



Meeting of the MFAF Working Group Morocco 8th September 2008, New York

We thank Levi's for having provided the meeting space!

Attendees

Alfred Anzeldura, US Dept of Labor

Maria Belgnaoui, AMITH (Association Marocaine des industriels du secteur textile et habillement)

Claire Bussy Pestalozzi, MFAF Secretariat

Maya Forstater, AccountAbility

Alex Gonzales, Inditex

Abdellah Hassiane, UGTM (Union Générale des Travailleurs du Maroc)

Neil Kearney, ITGLWF

Daniel Lee, Levi Straus

Abderrahim Ramah, CDT (Confédération Démocratique du Travail)

Khadija Rhamiri, UMT (Union Marocaine du Travail)

The meeting of the international MFAF Working Group Morocco was chaired by Alex Gonzales (Inditex).

1. Updates and feedback

Maria Belgnaoui (AMITH) gave a presentation on the progress made by the 'Fibre Citoyenne' national code-of-conduct and labelling initiative. It now has 90 companies enrolled and 20 certified. However, the market share of certified enterprises is now stalled and the demand shows a decreasing tendency for the rest of 2008.

Participants discussed the key challenges and progress towards responsible competitiveness facing the industry in Morocco.

- Alex Gonzales (Inditex) noted that while the company works with first tier suppliers to ensure that issues such as child labour and wages are addressed, sub-contracting makes this difficult to achieve compliance. Inditex works closely with strategic suppliers and a recent analysis of their suppliers' database showed that 70% of suppliers have used subcontracting for over three out of four months, over the past two years. To improve the situation, Inditex has set key priority in involving first tier suppliers for controlling compliance along the supply chain.
- Maria Belgnaoui highlighted the suppliers' perspective: they want a longer outlook for planning, and may need to charge higher prices to meet the costs of compliance. There is a direct link between shorter lead times and the need for first tier factories to turn to sub-contractors. They appreciate the way that Inditex works with strategic

suppliers over the long-term, but on a short-term basis they would like more regularity and predictability.

- Alex Gonzales reported that the company is opening an office in Morocco to improve compliance and relations with suppliers.
- Khadija Rhamiri (UMT) welcomed this development as an opportunity to collaborate, help improving labour standards, including freedom of association and collective bargaining. She highlighted the outcomes of the recent national negotiations on minimum wage, where a 10% increase was set. For the garment sector however, it has been decided that the increase would be spread over 4 years, without even consulting trade unions.
- Maria Belgnaoui highlighted the economic factors facing employers; they have negotiated contracts with buyers at a certain price level and therefore had to keep wages down to remain in business.
- Abderrahim Ramah (CDT) emphasised the key priority of the unions for collective bargaining, freedom of association and workers rights. He reemphasised the point on need for a minimum wage raise.
- Alex Gonzales referred to the recent suppliers' information session held by Inditex and AMITH to back Fibre Citoyenne. Inditex has also seriously contributed to the development of the implementation Manual of FC. He expressed hope that once Inditex has opened its office in Morocco, it will be more efficient in supporting FC. Inditex is also exploring the potential to collaborate with ANPME (Agence nationale pour la promotion des petites et moyennes entreprises) to create a training tool for the consultants who will assist companies in implementing FC.

2. Roadmap Review

The working group updated its roadmap, prepared in March 2008 during the meeting of the Moroccan Bi-partite Committee (see attached, points are numbered as per roadmap objectives' list):

1. In February 2008, the MFAF has commissioned a **diagnostic study** for the MFAF Morocco WG. The two consultants have researched the challenges and situation of manufacturer's and workers when considering/implementing Fibre Citoyenne. Delivered in July 2008, this study is available in both French and English and will be available on the new MFAF website end of September 2008.
2. The **mainstreaming of Fibre Citoyenne** is taking more time than planned. Inditex has set a timeline indicated that 50% of their suppliers should be enrolled with Fibre Citoyenne at the end of the year.

3. The **development of Fibre Citoyenne** approach is on the right tracks with the publication of a guideline for implementation by the AMITH (Manuel Fibre Citoyenne 2008). This document has been developed by Inditex together with ITGLWF, and is widely inspired by the Code of the Ethical Trade Initiative (ETI Code). Khadidja Rhamiri, Abdellah Hassiane (UGTM) and Abderrahim Ramah (CDT) have asked to receive the Manuel and to have the opportunity to comment on it
4. **Buyers' commitment** has somewhat to be strengthened to sustain the Moroccan initiative. The buyers' group needs to be reactivated and the MFAF will organize a teleconference in October 2008.
5. The structures **for overseeing the sustainability of the the TG sector** in Morocco had been discussed at the last meeting of the working group in July 2008 in Casablanca. At that point, the representative of the Ministry of Economy, Mohamed Baallal had commented that the Sectoral Bipartite Committee (Comité Paritaire Sectoriel) should oversee the process (with the Government as observer). The social partners agreed that, at their next meeting of, they will discuss their role and responsibilities of the sectoral Bipartite Committee for promoting a sustainable and competitive garment industry.
6. Supporting the **development of mature industrial relationships** is part of the Roadmap and has been developed prior to the MFAF engagement within the Tra De Maroc project (ILO). Neil Kearny (ITGLWF) highlighted that the development of mature industrial relations is the only way for Morocco to bring together flexibility and responsibility. It is the cornerstone on which the future of the industry in Morocco will depend. He insisted that developing industrial relations training should be a key priority in the next period.

Alex Gonzales of Inditex noted that Bipartite relations between trade unions and employers association are crucial to achieving responsible competitiveness. He called on the local partners to create a good momentum and pledged that Inditex would support them in their endeavours.

Neil Kearney of the ITGLWF agreed that the initiative to improve industrial relations needs to be led from Morocco. Crucial to this is starting the process of social dialogue and establishing mechanisms for mature industrial relations. He noted that international trades unions and buyers can make an input into that but cannot impose it or force it; it has to be part of the growing industry in Morocco.

The representatives of AMITH and the trades unions present both agreed that the employers and the labour unions in Morocco should work together to lead development of improved industrial relations in the country.

Forum participants discussed the extension of the ILO programme Decent Work Tra De Maroc, which has an important training component covering industrial relationship. The programme is currently stalled. However the ILO has asked for funding under regular budget and expects an answer in October. If funding is granted, a part of the implementation of the Roadmap could be financed by the ILO

7. The **sensitization of the informal sector** on the benefits of socially responsible manufacturing is another objective for which funding should be made available. Khadija Rhamiri commented that non-governmental organizations should not be part of the key-players list as none of them have direct access to the informal sector. She asked that the NGO should be removed of this item 7.

3. Action Points and Decisions

- The MFAF Secretariat will organize a buyers' **group teleconference** involving Mango, Next, Levi's, Gap, Nike and M&S in October 2008, to enable ongoing involvement of broader group of buyers in the implementation of the Roadmap.
- Regarding funding, if the ILO funding is not granted, the Secretariat will establish **current status of the ILO funding request** to the Spanish Government, and send this to the working group participants. The Forum can then link its Spanish participants with Spanish trade unions to approach the Spanish Government and support funding proposal.
- Following the discussion on industrial relationship (point 6 of the Roadmap), the representatives of AMITH, UMT, CDT and UGTM agreed to work together to develop mutual capacities for mature industrial relations.
- The **next meeting** will be held end of November, beginning of December 2008 in Morocco.

Attachment: Updated Roadmap, Fibre Citoyenne Presentation