

Gildan's surprise closure of Honduran Star factory violates workers' rights



On June 26, Montreal-based clothing manufacturer Gildan Activewear delivered a surprise announcement to the union (SITRASTAR) at its STAR factory in El Progreso, Honduras that it would be closing their workplace starting on July 2. Terminations started immediately and by July 27, there were no workers left in the factory and the equipment had been removed.

The closure announcement came one week after the Board of Directors of the Fair Labor Association (FLA) had voted to reaccredit Gildan's social compliance program and status as an "FLA Participating Company".

Gildan's unilateral decision to close the factory and the inexcusable lack of notice was a devastating blow to Star's 1,126 workers and for a community that has suffered a number of other factory closures in recent years.

Nearly 35% of the workers had between 11-15 years of employment at the factory.

The company provided no evidence that the factory was unprofitable; its only justification being a desire to consolidate production in fewer factories to better serve its clients. Star workers and their union firmly believe that the closure was an attempt by Gildan to get rid of their union and their Collective Bargaining Agreement (CBA), which

includes wages, rights and benefits superior to those in collective agreements negotiated in other unionized Gildan factories in Honduras. In late October 2018, Gildan and the union signed a CBA that would have run through December 2021.

During the month of July, a few meetings did take place between the union and the company – usually an hour away in San Pedro Sula. However, while those were taking place, management personnel in El Progreso were proceeding to pressure workers to sign for and accept severance payments, and accept jobs in two of Gildan's San Pedro Sula facilities.

While many workers did accept these employment opportunities, the extra transport time (2 hours a day) discouraged others from taking the offer. Shifts at Gildan plants are 11 hours a day. The union has been trying to negotiate special transport between workers' communities and factories, accommodation for the long daily work shift in light of the extra travel time, or some compensation for workers who decided to relocate closer to the new workplaces.

While the company and union have agreed on some compensation terms, there has been no agreement on the issues requiring the largest pay out by the company.

In response to a complaint by the union and its allies, the FLA commissioned an investigation, the results of which were published on September 18. That report confirmed many of the union's allegations, including that Gildan had violated Honduras' legal procedures for closures by not seeking prior authorization from the Ministry of Labour.

The report also found that the company was in violation of FLA Compliance Benchmarks. Gildan failed to meet its obligation to provide evidence to justify the closure or to honour the terms of the collective bargaining agreement.

Regarding compensation, the report concludes that the compensation initially offered by Gildan to mitigate the negative impacts of the closure did not take into account the special cases of workers with health conditions, pregnant workers or workers on maternity leave or breastfeeding. FLA investigators were unable to confirm whether workers' lawful severance had been paid correctly because the company did not provide appropriate documentation.



One of the key recommendations of the FLA investigative report is that all workers affected by the closure, whether rehired or not, should receive additional compensation to offset the serious effects they have suffered because of the closure. It also recommends that Gildan respect the seniority of Star workers rehired at other Gildan facilities; provide suitable positions for those with special conditions, such as disability and pregnancy; and revise transportation routes and make other necessary adjustments to address the needs of the workers.

On October 17, MSN wrote to the FLA Board of Directors urging them to reconsider the company's reaccreditation, unless Gildan agrees to and fully complies with a corrective action plan that is consistent with the recommendations in the report. Meanwhile in El Progreso, former Star workers continued to stage protests denouncing the closure and demanding fair compensation.

Gildan has responded to the increasing pressure by submitting a draft corrective action plan to the FLA and agreeing to resume negotiations with the SITRASTAR Executive. At the time of this writing, a resolution to the conflict has not yet been achieved.

Gildan's closure of the Star factory takes place in the midst of an ongoing political and economic crisis in Honduras that has driven many who live in the area to join caravans of refugees attempting to make it across Mexico and over the US border. Some dismissed Star workers have publicly expressed their intention to join the next caravan organized, while stories of tragedies in these caravans continue to appear in the news.

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