

Capital, Labour and Crisis: implications for the clothing industry in the Asia Pacific

Abstracts

Melanie Beresford

Cambodian Garment Industry Post Global Economic Crisis

Bio-data: Melanie Beresford is Associate Professor of Economics at Macquarie University. Her previous work on Cambodia includes *The Macroeconomics of Poverty Reduction for UNDP* and papers in *Asian Survey* and *Journal of the Asia Pacific Economy*. She has also published several books and many articles on the Vietnamese economy.

Rowan Cahill and Di Kelly

Toxic Toys? – Towards effective OHS regulation in China

In 2007 there were significant recalls of toys made in China for big brand-name American companies which were found to be contaminated with lead. A western media frenzy followed and revealed not only a simplistic conception of manufacturing in China. It also showed a western media framing of China as the exotic and threatening 'other' on the one hand and an assumption of a docile and compliant workforce on the other.

By contrast, an investigation of the toxic toys of China can tell a much more complex story of the significance of lead, and the development of OHS and occupational exposure limits in China. Factors hampering effective worker safety in China are found to have included inappropriate governance structures and enforcement mechanisms and employer avoidance. These of course derive in large part from the rapid pace of political and economic transformation in China, but as a result, the soft infrastructure of skills and widely held knowledge necessary for an active, effective and genuinely protective OHS system are inchoate.

Three phenomena have had some countervailing impact on these barriers to good OHS. The first is evident and significant knowledge through medical and para-medical professions and the second is the recent increased role and effect of trade unions. The third phenomenon which foreshadows potential improvement in OHS has been the rise of employee and community resistance and the burgeoning of uprisings and critical incidents. Such events stand in stark contrast to portrayals of compliant and docile Chinese workforce. While they have also been confusing for governments and law enforcers, they also reveal increasing awareness of the need for safe workplaces. The paper concludes that given these dynamic but conflicting factors, concerned scholars and those committed to good OHS must continue to find and develop ways to nourish and support these struggles and their mobilisation, while maintaining external pressures to highlight the need for policy reforms and effective protective legislation.

Bio-data: Rowan Cahill has worked as a teacher, freelance writer, agricultural labourer, and for the trade union movement as a journalist, historian, and rank and file activist. Rowan was prominent in the anti-war, student, and New Left movements during the 1960s and early 1970s. He has worked as a teacher, journalist, historian, and agricultural labourer. His most recent book was *A Turbulent Decade: Social Protest Movements and the Labour Movement, 1965-1975*, Sydney ASSLH, Newtown, 2005, co-edited with Beverley Symons. Rowan is a PhD candidate at the University of Wollongong.

Bio-data: Associate Professor Di Kelly has taught and researched work and employment issues for over 25 years. Since 2000 she has supervised more than a dozen dissertations including those exploring political economy of work in Malaysia, Tonga, Japan and Australia.

In recent years her areas of research have included media framing of labour and ideology, university –industry collaboration, quality assurance in internationalisation of higher education, critical HRD and development.

Vicki Crinis

The Malaysian Garment Industry: Brand Names, CSR and Labour

Garment industries in developing countries are tied to the global economy and form the production links in the periphery of the commodity chains. These enclaves of labour-intensive commodity production usually face labour shortages after the country reaches higher stages of development. By the 1990s Malaysia reached almost full employment and both government and employers looked to lesser developed countries to fill the country's labour shortages. In the Malaysian garment industry there has been an increase in the numbers of foreign workers from lesser developing countries in the region. The use of foreign labour has allowed the industry to remain a competitive contender for the buyers of the high end sportswear market. Foreign workers in these industries are subjected to short-term contracts, low rates of pay, excessive overtime and unfair dismissal.

In the last decade the efforts of worker organisations to represent transnational workers in global commodity chains have been undermined by national labour laws that apply to export industries. Supposedly the introduction of codes of conduct for manufacturers along the supply chains offset labour exploitation and offer workers labour protection in the host country. But research suggests that CSR and codes of conduct do not address or change the structure of worker exploitation or allow workers to stand up for their rights. These results were clearly demonstrated during the recent economic crisis when large numbers of foreign workers in garment factories were sacked before their contract expired and made to return to their country of origin without remuneration.

The key goal of this paper is to question what Corporate Social Responsibility (CSR) and company codes of conduct mean for foreign workers in the garment industry in Malaysia. The role of big business shaping labour standards in developing countries is at the heart of contemporary debates on the global garment industry, commodity chains and its workers. Enthusiasm by some for the presumed benefits of corporate governance is confronted by others who only perceive a negative outcome for workers. In light of these debates this paper discusses global corporate social responsibility initiatives, the garment industry in Malaysia and the realities that workers face in a host nation such as Malaysia.

Bio-data: Dr Vicki Crinis is an Australian post-doctoral research fellow (2007-2011) studying the garment industry in Malaysia. Vicki is a team member of the ARC project on the clothing industry in the Asia Pacific, under the leadership of Adrian Vickers and is currently examining the industry in Malaysia in the Post-MFA period. She has published in journals and edited book sections on the garment industry in the context of female workers, trade unions and NGOs; brand name fashions, Corporate Social Responsibility (CSR) and foreign workers. In 2009 she worked in the field with Angie Ngoc Tran researching Vietnamese workers in Malaysia and was invited to present the findings at the Vietnamese Update. Vicki and Ruchira Ganguly Scrase were also awarded seed funding from CAPSTRANS to commence a pilot study on 'consumption and fair trade in Asia'.

Vicki Crinis

Global commodity chains in crisis: the garment industry in Malaysia, the before, the now and the here after

Garment industries in developing countries are tied to the global economy and make up the production links in the periphery of commodity chains. In chain analysis there is a division of power and wealth between the core and the periphery, while the core holds the power through design, marketing and retailing the periphery is dependent on the core for contracts. The garment industry in Malaysia is situated in the periphery and is almost totally reliant on contracts from the United States (US) and Europe for its survival. Since the global economic recession the contraction in the consumption of garments in these countries has translated into factory closures and lay offs in Malaysia. In some cases this has been offset by an increase in garments for catalogue sales in Europe especially in Germany and France and for local orders. But overall orders for clothes for the export markets have declined.

A key issue of commodity chain analysis is whether governments maintain a role in economic production and offer protection to manufacturers in times of crisis or whether national governments have lost all power to challenge global capital. In response to the decline in exports the government has included the garment and textile industry in a package to protect Malaysian manufacturers. In 2008, the government announced a reduction of import duty for thirty two lines on textiles and accessories from a range of thirty to twenty per cent to ten to twenty per cent. This measure is meant to enhance the competitiveness of the industry. But according to the Malaysian government the textile sector remains competitive but the apparel sector is no longer competitive and unless manufacturers increase levels of technology and reduce dependency on foreign workers the industry is heading for the sunset. Manufacturers argue however, that the government needs to look at the industry from both a macro and a micro level to see that they are wrong.

On the other hand, trade associations in Malaysia and ASEAN countries argue that a regional strategy is necessary to keep the buyers sourcing from the region and to cope with increasing levels of competition from China and other parts of the world. The Malaysian Textile Manufacturers Association (MTMA) believes that 'Source ASEAN Full Service Alliance (SAFST)' is the way of the future. If this notion takes off the power structures between the core and the periphery will change putting a more regional focus on full package production which will include design and pattern making and include both upstream and downstream value-added production. Countries such as Malaysia, Singapore, Thailand, Indonesia and the Philippines will make garments from design, pattern making to textile production and dying to finishing the production in Cambodia, Laos, Myanmar and Vietnam. The region will become a centre of excellence.

This paper aims to examine the industry in Malaysia from the post MFA period to the present. It looks closely at the effects of the global economic crisis on Malaysia and the outlook of the industry. It questions the advantages of the new regional strategy for the future of the industry in the long term and what these new strategies will mean for the labour scene: will there be a new global division of labour in the region? And what about the consumers in this new strategy: will the consumers come from the North or from the South, perhaps the nouveaux riches or both?

Ruchira Ganguly-Scrase

Workers in the Indian Export Garment Industry: Surviving Neoliberal Reforms

This paper examines the concerns of workers on issues of labour rights in the Indian export garment industry in the post MFA era. First, I outline the historical and contemporary factors that have impacted upon the industry itself and in turn, labour processes. These factors are both contingent on domestic issues and more recently, global factors such as neoliberal trade policies, global commodity chains and Transnational Corporation (TNCs) practices. The neoliberal policy agenda tends to focus on the economic imperatives of the Indian export garment sector which both inhibits and benefits India's export potential. Needless to say the human factor of labour rights is either ignored or targeted as a potential threat to maximising

profits. Second, based on interviews with workers and exporters this paper provides the necessary foundation to understand the predicament faced by Indian export garment workers today. This paper thus highlights the significance of situating their experiences within the economic, social and political specificities of localities which form part of the Indian export garment sector and in turn are part of the wider global commodity context.

Bio-data: Ruchira Ganguly-Scrase is Associate Professor in Sociology. She specialises on ethnographic approaches to understanding labour mobility, forced migrations and social change. Her book *Global Issues/ Local Contexts: The Rabi Das of West Bengal*, Orient Longman, New Delhi/ Sangam Books, London, 2001, explored the displacement of artisans in 19th century India and the subsequent transformation of a marginalised leather worker community under global capitalism. More recently her research has focused on the consequences of global neoliberal reforms for various communities and classes. Her most recent co authored book with Tim Scrase is *Globalisation and the Middle Classes in India: The Social and Cultural Impact of Neoliberal Reforms*, Routledge, London/ New York, 2009. Ruchira is a team member of the ARC project on the clothing industry in the Asia Pacific and is currently examining the felt experiences of dislocation of garment workers in South Asia in the Post-MFA period. Her forthcoming book co-authored with Kuntala Lahri-Dutt examines the plight of refugees and displaced people in the Asia Pacific. She is also completing a documentary on refugees in West Bengal, India.

Katherine Hannan

Commodification and Consciousness: China's Migrant Workers and the Global Economic Crisis

There are estimated to be over 225 million migrant workers in China today with 140 million of this number working outside their home province. The migrants have come from the country-side to the cities in search of wage-paying work. Some have worked in manufacturing centres for a number of years. However, the current global financial crisis led to an estimated 20 million migrant workers losing their jobs. Most returned to their rural homes.

The factories in China's export manufacturing hubs, particularly those located in the Pearl and Yangtze River Deltas, are often foreign owned and almost all are reliant on contracts with foreign enterprises for the sale of their exported products. Many have now closed. As the global financial crisis reduced consumption in developed countries, particularly the USA, orders were reduced by around one third for clothing, textiles, footwear and toys and a range of other exported products. Capital fled from China's low-end/low profit/labour intensive manufacturing sector. There was significant employment downsizing and a range of other management initiatives were adopted. These measures were intended to reduce production costs and so maintain and promote China's comparable advantage in the global market-place. This meant that not only were the number of migrant workers reduced, but the wages and conditions of those who remained were also reduced. When I interviewed migrants returning to their rural homes I quickly found that while many had been dismissed due to factory closures, many had left because their wages and conditions had slid to the point where they felt it was not worth continuing to work in urban areas. I soon found that in some cases the wage of a worker in the garment industry had fallen by as much as between one third and a half in the period since the global economic crisis had enveloped their country's labour intensive manufacturing sector.

In this paper I will chart the fate of China's rural-to-urban migrant workers in the period immediately following the on-set of the global financial crisis. Many migrants who worked in textile, clothing, shoe and toy manufacturing plants continue to find employment, but there

are a significant number who have 'stayed at home'.¹ Many of these say that today's reduced wage means they cannot afford to work in China's manufacturing hubs. They have decided they can no longer afford to play their part in clothing the world cheaply.

Bio-data: Dr Kate Hannan is a Research Fellow in the Faculty of Arts of the University of Wollongong and an Associate Professor in the School of History and Politics. She has published work on contemporary industrial relations in China. Her most recent research has focused on the effect of the present global financial crisis on the employment opportunities and working conditions of China's rural-to-urban migrant workers. This research is an extension of her earlier work on the migrant workers' demands for 'decent work'. These demands were made by China's second-generation migrant workers employed in low-end/labour-intensive manufacture of products including textiles, garments, footwear and soft toys.

Piyasuda Pangsapa

Mai mee pan ha ('No problem'): The Consequences of and Responses to the Global Economic Crisis for the Thai Textile and Garment Industry

In the context of the 2008-9 global depression, the imperative to protect domestic industries does not fit neatly with longer term goals to promote regional integration in a single market within ASEAN by 2015. In the first four months of 2009 over 400 factories across Thailand closed resulting in the layoffs of 50,000 workers. Companies cited a loss of profits, a drop in consumer demand resulting in declining orders or cancellation of contracts, due to the current Global Economic Crisis (GEC). Many companies have restructured and in some sectors outsourced their production processes in order to close down subsidiaries. The impact on workers has been severe. This paper will examine the textile and garment industry in Thailand since the end of the MFA focusing primarily on cases of factory closures and layoffs. Triumph International in Thailand and the Philippines and Worldwell, a subsidiary of the major subcontracting conglomerate, World Cup. The significant drop in Thai textile and garment exports of textiles in 2009 resulted from market contractions in the US and EU but this has, in part, been offset by a surge of orders from Japan (as a result of an Economic Partnership Agreement). It is not all bad news in terms of the goal of economic growth at a national level. The largest global apparel company, VF Corporation, plan a sourcing office in Bangkok in September 2009 to generate a projected US\$400-500 million annual foreign revenue for Thailand. This appears to be based on a number of processes: higher unemployment, reducing labour costs generally; full-time permanent employees becoming temporary contract workers, hence losing job security; intensification of piece-rate systems through unrealistic bonus payment targets; redundancy packages to remove higher wage employees from the supply chain; and union-busting practices. A key issue is how governments offer investment incentives which can include tax breaks, subsidies and also weaker regulatory control, for example, working conditions, health and safety, and environmental impacts, which affect workers either directly or indirectly. It is also important to explore the structures of production in their regional context across the Southeast Asia mainland. For instance, the Mekong regional strategy for the Southern Economic Corridor involves the construction of transportation routes that could potentially shift a large part of textile production from Thailand and Vietnam to Cambodia, Vietnam, and Burma. This work extends my previous research on economic and contextual changes in Southeast Asia published in *Textures of Struggle* (2007), *Environment and Citizenship* (2008) and articles in *Journal of Contemporary Asia* (2008) and *International Migration* (2009).

¹ It has been estimated that of the 20 million migrant workers who returned to the country-side in late 2008 and early 2009, 11 million continue to be unemployed. See 'China's Rural Migrant Workers Top 225 Million', *op. cit.*

Bio-data: **Piya Pangsapa**

Dr Piya Pangsapa is Senior Lecturer and Head of the Institute of Gender and Development Studies at The University of the West Indies, St. Augustine campus, Trinidad. Her research has focused on political economy, gender, development, social inequality, social movements and civic engagement in Southeast Asia. She is the author of *Textures of Struggle: The Emergence of Resistance among Garment Workers in Thailand* (Cornell University Press, 2007) as well as articles and chapters on gender, migration, labour standards, human rights and ethnographic research methods. Her current work considers the impact of corporate responsibility and the changing nature of factory production in the global supply chain, status and citizenship rights of migrant workers, the impact of transnational activist networks on policy makers, states, communities, and regional campaigns on gender, labour and environmental issues. Dr Pangsapa is also co-author of *Environment and Citizenship: Integrating Justice, Responsibility and Civic Engagement*, (Zed Books, 2008) and *Responsible Politics: Bringing Together Labour Standards, Environment, and Human Rights in the Global Corporate Economy*, (Palgrave Macmillan, forthcoming).

Rajah Rasiah

Garment Manufacturing in Cambodia and Laos in the Wake of the Global Financial Crisis

Cambodia and Lao PDR are among the LDC beneficiaries of preferential access agreements offered by the developed countries. Bilateral Trading Arrangements with the United States introduced in 1999 and the ‘everything but arms’ clause introduced by the European Union in 2001 were by far the most significant openings that has stimulated FDI inflows as well as local subcontractors into garment manufacturing in Cambodia and Lao PDR. However, FDI flows to these countries fell following the 2008-2009 global financial crisis. Inflows of FDI globally are expected to fall from \$1.7 trillion to below \$1.2 trillion in 2009 (UNCTAD, 2009).

FDI inflows – including in garment manufacturing – has since the end of the cold war expanded sharply among a wider range of economies. LDC governments have since entered the market to compete for FDI. Transitional economies such as Cambodia, Lao PDR and Vietnam have managed to attract significant amounts of FDI since 1990. Indeed, FDI has been the catalyst in the growth of garment manufacturing in these economies. Although the extent and depth of the role played by FDI in development policy making has varied, their participation has been important in several LDCs. The landlocked status of Laos has reduced its capacity to attract investment in garment manufacturing. Nevertheless, political stability and improvements in infrastructure has stimulated strong FDI inflows to Cambodia and Lao PDR.

In 2008, FDI inflows to developed countries fell by 29 percent to \$962 billion but that to the developing countries reached grew by 17 percent to \$621 billion and to the transition economies by 26 percent to \$114 billion (UNCTAD, 2009). The surge in FDI inflows globally to the developing and transition countries to 43 percent in 2008 compared to 31 percent in 2007 is unprecedented. However, although FDI inflows to the developing economies in 2008 were impressive given the contraction in the developed countries, garment exports from Cambodia and Lao PDR have not enjoyed the same fortunes because their prime market have been the developed economies that are facing a contraction now. As a consequence, GDP growth has fallen in both countries in 2009. Annual GDP growth of Cambodia and Lao PDR had exceeded 10 percent over the period 2004-08. The contraction in exports starting from the late 2008 brought down GDP growth to 2-4 percent in 2009. The impact on contraction in garment exports is much larger in Cambodia than in Lao PDR because of the narrow specialization in the former compared to a broader mix in the latter.

Given the specificity of industries and significance of capabilities, an attempt to evaluate the impact of financial crisis would require an assessment of firm-level conduct on technological capabilities in Cambodia and Lao PDR. Although the Technical Agreement on Textiles and Apparel (TATA) agreement with the United States ended in 2005, exports from both Cambodia and Lao PDR rose until 2008. However, there has been a sharp contraction in exports in 2009 and hence it is critical to assess if it had led to firm-level cost-cutting strategies to stop capability development. This is particularly important as such efforts will expose the two countries to vicissitudes of cut-throat competition from world markets.

This the paper thus seeks to examine one, how the financial crisis has affected garment manufacturing, two, whether it has affected any initiatives to support technological upgrading, and three whether firm-level environmental and social practices have been affected. The experience of integration in global manufacturing value chains of economies such as Korea, Taiwan, Singapore and China has only been a necessary but not a sufficient condition for sustainable economic transition to occur in economic development. The impasse currently faced by Malaysia, Thailand and Philippines shows that technological upgrading through proactive learning and innovation is critical to be drive sustainable economic development (see Amsden, 1989; Amsden and Chu, 2003; Chang, 1994; Fransman, 1985; Fishlow, Wade and Haggard, 1994; Lall, 2001; Best and Rasiah, 2001; Rasiah and Lin, 2005). Indeed, EPZs that failed to engender learning and innovation have failed miserably.

Bio-data: Professor Rasiah is Professor of Technology and Innovation Policy at the University of Malaya, Kuala Lumpur. He obtained his doctorate in economics from Cambridge University in 1992. He is an expert scholar in economic development and growth, economic geography, clusters and regional development and intellectual property rights. He has published prolific numbers of articles in journals and books on economic development in the region including East Asia and Indonesia. He currently specialises on foreign direct investment, learning and innovation, and competitiveness with fieldwork experience in over 35 countries. His recent work on the garment industry in the post MFA period includes studies from Malaysia, Cambodia and Laos published in a special edition of the *Journal of Contemporary Asia*. His latest books (with Banji Oyeyinka), *Uneven Paths to Development: Information Hardware Innovation Systems in Africa and Asia* was published by Edward Elgar in 2009, *Multinationals, Technology and Localization*, (edited with Yuri Sadoi and Rogier Busser) was published by Routledge in 2008, and has with Johannes Dragbaek Schmidt the edited book, *The New Political Economy of Southeast Asia*, Cheltenham: Edward Elgar, and the edited book *The Malaysian Economy in the New Millenium*, Kuala Lumpur: Oxford University Press forthcoming in 2010. He has been awarded numerous prizes for his contribution to academic studies and research. He has also undertaken research and consultancies for international development agencies and the World Bank.

Timothy J Scrase

Fair Trade, Ethical Consumption and Inclusive Capitalism:
Myths and Realities in the Indian Crafts and “Ethnic” Clothing Industries

In recent years, despite the well-documented negative impact of neoliberal capitalism on different industries and communities around the globe, there remains a fundamental support for various forms of capitalist relations of production and new forms of marketization and consumption. Partly this trend is a result of the popularity of different forms of microcredit schemes for the poor, especially poor women, in many developing societies. Partly, too, it is because of the legitimacy given to capitalist relations of production and consumption by non-government organisations such as Oxfam, especially through their recent “Make Poverty History” campaign. Moreover, the Nobel Peace (not Economics) prize awarded to the champion of microcredit, Professor Muhammed Yunus, enshrines market-driven solutions to global poverty. The global financial crisis, too, has forced a re-think about the ethics of doing business in marketplaces seemingly devoid of enforced corporate rules and laws. In this

paper, I critically examine pseudo-capitalist alternatives to neoliberal capitalism, philosophies and programs mostly dressed-up as equitable, fair and ethical. These various forms of “inclusive capitalism” work to connect producers in the global South to middle class and wealthy consumers in both the developed and developing world. They are primarily linked in the globalized marketplace by way of shopping and consumption in international department stores, glitzy shopping malls, folk and tourist markets or internet websites. Based on examples from the Indian handicraft and “ethnic” clothing industries, I argue that the variations of neoliberal capitalism are riddled with incoherent or inconsistent philosophies, questionable trade arrangements, vague details about benefits to marginal communities, and impose new regimes of market and labour discipline, power and authority driven largely by first world buyers and middlemen.

Bio-data: Associate Professor Tim Scrase is the Director of the Centre for Asia Pacific Social Transformation Studies (CAPSTRANS) and Associate Professor of Sociology, University of Wollongong. A comparative sociologist, he researches and writes on social change and development, globalization, and social impact assessment focusing on the Asia Pacific region, especially India. He has published five books and over 50 papers. His current projects explore the impact of neoliberal globalisation on the Indian middle classes; the social impact of the transformation of Asia Pacific Ports; globalisation and artisan labour in Asia; and the commodification of water and its domestic use among the urban middle classes in India.

Angie Ngoc Tran

Vietnamese Labour Migration in Malaysia: State Policies and Workers’ Agency in the Global Economic Crisis

From 2000 to the present, the one-party Vietnamese state has been promoting labour export as a commodity. Its mantra has been to “eradicate hunger and minimize poverty,” as well as to create jobs, especially for households and ethnic minorities in poor provinces. Since 2003, the state has legislated laws to govern the activities of recruitment companies that send Vietnamese nationals working overseas, especially in earnest after Vietnam joined the World Trade Organization in November 2006. Since July 2007, the labour contract law has been governing overseas migrant Vietnamese workers. While not explicitly admitted, the state has benefited from overseas migrant workers by way of fees paid to recruitment agencies and services, as well as interest on loans. The economy in general benefits from labor remittances, which rose to \$1.5-1.7 billion USD (annual average between 2005 and 2008) from over 500,000 Vietnamese migrant workers in 40 countries (Duy Quốc 2008; MOLISA 2008; Statistical Yearbook 2008). The host country—Malaysia is the primary destination for many Vietnamese migrant workers from the targeted poor provinces mostly in the North and the Central—benefits from having an abundant supply of foreign workers (from various Southeast Asia countries) who are paid less than domestic workers.

The finding that labour migration is increasingly governed by state and commercial regulations is not new (Goss and Lindquist 1995, 2000). What I’d like to examine in this paper is the extent to which workers—bounded by structures of state policies from the sending and receiving countries—perpetuate the globalized chains of commodity (GCC) production while struggling against forms of exploitation in both home and host countries *and* empower themselves with new skills, knowledge and seed monies for entrepreneurial activities upon returning home. As such, I look into the interconnections between state structures and workers’ agency, which, on the one hand, reproduce the GCC; on the other hand, have the potential to empower workers with new skill sets and some capital to better their lives.

The focus of this paper is on the individual experiences of Vietnamese migrant workers in their social and migrant networks related to the Vietnamese and Malaysian labour and development policies—macro structures that form the context for labour export. Using the state structures and workers' agency approach, I critically examine the export labour policies in Vietnam (home) and foreign worker policies in Malaysia (host) and their inter-connected impacts on Vietnamese migrant workers. I use a multi-level analysis (Massey 1990) to understand social and migrant-worker networks—which includes indirect social contacts over large distances—of individual Vietnamese and how each is affected by evolving political, social and economic structures in Vietnam and Malaysia. Evidence is based on fieldwork interviews with workers, labour journalists, recruitment agencies' management, state officials and labour union leaders in the summers of 2008 and 2009.

Paying attention to the impact of the global economic crisis, I examine the evolving political and economic policies in Vietnam and foreign worker policy in Malaysia to sustain both governments' benefits within the GCC production. Vietnamese labour migration to Malaysia is subject to Malaysian domestic policies and the ministerial level agreements signed in 2002 (Vietnamese Ministry of Labour-MOLISA, and Malaysian Human Resources Ministry) which corresponded with the clampdown on Indonesian workers (Crisis 2005). Overall, the global economic crisis led to the early return of over 7,000 migrant workers due to under-employment or unemployment-related situations in the host countries (Vietnamese General Confederation of Labour, August 2009). Moreover, there has been a sharp decrease in migrant workers being sent to all destination countries since the onset of the global economic crisis in late 2008. With a 90,000 export labour quota to fulfil in 2009, only 58% of the quota was realized in the first 9 months, in which Taiwan and South Korea received the greatest numbers of export workers (Nguyễn Duy October 2009). Moreover, I present updates on Malaysian levy policy and daily wage rates in 2009 and how they impact Vietnamese labour migration trends (Interview with a Vietnamese recruitment agency, August 2009).

I look at recent Vietnamese policies and initiatives aimed at coping with the global economic crisis, promoting labour export and assisting returning migrant workers. In particular, the state recently earmarked a funding of 70 billion VND (equivalent to about \$3.9 million USD, using December 2009 exchange rate) to intensify the 12-year "Poverty Reduction" campaign (2009-2020) aimed at sending people from poor rural provinces to work overseas. I examine policies that provide not only financial incentives but also promises of potential material comfort to ethnic minority communities in some rural Central provinces to work overseas for three years. Moreover, a recent state and recruitment companies' initiative in Vietnam develops a code of conduct (à la the Corporate Social Responsibility initiative) that claims to guide the operations and modus operandi of recruitment companies to protect export workers' rights and interests.

I present how workers deal with forces that exploit them, as well as opportunities that they obtain while working overseas bounded by state policies and resources. My 2008 and 2009 interviews with Vietnamese workers in Vietnam and Malaysia revealed interesting tactics on how they coped with exploitation on the production line in Malaysian factories and their preliminary plans when they returned to Vietnam. I analyze *gendered* differences in agency: selection of types of work in Malaysia; coping mechanisms in Malaysia (labour contracts, overtime work, strikes on the shop floor and in worker dormitories), job insecurity, gang and robbery problems; and benefits they gained from working overseas, such as new skills and experiences on labour bargaining.

Overall, the more theoretical contribution of this study is to understand how migrant workers perpetuate capitalist expansion via the GCC production and reproduce existing inequalities based on class and gender (Guarnizo 2003), while also strengthen themselves with overseas working experiences and networks. Finally, this paper raises questions for future research about South-South labour competition in which global capital continues to search for

competing export workers from various Southeast Asian countries (such as Vietnam, Thailand, Indonesia, the Philippines) to reproduce the GCC production system bounded by state structures and control.

Bio-data: Dr. Angie Ngoc Tran is Professor of Political Economy at CSU Monterey Bay. Her research ranges from development studies/transitional economies, gender and labour studies, labour resistance, to globalization and labour migration. Her major focus has been the Vietnamese garment/textile industry and the role of Vietnamese labour unions and their labour press in creating forums to expose labour discontent within the global supply chain. She has expanded her scope to look at multinationals and their subcontractors, and the meaning and enforcement of labour codes of conduct in Vietnam. Her recent interests rest in Vietnamese labour transnational migration issues. Dr. Tran's publications include co-editing a book with Melanie Beresford on sustainable development in Vietnam (2004), transnational assembly work in California and Vietnam (2003), and several articles on Vietnamese workers in the global supply chain, especially "Emerging Labour Newspapers and the Response of Labour Unions and the State to Workers' Resistance in Vietnam" (September 2007); "Minimum Wage Strikes and Their Aftermath" (December 2007); and "Networks of Place, Gender, and Class in Vietnamese Workers' Resistance" (2008). Recently, she is focusing on globalization and labour transnational migration, with an article on Corporate Social Responsibility in Socialist Vietnam (2008 Vietnam Update), and a co-authored paper with Vicki Crinis on Vietnamese labour migration in Malaysia.

Adrian Vickers

Approaches to studying the garment industry: the case of Bali

Analysing the clothing industry as an industry has now mainly been seen in terms of the commodity chain approach. The case of Bali both confirms aspects of this approach, and raises questions about its limitations. The strength of the commodity-chain approach is that it allows us to look simultaneously at the industry as a whole, while analysing specific segments. Thus the analysis of labour can be incorporated into assessments of production, in a way that does more than reduce labour to a cost factor. In the case of Bali, certainly, the continuation of the industry cannot simply be explained in terms of labour cost, as a short summary of the fluctuations of the industry will show. On the other hand, we still frequently operate in terms of the industry being seen as a national industry. The lack of connection between the clothing industry in Bali and that of Indonesia's major bulk production centre, Bandung, demonstrates that nationally-based analyses are wide of the mark. This problem is also compounded by the problem of smuggling and illegal activities associated with clothing and textiles in Indonesia. The strength of a case such as Bali is that it demonstrates close relationships between tourism and the clothing industry, relationships that allow us to modify the commodity chain approach so that it takes greater account of the nature of human agency.

Bio-data: Professor Adrian Vickers became Professor of Southeast Asian Studies at the University of Sydney in 2007. He has previously worked at the University of Wollongong and the University of New South Wales, and held visiting positions at the University of Indonesian, Udayana University Bali, and Leiden University. He is author of *Bali: A Paradise Created* (1989) and *A History of Modern Indonesia* (2005). His newly-published book *Peradaban Pesisir* [Coastal Civilisation--published by *Larasan Sejarah*, Yogyakarta] continues to explore themes of Panji texts from his earlier book *Journeys of Desire* [2005]. Professor Vickers has supervised approximately twenty PhD theses to completion, and holds a series of ARC grants looking at Indonesian history and historiography, labour and industry in Southeast Asia, and Balinese art, all areas in which he has published book chapters, journal articles, encyclopaedia entries and articles for general audiences.

Anne Vo (unable to attend)

The Silenced Voice – Trade Union's Roles in the Clothing Industry in Vietnam

The temporary Vietnamese industry relations (IR) environment is full of contradiction. It is traditionally centralised and highly regulated, evident in the compulsory presence of a trade union in any economic enterprise and the government's dominant role in determining rules for labour - management relations in the form of central labour laws. On the other hand, since the economic reform, *Doi Moi*, which was initiated in 1986, the Vietnamese IR system has been undergoing dramatic reform in the last decade. There is a newly developed legislative base for trade unions to step out of the Party and State's shadow and renew their organisation and activities to perform the function of workers' representatives in protecting their rights and interests. However, there are signs of the government's reluctance to give full power to unions and the transformation of trade unions is inhibited by financial difficulties. It is recognised that the constraints placed upon trade union activities necessarily affect and restrict the exercise of bargaining rights.

According to an incomplete statistic of the Vietnamese General Confederation of Labour (VCGL) (2002), during the period from early 1995 (since the Labour Law was enforced) to mid-2002, there were 472 collective strikes, of which 262 incidents happened in foreign invested companies, accounting for 55.5 percent of strikes occurring in Vietnam. Labour strikes are highly concentrated in firms invested by Taiwan, Korea and Hong Kong, which normally operate in labour-intensive industries- on top of list are clothing and footwear industries. Up to 2002, they were responsible for 71.43 percent of total strikes. Taiwan has been the most notorious one with 109 strikes, accounting for 41.6 percent of the incidents in foreign invested sector and 23.1 percent of total strikes in all sectors. Most of the strikes occurred in the industrialised provinces or cities such as Ho Chi Minh City, Dong Nai, Binh Duong, Ba Ria Vung Tau, Ha Noi, Hai Duong.

Interestingly, 100 percent of these strikes are illegal. In most cases, these strikes were organised by the workers themselves, with all the unions standing by, which make these strikes illegal, regardless of the fact that they followed the right procedures and processes (The Labourer, 1st January 2002). The fact that only 60 percent of foreign invested companies have a union established in their organisations means that 40 percent of foreign invested companies- the most turbulent labour environment, especially in Hong Kong, Taiwan, Korea invested firms operating in labour intensive industries – the right to strike does not apply. There have many who are of the opinion that recent labour strikes have been organised by the workers themselves, bypassing the trade unions, due to the general lack of understanding of the labour laws, going on strike is considered the quickest way to solve labour disputes, etc. In fact, this is only one side of the coin. The other reason is the lack of trust and confidence of workers in the official trade unions. The reality of these strikes showed clearly that the unions' involvement was too weak.

In this context, this paper aims to examine the roles of trade unions in the clothing industry in Vietnam, focusing on the subsidiaries of multinational companies from Taiwan, Korea and Hong Kong. The study took place during 2005-09. Within this time, three fieldwork trips were conducted in Vietnam. The findings presented are from six companies. Multiple interviews were held with two groups of interviewees inside and outside the enterprises. The first group included the management of companies, trade union officials and employees at shopfloor level. It was considered necessary to conduct interviews at three levels to cross check the information as well as to examine whether the policies stated and described by the management were indeed implemented at the lower level of the organisations. Outside the enterprises, interviews were conducted with government officials at national and local levels. They provide valuable knowledge of the local environment which foreign invested firms

operate in and help reveal any hidden ways in which they come to terms with legal constraints.

Going through some key trade unions' organisational issues, such as organisational structure, expected roles and responsibilities and the constraints they meet with in realising such expectations, this paper points out that Vietnamese trade unions in the clothing industry do not appear to represent the workforce in any way and that their roles are limited to administrative functions and the provision of welfare-type services for employees. Almost all the unions were unable to perform their functions, with some union leaders unwilling to voice the concerns of workers, fearing that it may affect their jobs. The paper confirms the concern that was voiced by 'The Labourer' - the official newspaper of VCGL, claiming that 'the role of organised trade unions in protecting workers' rights here [in Vietnam] is diminishing every day and is practically nonexistent' (June 1, 1995).

Sally Weller

Beyond GCC and beyond GPN: Global trade in fashion garments

In advanced and open economies, such as Australia at the dawn of the 21st century, the geographies of fashion and garment production and distribution industries are evolving new forms of organisation. This paper describes the Australian clothing market as characterised by a set of competing production models: some global, some regional and some locally based. These new forms of organisation diverge from the prototypical buyer-led Global Commodities Chains that dominated when the GATT Multifiber Agreement governed world garment trade. The argues that Australia's exceptions to theoretical models of the global commodity chain and global production network approaches are explained by issues of market size, peripheral location, national labour regulation, local 'creative industry' political projects, regional political configurations and Australia's location relative to the northern hemisphere fashion cycles. Using trade and employment data from Australia, New Zealand and Fiji, the paper explores the employment implications of these emerging production frameworks and patterns.

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