



## COMING CLEAN BRITISH CLOTHING RETAILERS AND BURMA

**A report by the Burma Campaign UK**

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1. [Executive Summary](#)
2. [The Situation in Burma](#)
3. [Burma's Clothing Industry](#)
4. [The Boycott Campaign in the UK](#)
5. [Clean Companies](#)
6. [Named and Shamed](#)

### **Executive Summary**

This report examines high street retailers' and manufacturers' response to the campaign to boycott clothing from Burma. Foreign investment and trade has played a vital role in funding Burma's dictatorship, enabling it to double the size of the military while Burma's people sink further into poverty. Clothing exports are a major source of foreign currency for the regime. It is estimated that clothing exports earn Burma around \$400m a year. A significant proportion of this revenue goes to the regime via taxes, joint venture factories, land rental and other sources. This is a trade in which the military-controlled Union of Myanmar Economic Holdings (UMEH) and other military entities and individuals are reported to be major players.

Burma appeals to manufacturers because of its very cheap labour, ban on trade unions and lack of health and safety laws. Factory wages are as low as 5p an hour. A factory employee working 60 hours a week could earn just £3. This is below the United Nations definition of an extreme poverty income.

In 1996, in response to calls from Burma's democracy movement to cut the economic lifeline of the regime, the Burma Campaign UK launched its first campaign to stop retailers sourcing from Burma. The target was British Home Stores (Bhs). The campaign received widespread public support and media coverage, and within months Bhs agreed not to source from Burma.

In the following years many high street retailers have agreed to stop sourcing from Burma, and in 2001 Triumph International closed its lingerie factory in Burma following a high profile campaign under the banner 'Support Breasts, Not Dictators'.

Following this success the Burma Campaign UK set itself a target of 'cleaning' the high street of clothing from Burma by 2004. This report details the progress of this campaign, and finds that most big high street

retailers, including all the top ten clothing retailers, with an approximate 42% market share, do not now source from Burma.

### **The situation in Burma**

Burma is ruled by an illegitimate military dictatorship - one of the most tyrannical and secretive the modern era has seen - a regime that refuses any democratisation of the political system, that systematically violates the most fundamental human rights, and that oppresses and exploits its population. It is a regime engaged in the perpetuation of relentless misery.

### **Burma's military regime is responsible for:**

- The refusal to transfer power to a government democratically elected in 1990 under the leadership of Nobel Peace Laureate Aung San Suu Kyi, who is held under house arrest.
- Widespread and systematic use of men, women and children in forced labour – often imposed with the threat of physical abuse, beatings, torture, rape and murder.
- One and a half million internally displaced people, in part the result of ethnic cleansing campaigns against minority groups.
- The detention of approximately 1300 political prisoners, many of them routinely tortured.
- Thousands of refugees who have fled to Thailand, China, India and Bangladesh.
- The production over the last decade of most of the world's illegal opium and heroin.
- One of the largest armies in Asia even though the country has no external enemies.
- The closure of Burma's universities for most of the last decade in an attempt to avoid civil unrest. A whole generation's education and opportunity has been lost.

### **Destructive Engagement**

*“On trade, we are making it clear to British companies that we do not believe that trade is appropriate when the regime continues to suppress the basic human rights of its people.”*

Prime Minister Tony Blair

Burma was once one of Asia's healthiest economies, and seen to be one of the most promising of the newly independent countries at the end of the Second World War. By 1987 however the country had been given United Nations' Least Developed Country status and at the start of the 21st century Burma numbers amongst the world's lowest-income countries. The dramatic change in Burma's fortunes is a consequence of four decades of dictatorship by a regime that is as corrupt and inept as it is brutal.

Foreign investment during this period has not contributed to the social and economic welfare of Burma's people. It has instead helped the regime to defer essential economic reform, to dramatically expand Burma's armed forces and to enrich a narrow elite closely connected to senior military personnel. Nearly half the national budget is consistently spent on 'defence', while around five per cent is spent on health and social services combined. Burma's people meanwhile have grown ever poorer.

Burma is now a country that hovers persistently on the brink of bankruptcy. A resource rich country has a population suffering widespread malnutrition, high under-five and maternal mortality, escalating HIV transmission rates and a burgeoning education deficit. With water shortages and routine electricity blackouts public services have all but collapsed.

### **Why Sanctions?**

*“Foreign investment in most countries acts as a catalyst to promote change, but the Burmese regime is so*

*single-minded that whatever money they obtain from foreign sources they pour straight into the army while the rest of the country is collapsing”*

Burton Levin, former US Ambassador to Burma

An influx of foreign capital has served simply to strengthen - financially and politically - the very dictatorship that oppresses and impoverishes the people of Burma. For these reasons Burma's legitimately elected representatives (led by Nobel peace Laureate Aung San Suu Kyi) have urged governments and international corporations to take measures to stem the flow of foreign capital into the regime's coffers; to help cut the lifeline that sustains it and further delays Burma's transition to democratic governance.

In May 1997, President Clinton issued a federal order banning any new investment in Burma by US businesses and individuals. Additional US legislation introduced in 2003 now prevents the import of any article produced, manufactured or grown in Burma. Though the European Union has yet to impose similar sanctions legislation, a number of significant European governments - notably the UK - actively discourage trade and investment with Burma's regime.

### **Burma's clothing industry**

Burma's garment industry has been an important source of foreign currency for Burma's regime. It has also provided the regime with an unspecified share of annual profits. The trade was said to be worth at least \$400 million in 2000, according to Moe Kyaw, Managing Director of the Myanmar Marketing Research and Development Co Ltd (MMRD).

Other than illegal drugs, garments constitute Burma's only significant manufactured export. Garments have been one of Burma's fastest growing and most valuable legal exports with approximately 200 garment factories in Rangoon currently manufacturing clothing for export – mostly through orders from traders in Singapore, Hong Kong and South Korea. This is a trade in which the military-controlled Union of Myanmar Economic Holdings (UMEH) and other military entities and individuals are reported to be major players.

According to MMRD, 310 export related garment factories were in operation in 2000 - employing 119,892 people. That year 62% of the value of garments exported was produced in factories owned by national entrepreneurs, 22% in joint-venture factories and 16% in foreign owned firms.

Given the banking crisis in intervening years and US import sanctions this year, the number of both factories and employees has reportedly reduced.

### **Working conditions**

Working hours in Burma's garment industry are said to be particularly 'flexible' - approaching 60 hours a week. Average shop-floor wages are said to be amongst the lowest in the world. According to the trade journal 'Textile Asia', Burma's biggest attraction is "ultra cheap labour". Burma "offers numerous cheap English speakers; control and communication cause no problems." Workers in Burma are denied the right to organize and bargain collectively to set wages and benefits. Garment manufacturers are doing business in Burma because of rock-bottom wages and a 'compliant' workforce.

A BBC Newsnight documentary in 1997 reported that at one factory it was routine for employees to have to hand over half their earnings as the price of keeping their jobs. At another where employees dared to protest at working conditions two truckloads of armed soldiers appeared and threatened to arrest them if they failed to return to work.

### **The Increasing Importance of the European Market**

Since the introduction of additional US sanctions this year prohibiting the import of any article produced, manufactured or grown in Burma, Burma-based manufacturers have been exploring alternative outlets in Europe to weigh against lost US business.

In addition, low pay and the military junta's prohibition on unions has continued to draw less scrupulous manufacturers to the country. The European market for Burmese made garments is consequently reported to be on the increase. MMRD estimate that 85% of companies in 2000 were producing for the European

market, with 25% of total garment exports finding their way into the EU.

According to figures from HM Customs and Excise, the value of apparel and clothing accessories imported to the UK from Burma in 2002 was approximately £50 million. In 2001 the value of such imports was approximately £52 million.

### **The Boycott Campaign in the UK**

Most companies sourcing clothing in Burma or with manufacturing bases in the country have an international high street presence. This has given campaigners and consumers the power to take direct action against an industry prepared to bolster one of the world's most corrupt and brutal dictatorships.

Over the last decade an increasing number of international corporations across a range of industries have left Burma or declared their unwillingness to consider operating there. Some companies have withdrawn asserting that their decision to do so was taken for 'business' reasons, whilst others have made explicit their concern regarding the political and human rights situation in Burma.

In 1996 Bhs was the first major British clothing retailer to announce it would stop sourcing clothes from Burma. The move followed a campaign by the Burma Campaign UK. In the following years many high street retailers agreed to stop sourcing from Burma, and in 2001 Triumph International closed its lingerie factory in Burma following a high profile campaign under the banner 'Support Breasts, Not Dictators'.

Following this success the Burma Campaign UK set itself a target of 'cleaning' the high street of clothing from Burma by 2004.

### **High Street rejects Burma-sourced clothes**

The top ten retailers in the UK have all rejected Burma as a source for clothing, following correspondence with the Burma Campaign UK (BCUK).

In response to BCUK's campaign to 'clean' the British high street of Burma-sourced clothing, Marks & Spencer, Next, Arcadia, Debenhams, Asda, Matalan, Tesco, Bhs, New Look and John Lewis – who account for some 42% of the British clothing market – have without exception confirmed they do not, and will not, do business in Burma.

The Burma Campaign UK wrote to all major high street clothing retailers earlier this year, raising human rights and political concerns with regard to business operations in Burma. An impressive total of 138 high street brands have responded by pledging not to conduct business in Burma, given the current situation. Many issued explicitly political statements explaining their reasons for taking such a unique stand.

### **Clean Companies**

- Adams
- Adidas-Salomon
- Alexandra
- Allders
- Amer Sports/Wilson/Atomic/Suunto/Precor USA
- Ann Summers
- Arcadia (Burton, Dorothy Perkins, Evans, Miss Selfridge, Top Shop, Wallis)
- ASDA
- Austin Reed
- Beatties
- Benetton
- Bhs Limited
- Blacks leisure Group plc (part of The Outdoor Group - Millets, Blacks, FreeSpirit)
- Bon Marche – (part of the Peacock Group)
- Boxfresh

- Boyd Cooper
- Brandtex
- Calvin Klein
- Claire's Accessories
- Clarks (also own Ravel)
- Debenhams
- Diesel
- Early Learning Centre
- Faith Footwear Ltd
- Fenwick
- Fila
- French Connection
- Gap (Banana Republic, Old Navy)
- Gucci Group brands
- Hawkshead
- H&M
- Harvey Nichols
- Hobbs
- House of Fraser (Therapy, Platinum, Linea, Fraser, Rackhams, Jollys, Dingles, Army & Navy, Howells, Cavendish House, David Evans, Binns, Dickens & Jones, Hammonds, Arnotts, Barkers, Kendals)
- IC Companys UK (In-Wear, Jackpot, Part Two, Matinique, Cottonfield, Peak Performance, Malene Birger, O by Isabelle Kristensen, Designers Remix, Tiger of Sweden, Sir, Edging and Error)
- Jaegar/Viyella
- JanSport
- Jigsaw
- JJB Sports
- John David Group (JD Sports, Size?, AV, Open, Boxx)
- John Lewis
- Kangol Headwear Europe
- Kappa
- Kookai
- La Redoute (part of Pinault-Printemps-Redoute)
- La Senza
- Laura Ashley
- Levis
- Littlewoods/Index
- Liz Claiborne
- Lotto
- M&S
- Mango
- Matalan
- Mexx
- MKOne
- Monsoon
- Morgan
- Moss Bros (also Cecil Gee)
- Mothercare
- Muji
- Naf Naf
- National Schoolwear Centre
- New Look

- Next
- Nike
- O'Neill
- Oasis
- Office
- Oshkosh B' Gosh Inc
- Otto Group (Grattan, Freemans, Kaleidoscope)
- Phillips Van-Heusen
- Polo / Ralph Lauren Company
- Primark
- Puma
- Reebok
- Regatta Ltd
- Reiss
- River Island
- Rubicon (Warehouse, Principles, Hawkshead)
- Sainsbury
- Savoy Taylors Guild
- Selfridges
- Sergio Tacchini
- Stylo plc (includes Barratts, Saxone and Priceless shoes)
- Suits You Ltd
- Ted Baker
- Tesco
- The Specialist Retail Group (Racing Green, Suits You, Suit Direct, Youngs Hire, Woodhouse, Chester Barrie)
- Tie Rack
- Timberland
- TJ Maxx
- Tommy Hilfiger
- Triumph International
- Uniqlo
- Urban Outfitters
- VF Corporation
- Walt Disney
- Woolworths
- World Design and Trade, makers of Firetrap, Sonetti & Full Circle
- Zara

**A selection of statements received**

**Adidas-Salomon:** We are very concerned about the human rights record of the military regime in Burma/Myanmar. Consequently we stopped sourcing products from there in May 1999. None of our products have been made there since. We will only reverse this decision if it is internationally recognised by bodies such as the International Labour Organisation, that the regime is complying with international UN conventions on labour rights and human rights.

**Arcadia:** As a matter of company policy we do not get involved in political issues. However we do support a stand against Burma, as you know, through our action to cease sourcing from there. The group has a policy not to source any products from Burma, this decision was taken in 1997 in response to customer concerns.

**Bhs:** There were historical ties with a supplier in Burma. This link is now terminated and there will be no

further business conducted within Burma.

**Clarks International:** We are aware of the issues surrounding the present political position in Burma, and of the campaign to support Aung San Suu Kyi's National League for Democracy. We do not knowingly purchase any products produced in Burma and we do not intend to purchase items produced there. We would not consider buying any products from Burma until the current situation has been satisfactorily resolved and democracy restored.

**Grattan Plc:** As part of the Otto group of companies, we have an unequivocal position in respect of goods manufactured in Burma, in that we do not stock them.

**H&M:** We have a policy which started over 5 years ago not to buy anything from Burma.

**Hobbs:** We can confirm that Hobbs Ltd has never traded with any Burmese company and that none of our products or constituent materials originate in Burma and that we have no intention of changing this position whilst the current Burmese regime remains.

**Jansport:** "In conjunction with the manufacturing of our products, it has been and will continue to be JanSport policy to honour the issue of human rights here and abroad ....We are specifically concerned about factories in Myanmar, formerly known as Burma. Let me assure you, JanSport unequivocally forbids the production of any of its merchandise or the conduct of business on its behalf in Myanmar".

**La Redoute:** We share your concern and dismay about the situation in Burma, particularly in the light of recent events including the arrest of Aung San Suu Kyi. I'm pleased to inform you that this concern led us to decide officially in 2002 to cease all sourcing in Burma.

**Laura Ashley:** We do not source any products from Burma and have a policy of not buying from this region.

**Levi Strauss Inc:** "It is not possible to do business in [Burma] without directly supporting the military government and its pervasive violations of human rights." --Levi-Strauss & Co. upon withdrawing from Burma.

**Littlewoods:** Our ethical stance is not to source any product from Burma for precisely the reasons you have mentioned. All of our product teams, sourcing dept and country offices are aware of this and strictly adhere to this policy.

**Marks and Spencer:** We have an internal policy of not buying from this region and that policy is clearly communicated to all our direct suppliers and our buying teams.

**Matalan:** It is Matalan's policy not to source any products from Burma (Myanmar). If Matalan were to discover that one of its suppliers did provide goods sourced in Burma (Myanmar) we would not accept delivery and would take appropriate actions with the supplier.

**New Look:** We take ethical issues seriously and have a policy not to knowingly source any of our products from Burma and indeed have communicated this very strongly to all our Buyers and Suppliers. We work closely with our suppliers and if we were to find that any supplier is or had any intention to source from Burma we would have no alternative but to stop using this supplier.

**Oasis:** We do not currently source any products from Burma. We also have no intention of changing this buying policy in the future.

**VF Corporation:** It is VF's policy to not source any apparel products from Myanmar/Burma.

**Woolworths:** It has been our policy for a number of years not to source from Burma due to the serious human rights issues reported in that country. All our buyers and sourcing team are fully aware of this.

**Zara (Inditex group):** is very concerned about the human rights record of the military regime in Myanmar. Consequently the group has a policy not to source any products from Myanmar since November 2002, and since that date, none of our products have been produced in that country. Finally we would like to assure you that our Group does not intend to reverse the abovementioned decision, unless Myanmar's regime is recognised by the International Labour Organisation and complies with international UN conventions on Labour Rights and Human Rights.

**Named and Shamed:**

**Companies refusing to disclose if they source from Burma**

- Animal
- Bay Trading
- By Design Plc
- Ciro Citterio
- Etam
- First Sport
- Harrods
- Intersport
- Jane Norman
- Jeffrey Rogers
- Jo Bloggs
- Liberty
- Lillywhites
- Mambo