

B

ehind the Swoosh

**GLOBAL
CITIZENS
FOR A
GLOBAL ERA**

VOLUME 1, ISSUE 3

FACTS ABOUT NIKE

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Behind the Swoosh

Facts About Nike

by Victoria International Development Education Association, VIDEA

GLOBAL CITIZENS FOR A GLOBAL ERA

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Behind the Swoosh: Facts about Nike

Number of countries in which Nike manufactures its products: 30

Number of workers making Nike products worldwide on a given day: 500,000

Number of people employed at the PT Nikomas Gemilang factory in Indonesia which makes Nike runners: 23,000

Average daily wage for Indonesian workers making Nike products: US\$1.10¹

Average daily wage for Chinese workers making Nike products: US\$2.00

Average daily wage for Vietnamese workers making Nike products: US\$1.60

Estimated living wage for an Indonesian worker: US\$2.30 a day

Amount Nike CEO Phil Knight's stock in the company is reportedly worth: US\$4.5 billion

Nike's 1999 revenues: US\$9 billion

Name of Oregon university student who designed the swoosh: Carolyn Davidson

Amount she charged for the design: US\$35

Number of Downsview, Ontario, workers who lost their jobs in 1994 when Nike shifted production of athletic clothing to cheaper undisclosed locations: more than 100

Estimated daily cost of providing clean drinking water for 8,000 workers in an Indonesian factory making Nike shoes: US\$650²

Estimated annual cost of contracting Indonesian nongovernmental organizations to conduct independent monitoring of Nike subcontractors to ensure compliance with the company's code of conduct: US\$150,000³

Estimated cost of doubling the 10 cents an hour wages of Nike's 80,000 Indonesian factory workers: US\$22 million a year⁴

Percentage of Nike's annual advertising budget this would represent: 2.8⁵

Annual amount Nike paid Michael Jordan for promoting Nike products: US\$20 million

What Nike paid to sponsor the Brazilian soccer team: US\$200 million

Number of Canadian athletes and sports teams sponsored by Nike: 100

Number of Canadians who in 1997 sent Nike postcards calling for independent monitoring of its overseas operations: 157,000

Number of asphalt courts in Canada that have been resurfaced with recycled Nike runners: 9

Amount it cost Nike to resurface the court at Hastings Community Park in Vancouver: Cdn\$30,000

What Nike requested in return: A foot-long swoosh at centre court

Retail cost of one pair of Nike's Air Tuned Sirocco runners: Cdn\$189

Approximate labour cost to make one pair of Nike running shoes: US\$5⁶

Foul Play

Working Conditions in Overseas Shoe Factories

Lace up a pair of Nike's Air Ascents⁷ and zap you're instantly part of the global economy. The leather for the upper part of your Nike runners came from a cow in Texas. The cow's hide was shipped to South Korea for tanning, then flown to Indonesia and trucked to a shoe factory for assembly. The rubber in your shoes' outer soles was synthesized from Saudi petroleum and benzene in a Taiwanese factory. Below the heel, the small polyurethane bag filled with pressurized gas that Nike calls "air" is the only part of the shoe that comes from North America made in the United States. Sumatran rainforest trees supplied the lightweight tissue paper stuffed in the runners when you bought them and the box in which you carried them home originated in a paper mill in New Mexico. It was shipped empty to Indonesia to be filled with shoes.⁸

At the factory that made your Air Ascents, in Tangerang on the outskirts of Indonesia's capital city of Jakarta, Nike runners roll down production lines as long as football fields. Workers with names like Cicih, Suraya and Tri stitch, hammer, glue, mold and box shoes. One worker, Yuli, dips rubber soles into glue, then slaps on cushioned soles.⁹ She does this 2,500 times every hour. Like many of the other 10,000 workers at this factory, Yuli is young. At 19, she would be barely out of high school if she lived in Canada.

You pay Cdn\$130 for your Air Ascents, before taxes. Yuli earns US\$1.10 a day.¹⁰ Despite several pay increases, Yuli has seen her purchasing power decline significantly since the Asian economic crisis in 1997. Before the crisis she earned US\$2.37 a day. After the crisis the cost of basic necessities like housing and food doubled, at least. Yuli used to pay 800 rupiah for one dozen eggs; now she pays 1800 rupiah. She has to work for two weeks just to buy a month's supply of rice.

Yuli shares a one-room house with her husband, who is also a shoe-worker.

They eat just enough to stave off hunger. Even when Yuli and her husband work overtime, they do not earn a living wage enough to meet basic necessities and save a little.

Yuli toils up to 72 hours a week during peak production periods. If she is tired and working slowly, her supervisor shouts obscenities at her, things like "you whore" and "you dog". She has seen supervisors pull the ears of other workers, pinch or slap them on the buttocks, and force them to stand for hours in the factory yard "being dried in the sun" because they broke factory rules.

If Yuli wanted to earn enough to buy a pair of the Air Ascents she makes she would have to work six days a week for almost five months, not paying her rent or eating. It would take her 44,492 years to earn Michael Jordan's annual endorsement fee from Nike.¹¹

When you buy a pair of Nikes you buy an image. But you also buy into the new global economy, which allows corporations like Nike to amass huge profits while workers like Yuli barely earn enough to feed themselves. In the new economic order, the rich get richer while the poor grow more impoverished.

Nike's fast-paced television commercials equate buying a pair of the company's runners with being cool and hip. Nike's message to prospective customers is this: buy a pair of Nike's and it will help you to be the best you can be. But take a look at Nike's uncool track record in Third World countries where the company's shoes are made by tens of thousands of young workers like Yuli. Is Nike being the best it can be?

Nike's Track Record

More than any other company, Nike has been criticized for using Third World sweatshops to make its products. In the mid 1990s, widespread media reports surfaced about abuses at factories making Nike products. CBS exposed mistreatment of Nike workers in Vietnam, including beatings, sexual harassment, and workers forced to kneel for extended periods with their arms in the air. That same year, Life magazine reported that children in Pakistan were earning 60 cents a day sewing soccer balls for Nike. On March 16, 1996, the New York Times reported an incident in which a worker was locked in a room at a Nike shoe factory in Indonesia and interrogated for seven days by military personnel who demanded to know about the worker's labour activities.

Thuyen Nguyen, a Wall Street investment consultant, chanced to see the CBS report about Nike workers in his home country of Vietnam. He started a group

called Vietnam Labor Watch to monitor American companies in Vietnam. After six months of research in Vietnam and the U.S., Nguyen gave Nike a list of abuses he had discovered at factories making Nike runners: forced knee bends and push-ups for workers who accidentally broke sewing needles; employees' mouths taped shut for talking to coworkers; bathroom use restricted to one visit in an eight-hour shift; drinking of water allowed only twice during a shift; workers collapsing on the assembly line from exhaustion, heat and poor nutrition; and sexual harassment by supervisors. Nyugen provided Nike with copies of pay stubs proving that workers were receiving less than the monthly minimum wage of US\$45, some putting in 70 or 80 hours of overtime a month in violation of Vietnamese labour laws. When Nike didn't respond, Nyugen went public with his findings.

On International Women's Day in 1998, 56 young female workers at Vietnam's Nike Pouchen factory were punished for failing to wear regulation footwear. Instead of putting on plastic flip-flops for work, the women had entered the factory with outdoor thongs. Angry supervisors ordered them back outside and forced them to run around the compound in the sun. Twelve of the women collapsed and were taken to hospital by coworkers.¹²

In the past five years, more than 1,500 news reports and opinion columns have been written about scandalous working conditions at Third World factories making Nike products.¹³

In September 1997, two Hong Kong-based human rights groups released a study showing that children as young as 13 were employed in the sewing, handwork and cutting department at the Wellco Nike subcontracting factory in Dongguan China, even though Chinese labour law prohibits underage factory labour. The study detailed poor safety conditions at Wellco and another Nike subcontractor in China that resulted in workers losing fingers and hands in machines. It also reported beatings by security guards, fines levied on workers who talk to each other on the job, 72-hour workweeks and pay less than the Chinese provincial minimum wage of US\$0.24 an hour.¹⁴

Australian scholar Anita Chan visited the world's largest footwear factory, a Taiwanese-owned enterprise in China's Dongguan City which makes runners for Nike, Adidas, Reebok and other major brand names. "On average, the workers there make Y600 to Y700 a month, which is almost double the local minimum wage of Y350, she wrote. This seemingly high wage is attained by working about eighty hours of overtime a month (maximum overtime is thirty-six hours a month by national law). If the pay is computed based on the legal overtime rate, when averaged out the entire pay rate is barely above the legal minimum wage standard. Two rights are being violated here: the right to a fair wage and the right to rest."¹⁵

But hasn't Nike taken steps to improve working conditions? Take a look.

Wages and Working Conditions Still Inadequate

In May 1999, researchers from two non-profit associations, the Hong Kong Christian Industrial Committee and the Asia Monitor Resource Centre, interviewed Nike workers at Vietnam's Sam Yang factory. The workers said that their wages are inadequate to cover their living expenses and they sometimes have to borrow money from their families. Workers also told researchers that if they are late or "do something wrong," penalties are deducted from their wages. They said supervisors sometimes strike them usually with bare hands but occasionally with rods. The workers told researchers of one case where a worker was hospitalized after receiving a beating from a supervisor.

In September 1999, a survey by the Urban Community Mission in Jakarta found that Indonesian factories producing for Nike are still characterized by excessive and compulsory overtime, abusive management practices and inadequate wages.¹⁶ The Urban Community Mission interviewed 2,300 workers from five sports shoe factories and 1,200 workers from six clothing factories, all of whom make Nike wear.

The survey found that:

- workers in most of the Nike contract factories are still subject to "senseless punishments and extreme verbal abuse if they work too slowly or break other factory rules. More than 2,000 of the Nike workers interviewed (57 percent of the respondents) indicated that they had seen colleagues being shouted at or subject to cruel treatment by their supervisors.
- high pressure work was the biggest concern of Nike workers. "For 1,555 workers the major complaint was being forced to work excessive overtime without

breaks and for a further 344 it was the difficulties associated with getting permission for annual leave...".

- the next most significant issue was low wages, named by 607 Nike workers as their highest priority concern.
- other issues prioritized by workers included excessive heat in the work rooms, lack of drinking water, lack of medical and other facilities, non-nutritious food in factory canteens, lack of a social security system and lack of transportation from the factory when workers are forced to stay late.

Why has Nike been targeted by anti-sweatshop activists?

Companies like Reebok and Adidas have also been criticized for using Third World sweatshops to make their products. But anti-sweatshop activists have focused on Nike because it is the world's largest manufacturer of sports footwear, with about 37 percent of the market. Nike produces a new shoe style, on average, every single day.¹⁷ If Nike takes the lead in improving overseas working conditions, other companies are sure to follow. Reebok, for example, has been making improvements in overseas factories even though it has not been the target of a major campaign. And Adidas is starting to make changes as well.

Europe's Clean Clothes Campaign has documented labour rights violations at Adidas contract factories in China and Bulgaria where workers have been forced to toil up to 15 hours a day and are paid less than the legal minimum wage. Campaigners are calling on Adidas, the world's second largest sporting goods manufacturer, to live up to its code of conduct, approved in July 1998, and to implement a system of independent monitoring.

Nike's brand is an easy target, says Bob Jeffcott of the Maquila Solidarity Network, Canada's clearing house for stop sweatshops campaigns. Hundreds of millions of dollars are spent to convince young kids to wear the swoosh, while pennies go to the teenager who makes the shoes. When the reality of the sweatshop collides with the fantasy of the brand, the brand gets tarnished.

Yuli and other Nike workers want jobs. But they want dignity too. With 1999 revenues of US\$ 9 billion, Nike can well afford to provide safe and healthy working conditions and to double workers' wages without increasing the retail price of its shoes.

In the fall of 1999, Reebok released a report on two Indonesian factories it contracts, PT Dong Joe Indonesia and PT Ton Yang Indonesia. The factories employ a total of 10,000 people and account for 75 percent of Reebok's footwear production in Indonesia.

The report found that:

- workers were not trained in handling chemicals and most chemicals were poorly labelled or not labelled at all;
- some workers suffered rashes from exposure to the chemicals;
- pregnant women had to work around chemicals that can cause nausea and vomiting;
- the use of personal protection equipment was sporadic;
- workers had to deal with other workplace hazards such as elevator doors opening when no cars were present;
- workers did not understand their wage statements or the factories overtime policies. Deductions from their pay cheques were not detailed; and
- women comprised 80 percent of the workforce but only about 30 percent of managers.

Reebok says it has already spent more than US\$500,000 to correct problems. Human rights and labour activists say the company should also help workers by increasing wages and allowing workers to form independent unions.

Did You Know?

Nike CEO Phil Knight has a swoosh tattooed on his ankle.

- 1 Wages for Indonesia, Vietnam and China are approximate and based on exchange rates in early 2000.
- 2 Jeff Ballinger, Press for Change, personal communication, 15 May 2000.
- 3 Ibid.
- 4 Ibid.
- 5 Nike s annual advertising budget is about \$US780 million.
- 6 Naomi Klein, No Logo: Taking Aim at the Brand Bullies (Toronto: Alfred A. Knopf), 2000, p. 372.
- 7 The full name of the runners is Air Ascent Range Mid.
- 8 Origins of running shoe components outlined in John C. Ryan and Alan Thein Durning, Stuff: The Secret Lives of Everyday Things (Seattle: Northwest Environment Watch, 1997) pp. 27-32.
- 9 Yuli is a composite drawn from the following sources: Maquila Solidarity Network, Just Doing It For Nike, story adapted from a Toronto interview with Cicih Sukaesih, a Nike worker from Indonesia who was fired after attempting to organize a union, 15 May 1997; Global Exchange, Wages and Living Expenses for Nike Workers in Indonesia, September 1998; Urban Community Mission, Jakarta, email communication via Jeff Ballinger, Press for Change, 15 February 2000.
- 10 Jeff Ballinger, Press for Change, personal communication, 23 March 2000.
- 11 Bruce Grierson, Hockey Nike, Saturday Night (April 1997), p. 73.
- 12 Sarah Cox, Just Buy It, The Georgia Straight (October 16-23, 1997), p. 17.
- 13 Klein, p. 366.
- 14 Asia Monitor Resource Centre, Hong Kong Christian Industrial Committee, Working Conditions in Sports Shoe Factories in China Making Shoes for Nike and Reebok, September 1997.
- 15 Anita Chan, Labor Standards and Human Rights: The Case of Chinese Workers Under Market Socialism, Human Rights Quarterly 20 (1998), p. 893.
- 16 The Urban Community Mission is a non-profit organization that has worked on issues facing Indonesia factory workers for 16 years. The survey it conducted was commissioned by Press for Change, a consumer information non-profit organization which reports on labour rights issues in Asia.
- 17 Grierson, p. 66.
- 18 Ryan and Durning, pp. 27-28.
- 19 Ythana Priwan, Nike orders 50 percent more shoes locally, Bangkok Post, 15 January 2000.
- 20 Nike Doubles Orders of Shoes from Thailand, Associated Press, 15 January 2000.
- 21 Asia Monitor Resource Centre and Hong Kong Christian Industrial Committee, "Working Conditions in Sports Shoe Factories in China Making Shoes for Nike and Reebok," Hong Kong September 1997, p. 2.
- 22 Anita Chan and Irene Norlund, Vietnamese and Chinese Labour Regimes: On the Road

The following organizations are also concerned about issues pertaining to globalization. Their work includes the monitoring of corporations.

The Council of Canadians

The council focuses on social programs, countering corporate influence in the media, and building a Citizen's Agenda. It has local action groups across Canada.

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The Canadian Auto Workers (CAW)

The CAW's Social Justice Fund helps the CAW respond to a variety of international issues through humanitarian, development and social justice assistance. It also attempts to influence the Canadian government's international policies. The SJF aims to establish worker-to-worker and union-to-union relationships internationally.

205 Placer Court

Willowdale ON M2H 3H9

(416) 947-4110

The Social Justice Centre

The centre provides resources for social movements on corporate and other issues.

836 Bloor St.

Toronto, ON M6G 1M2

(416) 516-0009

These websites may also be of interest.

www.senser.com/campaign.htm

www.cepnyc.org

www.corpwatch.org

www.ifat.org

www.summersault.com/~agi/clr

www.sweatshopwatch.org

<http://www.web.net/fairtrade/>

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