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Ethical Codes: Reality and Rhetoric

A Study of Sri Lanka's Apparel Sector



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**Ethical Codes:
Reality and Rhetoric¹
– A Study of Sri Lanka’s Apparel
Sector**

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¹This is a deliberate play on words in order to show that some aspects of the ethical trade regime are upheld in Sri Lanka, while for other codes there is no more than lip service paid. [This research on “Labour Practice Responses to Ethical-Trading Codes of Conduct at Sites of Production: A Case Study of the Sri Lankan Apparel Sector” is funded by the Economic and Social Research Council (ESRC Grant Number: RES-061-25-0181)]

EXECUTIVE SUMMARY

This report provides initial findings from a three year study, funded by the Economic and Social Research Council, on evolving labour practice responses to ethical trading initiatives at sites of production which focuses on the Sri Lankan apparel sector (Grant number: RES-061-25-0181). The report focuses on what the Sri Lankan apparel sector's evolution into value-added apparel production implies for labour conditions and practices at production sites. It is also interested in exploring what local institutional factors enables Sri Lanka to position itself as a supplier engaged in ethical production and the extent to which the 'garments without guilt' initiative rests upon legitimate adherence to global ethical code regimes. Issues of paramount importance as the world economy go through a downturn. This report is intended as a sole key point summary primarily targeting the non-academic community as its readership; those interested in detailed findings of the project should contact Dr. Kanchana N. Ruwanpura (k.n.ruwanpura@soton.ac.uk).

Summary

Corporate codes of conduct have, for about 15 years, been a cornerstone of ethical trade initiatives. They have been used to ensure worker welfare and promote social justice by maintaining minimum labour standards in global production. The apparel sector has been at the forefront in adopting corporate codes to eliminate poor labour practices in global production systems, with the core conventions advocated by the International Labour Office (ILO) serving as a backdrop for those corporate codes.

In the absence of globally enforceable mechanisms, social auditing is used to monitor and evaluate the ways in which codes of conduct are applied in export production sites. While recent academic research highlight considerable national variation between corporate codes of conduct and how social auditing is promoted and enforced, the ways in which workers' labour conditions have evolved and changed as a result of the corporate codes and social auditing at sites of production remain under-explored areas of research.

The project attempts to fill that gap via its primary aim of:

Critically assessing how labour practices at production sites in the clothing sector in Sri Lanka have been impacted by the ethical trading codes of conduct promoted by retailers, and also by the social auditing methods adopted – specifically in a context of a country making the transition towards higher value-added apparel production.

Indeed in South Asia, Sri Lanka was an early entrant into apparel production with the country embarking on liberalization from the late 1970s. A highly educated labour force and a preponderance of 'nimble' finger workers together with an open economy policy context provided an attractive background for encouraging and stimulating investment in the garment sector. That environment, over three decades, has led to the garment sector maturing successfully, and also making a smooth transition away from its reliance on the Multi-Fibre Agreement (MFA) quotas towards higher value-added apparel production. As a result, the apparel sector has become the second largest foreign exchange earner for the country and is an important source of employment creation. However, the extent to which these changes have created better labour conditions in the sector and the role and impact of ethical trading initiatives within that process is uneven. This research finds that while certain codes, and hence labour conditions, are impressively upheld, other codes tend to be neglected. It also finds that the apparel industries ability, necessity and willingness to uphold codes is not solely due to global governance regimes but also results from historical struggles which have won important concessions for labour, conducive national and local regulatory frameworks and overall socio-development conditions; factors which matter in a global recessionary climate. Precisely because of these complex connections between the global and local, few other codes are rarely

upheld; codes on the living wage and freedom of association, for instance, are most unlikely to be practiced at production sites.

The economic, social and institutional circumstances within which labour conditions in the country have evolved, as corporate codes of conduct have increasingly impacted on labour practices, provides the focus of this report. Using in-depth interviews with management, workers and labour rights organizations, and participant observation at two factory settings, that focus is pursued via an examination of the lived realities Sri Lankan apparel workers and the extent to which they perceive codes of conduct and social auditing both to be playing out in practice and in changing work conditions. By concentrating on the evolution of labour processes and practices in this way, the report offers evidence to fill a significant research gap and provide important insight into the complex impacts of 'responsible' global sourcing at sites of production.

Key Findings

- The favourable socio-development context within Sri Lanka has made upholding global governance regimes possible. Hard won historical gains for labour rights made by labour movements, a development trajectory which has emphasized social and human development and appropriate legal frameworks has offered the necessary conditions to enable the apparel industry to draw upon and uphold important aspects of ethical codes.
- There is much to be applauded in the important strides the apparel industry has taken to initiate and implement ethical code regimes at production facilities. Yet, it is also important to acknowledge that initiatives, such as the “garment without guilt campaign” for instance, owe then its ability to posture themselves as such because of broader and favourable background conditions. In this regard, the Sri Lankan apparel industry’s ability to sustain its niche marketing strategy will also depend, in no small part, to the commitment that the Sri Lankan state shows towards sustaining a social development framework.
- While the apparel industry upholds certain codes widely – for instance the non-use of child labour, providing regular employment – it is culpable of not upholding codes relating to the living wage and freedom of association. There are also a few other codes which tend to be grey areas, as there are variations in the ways in which codes are practiced on the factory floor.
- The Sri Lankan state also needs to be held accountable for either creating or neglecting the conditions which make upholding ethical codes related to living wages and freedom of association less likely. The fact that the Wages Ordinance Board annual wage increments never keep pace with changes in the cost of living (inflation rate) in the country is a crucial factor that makes it difficult for workers to earn a living wage. Similarly, the State’s wilful role in disregarding workers freedom to associate and collectively bargain are also important factors needing attention in the context of multi-stakeholder initiatives on global governance.

About the author

Dr. Kanchana N. Ruwanpura is a Senior Lecturer in Development Geography at the University of Southampton, where she has been since 2006. Her research focuses on two strands of development geography – one which concerns itself with post-disaster, environment and ethnic identity politics and the other which makes labour geographies its nucleus. She has published in both these areas of research in numerous academic journals and edited books, and is the author of a research monograph which emerges from her doctoral research. Educated in Sri Lanka throughout much of her early life, her undergraduate and graduate studies were undertaken in the USA and UK, with her gaining her PhD (2003) from the University of Cambridge, England.

About the Researchers

The fieldwork research and the analysis of the findings were possible because of a team of able research assistants that came on board to help analyse and finalize the evidence throughout various phases of the research project (2008-2012). Fieldwork for this study was adeptly handled by Wasana Gunaratne, Andi Schubert, Anu Tennekoon and Anushaya Collure during the initial two year period of this project in Sri Lanka. In the UK, the author had excellent research assistance in analysing the qualitative data by an enthusiastic group of young researchers during various times of the research cycle. Paulette Amadi, Lisa Boorman, Alex Magee, Sarah Parker and Virandi Wettewa – all graduates of the School of Geography, University of Southampton – were research assistants that expertly help bring about this study to a close.

Acknowledgements

I wish to acknowledge the superb research assistance I received from the team of researchers involved in this project, the Social Scientist Association (SSA) – in particular Dr. Kumari Jayawardena and Sultan Hameed– for being the host institution in Sri Lanka to conduct the fieldwork for this study and to Professor Neil Wrigley (University of Southampton) who acted as her mentor on this project. I also wish to thank the management at the two factory settings that granted access to their production facilities on a long-term basis, other managers that opened their factories for shorter visits and managers and labour rights activists who had extended and frank conversations on the state of play in the industry. More importantly, a special mention needs to be made of apparel sector workers who took their time to speak about their work experiences and got involved in this research in numerous ways, thus making this research possible. Equally, the warmth and hospitality I received while being boarded at Auntie Inez and Uncle Christo's is greatly appreciated. In the UK, my thanks to numerous colleagues at the University of Southampton for helping me bring this report to shape. Lyn Ertl patiently worked with me on designing alternative covers; Denise Pompa assisted with last minute formatting; Tawia Abbam, Kate Boyer, Dionysia Lambiri, Suzy Reimer and Emma Wain shared useful comments on a draft version of this report; Nick Clarke and Ellie Tighe offered detailed comments based on a close reading, which helped sharpen this report, while Peter Sunley kindly read several versions of this report and through his constructive comments, helped me bring this report into its current shape. To all my colleagues' thanks for taking time off their busy schedules to read and offer reactions, detailed or otherwise; all errors of this report, however, remains my own.

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1. INTRODUCTION

Geographical restructuring of the global economy has sparked extensive investigation into the unevenness of the global economic map, and the consequences for production, trade and labour. Changing power dynamics embedded in the remapping of the political economy of capitalism has been examined in numerous academic disciplines. Within these debates, the apparel sector has offered a context in which to study the situation of developing countries within global production.

Media exposure of exploitative labour conditions at sites of production, with a particularly powerful focus on practices within Bangladesh, India and Pakistan in South Asia, has refocused public consciousness. Consequently, pressure to re-organise supply chains around ethical agendas has led to the emergence of ethical trading efforts, with multi-stakeholder initiatives and corporate codes of conduct used to purge poor labour practices. More recently, attention has shifted to industrial upgrading as a possible avenue facilitating a transition towards improved labour conditions.

Sri Lanka has been at the forefront of this movement to higher value-added apparel production and the implementation of ethical trading practices, largely avoiding the media negativity experienced by its regional competitors. This report focuses on the complex interactions between industrial upgrading, ethical trading and their intersection with local institutional and historical attributes – features neglected in the literature on global governance regimes. This research aimed to:

- a) Evaluate and conceptualize the geographies of local labour conditions and practices in Sri Lanka, and their significance for global regulation initiatives in ethical trading.
- b) Evaluate the ways in which corporate codes stemming from ethical trading initiatives impact labour practices in the sector, and to compare/contrast differences to codes in higher-value and lower-value added clothing production.
- c) Assess the evolution of Sri Lanka's apparel industry as it moved from the MFA quota production to higher value-added clothing production as a context for the study of the impacts of ethical trading practices.

2. METHODOLOGY

This study is based on a three-year Economic and Social Research Council (ESRC) funded project to explore the ways in which ethical corporate codes have bearing upon evolving labour practices at apparel production sites. Starting in December 2008, the research period spanned until end January 2012 with an 18 month period set aside for the field research. During this time, desk-based research and ethnographic research at two factory settings was conducted with daily visits. This ethnography was supplemented by in-depth interviews with management, numerous stakeholders from labour rights organizations and workers. Additionally, journal recordings by workers for an 18 month period were also maintained to obtain an evolving picture of labour practices in various factory settings. The text box synthesizes the research design, the

sample size and the time periods within which the fieldwork and research were carried out.

Research Design	Sample size	Time Period
Interview with Management	25	December-January (2008/09)
Ethnographic Research at Factories	2	August-February (2009/10) (PI) November-January (2010/11) (PI) April-October (2009/10) (RA-1)
1-2 day visits to factories	8 (excluding the two factories where ethnographic research was carried out)	August-February (2009/10) (PI) November-January (2010/11) (PI)
In-depth interviews with workers	90 (from various factories)	August-January (2009-11) (PI & RA-1)
Interviews with labour organizations, unions, and key informants	25	April-May (2010) (PI) November-January (2010/11) (PI) April-September (2010) (RA-2)
Journal recording	20	October-December (2009/10) (Workers)
Desk Based Research	N/A	February-December (2009/11)



3. CONTEXT – SRI LANKA: A TALE OF CONTRADICTIONARY DEVELOPMENT

This section constructs a historical narrative about the development of ethical codes of conduct, industrial upgrading and labour-practice responses firmly in the Sri Lankan garment industry. The analysis will begin with an examination of the Sri Lankan apparel sector in order to gain critical purchase over its relative contribution to the country's economy and workforce. This provides the parameters for understanding the shift towards an ethical agenda and the associated labour practice responses. It will focus specifically on the ways in which the country has accommodated the transition towards ethical production, although its manifestations are contradictory with

respect to the everyday experiences of workers at production sites.

Sri Lanka's own uneven development processes and growing inequalities is the context within which its apparel industry makes the transition to industrial upgrading and ethical production. While Sri Lanka surpasses its neighbours when it comes to social development (HDI) indices and has one of the highest labour costs per hour (Table 1 and 2) in South Asia, inequality is still a pertinent force within the country with a steady increase as exposed by its Gini coefficient (Table 3). This illustrates that income distribution within Sri Lanka has consistently been unequal within the past decade, with a tendency towards greater inequality in recent times. This deepening inequality has consequences for the ways in which we interpret the feasibility of ethical initiatives at work in the country (see Appendix for Tables).

Empirically and theoretically documenting the evolution of global production networks serve to introduce the geographical implications of such networks. A powerful phase of globalization, underpinning the movement towards economic liberalization and export production as a development strategy globally, started in the 1970s. US import quotas under the Multi-Fibre Arrangement (MFA) transformed the geography of industrial production, facilitating the spatial expansion of global apparel networks to expand under various manifestations of neo-liberalism. These processes of economic liberalization together with a seismic political shift in 1977 marking its entrance into an open economy were catalysts for Sri Lanka to enter the global apparel industry early on.

Since 1986 the garment industry has been the country's largest gross export earner. In 1977 textiles and garments accounted for just 2.0% of exports in terms of value. By 2009, however, this had increased to 46.0% (CBSL, 2009). The apparel sector is of great importance to the Sri Lankan economy, contributing 8.0% to the country's GDP and generating over 300,000 jobs in direct employment and about 1.2 million in indirect

employment (UN, 2009). 49.9% of Sri Lanka's working age population were employed in 2008 by the textile and apparel industry, making it the largest employer in the country (Table 4).

Similarly, the sector makes an essential contribution to Sri Lanka's export earnings. Between 2002 and 2009, the annual export value of Sri Lanka had increased 77.0% from USD 4,702.59 million in 2002 to USD 8,307 million in 2010. During the same period total export value of apparels increased by 55.0% from USD 2,246.45 million in 2002 to USD 3,477.92 million in 2010. Despite this, the share of apparels in total exports had declined from 47.77% in 2002 to 41.87% in 2010, with fluctuations in the interim due in no small part to the global downturn. Apparel exports, as a share of GNP, has also consistently declined from 15.58% in 2002 to 7.23% in 2010 (Table 5). These figures illustrate that although apparel exports have been contributing higher value to the national economy in absolute terms, in relative terms there has been a decline.

Between 2008 and 2009 total apparel exports in value fell from USD 3,468.7 million to USD 3,274.2 million, before rising to USD 3,477.92 million in 2010 (Table 5). All countries witnessed a -5.61% drop in apparel export value, which is likely to reflect the global recession leading to deteriorating demand in international markets from the USA and the EU (CBSL 2011). For Sri Lanka this was coupled with strong competition from regional exporter competitors, increasing the pressure on export trade (CBSL, 2011). Sri Lanka, however, has not been alone in this process. Export trade across the whole of Asia decreased in 2009 (Hurst et al, 2009).

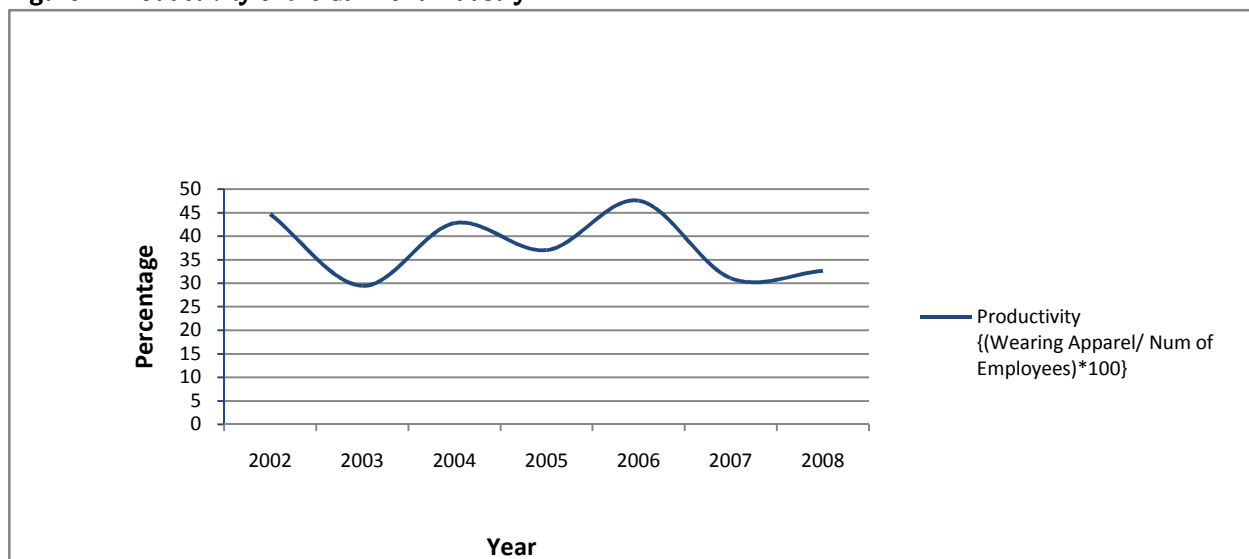
Sri Lanka's reliance on the MFA quota system resulted in heavy exports to two specific markets, the USA and the EU. With MFA coming to an end in 2005, the post-MFA environment led to a decline in Sri Lankan exports to the USA and a compensatory gain in exports to the EU, the UK being the most important export destination within this category (Table 6).



This compensatory gain has been a result of the Generalized System of Preferences (GSP) and GSP+. The Generalized System of Preferences, introduced by the European Commission in 2003, works as a system of trade concessions intended to assist low and middle income countries mitigate the impact of the removal of quotas in 2002, for example, the Multi-Fibre Arrangement (MFA). In 2005, a new Generalized System of Preferences Plus trade concession was introduced. The GSP+ permits low and middle-income countries to export goods duty free to European countries. Many in the industry considered the GSP+ a vital life-line in the post-MFA period and a positive endorsement of the important strides the apparel industry has made in Sri Lanka. However, Sri Lanka's more recent and patchy human rights record of the inter and post-war period resulted in the country losing its GSP+ privileges in 2010, with captains of the industry casting anxieties of its implications for the industry. Yet, the dynamic nature of global garment sourcing meant that even while there was disquiet around losing GSP+, political upheaval in Bangladesh and increasing wages in China was a boon to Sri Lankan suppliers during 2010-2011.

Dismantling the MFA in 2005 had important consequences for the global geography of clothing production, where Sri Lanka was not an exception. International competition intensified under the new quota free trading rules with production shifting to low cost locations such as China. In the post-MFA period, Sri Lanka's productivity witnessed some significant gains before starting to dip in 2007, which is reflected in the overall data (Figure 1).

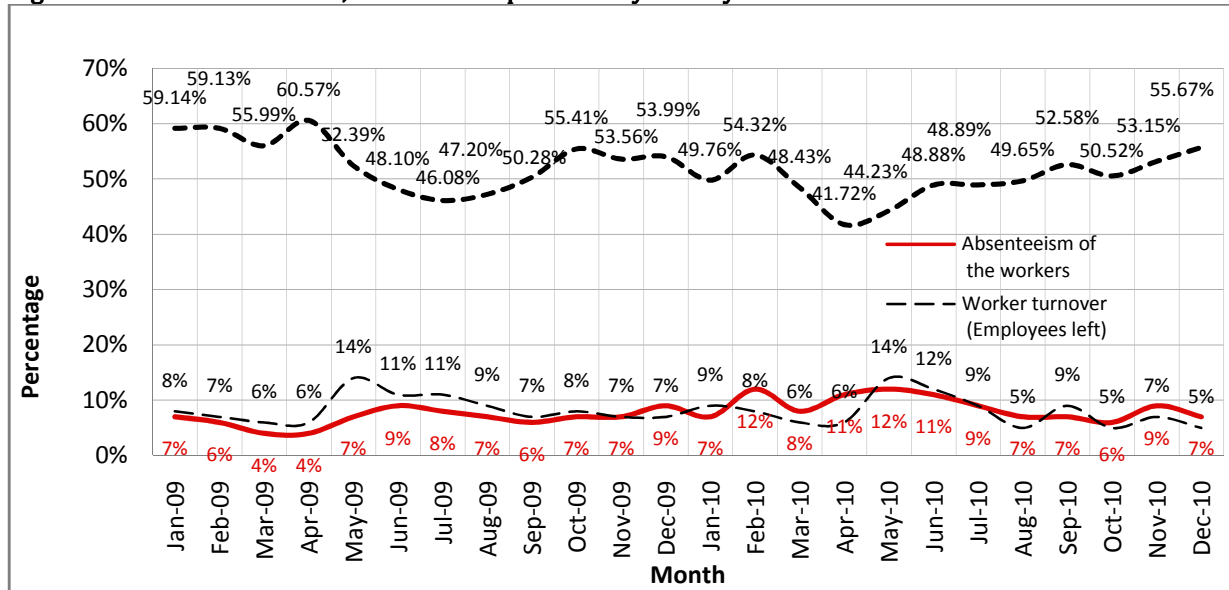
Figure 1: Productivity of the Garment Industry



Source: Compiled using Central Bank Reports and Department of Labour Employment Survey (various issues)

However, the specific data from a factory site (Figure 2) shows that since that time some gains were made – and overall productivity levels on average remain well above 50.0% as the jagged line on the upper part of the graph shows. Indeed our factory specific data suggests that productivity levels are higher for this production facility than for the average situation as reflected in Figure 1 above.

Figure 2: Rate of Absenteeism, turnover and productivity Factory A



Source: Data collected from Factory A compiled by RA-1

Fluctuating productivity patterns combined with higher wage costs means that the industry is subject to intense competition from its cheaper regional competitors. In order to adapt to new global changes, Sri Lanka’s apparel industry underwent a strategic shift towards higher value added production, marketing itself as a production location committed to ethically responsible trading.



“GARMENTS WITHOUT GUILT” is Sri Lanka’s joint apparel industry association forum (JAAF) initiative to position itself as an ethically produced hub in the global market.

Sri Lanka’s efforts to create an industry ethos symptomatic of quality, reliability and social and environmental accountability have been profound. 2002 witnessed a drive to bring the entire apparel industry under the guidance of the Joint Apparel Associations Forum (JAAF). Its purpose is to coordinate, sustain and develop the Sri Lankan apparel industry under the premise of ethical manufacturing. A five-year strategic plan encompassed the campaign ‘*Garments without Guilt*’, promoting Sri Lanka as the “World’s First Ethical Apparel Sourcing Destination”. It registers a concern for ethical manufacturing, increasing the quality of life for all workers and poverty alleviation. International brands, such as GAP, Victoria’s Secret, Nike, Marks and Spencer’s,

Abercrombie and Fitch and NEXT, are all drawn to Sri Lanka's commitment for an ethical supply chain. Consequently, Sri Lanka has seemingly embraced ethical trade codes with its unacknowledged history of strong labour union politics and legislation aiding this transition.

Corporate codes of conduct underpinning such initiatives have been governed by both voluntary and various multi-stakeholder ethical trading initiatives, such as the ETI, FLA, WRAP and so forth. The codes of labour conduct consist of the nine main provisions based on ILO conventions and its coverage is noted in the text box.

Given this shift towards ethical production, and the importance of the apparel sector to both the economy and its workforce, it is necessary that geographical focus be paid to the interactions between the ethical turn, industrial upgrading and the labour responses at production sites to such a transition. The degree to which the shift towards higher value-added apparel and ethical production has led to an improvement in labour standards has been subject to scepticism and academic debate. Yet there is acknowledgement that attentiveness to labour practices is partial and limited, with the need to register the dynamics of evolving labour praxis.



- 1. Employment is freely chosen**
- 2. Respecting Freedom of association and the right to collective bargaining**
- 3. Working conditions are safe and hygienic.**
- 4. Child labour should not be used**
- 5. Living wages are paid**
- 6. Working conditions are not excessive**
- 7. No discrimination is practiced**
- 8. Regular employment is provided**
- 9. No harsh or inhumane treatment is allowed**



Sri Lanka's labour institutions and conditions were already at a high standard prior to the implementation of ethical trade codes. British colonial rule in the island left behind a regulatory infrastructure that has worked to underpin contemporary labour standard initiatives. Labour standards are regulated and monitored by Labour Departments, with the Board of Investment (BOI) offering an additional layer since the 1980s. Additionally, Sri Lanka's long labour movement history, with protests and conflicts forming strong political parties and trade unions, and relatively high levels of education amongst the garment workforce (Table 7), has established a solid foundation for the implementation of labour standards. Higher social development initiatives and a historically stronger labour movement facilitated the transition to ethical trade with relative ease. The relationship between industrial upgrading, ethical trade and labour-practice responses hence needs close examination to understand the geographies of transforming labour practices as the country moves into higher value-added apparel production. Labour practices and the local configurations in which they are embedded thus deserve explicit attention, with the following analysis heading to readdress the relative neglect of labour agency in ethical trade literature.

4. KEY FINDINGS²

An insight into the lived experiences of Sri Lankan garment workers is offered within this section. Management perspectives and accounts from trade unions and NGOs are also incorporated into the analysis. Its purpose is two-fold. Firstly, to offer a comprehensive account of ethical code practices; secondly, to explore the ways in which labour-practice responses intertwine with the global movement towards corporate responsibility and ethical trade.

Institutional context and national labour regulation have a pivotal role for how code governance regimes are upheld in Sri Lanka. Whilst Sri Lanka's relatively easy integration into the global political economy's 'ethical turn' should be acknowledged, it is also important to register that its record continues to be patchy – particularly in the realm of a living wage and in thwarting workers' freedom to associate and collectively bargain. These two key points will be explored to uncover reasons behind such claims.

This analysis points to the challenges that remain in the movement towards a global economy underpinned by voluntary ethical regimes. It shows how some codes are widely upheld because there is a favourable local socio-development context which makes it so, while other codes are less effectively executed, or are downplayed altogether, because local attitudes and institutions coincide with neoliberal priorities. By analysing the geographical space for local-global interactions, this report shows how upholding global initiatives on ethical trading also draws upon the effective prevalence of national regulatory frameworks – and where these fail, then voluntary governance regimes are unlikely succeed too and are likely to result in no more than mere cosmetic change.

4.1 Ethical codes widely upheld

National labour regulation history points towards the ways in which the alliance between local labour activists and other progressive figures allowed for historically important struggles and protective labour legislation. The historical remnants of such strong labour movements are evident in the strict implementation and regulation of corporate codes of conduct, in comparison to neighbouring countries. Indeed, management interviews confirmed the ways in which the local political history converged with the implementation of ethical initiatives.

"The industrialists knew we are by and large very compliant and competitive... When the customer saw that, they said 'definitely'. They lose no sleep over it; we are probably the only destination where they can give an order and know that they won't have these sweatshop issues...and, we also realised that is backed by legislation. National laws are very stringent..." (MM4)

²Tables 9 through 10c, located in the Appendix, offer a quantitative snapshot of the qualitative findings for each ethical code upheld or violated.

"Sri Lankan government has pushed labour regulations to a much higher standard than they had ever been before and demanded a more rigorous running of the factories." (MM5)

Sri Lanka's political history then has offered a solid foundation for the implementation of ethical codes of conduct. In particular, the code 'jobs should be well regulated in compliance with legal provisions' has been implemented to a high standard. This code puts in place the mechanisms to secure an employment relationship established through national law and practice. Evidence from fieldwork indicates that factories adhere to such practices. LH18 stated that training is provided to new workers through an 'induction' programme. She claims '*new workers are told everything before releasing them for work*', and as a worker in the industry with over two decades experience arguing the existence of a '*huge difference between the ways in which we started and how they start now*'. Factories also provide a workers handbook in the vernacular to workers.

National labour regulation and Sri Lanka's strong socio-human development factors has also had a bearing on the code 'zero tolerance for child labour'. No person below the age of 14, or who is not past the compulsory schooling age, according to the law of the relevant country, should be employed. Children or persons below 18 should not be employed on night duty. The research revealed that there is a strict policy against child labour. Fieldwork suggested that birth certificates were checked prior to employment, with almost every worker confirming this. Notices with the headline 'child labour remediation procedure' were on notice boards in canteens and persons below the age of 18 were recommended to wear a badge with the letter Y. Both LC4 and LB9 noted that their respective factories do not employ those less than 18 years of age. Similarly, LN1 indicates that although her factory employs workers less than 18 years they are not put under pressure to work.

"If a worker under 18 joins the institution by any chance a band is given to be stuck on the arm to show that he/she is under 18. No one can shout at such workers demanding production. Because if such a thing happens, there is a separate person appointed to speak to them." (LN1)

Similar sentiments were echoed by management and a few labour rights activists:

"I don't think you'll find a single factory in Sri Lanka where there is under age labour....." (MM5)

"Look there is much in the industry which needs applauding.in the realm of child labour, this isn't a bane, by and large, which afflicts the industry." (NLR2)

Evidence emerging from workers accounts draws attention to the national regulatory context playing a role in the implementation of ethical codes. The code 'the right to the choice of employment or liberty from forced employment' has generally been

implemented. The code argues that the employer should not keep the workers birth certificates or passports as surety and the workers should have the opportunity to vacate the service after acceptable prior notice. This was largely expressed through the worker dairies or exit interviews.

"I resigned from the institution. I left because I got married on 10.06.10. I did not go to work after that." (LQ31)



The code 'the opportunity to work in a healthy environment' was largely put into practice satisfactorily, with its implementation and regulation at a higher standard. The physical infrastructure and built space alone testifies to these impressive efforts.³ LQ24 drew attention to such improvements claiming that *"There used to be only 3-4 toilets for about 60-70 people"*, he goes on to state that *"after the codes were implemented there has to be one toilet for every 3 workers."* In addition most interviewees verified that adequate training was offered as was fire safety, first aid facilities and access to medical help.

Management expressed the view that physical conditions of factories had to meet certain minimum standards because of regulatory structures already in place. Labour legislation coupled together with existing national directives, accordingly, paved the way for the relatively strict implementation of ethical codes.

"I mean those things [compliance] were very strict from the beginning in Sri Lanka because they were all monitored by three bodies: one BOI, two the labour department and also within the zones it was monitored by the zone authorities...the labour laws of the country are strict. Workers are well protected in Sri Lanka under labour laws." (SM1)

A slightly more jaundiced view was offered by labour rights and union activist working in the free trade zones since the early 1980s.

"Our laws were important and effective... I wouldn't, however underestimate the effectiveness of codes. It is a good scheme; although it is not implemented effectively in all realms....conditions of some factories have improved. Today some factories are like tourist offices....today the cleanest place

³ Some care, however, needs to be taken on how these global initiatives play out on the ground in the realm of health and safety given that its intersection with uneven geographical spaces can result in nuances and reworking of management-labour relations which may thwart its initial motivations.

may be the toilet. Now factories have dining rooms, gardens and many facilities for girls, etc; when the auditors come, they can see a nice environment.”(NLR1)

“It’s a way for factory owners to show that we are treating our workers very well. Our factory is like a hotel. But in reality, the AC is not for the benefit of our workers. It is because the fabrics need preparation in our country’s climate and to prevent machines heating. Also our impressive factories are used to show off to buyers.” (ULR1)

In these accounts, there is a certain degree of scepticism as to the level of effort put on the built space. Yet they willingly or begrudgingly acknowledged that there were benefits to workers given the initiatives on part of the industrialists in the country.

Historical factors, discussed above, have a resonance, with intersections with contemporary global initiatives underpinning labour standards in Sri Lankan garment factories. However, it is also apparent that there are tensions when implementing codes when commercial pressures impinge on suppliers, which has become particularly acute during the global recession where short lead times given or small order quantities were placed by retailers.

Worker narratives illustrate that during busier periods the implementation of ethical codes becomes a highly fraught process, suggesting the need to re-focus our understanding of local configurations as they confront the global economy. LH1 illustrates how during the global recession ‘AC is switched off consistently after 4.30pm’ in order to save on production costs. Similarly, when production targets have to be met training is foregone and workers are forced to work overtime. If they refuse, workers face punitive measures such as a deduction of their unpaid leave days or get into unpleasant arguments with their supervisors, line leaders or floor managers – outcomes workers do not appreciate. These also press against the spirit of the code on preventing forced labour.

“When the assigned production target could not be met within the 8 hours, we were not allowed to leave the factory at the end of work hours until we finished overtime” (LC4)

“Now it is difficult to give production in the lines, because the targets are very high. Sometimes there is no time to even drink water and no time to use the toilet.”(LN2)



Production targets re-align the conditions under which codes are implemented and lead to inconsistencies when local labour laws are enforced on the use of below 18 year workers. On the 27th October 2009, machine operator LQ31 mentioned to the Research Assistant (RA) appreciatively that even though there was a night shift, recently hired under 18 year workers were not engaged in service after 6.30pm. However on December 23rd the following entry was made in LQ4 diary:

“Even though the institution claims that the workers of 17 years of age are not employed for the night shift they have been to work the night shift. I came to know of this the other day. That is because on that day of the visit by the inspectors these workers of 17 years were given a holiday and sent home before their arrival. Most of the workers there had worked the night shift during the previous week.” (LQ4 diary entry)

Several other workers narrated events along the lines that LQ4 had noted in her diary; with her entry confirming rumours we were privy to. Firstly, it becomes clear that the law is breached at times where production targets need to be met. Secondly, the bid to show adherence to local labour laws and codes are keenly enforced when visits from auditors or labour governing bodies are scheduled.

“One day a visit was paid by the labour department. Those days we almost continuously had OT until 10.30 pm. They came around 7.20 pm. As they came out senior officers at the factory had switched off the lights and sent the workers home – through the side entrance.” (LH6)

Where retailers use codes as a marketing ploy, which does not pay attention to how unrealistic production pressures and low profit margins affects worker welfare, the extent to which corporate codes represent a genuine commitment to worker welfare becomes questionable. Management echoed this view:

CODE PRACTICES - FINDINGS

1. Employment is freely chosen
– *Often Upheld*

2. Respecting Freedom of Association and the right to collective bargaining –
Unlikely to be upheld

3. Working conditions are safe and hygienic – *Upheld, with nuances given social hierarchies and auditing practices on the factory floor*

4. Child labour should not be used - *Upheld*

5. Living Wages are paid – *Not upheld*

6. No discrimination is practiced – *Often Upheld*

7. Regular Employment is provided – *Mostly Upheld*

8. No harsh or inhumane treatment is allowed –
Varies; depending on production times or factory specific management practices

9. Working conditions are not excessive – *Grey area, depending on production times*

"It is more than they (buyers) need to look after the workers. From the other side it is about covering themselves – there's so much you know public outcry out there, that they are using cheap labour. So just to say that we have been sort of you know (done) ethical audits and to make sure that the factory abides by all these things, it think it's more towards that than the companies (buyers) having a social consciousness."(MM9)

Sri Lanka's impressive history of labour relations has allowed the implementation of the mentioned codes to be upheld widely. Yet there are contradictions which emerge because of commercial pressures embedded within the geographies of clothing production and its intersection with uneven development scales. These factors also impact on other codes of conduct to such an avid extent that these codes are difficult to implement or are simply not upheld. This will form the discussion for the following section, showing the partial application of codes even in a country where admirable steps have been taken by the leading industrialists to offer better factories to its workers.

4.2 Codes rarely upheld

Sri Lanka, because of its geographical locations, has had the traditional two-season runs, but during the recession this conventional cycle has come under increasing pressure – with small order quantities and short lead times. These shifts are not without consequences for labour, because how labour experiences such processes is highly contingent on the ways in which suppliers respond to the resulting downward pressures. One such sphere in which an impact is felt is in the realm of (living) wages as the sections below elucidate.

Labour costs in the Sri Lankan apparel industry are claimed to be one of the highest in South Asia (Table 8). However, research revealed that the code on 'wages commensurate with the cost of living should be paid' have been even more under duress because of the global economic downturn. Workers accounts stated that when overtime and incentives are not included their salary does not constitute a living wage, both of which have been hard to obtain during the recession. With regards to overtime – a necessary evil since minimum wages stipulated by the State do not reflect cost of living changes and inflation – most often during the recession this was either scarce or sporadic. This affected worker welfare negatively, because the absence of a consistent wage-packet reflecting workers' monthly household expenditures can cause material distress to working class families. Similarly with regards to incentives, as lead times have become shorter or order quantities low, the likelihood of workers meeting their production targets is rare. Concomitant implications on their wage packets follow as LH20 notes:

"When there is too much work, we can't meet the targets that have been set. If for example there is damage on the item we are sewing at the moment, it is difficult to repair. For some orders its not a problem when the target is 50 items per hour, but for some orders we had to meet targets of 200 items an hour and even though we meet our targets when there is damage, there have been times when we have not gotten an incentive."(LH20)

It transpired that the two factories where my research was conducted (Factory A and Factory B), basic wages were often consistently above that stipulated by the Sri Lankan Wages Board Ordinance (WBO). As the Table below suggests there are factories that pay above stipulated basic wages by the government, which is also a means of retaining workers but one which benefit workers. The underlying point is the elasticity of wage levels, which runs contrary to the spirit of the code – and as importantly can cause material distress to worker families.

Wage Board increments which applied to workers (all in Sri Lankan Rupees).

Year	Factory A basic wages	Factory B basic wages	Factory A factory if only WBO wages were applied	Factory B if only WBO wages were applied
2000	3,913	2,764	2,955	2,875
2001	4,263	3,400	*	*
2002	4,363	3,800	*	*
2003	5,163	4,200	*	*
2004	5,563	4,807	3,386	3,386
2005	6,013	5,550	*	*
2006	6,763	5,550	*	*
2007	6,963	7,350	5,136	5,136
2008	7,663	7,800	6,315	6,315
2009	9,963	8,550	*	*
2010	10,713	9,400	7,480	7,480

Source: Compiled by RA-1 using Gazette Extraordinary of the Democratic Socialist Republic of Sri Lanka (various issues) and workers' pay sheet

The lack of a living wage in the basic wage structure also compounds the ethical code on the absence of forced overtime with grey areas of not paying workers for 'covering' days. The normal working week is 40 hours, Monday to Friday which excludes the one hour set aside for meal or rest; i.e. if the hour is taken into account it is a 9-hour working day. If working on a Saturday, it should not exceed 6.5 hours. If overtime is done on a Saturday or on weekdays, Sri Lankan law requires workers to be paid one and a half times their hourly wage rate. Overtime done on Sundays and other public holidays – with 8 public holidays declared annually according to the Holidays Act No 29 of 1971 – requires the payment of double the hourly wage rate (Sri Lanka Labour Gazette 2009:75).

Despite the many strides taken by the apparel sector, there remains an underlying tendency for management to avoid paying proper wages with regards to the system of "covering". During periods of sluggish orders, workers are given paid factory holidays; a boon where this coincides with the Sri Lankan festive season (April – where the Sinhala and Tamil new year celebrations take place) and less so when it does not (August and September, for instance). While the factory holidays are granted with payment of their basic wages, there is an expectation that workers are expected to 'cover' these days during the peak season. These covering days may be on Sundays, on Mercantile holidays or even by doing an hour or two of overtime during the week – during the peak season. When covering is in process, overtime isn't compensated for with workers working beyond the nationally stipulated hours for their basic wage. For the workers this causes immense amount of confusion and the feeling that they are being cheated by the system, despite their hard work.

“When they cut our wages they give all kinds of reasons. However much we work, we don’t get a proper salary.” (LN2)

“They say that they gave us Saturday and Sunday off in some previous months; so say they are covering for that. Any work done on a Saturday after 1.45 pm was considered OT previously. Everyday there was an hour of OT till 5.30 pm when orders were high. When orders were low and during the recession they clocked us off us at 4.30 pm, saying that there was no work – or OT. On December 1st, which was poya day, they put it down as covering. There was no need for us to do a poya covering, because they treated the poya before that OT. Even we don’t understand what they are doing with all this covering work.” (LH13)



While factories uphold codes with regards to regular employment is provided throughout a workers contract, they do so by undermining stipulated national regulation with regards to overtime. Overtime holds a critical role in the workers take-home wage packet given the low basic wages, even if nationally stipulated. Workers’ narratives indicated that, in most cases, wages were proportionate with the cost of living **only** when overtime and incentive targets were taken into account. To meet productivity targets set by management, workers had to work longer hours.

“Today is Sunday. But we had to work. After working the whole week Sunday’s the only holiday. That too was lost; we had to work because there was urgent work – and then we are always reminded of incentive payments. We were to finish work at 4.30pm, but that didn’t happen. It was 10.30pm when we finished – Sunday night! Dead tired!” (LH22)

The unfortunate upshot of short lead times, smaller quantities and other production pressures is that adjacent codes get violated too. Codes related to ensuring that the number of working hours is reasonable and evading the use of harsh language and inhumane treatment are most likely to be breached in this situation. While the two factories I was based at negotiated the latter code in distinct ways, with one of them more likely to uphold the code than the other, our sample interviewees frequently complained that as workers and humans they deserved to be treated better.

"Four SPC workers were fusing at their former supervisor. X has been appointed as the Head from January 2010, now X talks to her SPCs as if they were dogs because of the haphazard nature of orders."(LH1)

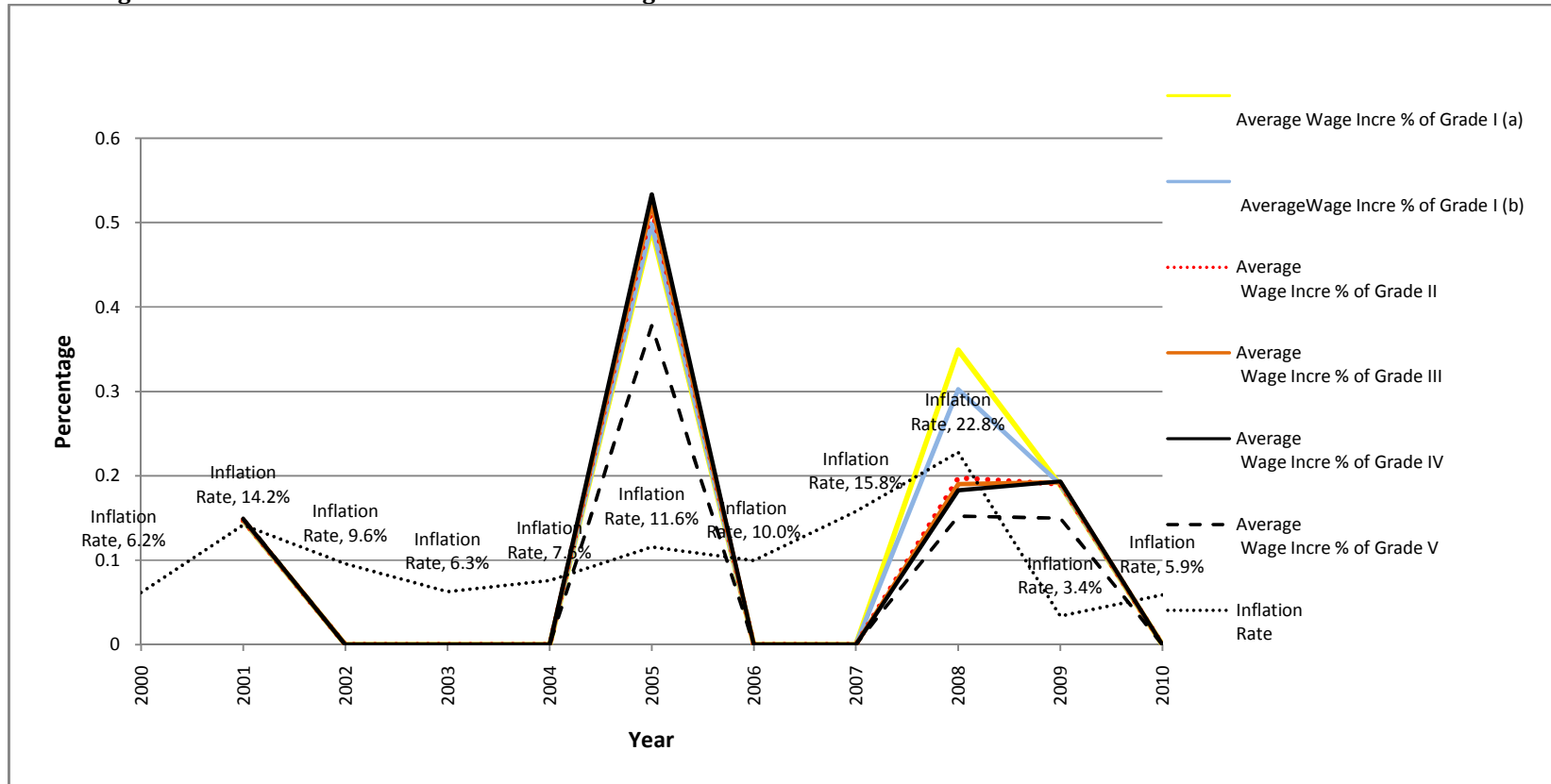
"I told him off – the supervisor. He tried to raise his voice at me and put pressure on me. I had given him the target in the past few days. Today they have started a new design and always it takes time to learn something new and I was getting stuck – with mistakes being made. They give us small orders and expect us to meet targets from the first day – and when we struggle, they try put their part." (LQ21)

Along with the conflicts that arise in high pressured factory settings and the consequent hours lost in trying to sort out quarrels and squabbles, the principle on not exceeding reasonable hours was frequently infringed at both factories during peak demand periods. This principle states that the number of working hours should comply with the law of the country and the accepted standards for the industry, although this vague wording leaves scope for some degree of abuse. Additionally, it states that overtime should be voluntary and subject to a maximum of 12 hours per week. In Sri Lankan law no apparel worker should work more than 9 hours a day for a maximum of 45 hours a week, with no more than 60 hours of overtime per month. However, workers accounts revealed that these stipulations were often exceeded during peak times in unreasonable ways. LH1 once again mentioned this in colourful language.

"If we are reluctant to do overtime she scolds us and ask us not to come to work again. She even takes it in writing from us that we stay for overtime any day at her order. Sundays are used for covering and workers have to forget their personal needs and come to work. So we are made to work by the administration, six days a week, nine hours a day at a stretch and then we are robbed of even Sunday, the compulsory holiday given to us."(LH1)

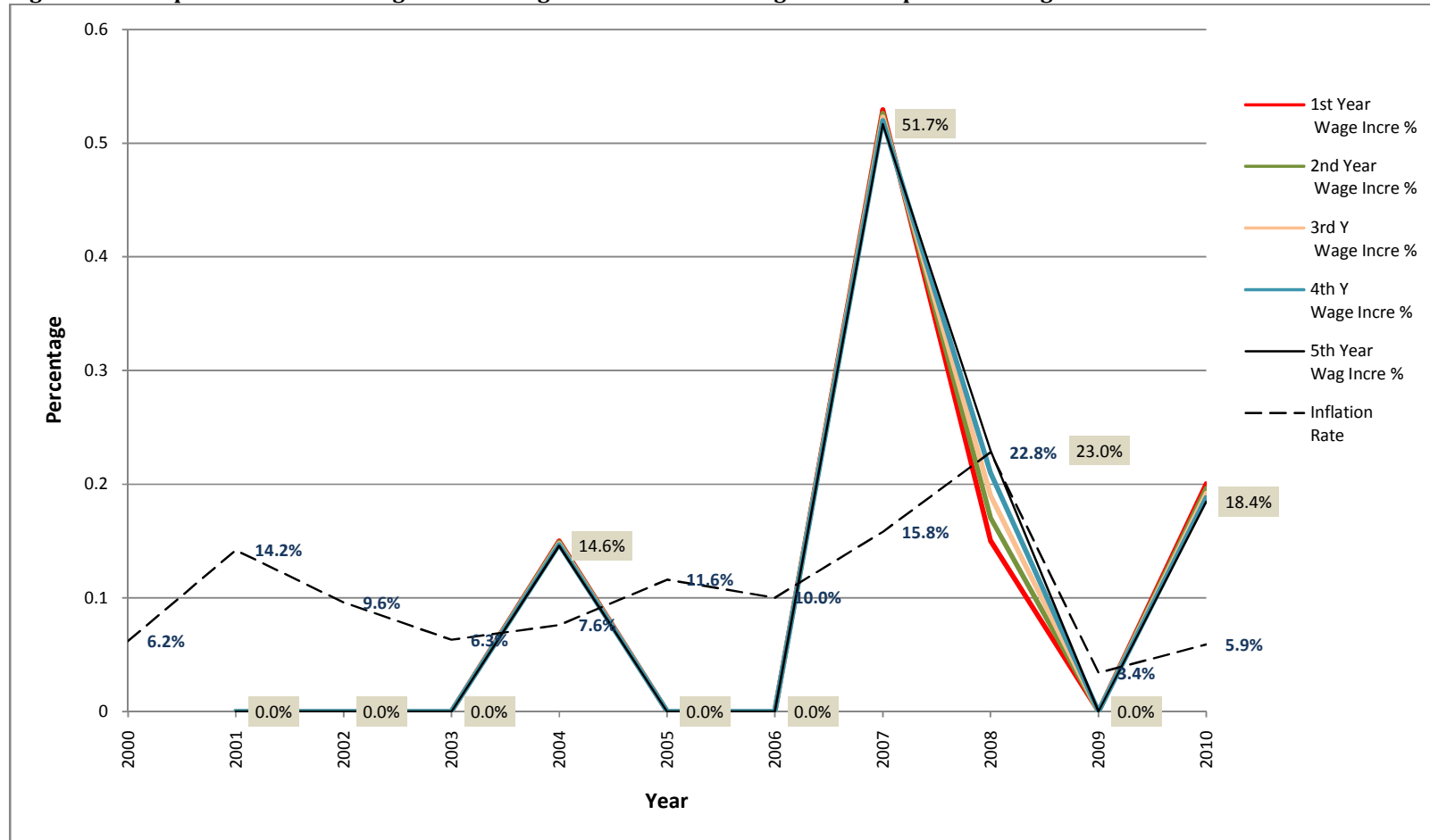
Many of the associated problems with regards to excessive over time, insecure monthly wages and even the nature of language used is related to the lack of a living wage in the country. It is in the realm of wages that the complicity of the state with the industrial classes is illustrated (see figures in the pages to follow).

Figure 3: WBO salaries of Garment Manufacturing Trade Workers versus Inflation Rate



Source: Compiled using Gazette Extraordinary of the Democratic Socialist Republic of Sri Lanka Wages Board for the Garments Manufacturing Trade and Central Bank Reports (various issues)

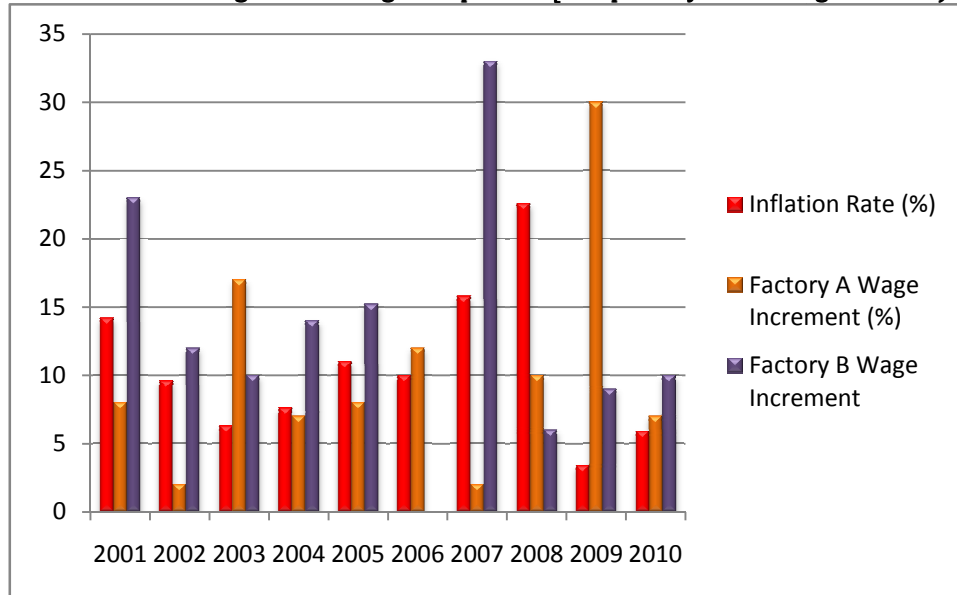
Figure 4: A comparison between Wages Board Wage Increment of Sewing Machine Operator's Wage and the Inflation Rate



Source: Compiled using Gazette Extraordinary of the Democratic Socialist Republic of Sri Lanka –Wages Board for the Garments Manufacturing Trade and Central Bank Reports (Various Issues)

[Class of workers: Grade I (a): Designers, Tailors; Grade I (b): Leaders or section supervisors; Grade II: cutters, cutters (hand), machine minders, final checkers; Grade III: Checkers and Sorters, Ironing Operatives (Male), Odd Job Operatives (Females), Stamping Operatives (Females), Ironing Operative (Females), Sewing Machine Operators, Electric Iron Operatives, Issuing Operatives (Females); Grade IV: laying out men, laying out women, packers, cellophane bags and stores labourers; Grade V: Learners and apprentices.]

Figure 5: Inflation and wage rate* change comparison [Compiled by RA-1 using field data]



[Wage packets of factory workers include their overtime and incentive payments here.]

Worker diaries also reveal that they earn above living wage only where overtime is included. More worryingly Amarasinghe’s (2007) study on the nutritional status of women garment factory workers in the Katunayaka free trade zone of Sri Lanka points towards the connections between lack of a living wage, the grey area of overtime and the prevalence of malnutrition. This questions the merits of the ethical trade initiatives through an emphasis on their failure to produce both a living wage and adequate workloads; a failure that is likely to bear upon Sri Lanka’s deepening inequality.

While Sri Lankan factories pay nationally stipulated basic wage, the minimum wage itself has not reflected periods of unrelenting rises in the cost of living since about mid 2006-2010. This is an outcome of Sri Lankan state-policy and its associate failures. Annual wage increases via Wages Board Ordinance has little reflection with rapid inflation in the economy. Consequently, the interest of workers has not been paramount in the mind of the State when issuing these directives, suggesting its complicit role with industries in keeping workers’ wage packet low. A related shortcoming which becomes apparent when homing in on the living wage is that in the realm of multi-stakeholder initiatives and voluntary codes, conversations with the state are left outside its purview – with important ramifications on workers’ interests and welfare.

The other key gap for Sri Lanka’s apparel industry and code least likely to be upheld is related to the code on ‘freedom to form alliance and the right to make collective demands’. This code follows the core ILO conventions 87 and 98 pertaining to the right of workers to collectively and freely associate, form unions and collectively bargain, which are conventions that Sri Lanka is a signatory to. Indeed Sri Lanka’s own constitution guarantees every citizen the right to form and join a trade union, a fundamental right which “cannot be restricted by any other law, regulation or provision, or by individual or corporate action” (Ranaraja 2004:18; Ministry of Employment and Labour 2002). In contrast to the word and spirit of fundamental rights, core conventions and ethical codes, the Board of Investment (BOI) of Sri Lanka, a

government agency in charge of encouraging investment in the country, has advocated the position of creating Employee Councils in factory premises. The way these councils are constructed and implemented in the Sri Lankan apparel trade suggests that workers are offered limited or no voice and power to negotiate labour conditions and resource distribution within factories. The position adopted by the BOI has led to many complaints to be raised by trade unions regarding the punitive measures in place and how these thwart the formation of unions. The Committee of Experts of the ILO has ruled that the BOI guidelines to various production facilities contravene the core conventions (*ibid*). Yet, it is worker councils that largely prevail in the industry.

Worker Councils are a form of non-union employee representation, with the underlying concept originating from European Works Councils (EWC), which was designed for the purpose of allowing employee and union representatives to meet in order to exchange information and consult with senior managers from the company concerned. The councils act to bridge the information and representation gap for employees. This, in theory, would facilitate the rescaling of trade union organization, allowing unions the opportunity to develop their own networks between workers.

Although management interviews placed great value on welfare councils as giving workers the chance to voice concerns about their work, the field diaries suggested scepticism at the effectiveness of Worker Councils. The ability of the worker council to offer a space for democratic representation of workers was brought to the fore, with the view that management were not taking their complaints seriously. Thus its potential to change working conditions was deemed as relatively limited. One stakeholder interested in promoting labour rights stated:

"The ILO defines Freedom of Association as the right to form organizations 'of the choice of workers' and 'organizations of the choosing of employers' but worker councils are not this. They are provided by the BOI, convened by the management... it's not an organization as such...there is no democratic process"(NLR25)

Our interviews also drew attention to the sincerity of council representatives and the ability of management to control council and committee members through the provision of individual benefits. A machine operator, LQ11, who held an officer position within the union, had since been promoted; yet another was co-opted into the Worker Council. Conversations with LQ11 revealed that the idea of registering the newly formed trade union faded away.⁴

⁴ This occurred in one factory setting of the fieldwork, where a serious assault against a worker led to workers uprising and a section of workers forming a union through conversations and dialogue with the adjoining factory workers, which was unionised. Workers efforts at unionization was met with cajoling, intimidation and bullying by groups of management, leading to the assured and slow disbanding of the union.

"The person who speaks will be noted and marginalized. The management will never listen to what the worker have to say. I have seen throughout my 10 years that everything happened according to the wishes of the management. They have never done anything that was suggested by the workers."(LQ11).

"What happens a lot in the factory is that whenever a person who is on the welfare committee asks for leave it is always approved. If they ever ask for increments it is given to them. The workers are in cahoots with the management. The management does things to shut them up. So when they are benefiting out of being there they aren't going to talk about all the issues faced by other workers."(LQ26).



There was also fear of losing employment if one joined a union. LQ8 states in her diary that the workers were told that they could be *"expelled on even a small matter if we joined the union."* Similarly LH27 states that the workers had to provide written evidence that they would not participate in union activity. All of these actions by management are illegal in terms of the Trade Unions Ordinance act and its amendments; in particular section 32(a) of the Industrial Disputes Amendment Act no 56 of 1999 states exerting pressure on workers to give up membership of trade union as an unjust labour practice which should not be pursued by the employers. Contrarily, however, my field evidence suggests that employers were unlikely to rescind on unlawful action in the realm of ILO labour conventions 87 and 98.

In these cases, worker councils tend to reproduce visions of management or be a conduit for management to convey their factory policies towards workers. Unless trade unions are able to dislodge such processes of 'top-down co-ordination and convergence' and improve the possibilities for workers to voice their opinions, the councils' ability to tackle specific labour issues are highly frustrated. For workers to freely form trade unions and engage in collective bargaining there needs to be an extensive re-organization on the part of the suppliers' adherence to corporate codes. The necessary pressures need to stem from buyers and the State; both of who remain largely silent, equally complicit and just as culpable of thwarting these collective labour rights with negative implications for the welfare of workers. Hence, the way in which worker councils operate in practice is far removed from the spirit of the ethical codes, core conventions and indeed the fundamental rights of Sri Lankan citizens and its working classes.

The implementation of ethical codes within the Sri Lankan garment industry has been underpinned by a desire to demonstrate the country's commitment to ethical agendas to a global audience. This desire, however, can be misleading. Whether the codes challenge deep-seated problems and indeed, whether their theoretical underpinnings include a genuine consideration of workers' rights is debatable. While there are many laudable aspects of initiatives and investments to Sri Lankan factories, the accounts collected at production sites also illustrate instances where codes are implemented for public relation purposes or, more worryingly, where their implementation is strengthened at times of auditors' visits. Thus, despite Sri Lanka's long and powerful history of labour movements, we have seen that there are times where such clearly defined rights are not upheld in full. This demands extensive investigation by all stakeholders involved, including the state, which needs to balance constitutional and legal rights of labour with challenges of being integrated into the global economy.

5. CONCLUSION

The globalizing economy has shaped the emergence of new international alliances. Multi-stakeholder initiatives, such as the ETI, FLA, WRAP and so forth, and associated corporate codes of conduct are just one example of a range of partnerships emerging in this context. Such strategic partnerships have, undoubtedly, led to significant improvements, or, at the very least, re-organized international thinking around new ideas. In Sri Lanka we have seen instances where global governance initiatives have been a motivating feature to improve work conditions within production sites. Sri Lanka, in particular, has benefited, to varying extents, in the implementation of the codes. However, without contextualizing such processes our understanding becomes subject to a misinterpretation.

The purpose of this paper was to analyze the ethical code initiatives, whether by multi-stakeholders or corporate voluntary governance regimes, within the context of Sri Lanka, a country undergoing a transition towards industrial upgrading and an ethical agenda. Such a focus revealed a range of tensions inherent in the country's experience of the implementation of, and their ability to uphold, the corporate codes of conduct – especially during a global economic downturn. Despite Sri Lanka's national regulatory context, with its protective labour laws and high socio-human development – important country specific contingencies that have mediated ethical code practices which have allowed the country to avoid the “sweatshop” spotlight and avoid the worst excesses of the global recession – contradictions are inherent in the lived experiences of garment workers.



The results of this study shows the need to understand Sri Lanka's own uneven development processes and worsening inequalities, and their interaction with the impact of ethical trade initiatives on the apparel sector labour force. The country's widening inequality has occurred in conjunction with the implementation of an ethical agenda. We have seen, from the workers diaries that a living wage is rarely provided in the garment industry. If a living wage is provided, it is very often a product of excessive levels of overtime. The failure of ethical initiatives to provide a living wage raises serious questions over the feasibility of the efficacy of ethical initiatives and its central import to improving labouring lives. It also brings

to bear the partial labelling and makes moot the apparel industry's claim to produce 'garments without guilt' (JAAF, 2011). While the industry offers a basis from which garments could be produced without guilt, its neglect of two core codes, to do with the deficiency of living wages and the freedom to associate and collectively bargain, suggests that much work remains to be done. Resting on its laurels is not an option available to the industry. Such an understanding also serves to induce a critical awareness over the ways in which local configurations, particularly the role of the state, intersect with the implementation and management of ethical initiatives. The state's mandated wage increases which does not keep pace with the cost of living increments, means the ethical agenda remains limited in its desired effect. Similarly social development in health and education sectors are vital for ensuring a educated and healthy labour force; factors which benefit the industry in multiple ways. This understanding of ethical initiatives at a locally constituted level reveals the tensions inherent in the pursuit for an ethical agenda and challenges the accepted coalition between ethical programmes, industrial upgrading and improved labour conditions.

While such a focus is undoubtedly needed, its contribution remains limited without combining it with an analysis of global production dynamics. A focus on the relationship between these local contradictions and the commercial pressures embedded within the geographies of clothing production has been stressed throughout the discussion. In Sri Lanka, the institutional and structural environment intersects with the geographies of global trade in a way that has implications for the experiences of actors on the factory floor. Through mobilizing a combination of worker, management, trade union and NGO perspectives, we see how commercial imperatives are constitutive of the ways in which workers experience corporate codes of conduct.

The importance of including workers in the negotiation of codes is a way to re-embed notions of agency into the economic system that surrounds workers. There needs to be, alongside this, an improvement in trade unions' ability to transform worker councils into conduits for workers opinion and action. For this to be achieved, a substantial re-organization of the buyer-supplier relationship and their adherence to codes is needed. For such action, it is necessary that an appreciation be given for both Sri Lanka's local configurations and its global economic pressures and the relationship between these two critical facets.



On a related note, the interactions between unbridled consumption and production need to be appreciated in discussions on ethical codes. Current debates point to how global economics of fashion production and consumption make fast fashion unsustainable, with views that consumer purchasing can be a powerful weapon (Siegle 2010, Kabeer 2004). While there is much veracity to these perspectives, this discussion illustrated the complexities which impinge on relying solely on such actions. In highlighting the importance of national context and labour practices, and their intersections with global dynamics, this report illustrates that ethical trade debates are more complex than educated consumer purchasing. This analysis has pointed towards the inherent danger in a neglect of labour perspectives in ethical trade agendas. It has also points to the central importance of social development, labour histories, labour regulation and in more recent times, the role of the state's (in)action in centring labour rights and welfare issues. Without such a consideration of the local, such initiatives run the risk of being shaped by the uneven geographies of the global economy.

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APPENDIX

Table 1: Human Development Indices for various countries

	Nepal	India	Bangladesh	Pakistan	Sri Lanka
HDI (Human Development Index)	0.530	0.69	0.524	0.56	0.742
Literacy Rate (%)	69.3 (M) 42.0 (F)	76.4 (M) 53.4 (F)	57.9 (M) 46.8 (F)	67.7 (M) 39.6 (F)	92.7 (M) 89.1 (F)
Population below the poverty line (2004-08)	31.0%	29.0%	50.0%	33.0%	25.0%
Life Expectancy (Years)	63.0	64.1	63.5	64.9	71.9

Source: ADB Key Indicators, Human Development Report, and World Bank Report – all 2008

Table 2: Labour cost per hour (US\$)

	China Inland	China Coastal	India	Bangladesh	Pakistan	Sri Lanka
Total cost per hour US \$	1.88	1.44	0.85	0.31	0.56	0.96-1.00

Source: Werner International 2008; Estimate for Sri Lanka from OXFAM-Australia based in Sri Lanka

Table 3: Gini Coefficient of Household Income

Year	2002	2003	2004	2005	2006	2007	2008	2009	2010
Gini Coefficient	0.47			0.47	0.49	0.49		0.49	0.49

Source: Household Income and Expenditure Survey. Department of Census and Statistics (2009/10)

Table 4: Sector wise employment (%) 1990, 2000 and 2008

Industry Division	Employment (%)		
	1990	2000	2008
Food, Beverages and Tobacco	20.0	21.2	16.79
Textile, Wearing Apparels and Leather	37.4	49.1	49.9
Wood, Wood Products and Furniture	2.3	2.9	1.86
Paper Products, Printing and Publishing	4.3	3.3	3.23
Chemicals, Petroleum, Rubber, Plastic	6.1	9.2	9.06
Non-Metallic Mineral Products	7.0	5.4	3.98
Basic Metal Industries	0.7	0.3	0.4
Metal Products, Machinery and Equipment	20.2	5.7	9.1
Other Manufacturing Industries	2.0	3.0	5.5
Total	100.0	100.0	100.0

Source: Department of Census and Statistics, Annual Survey of manufacturing industries, 1990, 2000 and 2009

Table 5: Share of Apparels in Total Exports 2002-2010

Year	Total Exports in Value USD Million	Total Apparel Exports in Value USD Million	Share of Apparels in Total Exports %	Apparel Export Value as a Proportion of GNP
2002	4,702.59	2,246.45	47.77	15.58
2003	5,132.88	2,400.04	46.76	12.83
2004	5,771.00	2,654.15	45.99	12.97
2005	6,351.00	2,747.70	43.26	11.40
2006	6,892.83	2,917.11	42.32	10.46
2007	7,745.51	3,144.76	40.60	9.83
2008	8,111	3,468.7	42.8	8.73
2009	7,084.5	3,274.2	46.2	7.87
2010	8,307	3,477.92	41.87	7.23

Source: Economic and Social Statistics of Sri Lanka (CBSL various issues)

[Note: all data are converted into USD from LKR values using the average exchange rate during each year]

Table 6: Growth in Total Export and Apparel Export Values (%) 2002-2010

Country/Region	USD Million	2002	2003	2004	2005	2006	2007	2008	2009	2010
USA	Total Exports	(-) 8.41	0.76	5.17	6.36	0.88	(-) 1.77	(-) 5.11	(-) 15.6	9.42
	Apparel Exports	(-) 0.05	3.49	4.64	6.12	(-) 0.03	(-) 3.84	(-) 4.93	(-) 13.39	6.82
EU	Total Exports	8.33	12.92	21.53	4.78	18.38	23.86	5.52	10.11	8.75
	Apparel Exports	(-) 1.24	11.67	26.73	0.81	16.18	23.47	13.04	1.71	4.28
UK	Total Exports	2.42	8.50	21.65	(-) 0.24	13.23	15.67	7.11	(-) 6.08	1.46
	Apparel Exports	(-) 0.10	9.59	26.57	(-) 2.91	13.28	14.40	11.42	(-) 2.61	3.56
All Countries	Total Exports	(-) 2.36	9.15	12.43	10.05	8.53	12.37	4.72	(-) 12.66	17.25
	Apparel Exports	(-) 3.78	8.62	8.77	3.52	6.17	7.80	10.30	(-) 5.61	7.02

Source: Central Bank of Sri Lanka Annual Report 2010 (various issues) [Note: all data are converted into USD from LKR values using the average exchange rate during each year].

Table 7: percentage education level – operative grades

Occupation	Education					Vocational Training/Experience			
	Present				Industry Preference	Present			Industry Preference
	A/L%	O/L%	Grade 8%	8>-%		Certificate	Vocational Training	Experience Only	
Production Techniques	52	48	-		G.C.E (A/L) or (O/L)	20.0%	14.0%	66.0%	Experience
Instructors Training	48	52	-		G.C.E (A/L) or (O/L)	11.0%	25.0%	64.0%	Experience
Cutters	18	78	04		G.C.E (O/L)	5.0%	20.0%	75.0%	Experience
Sewing M/c operators	07	52	41		G.C.E (O/L)	2.0%	10.0%	88.0%	Experience
CAD operators	71	29	-		G.C.E (A/L)	22.0%	14.0%	64.0%	Experience
Quality Checkers	38	52	20		G.C.E (A/L) or (O/L)	8.0%	15.0%	72.0%	Experience
AQL checkers	61	39	-		G.C.E (A/L)	4.0%	23.0%	73.0%	Experience
Fabric Inspectors	47	50	03		G.C.E (A/L) or (O/L)	17.0%	17.0%	66.0%	Experience

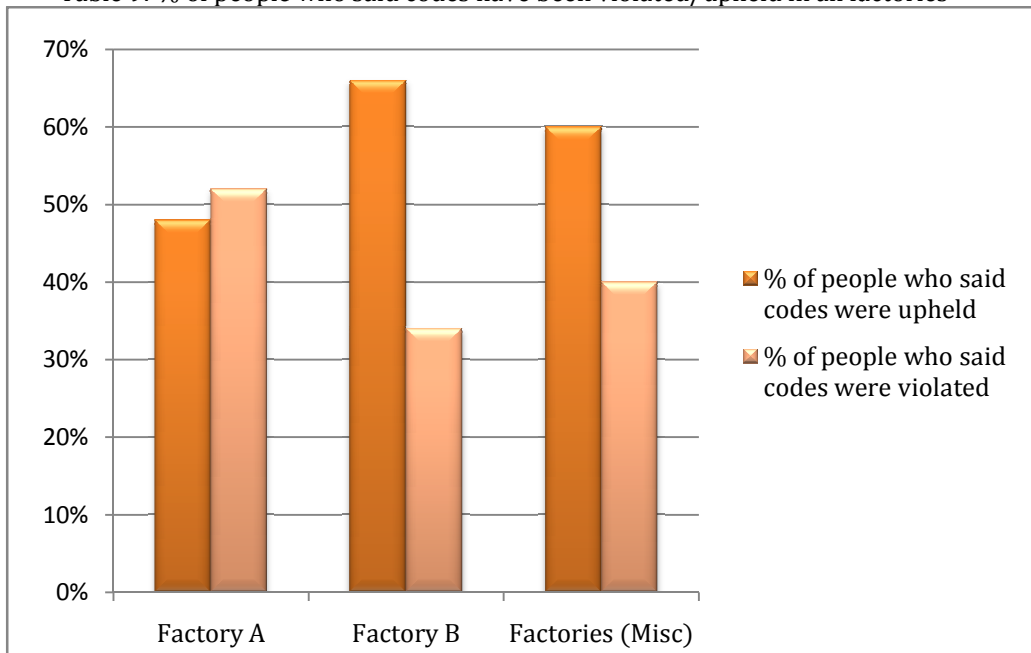
Source: TT&SC survey 2006 October

Table 8: Labour costs in Apparel Industry in selected countries 1995, 2005 and 2008

Country	1995 USD per hour	2005 USD per hour	2008 USD per hour	Percentage rise between 1995 & 2008
Bangladesh	0.12	0.25	0.22	83%
India	0.20	0.57	0.51	155%
Pakistan	0.16	0.34	0.37	131%
Sri Lanka	0.24	0.46	0.43	79%

Source: Jason O'Rourke Group (2008); Sri Lanka Garment Buying Office Association, cited in Oxfam (2005:20); David Birnbaum (2000:208).

Table 9: % of people who said codes have been violated/upheld in all factories⁵



⁵In the tables below (9 to 10a-10c), using a creative methodology adapted by Humphries (2010), we quantified the codes which were upheld or violated using our qualitative interviews – and then obtained our tables using this data. This is an approximate quantitative representation of our findings and my purpose is not to claim representation as much as help gain a clearer understanding of the multifarious outcomes of the global governance regimes.

Table 10a: % of people who said each code has been upheld or violated in Factory A

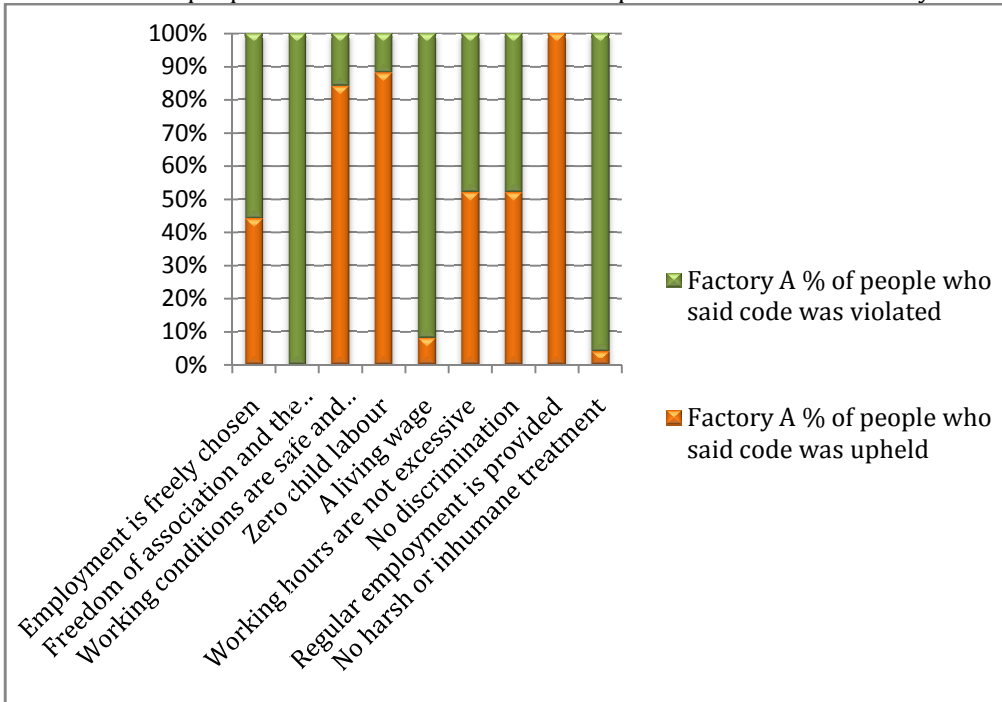


Table 10b: % of people who said each code has been upheld or violated in Factory B

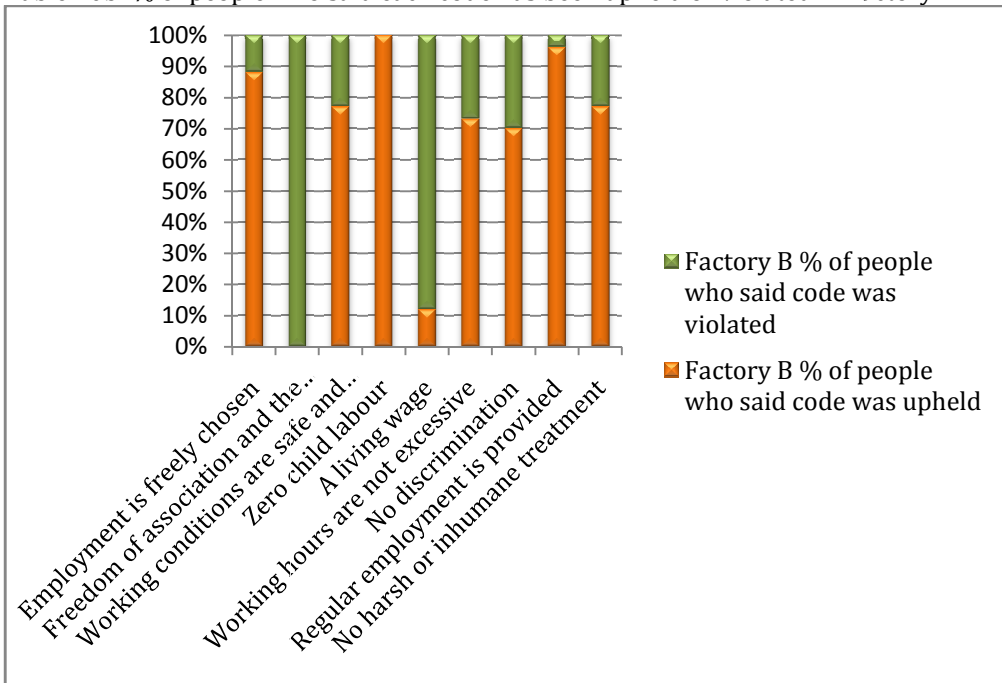
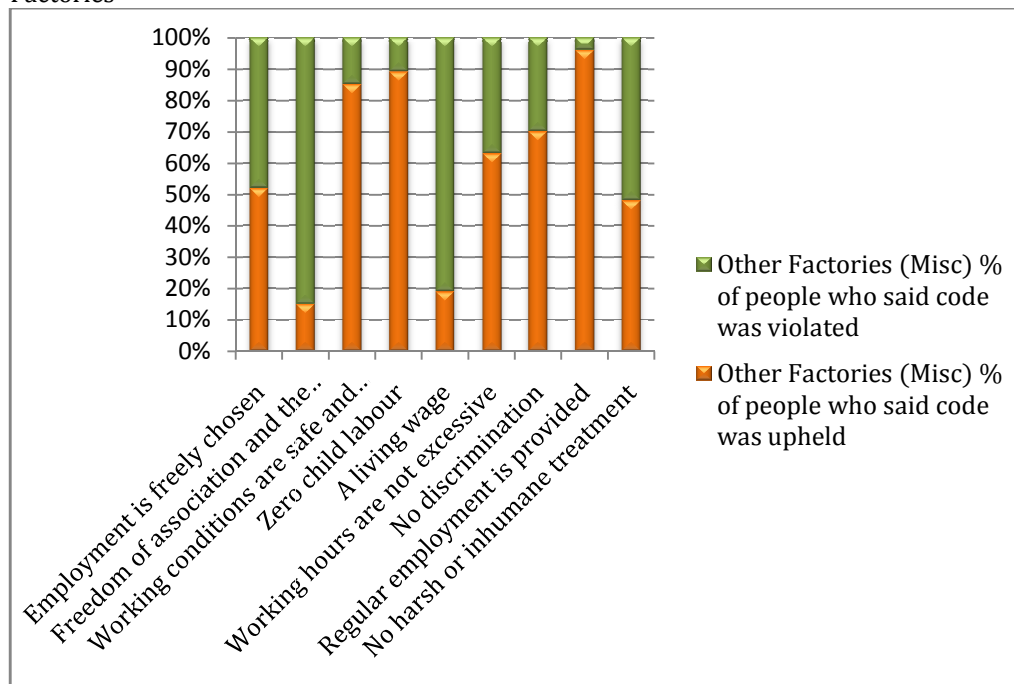


Table 10c: % of people who said each code has been upheld or violated in Miscellaneous Factories



NOTES

