employed in the industry.

Garment manufacturer's arguments against unionism dovetail neatly with the Fiji regime's export-led industrialisation strategy. Garment manufacturers have argued that unionisation (and consequent improvements to wages and conditions) will increase the price of Fiji's exports at a critical time when the industry is cementing a foothold in overseas markets, and that unionisation will ward-off foreign investors. Conversely, they have suggested that unionism is unecessary because a shortage of trained labour is forcing up wages inexorably through the laws of supply and demand (*Fiji Times* 13/1/89). As is so often the case when market forces run counter to capital's interests, the state in Fiji has moved to remedy this supply-side problem by establishing a garment training school. But in any case, the manufacturers' contention is not borne out by the evidence on prevailing wage rates in the industry. While competition for skilled machinists, who are in short supply, is forcing up wages for a limited number of workers wage levels for the majority remain abysmal.

At some firms, new workers are payed $2 to $5 a week during a month to six week training or probation period - the workers refer to this money as 'bus fare' rather than income, because that it is generally all it covers. A recent Wages Council Order[8] brought down a minimum wage of 70 cents an hour for the industry - 20 cents below the figure derived in 1986 - but the FTUC has evidence which suggests that average wages are below this legal minimum and wage rates of 50 cents an hour for experienced workers are not uncommon. It remains to be seen whether the new legal minimum wage gazetted by the wages council will prove acceptable to the industry. Padam Lala, head of the Fiji Garment Manufacturers' Association, has already indicated that the figure is too high and that many garment manufacturers are likely to find it unacceptable (*Fiji Times* 13 November, 1989) but Fiji seems to have avoided the sordid affairs of 1986 when a 'capital strike' led the government to reverse the minimum wage

8 The Order was brought down in early October without union consultation and while the interim secretary of the Fiji Garment Workers' Union, Ema Druavesi, was out of the country.

decision. It could be that, with the trade booming and 'market forces' pushing up rates for skilled workers, a reduction of more than 20 percent on the overturned 1986 minimum wage will be acceptable. (And with inflation in Fiji running at 12.5% per year the reduction on the 1986 rate is effectively far more than this). Whether the statutory minimum will be enforced by a government keen to court foreign investors and unwilling to offend capital is another matter.

The power relation between capital and labour in the garment industry is expressed through the controls and restrictions management imposes on workers. A nine hour working day prevails in most factories. Few garment manufacturers permit workers to leave the premises during lunch or tea breaks, which makes it difficult for workers to carry out their household responsibilities (paying bills, banking etc). The barbed wire fences, locked-exits and barred windows that secure the factories seem to symbolise this power relation. The FTUC has evidence of incidents in which security guards, ostensibly employed to keep out intruders, have harassed and intimidated female workers. Other conditions such as sick leave and holiday pay are virtually non-existent.

Labour and the Tax Free Zone/Tax Free Factory Scheme

The tax free zone/factory scheme is the centrepiece of an export-led industrialisation strategy adopted by the post-coup government. Enacted by decree in November 1987, the tax free zone/factory scheme embodies similar characteristics to other third world export processing zones or free trade zones, with some added bonuses for investors. While most regimes elsewhere have required export capital seeking tax exemption to locate in specific zones, any manufacturing plant in Fiji producing 95 percent or more of its goods for export or to service another export factory can seek tax free status. This has allowed existing garment factories which were already export-based and other local manufacturers to simply stop paying tax while providing no additional benefits to the local economy. Approval of applicants is fast-tracked and normally takes about six weeks (the Fiji Trade and Investment Board (FTIB) refers to the review process for investors as 'administrative formalities'). Fiji's 13 year tax free period is the longest 'tax holiday' offered by any country in the region, comparing with 8-10 year tax free periods in the export processing zones of the Philippines, South Korea, Sri Lanka and Taiwan.

Despite the more than generous concessions offered to investors and the high profile afforded the tax free zone/factory scheme by the interim government, the scheme has had limited success in attracting new investment to Fiji. In the first year of operation, almost half the investment in tax free factories was not 'new' or real investment, but merely the granting of tax free status to existing firms. Though the Fiji government has been keen to attract big-money foreign investors, only 18 of the 46 tax free factories in operation after one year involved overseas joint ventures partners (though 20 out of 30 approved and not yet in production involved foreign capital). The foreign shareholding represented a majority in 11 of these corporations. Garment manufacture was by far the largest of the industry groups, comprising 28 of the factories and employing the majority of workers in tax free factories (just over 3,000 or, 68%) but 50 percent of these factories were existing manufacturers. The low capitalisation of the industry reflects the existence of a cheap labour force - and while the motivation for investment is this cheap labour force, there is little incentive for foreign investors to put big money into the industry.

In its sales pitch to potential investors in Fiji's tax free zones and factories, the regime has stressed the presence of a "English speaking, low cost industrial discipline (sic) and adaptable labour force" (FTIB 1989). The high profile given to the success of the scheme in wooing new investors to Fiji indicates its importance in the administration's post-coup economic strategy. Low wages - less than a third of prevailing rates in Australia and New Zealand - are acknowledged to be a major motivation for capital to locate in Fiji. If union action threatens this 'incentive', the administration is likely to side with manufacturers in their attempt to undermine unionisation of the industry. That attack could well take the form of further and more repressive laws against labour. Thus the unionisation of workers within tax free factories has the potential to become the catalyst for a head on confrontation between the labour movement and the interim government with serious implications for the future of unionism in Fiji.

Limits of the tax free zone/factory strategy

Legitimation of the interim administration and economic revival for the beleaguered post-coup economy were the primary motivations for the swift introduction of the tax free zone/factory system. But even sections of the state and capital acknowledge that the long-term benefits for the Fiji economy of the scheme are questionable. Because it provides manufacturers with access to markets in Australia and New Zealand, the SPARTECA agreement has provided an incentive for capital (local and overseas) to invest in Fiji.This has proved a boon for garment manufacturers who would otherwise be denied access to the protected Australian market. But under the industry plan covering the Australian TCF sector, tariff and quota barriers are being progressively dismantled with protection due to cease in 1995. Whether Fijian exports will remain competitive once long-established manufacturers in Asia and elsewhere gain free access to the Australian markets remains to be seen. Without the benefits provided by SPARTECA, Fiji exports have largely failed to penetrate US and European markets. Whether overseas capital will remain - or once again transfer operations offshore - once SPARTECA's special advantages disappears should also be a matter of concern to the Fiji regime - and to the Fiji labour movement. It is more than likely that, driven by fears of an industry slump and capital exodus, the state will work actively to suppress improvements to wages and conditions and repress the union. Should disinvestment become a reality - or even a strong fear - pressure for an extension of the already generous tax concessions and other state subsidies to capital would be almost certain to occur, furthering impoverishing a public purse which even now spares few pennies for much needed social welfare.

Once entrenched, the industrialisation strategy being pursued by the interim administration could make it difficult for any future Labour or pro-worker government to succeed in Fiji. The election of a government committed to labour's interests and willing to tax and otherwise challenge corporations would almost certainly evince a backlash from capital and bring on a capital flight. The resulting economic slump and hardship would undermine public support for the government - and probably cause intervention by the military (not to mention the IMF!).

Union responses

Clothing workers' unions in Australia, New Zealand and Fiji have been campaigning for the inclusion of a social clause in the SPARTECA agreement that would make preferential access conditional upon the goods being produced by unionised labour or labour employed under regulated wages and conditions. The Clothing and Allied Trade Union included the demand for a social clause in a recent submission to the federal government and the Fiji Garment Workers' Union has put the demand to the interim administration Academics, and women's groups in Fiji concerned about exploitation of the largely female workforce in the garment industry, have also argued for the social clause.[9] The case for the Australian government imposing restrictions on the SPARTECA agreement to ensure that minimum labour standards are observed by Pacific countries is strong.

Bureacrats within the Commonwealth Department of Trade and Foreign Affairs have argued that the social clause is a 'political' step that should be kept away from a 'trade' agreement such as SPARTECA. In the prevailing orthodoxy, economics and politics are entirely seperate disciplines and never the twain shall meet.[10]

But with its stated objectives of accelerating 'development' in the forum island countries by promoting industrialisation and export penetration from the forum island countries, SPARTECA is in reality as much an aid as a trade package. Aid is rarely given without strings attached and the Labour governments of Australia and New Zealand can and should

9 Waden Narsey from the University of the South Pacific seems to have initiated the social clause idea and has argued that unions and other parties concerned with improving Australia-Pacific relations should lobby the Australian Government for the introduction of preferential trade agreements with the islands to influence working conditions. See Narsey (1985 & 1986).

10 An interview conducted by this author with an economist heading SPARTECA within the Australian Department of Trade and Foreign Affairs illustrates this point. After the economist said he "couldn't comprehend why you'd want to put a social clause in a trade agreement', I asked his opinion of labour conditions in Fiji. He replied: "I saw some of the factories. They weren't air-conditioned comfortbut they were much better than the ones in India. But I'm not really in a position to comment. I've never been inside a factory here so I;ve got no point of comparison. he added: "I'm a trade person. Politics isn't my line."

impose obligations to curb the labour exploitation which has been indirectly promoted by this agreement. The involvement of Australian and New Zealand corporations in exploitation of Fiji workers - either through direct investment or through the indirect use of labour in contract cut, make and trim work - makes the case all the more imperative.

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