



Following The Burma Campaign's high profile campaign Triumph International have now pulled out of Burma.

How Triumph International Supports Burma's dictatorship *November 2001*

A Campaign briefing Background

1. [Summary](#)
2. [Destructive Engagement](#)
3. [Forced Labour](#)
4. [Corporate Concern/Corporate Complicity](#)

Triumph International in Burma

1. [Dirty Clothes](#)
2. [Triumph or Disaster](#)
3. [Supporting Dictators](#)
4. [Triumph's Response to the Campaign](#)
5. [Triumph's Opposition](#)

Summary

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.

Triumph International is a Swiss-based German multinational company owned by the Spiesshofer and Braun families. The company is one of Europe's main retailers of lingerie. The company has an annual turnover of US\$ 1.6 billion and employs more than 30,000 people worldwide. In 1996 Triumph International established a company in Burma 'Myanmar Triumph International'. The company began operating a factory there in April 1997 exporting lingerie to the international market. Triumph's presence in Burma has given rise to much controversy. An international campaign supported by the following organisations is calling on the company to close down its Burmese production site:

- The Burma Campaign UK
- The Burma Centre Netherlands
- The European Clean Clothes Campaign
- APHEDA – Union Aid Abroad, Australia
- The International Confederation of Free Trade Unions (ICFTU)
- The International Textile, Garment and Leather Workers' Federation (ITGLWF)
- The exiled Federation of Trade Unions – Burma (FTUB)

With particular thanks to the Canadian Friends of Burma for the use of their 1996 report 'Dirty Clothes: Dirty System'.

Destructive Engagement

"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

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.

- Millions 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 approx. 1500 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.

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 is among 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.

According to the regime's official statistics, since 1988 Burma has attracted US\$7.39 billion of foreign investment in 366 projects as of the end of August 2001. In 2000 investments totalled US\$152.8million mostly injected into the manufacturing, oil and agriculture sectors of the economy. A total of US\$49.49 million has been invested in 10 projects in the first eight months of this year. (Xinhua, November 2001). However the windfall of income generated has not contributed to the social and economic welfare of Burma's people. It has instead helped the regime to defer essential economic reform and to dramatically expand Burma's armed forces. Nearly half the national budget is consistently spent on 'defence', while around five per cent is spent on health and social services combined. Over the last fourteen years an influx of foreign capital has been used to more than double the size of the military and to enrich a narrow elite closely connected to senior military personnel.

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. 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 elected representatives have asked the international community - governments and international corporations - to take what measures it can to stem the flow of foreign capital into the regime's coffers; to help cut the lifeline that sustains them 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. Selective purchasing legislation passed by a number of US states and cities places pricing penalties on companies doing business in Burma -effectively denying them contracts to provide goods and services. Additional legislation has recently been proposed in the US, which seeks to ban the import of any article produced, manufactured or grown in Burma. This will have a marked effect on clothing imports from Burma, which soared to \$454 million in 2000 from \$168 million in 1999 (Wall Street Journal, July 9, 2001). Though the European Union has not yet imposed sanctions legislation, a number of significant European governments - notably the UK - do now actively discourage trade and investment with Burma's regime.

Forced Labour

Burma is arguably one of world's most prolific abusers of labour rights. Despite the fact that Burma has

ratified International Labour Organisation (ILO) Convention 29 on Forced Labour, Burma's regime systematically violates the convention on a daily basis. According to UN reports "The military... treat the civilian population as an unlimited pool of unpaid forced labourers and servants at their disposal. The practice of forced labour is to encourage private investment in infrastructure development, public sector works and tourism projects." (Forced labour in Myanmar (Burma), ILO, July 1998).

In 1989, the U.S. Government suspended Burma from eligibility for preferential trade concessions under the Generalized System of Preferences Programme (GSP) because of its violation of labour rights. In March 1997, the European Union followed suit; suspending Burma from its GSP program because of its use of forced labour. In 1997 the ILO set up an official Commission of Inquiry into the use of forced labour in Burma:

"There is abundant evidence before the Commission showing the pervasive use of forced labour imposed on the civilian population... also threats to the life and security and extra-judicial punishment of those unwilling, slow or unable to comply with a demand for forced labour; such punishment or reprisals range from money demands to physical abuse, beatings, torture, rape, and murder... Forced labour is widely performed by women, children, and elderly persons as well as persons otherwise unfit for work." By the time the ILO annual conference met in June 1999 the regime had still failed to implement any of the recommendations made by the Commission to bring laws and practice into compliance. As a result, the ILO passed a resolution finding the attitude of the government of Burma "grossly incompatible with the conditions and principles governing membership in the organization." The resolution went on to state: "the Government of Burma should henceforth cease to benefit from any technical cooperation or assistance from the ILO" and "should henceforth not receive any invitation to attend meetings, symposia, and seminars organized by the ILO, until such time as it has implemented the conclusions of the Commission of Inquiry."

In November 2000 given no improvement in the situation the ILO went further still; adopting an unprecedented resolution calling on other organisations, as well as on national governments and private companies, to review their relations with Burma, in order to ensure their relations do not serve to perpetuate or extend the widespread system of forced labour. In October 2001 an ILO mission to Burma to assess progress on the issue confirmed that forced labour remains widespread. The November 2000 resolution therefore remains in place.

The International Confederation of Free Trade Unions has been co-ordinating an international campaign in this regard to draw an appropriate response from all governments and international companies. This has amounted to a campaign for trade and investment sanctions to be imposed on Burma's regime and the naming and shaming in the media of companies active in the country.

Corporate Concern/Corporate Complicity

Over the last decade an increasing number of international corporations have left Burma or declared their unwillingness to consider operating there; Burton, British Home Stores, Liz Claiborne, C&A, Ericsson, Heineken, Phillips, Levi Strauss, Apple, Pepsi Cola, Reebok and Fosters amongst them. 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. When the American department store Macy's - for example - announced in 1994 its decision not to source garments from Burma anymore, it said it found it impossible to operate there without running the risk of violating the US Corrupt Foreign Practices Act.

Other companies have issued the following statements upon withdrawing:

"We do not feel that we can adequately apply our human rights standards and do business in Burma"
Reebok, 1997

"It is not possible to do business in Burma without directly supporting the military government,

and its pervasive violations of human rights."
Levi-Strauss, 1992

"Public opinion and issues surrounding this market (Burma) have changed to a degree that could have an adverse effect on our brand and corporate reputation."
Heineken, 1996

The policy of Liz Claiborne is to promote positive change in developing nations where people produce our products. Current conditions in Burma prevent Liz Claiborne from complying with that policy."
Liz Claiborne, 1994

A number of other multi-national corporations have yet to reach the same conclusions about operating in Burma under dictatorship; Premier Oil (UK), Orient Express/Sea Containers (UK), Unocal (US), Total (France), Mitsubishi (Japan), Suzuki (Japan), British American Tobacco (BAT) and Triumph International (German) number amongst them. Most of these companies face on-going public campaigns against them. The briefing that follows focuses specifically on the involvement of Triumph International in Burma.

Dirty clothes

The US State Department suggests that garments are one of Burma's fastest growing and most valuable legal exports. According to a Wall Street Journal article, July 2001 there are currently some 400 garment manufacturing factories in Burma. Low pay and the military junta's prohibition on unions have undoubtedly helped draw manufacturers to the country.

Working hours in the industry are said to be particularly 'flexible' - approaching 60 hours a week and average shop-floor wages are said to be amongst the lowest in the world. According to the trade journal Textile Asia, October 1995 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.

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.

Despite this the European market for Burmese made garments looks set to increase. Since the introduction of proposed US legislation, which would prohibit within 15 days of enactment the import of any article produced, manufactured or grown in Burma, international garment buyers have already begun ordering from alternative sources in Asia. Simultaneously Burma-based manufacturers have been exploring in earnest alternative outlets in Europe to weigh against lost US business.

Triumph or Disaster

"There are hundreds of countries in the world to do business in. Why would you pick a place where you're going to get your name in the newspaper? No one wants that. Being in Burma is taking a chance."

Laura Jones

Executive Director

US Association of Importers of Textiles and Apparel

Triumph International is a German multinational company founded in 1886 and owned by the Spiesshofer and Braun families. The Switzerland-based company is one of Europe's main retailers of lingerie. The company has a turn-over of US\$ 1.6 billion and employs more than 30,000 people worldwide (*Triumph International website, 2001*.)

In 1996 Triumph International established a company in Burma 'Myanmar Triumph International'. It began operating a factory there in April 1997 exporting almost 100% of its lingerie production to the international market. The factory employs 845 Burmese workers who according to Triumph work a 48-hour week for US\$1.00/day (*Letter from Director of Triumph UK, July 2001*).

The factory is located on a military-designated industrial estate called Pyin-Ma-Bin north of Rangoon's airport. The factory is rented from the Union of Myanmar Economic Holdings (UMEH).

Supporting Dictators:

- Triumph's landlord UMEH is a military controlled institution established in 1990, which controls investment in the industrial sector in Burma. Members of its Board are all, without exception, linked to the military regime. Burma's Defence Ministry's Directorate of Procurement (responsible for weapons procurement) is a 40% shareholder and largely directs UMEH operations. The remaining 60% of share capital is reserved for active and retired military officers, army-owned business enterprises and friendship societies including veteran groups. UMEH is a joint venture partner of numerous foreign garment manufacturers including Daewoo, Segwe and Unimix
- The Triumph factory site is within Pyin-Ma-Bin industrial zone north of Rangoon. This area is reported to have been upgraded in July 1996 by construction crews of forced labourers under army control (Dirty Clothes - Dirty System, Canadian Friends of Burma, 1996). This would have been immediately prior to the opening of the Triumph factory.
- Almost 100% of Triumph's Burma production is for export. Therefore in addition to rental payments to UMEH, the company will also pay a 5% tax to Burma's authorities on all production for export. Commercial taxes are additionally paid on all local sales and on all raw materials for local sales.
- The International Labour Organisation (ILO) Resolution has implications for Triumph - as it does for all business operations in Burma. "This resolution affects Triumph," says Neil Kearney of the International Textile, Garment and Leather Workers Federation (IGTLWF), "The garment industry provides support to the military, mainly to its most senior members. And it is precisely these senior members who are responsible for the massive forced labour problem affecting the civilian population. In addition, the garment industry relies on the country's infrastructure, which is being built with forced labour".
- As a member of the European Apparel and Textile Organisation (EURATEX) Triumph subscribes to the Code of Conduct negotiated with the European Trade Union Federation of Textiles, Clothing and Leather (ETUC: TCL), which includes the ILO forced labour convention. The Code also affirms the right for workers to form and join a trade union and to negotiate freely - a right denied workers in Burma.
- Despite the weight of evidence Triumph continues to demonstrate little concern or understanding of the human rights situation in Burma. When confronted on Swiss TV (TSR) with a question about the use of forced labour on construction projects, Triumph's Director Wolfgang Spiesshofer, responded with his own question: "The people in Burma do not pay taxes, this is not possible in that country. So if the government has to construct a road or an airport or something else, how could they do it differently?"

Triumph's Response to The Campaign

"The people in Burma do not pay taxes, this is not possible in that country. So if the government has to construct a road or an airport or something else, how could they do it differently?"

*Triumph's Director Wolfgang Spiesshofer
on the regime's use of forced labour*

To date Triumph has pointedly refused to close down its production site. In attempting to justify its position

the company argues that a withdrawal would mean the dismissal of 845 employees. According to Triumph, the campaign is purely a "political" one aimed at a private company.

Triumph's Opposition

Nobel Peace Laureate Aung San Suu Kyi, leader of the National League for Democracy, Burma:

"What do these advocates of precipitate economic engagement see when they look at our country? Perhaps they merely see the picturesque scenery, the instinctive smiles with which Burmese generally greet visitors, the new hotels, the cheap labour and what appear to them as golden opportunities for making money. Perhaps they do not know of the poverty in the countryside, the hapless people whose homes have been razed to make way for big vulgar buildings, the bribery and corruption that is spreading like a cancerous growth, the lack of equity that makes the so called open market economy very very open to some and hardly ajar to others, the harsh and increasingly lawless actions taken by the authorities against those who seek democracy and human rights, the forced labour projects where men, women and children toil away without financial compensation under hard taskmasters in scenes reminiscent of the infamous railway of death of the second World War.

It is surprising that those who pride themselves on their shrewdness and keen eye for opportunity cannot discern the ugly symptoms of a system that is undermining the moral and intellectual fibre and, consequently, the economic potential of our nation. If businessmen do not care about the numbers of political prisoners in our country they should at least be concerned that the lack of an effective legal framework means there is no guarantee of fair business practice or, in cases of injustice, of reparation. If businessmen do not care that our standards of health and education are deteriorating, they should at least be concerned that the lack of a healthy, educated labour force will inevitably thwart sound economic development. If businessmen do not care that we have to struggle with the difficulties of a system that gives scant attention to the well-being of the people, they should at least be concerned that the lack of necessary infrastructure and an underpaid and thereby corrupt bureaucracy hampers quick, efficient transactions. If businessmen do not care that our workers are exposed to exploitation, they should at least be concerned that a dissatisfied labour force will eventually mean social unrest and economic instability.

Neil Kearney, General Secretary ITGLWF:

"The company's concern for its workers is touching. But what about the 13 million people living below subsistence levels and the 40% of children suffering from malnutrition as a result of the junta's misrule? Or the two million men, women and children pressed into forced labour on construction projects or as porters in the army? Or the 300,000 who have been forced to flee the country? Or the 800,000 people displaced either by the government's relocation policy or because of fighting? Or the 1,500 political prisoners held behind bars in horrendous conditions and routinely tortured?"

The fate of a population of forty million people, condemned to live in poverty and fear by an odious regime, outweighs the limited benefits afforded by 845 low-paid jobs. While the 845 workers who lose their jobs might suffer in the short-term, by hastening the regime's demise the move would provide longer-term benefits for them and their families. Only a transition to democracy will give these workers the fundamental right to form independent unions and to engage in collective bargaining. The company should know that pressure will not abate as long as it continues to support the illegal, corrupt and undemocratic regime in Rangoon".

U Maung Maung, General Secretary, The Federation of Trade Unions Burma:

"Triumph is doing business directly with the Union of Myanmar Economic Holdings (UMEH),

a company that is controlled by the military that represses our people and engages in atrocious human rights abuses... Unfortunately, it is a fact that direct investment in Burma first benefits the military regime in our country. By strengthening the regime financially, this investment makes it much more difficult for the democratic forces and the trade union movement to persuade the SPDC generals to step aside. For this reason, we need strong international pressure on foreign companies in Burma.

The best way to ensure the long-term happiness and prosperity of Burmese workers is for them to be free, and represented by independent trade unions. This cannot happen as long as SPDC is in power, and continues to receive monetary support from foreign companies".

Bill Jordan, General Secretary, International Confederation of Free Trade Unions:

"Based on the evidence available, the international trade union movement firmly believes that it is impossible to conduct any trade or other economic activity with Burma without providing direct support, mostly financial, to the military junta. The top military hierarchy is directly responsible for the massive use of forced labour. This has also been clearly established by the ILO Commission of Inquiry. Any commercial or economic links with Burma therefore help the junta 'to perpetuate or extend the system of forced or compulsory labour'.

Recently, we held a meeting in Tokyo to develop a strategy for further trade union action on Burma. That meeting adopted a statement that, among other things, stated that 'national and multinational companies trading with and/or investing in Burma should withdraw as a matter of urgency and bans on imports from and exports to Burma should be introduced immediately. The union movement at every level must initiate early discussion with such companies. Failure of companies to comply will mean public exposure by the international trade union movement and the promotion of other action, as appropriate, including consumer pressure and boycotts.'

The Campaign against Triumph International

Members of the public unwittingly play a part in the chain of complicity in Burma when they buy goods from companies operating in Burma. The act of purchasing Triumph products by the general public is the final step in an economic process that helps to perpetuate the existence of Burma's military junta.

Triumph's refusal to close its Burmese production site is likely to have more to do with the total lack of freedom in Burma than genuine concern for the workers it employs. The company does not after all have an unblemished record with regard to respect for the labour rights or the well being of its workers in other parts of the world; in May 2000 for example the company dismissed 21 Filipino employees belonging to a trade union who were asking for the legal minimum wage to be upheld.

Garment manufacturers do business in Burma because of rock-bottom wages and a 'compliant' workforce; cheap clothes and higher profits are the real issue of concern for them. This is after all an industry known to hop from country to country in search of the cheapest workforce with little regard to the consequences of withdrawing business from previous clients and workers.

Most companies sourcing clothing in Burma or with manufacturing bases in the country have an international high street presence. This gives consumers in these countries the power to take direct action against an industry prepared to bolster one of the worlds most corrupt and brutal dictatorships. The aim of this campaign is not merely to inform but to inspire people to take action. Consumer power can make a difference. Individuals can play a role by choosing not to buy an item manufactured in Burma or the products of those companies that refuse to end their presence in Burma. Companies should be told of your decision not to buy their goods, and the reasons why. We can vote for change in Burma through our wallets.

Though this campaign targets Triumph International, through it we aim to effect a change in attitude towards business in Burma within the wider clothing and textile industry.

Campaign Aims and Objectives:

The Burma Campaign UK is calling for Triumph International to withdraw from Burma.

The campaign will:

- Engage the company in dialogue about the issues concerned with the aim of securing their withdrawal from Burma.
- Educate members of the public about the issues; encouraging a boycott of all Triumph products.
- Encourage high street retailers of Triumph products such as Debenhams and Selfridges to terminate contracts with the company until it withdraws from Burma.

Key References:

- Dirty Clothes: Dirty System, Canadian Friends of Burma, 1996
- Clean Clothes Campaign, www.cleanclothes.org/companies/triumph.htm
- Investing in Burma, Kirsty Jenkinson-Thomas, BCUK 2001,
- International Textile, Garment and Leather Workers' Federation, press release, 2001

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