



# The MFA Forum



## Minutes

### 4th Meeting of the MFA Forum - Bipartite Committee of the Moroccan Textile and Garment Industry

27th March 2008, Hôtel Royal Mansour, Casablanca

#### Participants

Neil Kearney, ITGLWF  
Javier Chercoles Blasquez, Inditex  
Aleix Gonzalez Busquets, Inditex  
Martin Gomez, Inditex  
Lamyia El Ismaili, Ministère du Commerce, de l'Industrie (MCI)  
Mostafa Marjaa, Ministère de l'Emploi et de la Formation Professionnelle (MEFP)  
Abelaziz Benkrikch, MEFP  
Hicham Massaoudi, ANPME (Agence Nationale pour la Promotion de la PME)  
Khadija Rhamiri, UMT (Union Marocaine du Travail)  
Ahmed BAHANNISS, UMT  
Abdellah Hassiane, UGTM (Union Générale des Travailleurs du Maroc)  
Abderrahim Ramah, CDT (Confédération Démocratique du Travail)  
Mohamed El Achab, CDT  
Mohamed Tamer, Président AMITH (Association Marocaine des industriels du secteur textile et habillement)  
Abdelhaq El Khettar, AMITH  
Abdelhai Bessa, AMITH  
Mohamed Tazi, AMITH  
Mohamed Khaled, Levi's  
Agemen Topaloglu, Levi's  
Basheer Jassat, Next  
Annette Healey, Next  
Jean-Paul Sajhau, ILO  
Naima Senhadji, BIT Maroc  
Hamid Benhozi, SGS Maroc  
Juan Manuel Garcia, SGS, Espagne  
Catherine Durand, Intertek Labtest  
Frédérique El Kaddioui, Consultante  
Arianna Rossi, Consultante  
Anna Turrell, MFA Forum  
Claire Bussy Pestalozzi, MFA Forum  
Neama Ouazzani, BIT- Tra De Maroc

## 1. Introduction

**Neama Ouazzani (ILO, Tra De Maroc)** greeted the participants and noted with satisfaction the great number of representatives from the Bipartite Committee and the buyers group. She asked the Bipartite Committee to elect a Chair, and Mrs Khadidja Ramiri (UMT) was successfully nominated.

**Khadidja Ramiri (UMT)** thanked the Bipartite Committee for its trust and expressed her satisfaction to be part of today's meeting.

**Claire Bussy Pestalozzi (MFA Forum)** thanked the participants for their presence before briefly outlining the previous work undertaken by the MFA Forum. She recalled that the MFA Forum was the widest international initiative of the textile and garment (TG) industry. Formalized in 2005, the MFA Forum's goal is to promote responsible competitiveness in the apparel sector worldwide through collaborative engagement. Its actions are guided by several principles including: transparency, responsibility, accountability, common objective and agenda. This fourth meeting in Morocco has taken place at what is a critical point in the development of the MFA Forum's work within the Moroccan textiles industry, with participants in united agreement and understanding of the need for concrete actions and results being urgently needed. The day's agenda largely focused on the three represented stakeholder groups (suppliers/AMITH, unions and buyers) presenting their recent developments and strategies in terms of social compliance. This was followed by the opening of a continuing discussion on the development of a roadmap for a socially responsible and competitive textile and garment industry in Morocco.

## 2. Social upgrading of the Moroccan TG sector

**Mr Abdelhaq El Khettar (AMITH)** thanked the ILO and the MFA Forum for their initiative. He then explained how social responsibility was a core principle of AMITH's strategy and action plan. In 2003, a set of principles based on the Moroccan Labor Code and the commercial and environmental legislation was signed (Charte des Valeurs et d'Excellence).

In 2005, together with the ILO, the unions and the Ministries, the AMITH performed a study analyzing how to enhance the competitiveness of the Moroccan TG sector through the promotion of Decent Work "Développement de la compétitivité de l'industrie marocaine du textile-habillement à travers la promotion du travail décent".

Since then the AMITH collaborates to the activities of the ILO project Tra De Maroc. It supports companies in the social upgrading process and it has funded a Tripartite Committee with the unions and the Gouvernement (Comité Paritaire du secteur TH). This body institutionalizes social dialogue as a tool to solve sectoral issues and conflicts.

The AMITH has also developed social compliance approach with a code of conduct, a sequence of upgrading activities, and a certification mechanism called « Fibre Citoyenne ». It covers the fundamental principles and rights at work (ILO) and includes

as well provisions regarding environmental protection. The implementation is being supported by the Government (ANPME) and the unions. The Fibre Citoyenne approach aims primarily at bringing companies in compliance with the law. It is however flexible and open for continual improvement. In this context, the AMITH wishes to enhance the impact of Fibre Citoyenne in both scope and numbers. Therefore, the AMITH's goal is now to get the support of international buyers for improving the approach and generating manufacturers' buy in. One major first step in this direction was the adoption of Fibre Citoyenne by Inditex as a first step towards social upgrade for its suppliers.

### **3. International sourcing: social upgrading as a condition for sustainability and competitiveness**

**Javier Chercoles (Inditex)** introduced a few figures showing how his company was relying on Morocco's TG sector. The increase of units supplied out of Morocco was to be continued and forecast supply for 2008 would reach 80 millions units. He pointed out that Inditex supplied its most expensive items from Morocco, creating more added value for the country. Consequently, Inditex's exposure was very high and any scandal would have disastrous consequences for the company, for Morocco and for the manufacturers.

He explained that Inditex's social compliance strategy had been thought with ITGLWF and formalized by a framework agreement and as well with the AMITH by the signature of an alliance.

In terms of implementation, Inditex's intention was to get all Inditex's suppliers adhere to Fibre Citoyenne as a first milestone. As of this day, 40 manufacturers had committed to start the program out of the 150 that were in business with the company. Further suppliers were therefore urgently needed. He mentioned that Tangier was Inditex's main supply location, followed by Casablanca, and Fez. Regarding the overall importance of Tangier for the Moroccan TG sector, he suggested to organize the next meeting of the Bipartite Committee and the MFA Forum in Tangier.

On the short term, 40 additional suppliers were to enroll with FC in order to grow a group of 80 FC manufacturers. Javier Chercoles expressed concerns regarding the support needed in terms of number of competencies for assisting these 80 companies in improving their social compliance. His objective was to have a solid group of consultant ready at the end of June 2008. He emphasized on the necessity to train the consultant according to the Decent Work Agenda and principles. He added that Inditex would provide the financial resources for bringing the group of suppliers to the certification level.

On the medium term, Fibre Citoyenne had to be turned in a very comprehensive approach. "FC2" was to match with buyers' expectations, and to allow sharing audits' results to reduce redundancies. This improvement program was to start immediately taking into account that the implementation was start when the new scheme was

ready. The strategic reflection had to include the positive experiences made within the Better Factory Program developed by the ILO.

**Annette Healey (Next)** emphasized that Morocco was important to Next although it had only a small supply base in the country. She acknowledged the importance of Fibre Citoyenne to improve social compliance in the Moroccan TG sector. Next was though collaborating on a global basis with the Ethical Trading Initiative for monitoring its suppliers worldwide. This strategy was actually not incompatible with Fibre Citoyenne. However, Next would continue auditing even if identical guarantees could be provided because it was an important activity in terms of relationship building between buyers and suppliers.

**Egemen Topaloglu (Levi's)** explained that Levi's was in a similar situation to Next, having 6-7 key contractors in Morocco. The company has been working for 10 years in the country supplying non denim items. He reiterated Levi's support for the MFA Forum's initiative in Morocco and gave some insights on Levi's social compliance targets in all countries: monitoring is given more and more importance; as well as collaboration between brands including transparency (Levi's suppliers' base is available on the web). He added that Levi's was developing a program called "suppliers' ownership" which focused on having one system for social compliance linked to business functions. Finally, the Levi's foundation was active in Morocco while providing training to microfinance organizations.

**Mohamed El Achab (CDT)** asked whether the buyers were giving consideration to the level of syndicalisation of their suppliers.

**Javier Cherocoles (Inditex)** answered that the focus at factory level was to reach a level of mature industrial relations, and not specifically to raise the level of syndicalisation.

**Egemen Topaloglu (Levi's)** answered that for Levi's, freedom of association was given much attention as a criteria.

**Khadija Rhamiri (UMT)** and **Abderrahim Ramah (CDT)** successively referred to the issue of anti syndicalisation and pointed out that unions have an important role to play within the factories.

#### 4. Update on the Impact Assessment Study

**Claire Bussy Pestalozzi (MFA Forum)** explained that the Executive Committee of the MFA Forum had decided in February to finance the study as this piece of work had been decided upon one year ago and needed urgent completion to support the advancement of the working group. She recalled the goal of the study was to assess what the Fibre Citoyenne approach and buyers' codes have brought in terms of improvement in the factories. Two consultants had been selected based on their specific skillsets. **Arianna Rossi** was completing her Phd at Institute of Developmental Studies at the Sussex University and would frame the methodological approach. **Frederick El Kadaoui** had more than 20 years experience in the Moroccan social sector including strong capabilities in social auditing of the TG sector. She would act as a

senior consultant while bringing her in depth capabilities of the TG sector. The two consultants had started the work beginning of March and were closely collaborating with the AMITH, the ILO and the secretariat. They would be working 24 days each spread on the months of March, April and May. As of this day, they had been preparing a list of questions to be used as guideline during the interviews. The selection of companies to be part of the study was not yet finalized as it was unclear how the communication was to be managed and initiated with the suppliers and the buyers. The selection criteria for the companies were the following: certified or having started Fibre Citoyenne, and/or using a buyers' code approach. Furthermore, the locations, size and product range had to be as diverse as possible to reflect the diversity of situations. It was planned to either ask the buyers for support in selecting the factories or inform them about the selection considering the small number of potential factories fulfilling the criteria.

## **5. Roadmap for a socially responsible and competitive textile and garment industry in Morocco**

**Neil Kearny (Secretary General ITGLWF)** emphasized that the goal of the MFA Forum in Morocco was to support the development of a viable, profitable and internationally competitive textile and garment industry. This is important to all stakeholders considering their interdependence in the global economy. Being globally competitive means ensuring the right price, right product, at the right time, in the right place and made in the right conditions. He pointed out that Morocco was ideally placed for the first four conditions. However, wages, working hours, health and safety, and under-aged labor are still issues requiring attention in Morocco, and thus continue to create a potential threat to the buyers' public image. He asked the participants to address and solve these issues together. He recalled that the MFA Forum exists to encourage and support a homegrown Moroccan initiative, acting as a catalyst, and not as an actor in the process.

Neil Kearney presented a list of elements to be considered for the roadmap in the short, medium and longer term periods. Following his intervention, a discussion took place and the MFA Forum was asked to formalize the results in the form of a common draft program and send it to all participants in addition to the meeting minutes.

(A workplan spreadsheet is annexed to the minutes and the comments below support the understanding of the table.)

In the short term, it was understood that the research on Fibre Citoyenne (FC) and buyers' codes compliance is to be completed by the end of May 2008. A broader programme (to be started immediately) will work to mainstream FC as the vehicle to increase compliance of the TG sector with the national Moroccan labour code. This step is only part of the roadmap and Fibre Citoyenne's roadmap must be developed in parallel to gain international buyers' buy-in and reach the highest possible level of credibility. Setting up an efficient and single verification system should also eliminate redundancies of auditing/monitoring processes. At that point, buyers' commitment to this process should result in securing relationships with suppliers through adapted purchasing practices whilst incorporating respective preferences.

On a longer term, such a program requires adequate structures for carrying out the strategic development and oversight of the works. Should the Bipartite Committee play this role, or should a broader structure such as an economic and social development board be created?

As far as the overall progress of work is concerned, the workplan will consolidate a move away from a policing model to a model where suppliers are supported to improve their social compliance continuously whilst also taking responsibility for this. The relationship between the social partners of the TG sector constitutes an enabling factor for the whole process. The program should therefore include capacity building for developing mature industrial relationships.

**Hicham Massaoudi (ANPME)** explained that the national agency for the promotion of small and medium enterprises was closely involved in the support of factories enrolled with Fibre Citoyenne. The candidates were following an 18 days program including a diagnostic and improvement actions. The Moroccan Government was paying 80% of the assistance. He said that the ANPME was ready to increase capacities in order to assist more factories in improving social compliance.

**Abdellah Hassiane (UGTM)** expressed in the name of the Bipartite Committee his support to the Forum's work and asked the buyers to commit with the workplan.

**Jean-Paul Sajahau (ILO)** pointed out that the Moroccan Government had recently signed an agreement with the ILO to continue the roll out of the Decent Work Agenda in Morocco. This opened strong synergies with the roadmap discussed today, in addition to the Better Factory Program that was already mentioned before.

**Naima Senhadji (ILO, Morocco)** commented that the CGEM (confederation of Moroccan enterprises) had developed a guidance document on the implementation of the Moroccan labour code valid for all sectors. She said that the roadmap could include other initiatives like the CGEM.

## **6. Next meeting**

The participants agreed that a next meeting was needed to discuss the workplan and the activities. Tentative date: **last week of June 2008 (23<sup>rd</sup> to 27<sup>th</sup>)**.