Fear and loathing
in Ramatex's Namibian factory

The giant Malaysian textile multinational Ramatex is a brutal example of a company hunting down profits across the globe through super-exploitation of workers. **Doug Miller** traces its controversy-racked path in Namibia and provides a fascinating picture of how such companies operate.

It was May 2002. I came to Windhoek with Jabu and Amon, regional secretary and president of International Textiles, Garment and Leather Workers' Federation (ITGLWF) Africa region, to meet with the National Union of Namibian Workers (NUNW).

Neil Kearney, ITGLWF general secretary, had been alerted by the Namibian government that the management of a new textile and clothing complex being built outside Windhoek wanted to install a workers' committee rather than allowing a union. We had come to find out what the national union movement was doing about this and to offer assistance.

The company had built six enormous sheds with a massive sweetener from the Namibian government. The ministry put together an incentive package including subsidised water and electricity, a 99-year tax exemption on land use and over N$100 million (R100 million) to prepare infrastructure for the site. The justification was that that the company would create up to 5 000 jobs during the first two years and another 2 000 in the following two years.

RAMATEX: WHY NAMIBIA?

The 'investor', Ramatex Berhad, was Malaysia's leading textile company, which wanted to exploit the export opportunities provided by the United States's Africa Growth and Opportunity Act. Ramatex specialises in knitted garments and is a major supplier of Nike, Adidas, Champion, Gap and Puma from its Malaysian operations. From Namibia, it planned to supply the mass discount market and certain children's wear.

Ramatex had already been 'regime shopping' in the region for the best deal. First was Madagascar, then South Africa, where the company had two subsidiaries in the Eastern Cape. This was the most spectacular foreign investment in Namibia since independence, but it was a great deal for Ramatex, which only had to equip the factories with machinery which could be easily moved. This was globalisation at its starkest.

Swapo (South West African People's Organisation) had moved a long way from its 1976 commitment to 'building a classless, non-exploitative society based on the ideals and principles of scientific socialism'. Desperate to attract foreign investment, it was prepared to subsidise one of the biggest Asian multinationals, with an annual turnover of over US$300 million – the wage bill of the entire Namibian operation for three years. The government also relaxed labour, environmental and municipal regulations.

When we met union representatives in May 2002, stories circulated of the company instructing women trainees to take pregnancy tests, at their own cost, in line with 'company policy'. Netumbo Nandi Ndaitwah, Minister of Women's Affairs and Child Welfare, denounced this as discriminatory under the Namibian

Labour Act. Workers also complained that Ramatex was only interested in young women workers, and did not want workers who were tall or fat. There were allegations that company trainers had slapped, pinched and insulted new recruits for making mistakes.

ORGANISING RAMATEX

There was no tradition of textiles and clothing manufacture in Namibia, and the Namibian Food and Allied Workers Union (Nafau) organised in the sector. By July a number of issues pushed workers towards a union. When Nafau approached the company for access to workers, its request was snubbed. At a meeting at the factory gates, workers urged Cuana Angula, Nafau general secretary, to negotiate deals on overtime pay and transport for workers knocking off late. Workers complained of rashes and swelling on their hands and the heavy-handed response of line management when they brought grievances to their attention.

By August matters came to a head over wages. Namibia has no statutory minimum wage, and workers were paid a basic hourly rate of N$1,76 (R1,76). Over 1 000 downed tools in protest against vague work contracts, which they believed set their monthly pay at N$360. The strike was abandoned when Nafau and the Ministry of Labour intervened. Ramatex agreed to take the strikers back and increased the hourly wage to N$3 plus production incentives.

This was nowhere near a living wage. Harnessing the unrest, Nafau negotiated a recognition agreement with Ramatex in September 2002. However, trainees remained on N$1,76 for the first three months, and a provision that there would be no further pay talks for three years, ensured future unrest.

In February 2003, we helped our Africa regional office run a shop stewards' course for Nafau reps at Ramatex. We brought delegates together from Ramatex factories in

Malaysia, Mauritius and South Africa. The Windhoek stewards' committee was young and inexperienced but there was a raw anger, particularly on wages, lack of company transport and the rising use of foreign workers at the factory.

I tried to defend the foreign workers, but the reality soon hit me. By the end of the year Ramatex intended to employ 7 000 workers, mainly from China and the Philippines. It argued that the foreigners would bring locals up to speed. Namibia's official rate of unemployment is a staggering 33%.

Most of the Chinese came hoping for higher earnings, believing that with excessive overtime, they could earn more than $200 a month. But some had handed more than US$2 000 in fees to recruitment agencies, forcing them to work almost round the clock to pay off the debt before they could earn. They were hired to produce, not train.

During our workshop we visited the factory and noticed that hostels housing eight workers to a room were under construction. The company had promised foreign workers free food and accommodation, but their lack of English condemned them to the confines of the factory complex. Most were on three-year contracts and residence permits. They fell under a separate personnel department and were forced to deposit their passports with the company – a practice the ILO defines as forced labour.

The recruitment of so many foreign workers served to divide the workforce. Boscko Augustin, general secretary of the Johore Textile and Garment Workers Union, locked in a bitter recognition dispute with Ramatex since 2000, denounced these tactics at the workshop. I started to see his point. We tried to engage some of the Filipino workers but they were too frightened to talk. Vulnerable foreign employees kept Nafau at arm's length, although their grievances soon exploded.

At our meeting we compared wages and conditions across the four countries. South African wages were twice those of the top earnings in Namibia. Our factory tour failed to notice new sheds under construction, one of which was to house Ramatex subsidiary Tai Wah Garments. By October 2003 the Southern African Textile and Clothing Worker's Union was battling to keep Tai Wah and May Garments in Dimbaza in the Eastern Cape open.

The meeting ended with a declaration of support for Nafau and a pledge to assist in the recognition dispute at the Ramatex headquarters in Johore, Malaysia. It also minuted a draft of industrial relations issues for follow-up. However, repeated ITGLWF requests for a meeting elicited no response from Albert Lim, Ramatex CEO.

SLIDE INTO CHAOS

Between February 2003 and the end of 2004, Ramatex Namibia rapidly slid into an industrial relations nightmare.

First, politicians, environmentalists and Windhoek residents raised concerns that toxic waste could seep from the factory into a water reclamation plant. Management refused to release the environmental impact study because it contained 'sensitive information' which competitors could use. The Windhoek council later commissioned an independent probe into the pollution claims and temporarily closed Ramatex, which was forced to rehabilitate its recycling plant at a cost of N$12 million (R12 million).

In May 2003, the company came to a standstill when 3 000 Namibian workers downed tools over wages and conditions. More than 400 were suspended, later winning reinstatement after a court battle. However, the company would not allow 100 trainees to return.

In January 2004, the Embassy of the Philippines in South Africa asked Ramatex to look into concerns raised by about 700 Filipinos in its Namibian factory. Chinese workers were reported to be leaving in droves.

In July 2004, Filipino workers launched an overtime ban over poor wages. Management agreed to their demand to be paid in US dollars.

Then hundreds of Bangladeshis at Ramatex rioted, prompting police intervention. Lured by agents promising high earnings to whom many workers had paid more than US$3 000, they were housed in horrific conditions. A first group was dismissed as unproductive, and a second wave was offered a lower wage with heavy deductions for food. The rioting workers were deported.

MOUNTING A CAMPAIGN

On the shameful treatment of the Bangladeshis ITGLWF decided to mount a campaign to address the problems at the Windhoek plant. Our information was that about ten retailers or brand-owners were buying from Namibia, including Oshkosh B'Gosh, the Children's Place, Mervyn's, Saks, MCT, Sears/Kmart and KidsRUs. We wrote to their CEOs detailing Ramatex abuses and contrasting these with the buyers' ethical statements or codes of conduct. We copied letters to the Namibian government. I liaised with Nafau to prevent unilateral action. In January 2005 we got the go-ahead from Kiros Sackarias, Nafau's new general secretary, and sent the letters on 20 January.

In February, after buyers contacted Ramatex management, an embarrassed Namibian establishment responded with a press onslaught against Nafau and the ITGLWF. It branded our actions as 'misleading', 'despicable', 'tantamount to calling a boycott' and 'economic sabotage'.

This placed Nafau's Sackarias in a difficult position. In March, the company gave the Ministry of Labour notice that the factory might close. This coincided with an appalling press report which alleged that the ITGLWF's Kearney had urged companies not to buy from Ramatex and quoted Sackarias as saying the international federation had not consulted on a boycott. We had never proposed a boycott!

There was some good news. After numerous attempts to dialogue with Ramatex, Kearney received a letter from CEO Albert Lim acknowledging that buyers had written to him and offering to communicate. The company also at last granted union recognition at its Malaysian mills after a high court ruling.

BENEFITS OF FREE TRADE: FOR RAMATEX

In April, without consultation with the union, Ramatex retrenched 1 700 workers in Namibia. Workers got a week's paid leave before the announcement, arousing suspicions.

As the longest-serving workers were entitled under Namibian labour law to two week's pay for each year of service, Nafau declared a dispute. After mediation, employees received one and a-half week's wages for every year worked. Each employee who had been with the company for more than two years also got an additional N$375 (R375) and N$300 (R300) went to those with less than two years' service. All retrenchees were compensated for leave and received a N$75 'relocation assistance' to help them find new jobs.

The trigger for the closure was not the ITGLWF campaign, but shifts in the global textile and clothing sector with the phase-out of quotas in December 2004. Freed from such constraints the major retailers and merchandiser multinationals, the real beneficiaries of WTO free trade orthodoxy, began to switch sourcing to the cheapest locations. These were mainly China and India. Ramatex's 2005 plans were bad news for Namibian workers: five garment factories were under construction in Suzhou, China.

Namibian Ramatex workers had now gone three years without a pay increase. Nafau demanded at least double the hourly rate, which for most workers was between N$3 (R3) and N$4 (R4). In January this year, Ramatex offered a 15c an hour increase. Despite government involvement in the wage talks, the company refused to budge.

After a three-month standoff, the hammer-blow came. Ramatex was to close. Albert Lim had flown in to serve the Namibian cabinet with an ultimatum: buy the company at N$490 million (R490 million) or he would close down, retrench workers and ship out the plant and machinery. He gave government two weeks to come up with a proposal to save 5 000 jobs, including 2 000 foreign workers.

In 2004 someone wrote to *The Namibian* suggesting that Namibians should 'go into the Ramatex facility, deport the management, and expropriate it'. The operation should run with Namibian management, and supply Ramatex's customers as before. Namibian labour law would ensure that staff were protected and treated decently.

Now there's a thought!

LB

Doug Miller coordinates the ITGLWF work on multinationals. He writes in his personal capacity. *(See following page for next episode in the saga.)*