Making garments in southern Africa

Tale of weak enforcement

South African firms in the garment industry operate in former apartheid decentralised zones and in Swaziland and Lesotho. **Andries Bezuidenhout** investigated labour law enforcement in these areas and why some South African employers don't move to less regulated industrial areas across the border.

In the early 2000s, partly because of the Africa Growth and Opportunities Act (Agoa), the United States of America, Lesotho and Swaziland saw an influx of clothing manufacturers. Another reason for this was that the South African rand, to which Lesotho and Swaziland's currencies are tied, was favourable to the US dollar at the time.

In Lesotho 50 000 new jobs were created, and in Swaziland 40 000. Mostly young women work in these factories, producing merchandise such as jeans and T-shirts for the US market. These are massive orders with low margins, but high profits because of the size of the orders.

But the end of Agoa put these factories under pressure. Also, the rand nearly doubling in value to the dollar since the early 2000s came as a shock to exporters. Lesotho and Swaziland lost around 20 000 jobs each as manufactures relocated to China and Vietnam. This empty factory space is often filled by relocated South African operations.

Why do South African clothing manufacturers move to Lesotho and Swaziland? For the past year, I have been visiting these two countries with Soeren Jeppesen, a colleague from the Copenhagen Business School, in an attempt to understand this. This article is based on impressions from factory visits and interviews with managers, trade unions, workers and government officials.

The story is more complex than just South African firms leaving because of 'high wages' and 'good labour laws', to countries where labour can be 'exploited'. Before we go to Lesotho and Swaziland, we have to make a detour. We start in KwaZulu-Natal.

EZAKHENI, SOUTH AFRICA

The Ezakheni industrial park near Ladysmith was set up in the 1980s to attract manufacturing operations to the area. It is a prime example of apartheid's 'industrial decentralisation' strategy. Firms received subsidies from the state, as well as tailor-made factory space at low rents.

Apart from relocations by clothing manufacturers from elsewhere in South Africa, Ezakheni attracted a considerable number of Taiwanese companies. For the apartheid state this was intended to stem the flow of Africans to cities such as Durban and Johannesburg. For employers, it meant lower wages than urban areas. In traditional clothing manufacturing hubs, such as Durban and Cape Town, the South African Clothing and Textiles Workers' Union, (Sactwu), was winning recognition agreements to negotiate better wages.

But places like Ezakheni had another advantage for employers. It was in the Bantustan of KwaZulu, where South African labour law did not apply. Workers were often forced to join the weak United Workers' Union of South Africa, which was affiliated to Inkatha. So in addition to lower wages, unions could not operate freely.

So, in the 1980s there was a shift of garment factories from urban to rural areas such as Ezakheni and Phuthadithjaba in the eastern Free State nearby. This trend continued into the 1990s, when industrial council agreements did not yet cover these areas.

South Africa's transition to democracy and new labour statutes changed the situation. Bargaining council agreements now set minimum wages and conditions for formerly excluded areas, such as Ezakheni. Unions can operate freely and the council opened an office in nearby Ladysmith to assist employers and employees, and to inspect minimum conditions set by collective agreements.

Could it be the case, we asked ourselves, that these companies will now relocate to places like Lesotho and Swaziland? In both these countries, with many Asian firms departing, there are trained and experienced workers who are willing to work for much lower wages than in South Africa.

MAPUTSOE, LESOTHO

There are two unions organising in the garment industry in Lesotho, the Lesotho Clothing and Allied Workers' Union and the Factory and Allied Workers' Union.

Wages in Lesotho are set by the state at around R700 a month. The average monthly wage of workers we interviewed was R736.76. Conditions in factories also massively improved after GAP, a Los Angeles company that sources most of its products from Lesotho, implemented a code of conduct to which their suppliers have to subscribe.

This code requires suppliers to enforce the labour laws of the country, as well as other minimum standards. GAP appointed three full-time inspectors to inspect factories in Lesotho. Most companies feel positive about this code, and that inspectors are supportive in their approach, rather than punitive.

The Labour Commissioner also reported that she had a good relationship with GAP's inspectors. The Department of Labour, however, is clearly under resourced. There are only eight inspectors to cover the whole country, with not enough vehicles. Officials' low wages make the system vulnerable to bribery.

We also saw the extent to which trade unions rely on the code of conduct system instead of organising. When they want companies to respond to their demands, they tend to 'cc' their correspondence to Los Angeles, which puts a lot of pressure on firms. Codes of conduct often bypass Lesotho unions instead of building them.

Lesotho has been able to offset the loss of jobs by South African companies moving in. Some garments manufactured by South African operations are exported to South Africa, and others who serve niche markets export globally.

Most South African firms in Lesotho operate from an industrial park in a town called Maputsoe, across the border from Ficksburg in the South African province of Free State. Workers in the factories live in Maputsoe, and the South African managers tend to live in Ficksburg and Clarens.

The area, with its picturesque mountains, is popular with weekend tourists from South Africa's Gauteng. Some of the managers prefer the rural life-style and lower levels of crime than in South African cities. They do not live in Maputsoe, because there are no 'middle-class suburbs'. They can cross the border easily, and living in Ficksburg provides them with the 'best of both worlds'.

Although no managers said so in interviews, South African firms in Lesotho do not have to implement South African employment equity and black empowerment laws and regulations. They mentioned that workers from Lesotho went through a good education system and they found it easy to train them.

MATSAPHA, SWAZILAND

From the 2000s, the Swazi government targeted garment manufacturing aggressively. They built major factory shells in Matsapha, the main industrial area near Manzini. Soon these factories were filled with workers and machines.

There are two unions who organise garment workers. The Swaziland Manufacturing and Allied Workers' Union (Smawu) and the Swaziland Processing Refinery and Allied Workers Union. The unions are reluctant to use codes of conduct to enforce labour standards as when they originally tried, Wall-Mart cancelled a contract with a local supplier and workers lost their jobs.

Rather, Smawu focuses on worker organisation. It mobilised aggressively for better wages and conditions, and led a number of strikes. It also directed some of its demands at the authoritarian Swazi state, which is ruled by an absolute monarch.

The result of Smawu's efforts was the setting up of Swaziland's first industry-wide bargaining arrangement. However, employers collapsed this arrangement by withdrawing from the Swaziland Textiles Exporters Association (STEA). Some said that South Africans were instrumental in this decision.

The Department of Labour in Swaziland is better resourced than in Lesotho, with a labour commissioner who takes an active interest in the social causes of low-wage employment. However, due to the role of the monarchy in the state bureaucracy, lines of authority are often unclear.

Workers in Swaziland are paid slightly more than in Lesotho, around R750 a month. The average monthly wage of workers we interviewed was R1 015.64. Fewer workers had access to maternity and family responsibility leave than in South Africa and Lesotho.

South Africans run a blue-chip, highly mechanised and specialised garment manufacturing operation. They mostly supply the upper-end of the South African market, and handle material such as chiffons. Most workers want to work for this operation, since it pays higher wages and invests in training.

We asked South African managers why they located to Swaziland and not Lesotho. They pointed to Swaziland's road infrastructure, as well as the pleasant residential area Ezulwini near Swaziland's foremost game reserves and casinos. Ezulwini has a South African estate agent, restaurants, and shops. They also felt safer here than in Johannesburg, but were still close enough to Gauteng to go for weekends.

BACK TO EZAKHENI

In Lesotho the Department of Labour is vastly under resourced, and the Swazi state is fractured, due to the monarchy. But what of South Africa?

Many clothing and textile firms in Ezakheni have closed down. A small core of clothing firms remain and they mostly manufacture garments for the upper end of the South African market such as Woolworths and Foschini.

Interviews with Department of Labour inspectors in Ezakheni reveal a similar situation to Lesotho and Swaziland. There are too few inspectors for too many factories. Inspectors tend to specialise in the parts of labour law that they know and feel strongly about whereas they are supposed to be generalists.

Also, firms sometimes do not allow inspectors onto their premises. The local newspaper reported a case where an inspector was assaulted by an employer. When inspectors call the police to enforce their entry rights, they are told that the police are too busy 'fighting real crime'. When they take matters to court, the courts are too busy and often cases are thrown out.

A lone official works in the bargaining council office, and has to cover the entire area from Estcourt to Newcastle. He simply cannot inspect all factories that he should. Only nine firms fully comply with the council agreement.

A visit to the union revealed that Sactwu mostly organises a few well-established firms, who supply the top-end of the South African market.

It seems that 90% of garment operations around Ezakheni do not comply with labour statutes or bargaining council agreements. At one factory, workers were too scared to talk to us. Many are paid wages way below the minimums set by the agreements. The average monthly wage of workers we interviewed was R1 064.80.

Clearly it is not just a case of employers fleeing to Lesotho and Swaziland to get away from South Africa's 'Rolls Royce' labour laws. It seems that the 'Rolls Royce' has been hijacked and that crime in South Africa extends to the labour market as well. Ironically, whilst receiving the lowest wages, factories in Lesotho are the best inspected of the three countries, with GAP's three full-time inspectors making sure that standards are met.

In a cut throat industry, with rampant imports and non-compliance by local firms, it is no wonder that law-abiding firms find it hard to compete and seek greener pastures, where they can have 'the best of both worlds'. LB

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