

**PLAY FAIR
AT THE OLYMPICS**



**HOURS
OF FORCED OVERTIME
IN ONE WEEK**

**PLAY FAIR
AT THE OLYMPICS**

**RESPECT WORKERS' RIGHTS
IN THE SPORTSWEAR INDUSTRY**

SUMMARY



**MAKE
TRADE
FAIR**



Acknowledgements

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Introduction

In 490 BC, Phidippides, the most celebrated runner in antiquity, arrived in Athens at the end of his final race. He was carrying news of a great Athenian victory in the face of overwhelming odds against Persian forces on the plain of Marathon, 42 km away. Legend tells that Phidippides arrived in Athens and with his last breath uttered the word '*Nike*' – the name of the Greek goddess of victory – before he collapsed and died. His achievement inspired one of the showpiece events of the modern Olympic games.

During the summer of 2004, the image of Phidippides will figure prominently in the marketing of the twenty-eighth Olympic games, which will be held in Athens. As the games draw closer, the finest athletes in the world are preparing themselves for the effort of a lifetime. Many will set new world records. They will run faster, throw farther, and leap higher than ever before. And, as the contests are fought and the medals are distributed, the corporate gods of the modern Olympics will be in close attendance. Nike, along with Adidas, Reebok, Fila, Puma, ASICS, and Mizuno, are investing billions of dollars in advertising and branding for the Olympics. For these corporate giants of the sportswear industry, the Athens games provide an opportunity to expand profits and build markets through an association with sporting success and the Olympian ideal.

While the world's media spend two weeks focusing on the struggle for sporting success, away from the cameras thousands of workers – mostly women in the developing world – employed to produce the tracksuits, trainers, vests, and team uniforms will be engaged in a different type of struggle. They too are breaking records for the global sportswear industry: working ever-faster for ever-longer periods of time under arduous conditions for poverty-level wages, to produce more goods and more profit. Yet for them there are no medals, rewards, or recognition from the industry that they service.

The sportswear industry often responds to evidence of exploitative labour practices by reciting familiar arguments about the need to recognise 'market realities'. Low wages, it claims, are a product of poverty, not of corporate malpractice. When it comes to attributing responsibility, many of the global firms highlighted in this report blame governments and local suppliers, absolving themselves of responsibility. They cite their own codes of conduct on labour practice as evidence of their good intent.

Yet what our report shows is that these statements of good intent are at variance with the practices of the business model used by these global companies. This is a model that is creating huge disincentives to protect workers' rights. Facing intense price competition at the retail end, global sportswear companies place demands

on their suppliers to reduce their prices, speed up the manufacturing process, and meet their demands for flexible production and delivery. In response, suppliers transfer the costs down to their workers, making them work longer, faster, and cheaper. Further, the constant relocation by companies from supplier to supplier in search of the cheapest price creates peaks and troughs in demand for labour that lead to job insecurity and a reliance on flexible workforces, employed on short-term contracts. In short, the market conditions created by the new business models of the global sportswear industry are inconsistent with decent employment practices.

Global sportswear firms can no longer hide behind claims of non-accountability for exploitative working conditions in their supply-chains. As intermediaries between consumers in rich countries and producers in poor ones, the sportswear companies have responsibilities which go beyond the generation of profit and returns to shareholders. Over the past 15 years a powerful movement of organisations – including trade unions, human-rights activists, women’s rights groups, migrant-labour organisations, and consumer groups – has emerged to challenge global corporations in the sportswear industry. That movement has vigorously campaigned for better terms of employment, lending support to workers’ own struggles against sweatshop conditions worldwide. These campaigns have increased consumers’ awareness of the links between the products bought in rich countries and the labour conditions prevailing in poor ones. They have also forced the issue of workers’ rights on to the agendas of corporate boardrooms, governments, and international financial institutions. A recent ILO-commissioned report² concludes: *‘Perhaps no issue is as critical to the sectors of apparel, footwear and retail goods production as is the sweatshop issue.’*

This report takes stock of what the sportswear industry has done to meet its responsibilities to workers in their supply-chains. It reveals that while some companies – particularly those that have been exposed to public campaigning – have made promising efforts to address the issues, others have either simply not bothered to deal with them or have made superficial attempts to placate the public through public-relations exercises. Drawing on evidence of exploitative and abusive working conditions in sportswear production sites from six countries, the report points to the failure of the industry as a whole to address the root causes of the problem. The report particularly documents the truly shameful record of those companies that have done little to meet their obligations. It concludes by suggesting what needs to be done to create the conditions under which the industry can support the development of globalisation with a human face.

In all, the research included interviews with 186 workers, nine factory managers and owners, and ten representatives of brand companies. We have changed the names of all the factory workers interviewed, in order to protect their identity, because many feared that they would lose their jobs for speaking out. We have also concealed the identity of most of the factories, to avoid jeopardising their business relationships with the companies that they supply, as well as to protect their workers from undue negative consequences. Those factories that have been revealed are those where the workers have been involved in public campaigning to improve working conditions in their workplace and have agreed to their factories being named. All interviews were conducted between May 2003 and January 2004: with Thai workers in May and June 2003; with Indonesian workers in October 2003; with Bulgarian workers between July and October 2003; with Chinese workers in November 2003; with Turkish workers between November 2003 and January 2004; and with Cambodian workers in December 2003. Factory managers were interviewed between October and December 2003. Representatives from brand companies were interviewed and communicated with between July 2003 and February 2004. All local currency amounts have been converted into US dollars, using exchange rates current in January 2004.

Many well-known brand companies feature in this report. Practices vary considerably from company to company. Where particular companies are linked to particular criticism (or indeed to specific good practice), we have made this clear. Generalised statements about industry practices should not, however, be taken to refer to any particular company.



Photo: CCC

Working at the bottom of the global supply-chain in Cambodia

Summary

In August 2004 the world's athletes will gather in Athens for the Summer Olympic Games. New records will be set. Contestants will run faster, jump higher, and throw farther than ever before – and global sportswear firms will spend vast sums of money to associate their products with the Olympian ideal. Images of Olympic events, complete with corporate branding, will be televised to a global audience.

This report looks behind the branding to ask fundamental questions about the global sportswear industry – questions that go to the heart of debates on poverty, workers' rights, trade, and globalisation. *'Olympism'* in the words of the Olympic Charter, *'seeks to create a way of life based on the joy found in effort, the educational value of good example, and respect for universal fundamental ethical principles.'*

We show that the business practices of major sportswear companies violate both the spirit and the letter of the Charter. Corporate profits in this industry are created at the expense of the dignity, health, and safety of vulnerable men and women, contravening universal ethical principles. Yet the Olympics movement, particularly the International Olympics Committee, has been remarkably silent in the face of these contraventions.

The expansion of international trade in sportswear goods under the auspices of corporate giants such as Nike, Adidas, Reebok, Puma, Fila, ASICS, Mizuno, Lotto, Kappa, and Umbro has drawn millions of people, mainly women, into employment. From China and Indonesia to Turkey and Bulgaria, these workers are cutting, stitching, assembling and packaging the goods that will be sold through retail chains worldwide. Far away from the media spotlight that will fall on the Athens Olympic Stadium, they are involved in an epic struggle of their own – a struggle for survival. They are working long hours for low wages in arduous conditions, often without the most basic employment protection. The rights to join and form trade unions and to engage in collective bargaining are systematically violated.

If labour exploitation were an Olympic sport, the sportswear giants would be well represented among the medal winners. While the industry can boast its commitment to some impressive principles, enshrined in codes of conduct, its business practices generate the market pressures that are in reality leading to exploitative labour conditions. The consequence is that millions of workers are being locked into poverty and denied a fair share of the wealth that they generate. The sportswear industry is reinforcing a pattern of globalisation that produces insecurity and vulnerability for the many – alongside prosperity for the few.

The business model that drives globalisation is at the centre of the problem. This model is based upon ruthless pressure on prices, a demand for fast and flexible delivery, and a constant shift in manufacturing locations in pursuance of



Photo: CCC

A sportswear factory in Madagascar

ever-cheaper production costs. Global sportswear companies link millions of workers to consumer markets via long supply-chains and complex networks of factories and contractors. Market power enables global companies to demand that their suppliers cut prices, shorten delivery times, and adjust rapidly to fluctuating orders. Inevitably, the resulting pressures are transmitted down the supply-chain to workers, leading to lower wages, bad conditions, and the violation of workers' rights.

For many of these workers, the ability to defend themselves from exploitation and abuse is thwarted by the repression of their rights to form and join trade unions and to bargain collectively. Too many obstacles – be they administrative or legal, or lack of an identifiable or legitimate employer because of the complexity of these supply-chains, or sheer fear through intimidation and harassment – still exist, leaving them exposed and vulnerable to unfair, inhumane, and undignified treatment by employers.

Chapter 1

of this report documents the harsh reality of life for those working at the bottom of the global supply-chain. It does so on the basis of evidence collected in interviews with 186 workers from six different countries – Bulgaria, Cambodia, China, Indonesia, Thailand, and Turkey. The interviews reveal a pattern of abysmally low wages, workers being forced to work excessively long hours, exploitative terms of employment, bullying, sexual harassment, and physical and verbal abuse. Involvement in trade union activity is effectively outlawed. Some of the most insidious violations of workers' rights revealed by our research include the following:

- ▶ Indonesian workers attacked, intimidated, and harassed for participating in union activities;
- ▶ Bulgarian workers fined or fired for refusing to do overtime work;
- ▶ workers in all these countries sewing sportswear for up to 16 hours a day, six days a week, especially during peak seasons; and
- ▶ Chinese workers receiving wages as low as US\$ 12 per month during the low season.



Sewing sportswear for export in Thailand

Chapter 2

considers the global market for sportswear goods – a market which generated US\$ 58 billion in 2002. Increasing competition has led to an intense squeeze on prices, as companies seek to expand their market-share through ruthless price competition: the average price of a pair of trainers in the USA has fallen from US\$ 41 to US \$36 since 1997. Suppliers have been left in a market characterised by falling unit prices, juxtaposed with rising production costs. For example, a Honduran supplier of sportswear to global companies reported a fall of 23 per cent in unit prices over three years. Inevitably, the workers at the very end of the supply-chain bear the brunt of this price squeeze, as factory managers work them harder, to produce more, in a shorter time, and for less money.

Along with the price squeeze, suppliers have been forced to adjust to wider pressures. The traditional system of ordering in bulk has been replaced by a system in which factories are now required to supply smaller amounts on the basis of monthly and even weekly orders. Lead-times have been shortened. Adidas, for instance, aims to reduce its lead-times for athletic apparel from 120 to 90 days. On the factory floor, this is translating into excessive working hours and forced overtime in the rush to complete orders in time for export.

Global sportswear companies are careful to distance themselves from accusations that their business operations – the way in which they place orders and negotiate price cuts – are having negative consequences in the workplace. They point to statements of corporate social responsibility and codes of conduct covering labour practices as evidence of their good intent. As we show in this report, this defence is tenuous. The industry's business model creates clear market signals to suppliers, placing a premium on the creation of low-wage, temporary workforces, denied basic workers' rights.

Supporting this business model, governments eager to attract foreign investors to their shores erode workers' rights in order to offer a cheaper, more flexible workforce. The right to join a trade union and bargain collectively is often the first right to be denied, leaving workers unprotected and vulnerable to exploitation and abuse.

Chapter 3

suggests why significant improvements to working conditions within the supply-chains of major sportswear companies have not been achieved. Despite extensive world-wide public campaigning which has contributed in part to the numerous ethical commitments and codes of conduct on labour practices, too little progress has been made. The report highlights three major reasons for this:

Corporate practices do not match ethical policies.

The ethical commitments made by purchasing companies are contradicted by their aggressive purchasing practices. Corporate staff responsible for sourcing and ordering goods are often unaware of (or indifferent to) the impact on workers of their demands for lower prices and shorter delivery times, and the constant threat of relocation. Having to choose between retaining their customers and protecting workers' rights, factory managers inevitably opt for the former. In their search for low prices and quick turnaround times, companies regularly shift from one supplier to another, favouring such short term rather than long term relationships with suppliers. The implied threat of relocation and the associated loss of jobs mean that corporate purchasing practices also have a negative impact on workers.

Compliance models are flawed.

Some companies are simply not genuine in their commitments to respect labour standards. Our research reveals a number of companies which have adopted comprehensive codes of labour practices in principle but do little to put them into practice. Some companies have not demonstrated any effective implementation of their codes in the workplace. Evidence reveals that some factory managers simply falsify the evidence during social audits and carry on with business as usual once the inspectors have left. The fact that workers are not adequately involved in the current compliance processes has meant that few substantive or sustainable improvements have been made.

Bad practices by one company undermine the good practices of others.

Many sports-brands tend to share the same suppliers. As suppliers face tremendous pressure from this cut-throat industry to reduce prices, shorten lead-times, and make the workforce more flexible, the influence of the few sportswear

The goal of Olympism is to place everywhere sport at the service of the harmonious development of man, with a view to encouraging the establishment of a peaceful society concerned with the preservation of human dignity

“The Olympics Charter”

companies that do ask for labour standards to be respected in the workplace is marginalised by the many who place little importance upon these standards in the normal run of the business.

Play fair at the Olympics

In launching this report and the **Play Fair at the Olympics Campaign**, the Clean Clothes Campaign network, Oxfam, and Global Unions' are lending support to the continued struggle of a worldwide movement led by workers, trade unions, and non-government organisations, along with concerned citizens. In choosing to draw attention to this issue in advance of the Olympic Games in Athens in 2004, we hope that the Olympic movement will reaffirm its pledge to preserve human dignity by calling upon the sportswear industry to make trade fair by ensuring decent, just, and dignified conditions for workers employed in its supply-chains.

This report argues that the Olympic movement has the power to ensure that the sportswear industry improves employment conditions and standards for millions of workers. Apart from asserting the moral imperative, the International Olympics Committee (IOC), as the primary holder of the rights to use the Olympics logo, and as the protector of the Olympics brand, can and should enforce changes by building into licensing and sponsorship contracts commitments to respect labour standards. The movement should be using its influence to ensure that workers in the sportswear industry are employed under fair, dignified, and safe conditions.

While the report provides evidence of the ways in which the operations of a number of companies in the sportswear industry are having a negative impact on working conditions, public campaigning for Play Fair at the Olympics will focus upon the IOC and selected companies who – given the size of their market share and popularity with consumers – need to do much more to meet their responsibilities towards workers in their supply-chain. These sportswear companies include **ASICS Corporation**, a publicly owned Japanese company; **Fila**, a privately owned US company; **Kappa** and **Lotto**, both publicly owned Italian companies; **Mizuno**, a publicly owned Japanese company; **Puma**, a publicly owned German company; and **Umbro**, a privately owned British company.



Photo: Novib

A labour-rights demonstration in
Indonesia

Recommendations for change

- ▶ **Sportswear companies** should develop and implement credible labour-practice policies which ensure that their suppliers respect internationally recognised labour standards, including the right to a living wage based on a regular working week that does not exceed 48 hours; humane working hours with no forced overtime; a safe and healthy workplace free from harassment; and legal employment, with labour and social protection.
- ▶ **Sportswear companies** should change their purchasing practices to ensure that they do not lead to the exploitation of workers. They should negotiate appropriate delivery times, as well as fair prices which allow factory managers to meet orders *and* meet labour standards.
- ▶ **Sportswear companies** should implement their codes of conduct on labour practices in ways that deliver sustainable improvements to working conditions. This requires communicating in clear terms to their suppliers – factory managers and their sub-contractors – that respect for the rights to join and form trade unions and to engage in collective bargaining are of paramount importance if working conditions are to be improved, and that undermining these rights is unacceptable. Further requirements are investment in appropriate inspection systems which place workers at the centre of the process; increased training for workers on their rights and related issues; and ensuring safe complaint mechanisms.
- ▶ **The sportswear industry** should make the effort to address these problems collectively, given that they are endemic in the industry, by jointly developing a sector-wide approach with trade unions and NGOs for a programme of work that promotes the organisation of workers in trade unions, overcomes the limits of the current ethical policies of companies, and ensures on-going dialogue between companies in this sector and the International Textile, Garment and Leather Workers Federation, the representative organisation of workers in the sportswear industry at global level, via a sectoral framework agreement.
- ▶ **Sportswear companies** should commit themselves to be transparent about – and publicly accountable for – the impact of their business operations on workers.
- ▶ **Sportswear suppliers** should provide decent jobs for their employees by complying with international labour standards and national labour laws.

In particular, they should ensure that workers are allowed to exercise their rights to join trade unions and bargain collectively.

- ▶ **Governments** should stop trading away workers' rights in law and in practice, and should enforce national laws and international labour standards in order to guarantee decent employment for all their workers.

- ▶ **The Olympics movement** should make a serious commitment to respect workers' rights in the sportswear industry. Through the International Olympics Committee (IOC), the National Olympics Committees (NOC), and the Organising Committees (OCOGs) it should be insisting that the industry must meet international labour standards in its operations. The **IOC** should make a public commitment to this in its charter and should reform its rules on licensing, sponsorship, and marketing agreements to ensure that commitments on workers' rights are included in these contracts.

- ▶ **The public** should insist that sportswear companies adopt clear commitments to make sure that internationally recognised labour standards are respected throughout their supply-chains; demand that their purchasing practices support rather than undermine workers' rights; and demand that they are transparent about their policies on (and implementation of) labour practices and the impacts on working conditions.

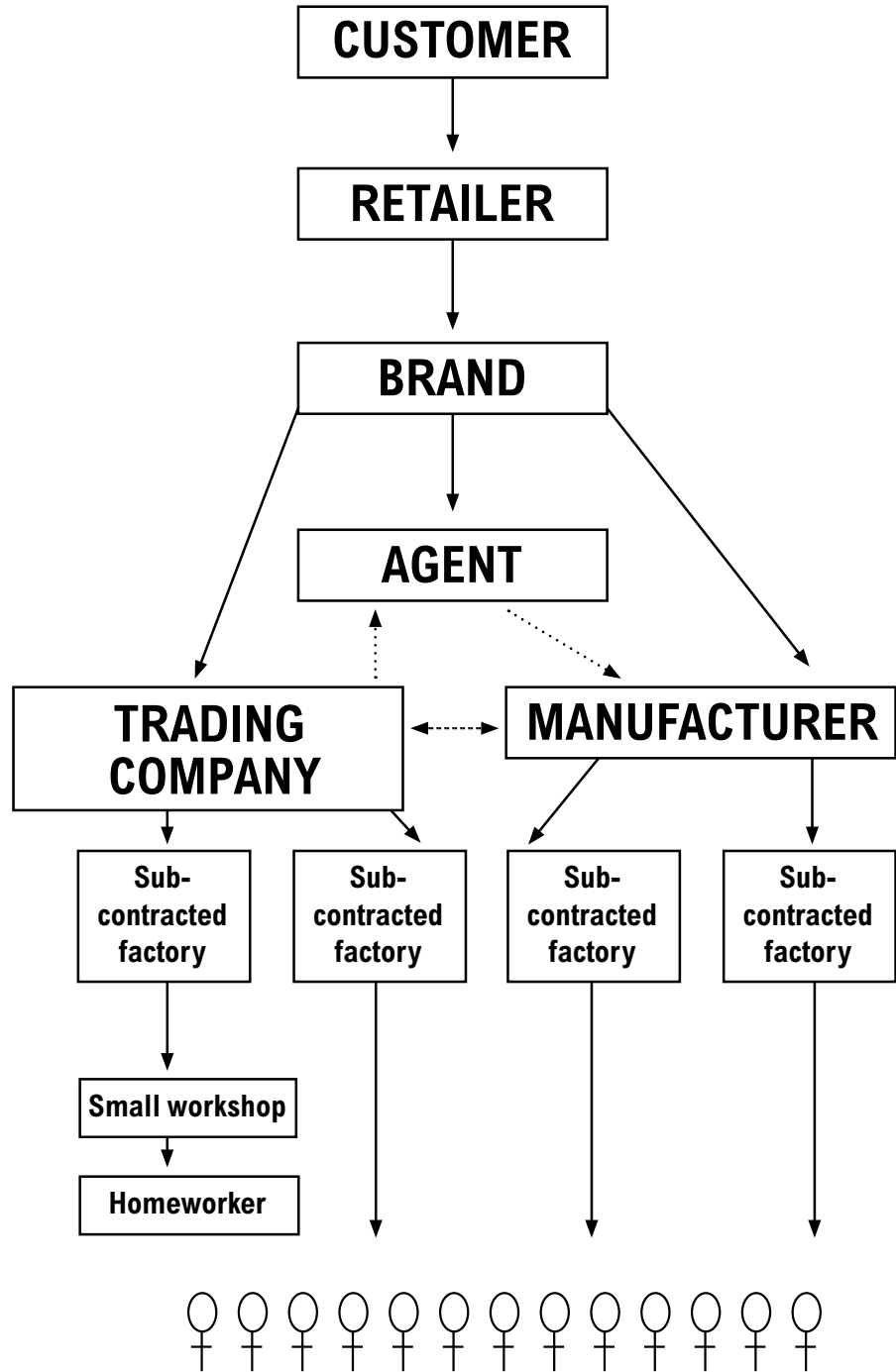
Join the Play Fair at the Olympics campaign at www.fairolympics.org



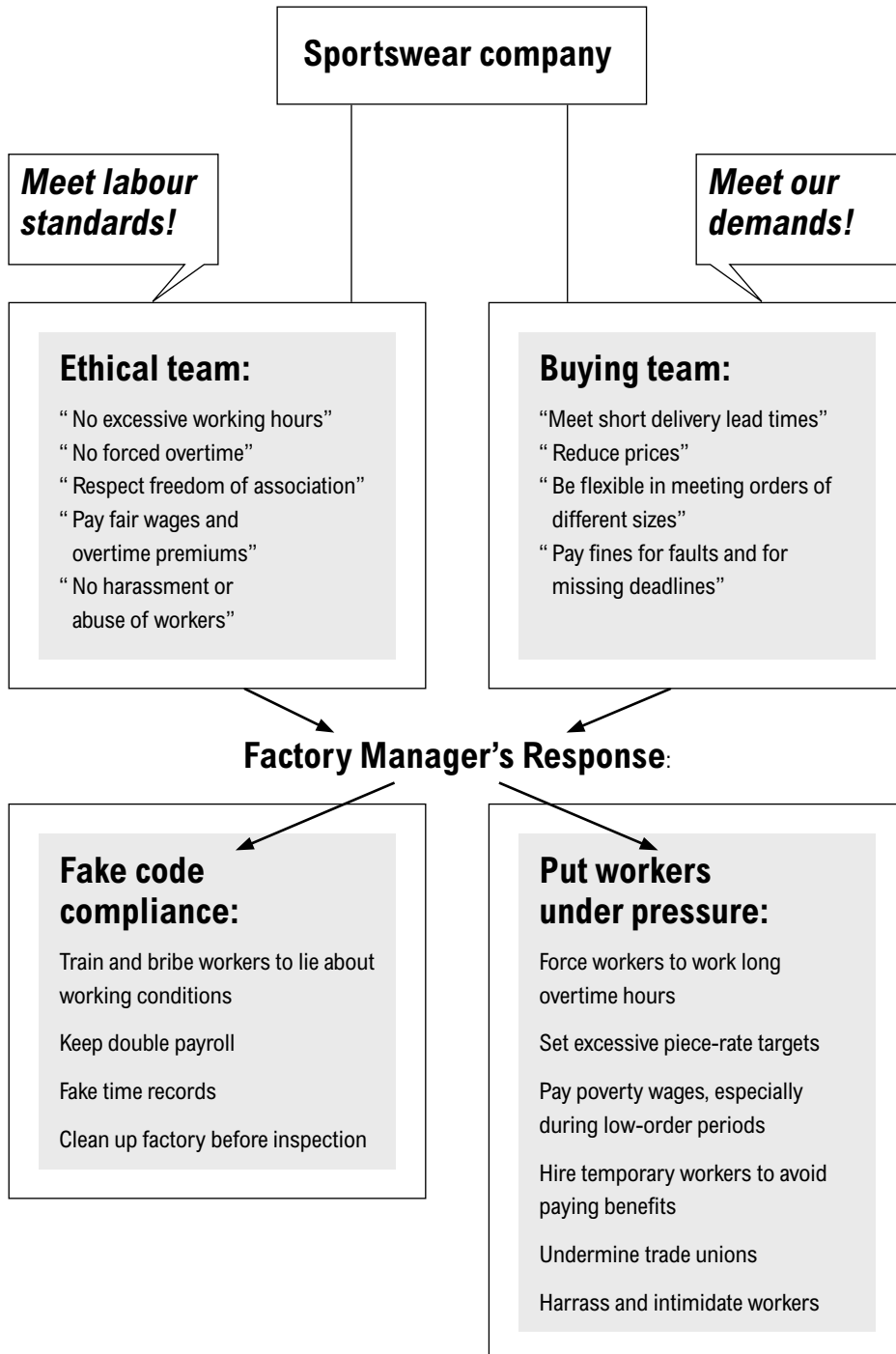
Photo: Panos/Irene Slegt

Producing trainers for the export market in Indonesia

Bargaining power within the supply-chain



**Double standards in the sportswear industry:
The factory manager's dilemma**



Cause and effect - how the sportswear business model leads to poor working conditions

Executive-level strategies

- ▶ Outsource production to low-cost locations.
- ▶ Shorten production cycle.
- ▶ Minimise production costs to maximise profit.
- ▶ Minimise inventory costs by shifting packing, warehousing, and freighting to supplier.
- ▶ Shift forecasting risks to supplier.

....lead to...

Aggressive buying practices

- ▶ 'Graze' for lowest-cost suppliers.
- ▶ Push for factories to manufacture products in shorter time.
- ▶ Push down the price paid to the factory.
- ▶ 'Just-in-time' production, i.e. place smaller orders more frequently to minimise inventory costs and reduce forecasting risks.
- ▶ Demand flexibility from the factory managers.
- ▶ Make supplier pay for faulty orders.

....lead to...

Exploitative management

- ▶ Hire workers who are exploitable, low-cost, and easily hired and fired without financial or legal implications.
- ▶ Lengthen the working day to meet export deadlines
- ▶ Pay by piece rather than time, to reduce costs.
- ▶ Set excessive piece-rate targets to force completion of orders in time for export at low cost.
- ▶ Refuse to pay minimum wages when orders are low.
- ▶ Penalise workers for faulty production, to shift responsibility for quality control.
- ▶ Stop workers from joining or forming trade unions

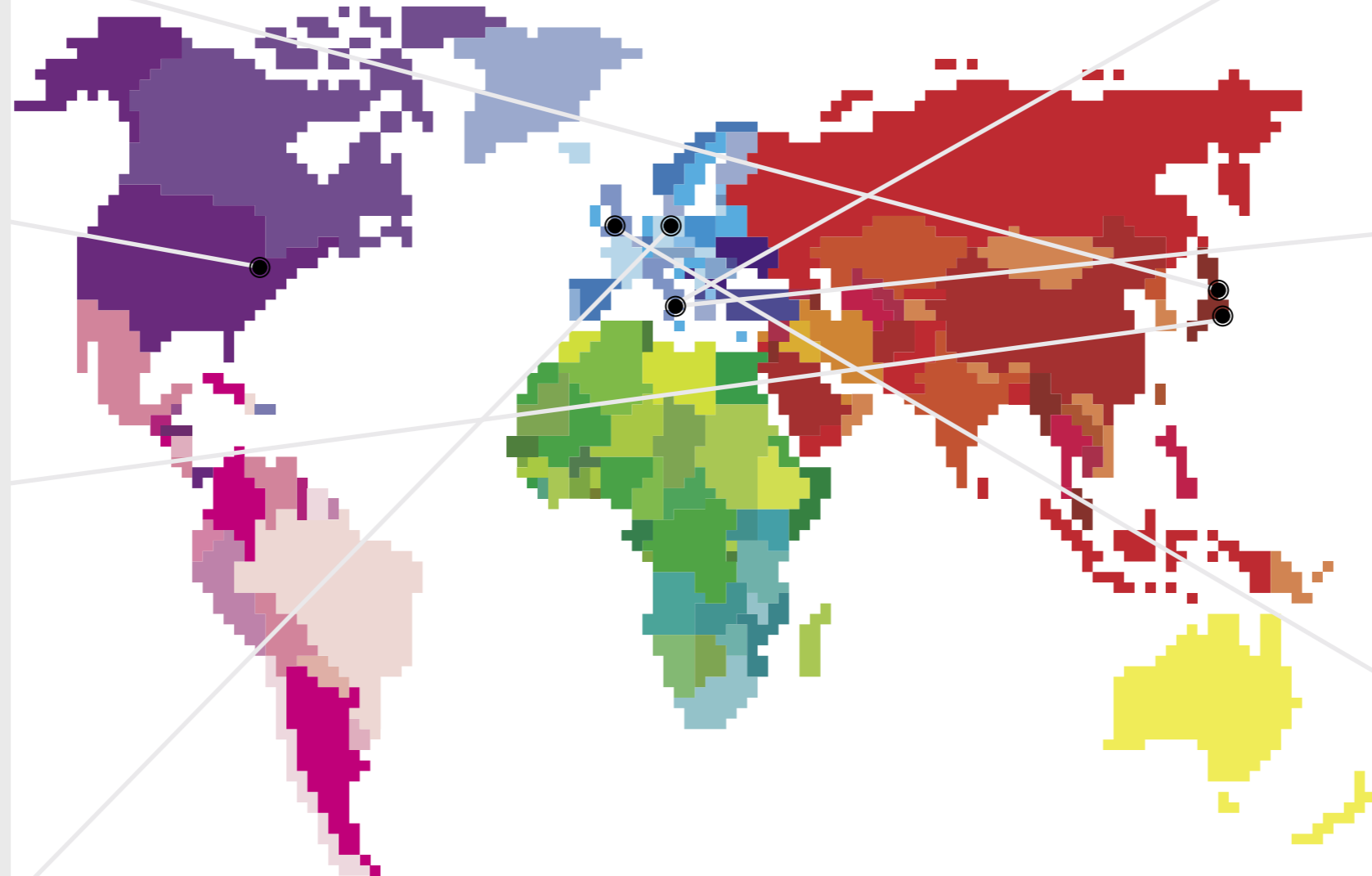
....lead to...

Harsh working conditions

- ▶ Excessive working hours and forced overtime.
- ▶ Poverty wages and inadequate benefits e.g. sick leave, maternity leave.
- ▶ No job or wage security, especially during 'low' season.
- ▶ No freedom of association or collective bargaining.
- ▶ Poor health.
- ▶ Harassment, physical, psychological, and sexual abuse.
- ▶ Discrimination.
- ▶ Dysfunctional family life.

....the bottom line.

Business practices of global sportswear firms



ASICS Corporation: based in Japan, this company is the fifth-largest brand in the global sports-shoe sector. Its motto – ‘Bringing up sound youth through sports’ – was the inspiration of founder Kihachiro Onitsuka, who was moved to set up his company after witnessing the desperate plight of children in post-war Japan. ASICS is famous for its high-tech running shoes, and its brand has become synonymous with the marathon. In 2002, its global sales amounted to US\$ 969 million, with pre-tax profits of US\$ 22 million. Sponsoring a number of high-profile Olympic competitors, including marathon runner Naoko Takahashi and popular US high-jumper Amy Acuff, ASICS will expect increased sales throughout this Olympics year. Manufacturing of its products has gradually shifted from Japan to other parts of Asia. ASICS claims that it operates on a principle of *‘uniting to achieve goals in the spirit of freedom, fairness, respect for the dignity of the individual and good governance upholding ethical standards while continuing to build corporate value’*. On paper ASICS makes rhetorical reference to its ethical commitments on labour standards, but their practical implementation is insufficient. This report contains evidence of poor practice in an Indonesian factory producing ASICS goods, where workers face excessive overtime, penalties for unmet production targets, sexual harassment by management, and health problems caused by inhaling fabric debris.

Fila: a high-fashion sportswear company of Italian origin, owned since July 2003 by US-based private financier, Sport Brand International, Fila continues to be a household name, particularly among younger consumers. Looking to re-launch its brand in a bid to regain its former financial dominance, the company is investing heavily in advertisements featuring sports and music celebrities, to build its image as a brand of choice. With a marketing budget in excess of US\$ 70 million, it has engaged tennis stars like Jennifer Capriati and Kim Clijsters as well as long-distance runner, Adam Goucher. Most of Fila’s production takes place in East Asia, and its new supply-chain management strategy aims to reduce delivery lead-times. Fila has made impressive statements of its commitment to respect workers’ rights in its supply-chain, but interviews with workers reveal a very different story. Evidence from factories producing for Fila includes reports of excessive working hours, fines for flawed production, intimidation by management for participation in trade-union activities, and workers at risk of dismissal for refusing to do overtime.

Mizuno: Japan’s biggest manufacturer of sporting goods and official supplier of uniforms for the International Olympics Committee, Mizuno prides itself on its close affiliation with the Olympics movement. Although smaller in size than some of its competitors, the company has gained accolades for the ‘wave’ technology used in its running shoes. Some production of its goods still takes place in Japan, but it is moving towards outsourcing in other parts of Asia. The company’s strong commitments to environmental protection are championed by its CEO, Masato Mizuno. Unfortunately, its commitments on labour standards are not nearly so strong. At one Chinese factory supplying Mizuno, workers reported working up to eight hours of overtime and having no days off during the peak season, having no basic wage protection during the low season, being fined for flawed products, and being paid piece-rates that vary according to how much work the management wants them to do.

Puma: a German-based athletic apparel and footwear brand, Puma has beaten records on profit growth to become the world’s sixth-largest sportswear company. Fast becoming a model in the industry for its successful combination of fashion with performance, this company is snapping at the heels of Nike, Reebok, and Adidas. In 2003, Puma reported doubling its annual profits from US\$ 150 million to US\$ 320 million. Its three World Cat sourcing organisations place orders directly with suppliers. Ninety per cent of its footwear and 60 per cent of its apparel is sourced from China, Thailand, Malaysia, Vietnam, and Cambodia; further production is based in Romania, Bulgaria, Turkey, Portugal, Italy, Paraguay, and the USA. On labour standards, Puma has taken some promising steps to meet its ethical commitments. A dedicated team of staff check and approve new suppliers and inspect current ones. Puma has initiated worker-education programmes with local organisations. It joined the Fair Labour Association in January 2004. Puma’s emphasis on shorter lead times, lower costs, and greater flexibility to increase profits has, however, exacted a heavy toll on the workers in its supply-chain, as evidence in this report shows. Often, its own buying practices have undermined compliance with its code of conduct. As Puma pursues its plan to maintain double-digit sales growth through 2006, it needs to engage in critical self-scrutiny, in order to ensure that *‘its published standards are not just hot air’* (Sustainability Report 2003).

Lotto: founded in 1973 as a local tennis-shoe company, Lotto has grown into a global corporation, selling its tennis shoes and athletic and football apparel and shoes in 70 countries. Owned by Italy Sport Design, its global sales in 2002 amounted to US\$ 277.9 million, with profits of US\$ 6.4 million. Lotto remains a big name in the tennis world, sponsoring more than 100 tennis players, including Boris Becker, Martina Navratilova, and Thomas Muster. To that, it has added a specialisation in football, sponsoring world-class teams such as the Dutch national soccer team, AC Milan, and Juventus. Lotto outsources all of its production, with suppliers based in Indonesia, Viet Nam, China, Cambodia, the Philippines, and Turkey. In supplier factories surveyed in three countries, workers reported wages below subsistence level; wage cuts and penalties when sick leave is taken; verbal and physical abuse; workers prevented from undertaking trade-union activities; and temporary workers being given excessive production targets and no payment for overtime work. With this kind of exploitation taking place in its supply-chain, Lotto needs to take active measures to implement a strategy to demonstrate that these types of abuse will not be tolerated in the production of Lotto-branded goods.

Kappa: Kappa manufactures, markets, and sells a wide range of athletic apparel and footwear for sport and leisure purposes. In 1994, the company was consolidated into the BasicNet Group. Based in Turin, Italy, the BasicNet Group controls marketing, research and development, finance, and IT services from its headquarters, while conducting its sourcing through the LF Basic Group, a joint venture with Li & Fung, a Hong-Kong based trading company. Distribution is handled through 38 licensees, covering 83 countries. Kappa has captured a large share of the global sportswear market, reporting revenues of US\$ 144,473,000 and pre-tax profits of US\$ 7,568,000 in 2002. Kappa has invested heavily in sponsorship of sport, especially football. Both the Italian and the Welsh national football teams are Kappa-sponsored. Through the LF Basic Group, Kappa’s production is completely outsourced to suppliers in a number of countries, including Taiwan, India, Thailand, China, Viet Nam, Indonesia, Mauritius, Turkey, and Romania. The LF Basic Group is responsible for implementing a Compliance Programme for the Code of Conduct. The code states that all workers should be familiar with the code. If violations are found, inspections of suppliers’ facilities are to be conducted in accordance with the code, and the code requires corrective action to be undertaken; but evidence gathered for this report points to the existence of exploitative working conditions in Chinese and Turkish workplaces producing for Kappa, including threats of dismissal for trade-union activities; compulsory overtime, exceeding eight hours over the normal working day in the peak season; and workers being prevented by management from resigning during the peak season. Workers reported ignorance of the existence of a code of conduct on labour practices. Kappa appears to have invested in developing an elaborate Compliance Programme. It needs, however, to ensure that this is genuinely being implemented and is not being undermined by its purchasing practices.

Umbro: a leader in the football market, UK-based Umbro continues to manufacture, market, and sell a range of products for performance and leisure use. It sponsors some of the world’s best players, including the English national football teams and world-class individuals such as Liverpool’s Michael Owen. Founded in 1920, the company was bought by equity-fund manager Doughty Hanson & Co. in 1999 for £90 million. It is currently up for sale again, with a price tag of £300 million. No public information is available on its sales and profits, because the company is privately owned. Umbro’s products are mostly sourced from China and Vietnam. Targeted by the campaign against the use of child labour in football production in 1997, and by further campaigns against the use of ‘sweatshop’ labour in its supply-chain, Umbro introduced a Code of Conduct on labour practices into its contractual agreements with its suppliers. The company claims to conduct regular visits to factories to check if the code is being complied with, and claims that it works with its suppliers to ensure that standards are met. A letter from Umbro, dated 30 May 2003, states: *‘Umbro takes its responsibilities regarding the manufacture of its products very seriously indeed. We work with manufacturing partners who understand and can deliver both our quality and social responsibility requirements.’* But workers in a number of factories supplying Umbro have not felt the impact of Umbro’s good intentions. Our research uncovered evidence of workers frequently being made to work an average of 15 hours a day, seven days a week during the peak season; excessive production targets and compulsory overtime without pay; wages as low as US\$5 per month during the low season; penalties for flawed production; and dismissal without severance pay. If Umbro’s ethical commitments are to ring true, the company needs to analyse its current policies and practices very seriously. In particular, it needs to consider whether the pressures that it puts on its suppliers to meet its demands on price, delivery, and flexibility are making compliance with its code of conduct on labour practices difficult.

The Clean Clothes Campaign (CCC) is an international coalition of consumer organizations, trade unions, researchers, human rights groups, solidarity activists, migrant, homemaker and women workers' organizations, Fair Trade Shops and many other organizations, which aims to improve working conditions in the global garment industry. The Clean Clothes Campaign is based in 11 European countries, has approximately 250 member organizations and works closely with partner organizations in many garment-producing countries. <http://www.cleanclothes.org>

Oxfam is a rights-based confederation of affiliated organizations working in more than 100 countries to find lasting solutions to poverty and injustice. Oxfam affiliates are working together with others to build a global movement of citizens campaigning for economic and social rights. Oxfam believes that economic growth must be balanced with social equity to achieve a just and sustainable world.

Oxfam affiliates participating in the Play Fair at the Olympics Campaign are Oxfam America, Oxfam-in-Belgium, Oxfam Canada, Oxfam Community Aid Abroad (Australia), Oxfam GB, Intermón Oxfam (Spain), Oxfam Ireland, Novib Oxfam Netherlands, Oxfam New Zealand, Oxfam Quebec and Oxfam Germany. See www.maketradefair.com and www.oxfaminternational.org

Global Unions: the name "Global Unions" is used for the major institutions of the international trade union movement. Global Unions comprises:

- ▶ the International Confederation of Free Trade Unions (ICFTU), which represents most national trade union centres. Most individual unions relate through their national union centre to the ICFTU which has 233 affiliated organisations in 152 countries and territories on all five continents, with a membership of 151 million.
- ▶ the ten Global Union Federations (GUFs), the international representatives of unions organising in specific industry sectors or occupational groups (EI, ICEM, IFJ, ITGLWF, PSI, ITF, IFBWW, IMF, IUF, & UNI - for full names, see www.global-unions.org).
- ▶ the Trade Union Advisory Committee to the OECD (TUAC)

An individual union will usually belong to a national union centre in its country, which will then affiliate to a world body such as the ICFTU. The same individual union will also usually affiliate to a GUF relevant to the industry where it has members. The ICFTU and ITGLWF (International Textile, Garment and Leather Workers' Federation) are the Global Unions organisations most closely involved with the campaign at the international level.



Photo: CCC

In August 2004 the world's athletes will gather in Athens for the Summer Olympic Games. Global sportswear firms will spend vast sums of money to associate their products with the Olympian ideal. Images of Olympic events, complete with corporate branding, will be televised to a global audience.

The expansion of international trade in sportswear goods under the auspices of corporate giants such as Nike, Adidas, Reebok, Puma, Fila, ASICS, Mizuno, Lotto, Kappa, and Umbro has drawn millions of people, mainly women, into employment. From China and Indonesia to Turkey and Bulgaria, they work long hours for low wages in arduous conditions, often without the most basic employment protection. The rights to join and form trade unions and to engage in collective bargaining are systematically violated.

This report asks fundamental questions about the global sportswear industry – questions that go to the heart of debates on poverty, workers' rights, trade, and globalisation. *'Olympism'*, in the words of the Olympic Charter, *'seeks to create a way of life based on ... respect for universal fundamental ethical principles.'* This report shows that the business practices of major sportswear companies violate both the spirit and the letter of the Charter. Yet the Olympics movement, particularly the International Olympics Committee, has been remarkably silent in the face of these contraventions.

During this Olympic year when such a high value is put on fair play, we ask you to join workers and consumers world wide who are calling for change across the whole of the sportswear industry. You can ask the International Olympics Committee and all sportswear companies to take action now. Log on to www.fairolympics.org

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