

## MULTI-NATIONAL AGREEMENTS, TRADE AGREEMENTS AND WORKERS RIGHTS-A CASE FOR TEXTILE/GARMENT WORKERS IN SWAZILAND

*This paper seeks to follow the development of the garment/textile industry in Swaziland having responded to the enactment of the Africa Growth and Opportunities Act (AGOA) in the year 2000 in the USA .The paper also seeks to interrogate the growth of the textile industry in Swaziland and its impact on employment and social relations. The summarises by looking at the impact of the withdrawal of AGOA to the sector and to the workers employed in the factories*

### Swaziland Garment Factory TEX-RAY



#### **Garment Factory**

Factory : TEX-RAY

Established : 2001

Facility Area : 12,000 M<sup>2</sup>

Employees : 1,600

#### **Main Items**

Knit Top/Bottom, Fleece Jacket, Children's Clothing, Women Pants

#### **Capacity**

660,000 units/per month



President Ma greets a worker.



## **Introduction**

Swaziland is an African nation state located between South Africa and Mozambique (East). It is situated in the Southern Africa sub-continent. It covers an area of around 17 000km<sup>2</sup> and it has no ocean front. Its total population is 1.2 Million people of whom 70% reside in the rural areas administered by traditional authorities using Swaziland ancient customs. The rest of the citizens are urban dwellers who reside in modern urban homes around the towns of the country and are governed through normal laws of the courts. The GDP of Swaziland is \$3 billion. Swaziland is currently one of three African countries that has direct diplomatic relations with the Republic of China in Taiwan (ROC) and it has no diplomatic relations with (Mainland) China.

Swaziland's official unemployment rate is around 28% although several studies place the unemployment rate at way over 40%. Over 50% of the unemployed people are young people below the age of 30.

According to the Swaziland Investment Promotion Authority the major exports from Swaziland are Food and Beverages: Coca-Cola concentrate, (CONCO) Foods products; (Mondelez International), Textile, (Zippers: YKK Zippers; Texray; Giant Clothing,) Timber (Montigy and Swaziland Plantations) and Engineering

Swaziland is a member of a Common Monetary Area (CMA) arrangement with South Africa, Lesotho and Namibia and it is a member of the Southern African Customs Union (SACU) which enables it to have a revenue sharing formula with South Africa based on the contribution each nation e towards the common fund through trade. It is also a member of Common Market Area for East and Southern Africa (COMESA) and recently it has become a member of the continental free access area.

In the 1980's and the early 1990's the African continent went through a crippling recession that was brought about because of a drop of global resource prices. Swaziland survived this era unscathed. Infact some argue that it was an island of relative prosperity in a sea of austerity. Key to this survival was because Swaziland's economy was linked to the South African economy and Swaziland acted as a satellite production site for South African factories at the time when South Africa was hit by international sanctions to force it to adopt majority rule many of the businesses moved production to the surrounding states in particular Swaziland Lesotho and Botswana. In essence it can be concluded that the later part of apartheid South Africa was economically beneficial to Swaziland. This all changed in 1994 when South Africa attained democracy and all the business had been using Swaziland to get the made in Swaziland stamp relocated back into South Africa. Swaziland from this point on needed to fight for direct foreign investment like the rest of the world and with many disadvantages such as the lack of access to the sea it has really struggled to attract investment.

Swaziland has historically been an agricultural oriented economy and, over time, has done well in the production of Sugar, Citrus and Timber and timber products. Major manufacturing came from the agricultural manufacturing from producing sugar from Sugarcane, Processing citrus for export. There was particularly no substantial textile production in Swaziland before the year 2001. Owing to the availability of South African retails in Swaziland, it can be safely concluded that before 2001 Swaziland consumed a lot of South Africa made produced when it came to textile.

Before the signing of AGOA Swaziland together with a group of nations traded with the USA through a piece of legislation called the General System of Preference (GSP) under which products such as sugar and citrus etc. At the time of the promulgation of AGOA the most powerful countries were winding down on the GSP agreement where preference trade was being extended to developing nations with a much more competitive trading regime where trade took place in an equal footing for all countries.

At the time of the signing of the AGOA the textile production picture changed drastically in Swaziland. By 2004 which was the peak of the textile production the industry employed around 30 000 workers albeit in entry level, routine, low paying jobs that paid people \$30.00 per fortnight which makes it around \$60.00 per month.

The government of the day was elated at this development and a lot of resources were spent in improving the infrastructure in particular the road and the rail infrastructure. Factory shells were also built around Matsapha (the major industrial town) but also in certain rural locations to encourage rural development. Small towns such as Siteki and Nhlangano in the south also benefited because factory shells were built there in order to encourage diversification of investment. Rural areas such as Matsanjeni in the South and Ebuhleni in the north also benefitted from having factory shells built in their areas to encourage rural development.

Madonsela (2005) points out that the government put in place some incentives to the sector in order to encourage investor participation in the Swaziland economy.

#### Financial Incentives

- Corporate tax- A 10 year exemption from tax on dividends
- Duty free importation of capital goods, new machinery and equipment for use in the textile and clothing industry.
- An Export Credit Guarantee Scheme through commercial banks and supported by the Bank for export oriented enterprises.
- Double taxation agreements with the Republic of South Africa, the United Kingdom and the Republic of China on Taiwan.

### **Conducive Business environment offered in Swaziland is because there is :**

- Competitively Priced, well-built factory buildings readily available from the Ministry of Enterprises and Employment and private developers.
- A regionally linked electricity supply network that provides a reliable and competitively priced service to all business, irrespective of size.
- A well developed and robust telecommunications system
- A well run consistent and fairly priced water supply.
- An excellent transport network.

### **The African Growth and Opportunities Act (AGOA)**

AGOA is a U.S.A. trade preference that provides duty-free treatment to U.S. imports of about 6,000 products from eligible sub-Saharan African countries. When it was first signed into law by President William Bill Clinton the preferential system that was in place was called the General System of Preference (GSP). AGOA's advent enabled duty-free treatment under GSP to AGOA eligible countries for more than 1,800 tariff line items in addition to the standard GSP list of approximately 4,600 items available to non-AGOA GSP beneficiary countries.

The Act authorizes the President to designate countries as eligible to receive the benefits of AGOA if they are determined to have established, or were making continual progress toward establishing the following: market-based economies; the rule of law and political pluralism; elimination of barriers to U.S. trade and investment; protection of intellectual property; efforts to combat corruption; policies to reduce poverty, increasing availability of health care and educational opportunities; protection of human rights and worker rights; and elimination of child labour practices.

The AGOA act has so far been amended four times. Each of the amendments has been named according to the stage of amendment. The first act in the year 2000 was called AGOA 1, then AGOA 2 was promulgated by President George Bush on August 06 2002 then came AGOA 3 in 2003 then AGOA 4 in 2004.

Given the nature of the AGOA there has been countries that have fallen off with the USA and who have in the period between the AGOA being signed have had their AGOA access revoked by the USA government. This was done mainly when the USA has been concerned with decisions that have been made by the country. For instance the Cote D'ivore and Madagascar have had their status revoked for one or the other reasons in the course of the years but when their situation changes the USA can readmit nations back into AGOA. Madagascar was admitted back into AGOA in 2015.

Fontaine (2007) reveals how the withdrawal of the Multi-fibre Agreements (MFA) in 2006. The MFA had been negotiated had been negotiated under the auspices of the General Agreement on Tarrifs and Trade (GATT),the predecessor of the World Trade Organisation and it came into force in 1974. It allowed textile – importing countries (Primary industry Countries) to negotiate bilateral restrictions on imports from exporting countries (Primary Developing Countries).

Fontaine (2007) further reveals that the GATT round table in Uruguay in 1995 resolved that the MFA quotas were to be phased out in 10years time from 1995.This is why in January 2005 the quotas were removed. Swaziland suffered its biggest loss in the textile industry from employing 32 000 workers to about 11 000 workers.

Around 2011 the industry slowly recovered from the shock of 2005. While a lot of factors might have played a heavy role in making this possible form reviewing media reporting of that time there is little doubt that what tilted things in Swaziland's (and Lesotho's) favour was the mass exodus of textile firms from Newcastle in South African to either Swaziland or Lesotho. The Collective bargaining chamber of textile and manufacturing in South Africa had reached an agreement of 12% with the employers' organisation. Many of the employers refused to accede to this ruling and some decided rather to relocate their production to Swaziland and Lesotho because salaries in these countries were still relatively lower than South Africa.

There was also a slight shift at this stage towards trying to balance between USA and South African orders owing to the fact that the world had just recovered from the global financial crisis which had curtailed the buying power of USA consumers and had had the unintended effect of lessening the amount of orders from the USA at that time.

As the South African retail expanded vociferously into Africa and increased its footprint into the continent and so was the recovery of the textile industry in Swaziland.

The recovery was to stabilise until 2014 when the USA government decided to withdraw the AGOA eligibility for Swaziland owing to Swaziland inability to adhere to the USA's recommendations for Swaziland to if it wanted to retain AGOA. The 5 benchmarks were:

1. FULL PASSAGE OF THE AMENDMENT TO THE INDUSTRIAL RELATIONS ACT ALLOWING FOR THE REGISTRATION OF TRADE UNION AND EMPLOYER FEDERATIONS.
2. FULL PASSAGE OF THE AMENDMENT TO THE SUPPRESSION OF TERRORISM ACT.
3. FULL PASSAGE OF THE AMENDMENT TO THE PUBLIC ORDER ACT ALLOWING FOR THE FULL RECOGNITION OF THE FREEDOM OF ASSEMBLY, SPEECH AND ORGANISATION.
4. FULL PASSAGE OF THE AMENDMENTS TO SECTIONS 40 AND 97 OF THE INDUSTRIAL RELATIONS ACT.

## 5. DISSEMINATION AND IMPLEMENTATION OF THE CODE OF GOOD PRACTICE ON PROTEST AND INDUSTRIAL ACTION.

**Table 1.AGOA eligibility dates for Sub-Saharan African States**

COUNTRY	DATE DECLARED AGOA ELIGIBLE	DATE DECLARED ELIGIBLE FOR APPAREL PROVISION	SPECIAL RULE FOR APPAREL
(Republic of) Angola	December 30, 2003		
(Republic of) Benin	October 2, 2000	January 28, 2004	Yes
(Republic of) Botswana	October 2, 2000	August 27, 2001	Yes
Burkina Faso	December 10, 2004	August 4, 2006	Yes
(Republic of) Burundi	January 1, 2006		
(Republic of) Cameroon	October 2, 2000	March 1, 2002	Yes
(Republic of) Cape Verde	October 2, 2000	August 28, 2002	Yes
(Republic of) Chad	October 2, 2000	April 26, 2006	Yes
(Republic of) Cote d'Ivoire	Restored October 25, 2011		
(Union of) Comoros	June 30, 2008		
(Republic of) Congo	October 2, 2000		
(Democratic Republic of) Congo *	Declared ineligible January 1, 2011		
(Republic of) Djibouti	October 2, 2000		
Ethiopia	October 2, 2000	August 2, 2001	Yes
Gabonese (Republic)	October 2, 2000		No
The Gambia	December 31, 2002	April 28, 2008	Yes
(Republic of) Ghana	October 2, 2000	March 20, 2002	Yes
Guinea	Restored October 25, 2011		
(Republic of) Guinea-Bissau	Country declared ineligible on December 20, 2012		
(Republic of) Kenya	October 2, 2000	January 18, 2001	Yes
(Kingdom of) Lesotho	October 2, 2000	April 23, 2001	Yes
(Republic of) Liberia	December 29, 2006	January 24, 2011	
(Republic of) Malawi	October 2, 2000	August 15, 2001	Yes

(Republic of) Madagascar	June 26, 2014		
(Republic of) Mali	Restored on January 1, 2014		
(Republic of) Mauritania	October 2, 2000 Restored December 23, 2009		
(Republic of) Mauritius	October 2, 2000	January 18, 2001	Yes
(Republic of) Mozambique	October 2, 2000	February 8, 2002	Yes
(Republic of) Namibia	October 2, 2000	December 3, 2001	Yes
(Republic of) Niger	Restored October 25, 2011		
(Federal republic of) Nigeria	October 2, 2000	July 14, 2004	Yes
(Republic of) Rwanda	October 2, 2000	March 4, 2003	Yes
(Democratic Republic of) Sao Tome and Principe	October 2, 2000		
(Republic of) Senegal	October 2, 2000	April 23, 2002	Yes
(Republic of) Seychelles	October 2, 2000		No
(Republic of) Sierra Leone	October 23, 2002	April 5, 2004	Yes
(Republic of) South Africa	October 2, 2000	March 7, 2001	No
(Republic of) South Sudan	January 1, 2013		
(Kingdom of) Swaziland	18 <sup>th</sup> January 2001.  Declared ineligible on June 26, 2014		
(United Republic of) Tanzania	October 2, 2000	February 4, 2002	Yes
(Republic of) Togo	April 17, 2008		
(Republic of) Uganda	October 2, 2000	October 23, 2001	Yes
(Republic of) Zambia	October 2, 2000	December 17, 2001	Yes

## **AGOA and Swaziland**

Before the promulgation of AGOA and in the 1990's, Swaziland had experienced a wave of worker protests dubbed the 27 demands. Part of the demands from the protests included a demand for a national constitution (The last time Swaziland had had a working constitution was 1973 before king Sobhuza abolished it and effected rule by decree), a demand for free primary education, proper housing for the armed forces and stipends for the elderly amongst key demands. The government responded firstly by festering divisions in the labour movement which in 1993 led to a new federation called the Swaziland Federation of Labour (SFL) being formed. When this tactic failed to deter workers government withdrew the Industrial Relations of 1980 and replaced with a hostile Industrial Relations Act of 1996.

The workers of Swaziland together with their counterparts internationally, particularly the American Federation of Labour and Congress of Industrial Organisations (AFL-CIO) were instrumental in pressurising the government of Swaziland to repeal the 1996 labour law for a more progressive one. The government of Swaziland stood to lose access to the lucrative USA markets for its sugar and other products and so it succumbed to the pressure and promulgated the Industrial Relations act of 2000.

Swaziland was designated as the 35<sup>th</sup> AGOA eligible country and was made eligible on January 2001.

When Swaziland started benefitting from AGOA, there followed a boom in the textile industry particularly the factories owned by Republic of China in Taiwan nationals. Swaziland is one of only three African nations that maintain direct diplomatic links with the ROC in a period where as many of the African countries have forged links with the People's Republic of China. Over the years Swaziland became one of the top 10 Textile exporting countries in Sub-Saharan Africa as indicated in the table below.

**Table 2 Top Ten Apparel Exporters under AGOA (actual \$ U.S.)**

<b>Country</b>	<b>2011 (Value)</b>
Lesotho	314,311,152
Kenya	258,886,230
Mauritius	153,428,075
Swaziland	76,579,510
Botswana	15,475,230
Malawi	13,483,949
Ethiopia	9,966,621

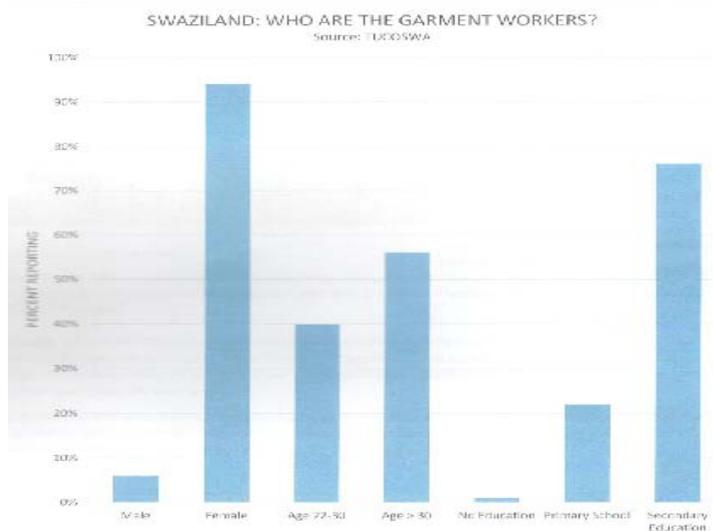
South Africa	5,277,269
Tanzania	5,118,819
Ghana	1, 267, 00
Total Above	853,793,861
All Other	1,021,392
<b>Total</b>	<b>854,815,253</b>

Source: U.S. International Trade Commission Trade Dataweb, <http://www.usitc.gov>.

After the promulgation of AGOA the Swaziland economy went through a stage of deepening market fundamentalism in line with AGOA’s principle of market based economies, elimination of barriers to US trade and investment protection, Policies to reduce poverty and protection of worker and human rights amongst others.

From the onset the jobs in the textile sector were mainly attractive to women and not to men. A study conducted by the AFL-CIO solidarity centre in conjunction with TUCOSWA in 2014 reveals that over 90% of the workers in the sector in Swaziland are Women. And that most of the people working in the factories are individuals with secondary school qualifications. This may reflect a certain desperation that is brought about by a lack of employment opportunities elsewhere in the economy to such a point that people who have completed their high school education would opt for low paying jobs like the one in the textile sector.

**Table 3 The gender representation of the Swaziland textile industry**



**Table 4: The Textile Factories in Swaziland**

<b>Investor Name</b>	<b>Country of Origin</b>	<b>Target Market</b>	<b>Location</b>	<b>Amount Invested</b>	<b>Employment</b>
FTM Garments	Taiwan	USA	Nhlangano	\$1.3M	660
Zheng Yong	Taiwan	USA	Nhlangano	\$4M	2600
Leo Garments	Taiwan	USA	Matsapha	\$1.15M	520
Orient Sun	Taiwan	USA	Ngwenya	\$0.85M	500
Proton	Taiwan	USA	Matsapha	\$1.3M	800
Ho's Enterprise	Taiwan	USA	Nhlangano	\$2M	610
Chen's Garments	Taiwan	USA	Matsapha	\$4M	1200
Far East	Taiwan	USA	Matsapha	\$1.8M	400
Texray	Taiwan	USA	Matsapha	\$4.5M	1700
Fashion International	RSA	USA	Matsapha	\$1.8M	500
Procan Investment	Canada	USA	Matsapha	\$1M	
Amarat	Afghanistan	USA	Siphofaneni	\$0.5M	10
Taitex	Taiwan	USA	Matsapha	\$115 000	163
Juries Manufacturing	RSA	RSA	Nhlangano	\$180 000	215
Matsapha Knitwear	Taiwan	USA	Matsapha	\$45M	1200
W& W Garments	Taiwan	USA	Matsapha	\$3M	575
Master Garments	Taiwan	USA	Matsapha	\$1M	1140
Bao Sheng	Taiwan	USA	Matsapha	\$300 000	200
Lanka Products	Taiwan	USA	Matsapha	\$1.3M	
The great Spring	Taiwan				650

**SOURCE: IMPACT OF AGOA ON SWAZILAND TEXTILE INDUSTRY. Jack Kipling, 2010**

Information reflected in this table is from 2010 and may not reflect the situation in August 2015.

From the table above it is evident that most of the benefitting factory owners are from Taiwan and there is absolutely no Swazi participation at factory ownership level, even today in 2015.

## **Collective Bargaining in the textile sector in Swaziland**

The textile industry came into being at the time when the environment within the labour movement had changes in the preceding decade. In 1993 the Swaziland Federation of Trade Unions (SFTU) broke up into two and a new federation was formed. It was called the Swaziland Federation of Labour (SFL). In this sector the main union was the Swaziland Manufacturing and Allied Workers Union (SMAWU) it was affiliated to the SFL. Its main competitor was the Swaziland Processing, Refinery and Allied Workers Union (SPRAWU) which was an affiliate of the SFTU. These two unions have since merged to form a new trade union altogether called the Amalgamated Trade Union of Swaziland (ATUSWA) and the new union is affiliated to the Trade Union Congress Of Swaziland (TUCOSWA) which itself was established a result of a merger between the two federations, SFTU and SFL.

At the time of the boom in the industry, rivalries between these two unions might have contributed to workers' rights being trampled by the employers. In many a factory at times the two unions would recruit workers and they would often play power games against one another at the expense of the workers. For instance the employers would deliberately not grant either recognition and in the process disable them from accessing benefits such as source deduction. This in turn made the unions weak and at most unable to build its capacity to defend workers.

Issues of trade union democracy and transparency inside the trade unions organising in the sector at the time have also contributed to workers losing all hope on trade unions and trade unionism in general to the point where even in the current environment where SMAWU and SPRAWU have collapsed themselves to build ATUSWA, still workers are often suspicious of trade unions and their intentions.

Currently, the continued non registration of ATUSWA continues to hamper efforts by ATUSWA to be the union of choice in the industry. Added to this there has been a trade union registered to counter ATUSWA and perhaps it is being allowed to flourish while ATUSWA is struggling for registration.

Notwithstanding the above, Collective bargaining in the textile sector has always been very tough owing to the fact that the textile sector employers have always been adamant to keep the sector as a low wage sector sometimes through trickery such as behaving as though they cannot understand and communicate English. Madonsela 2004 who interviewed different stakeholders in the industry and from the trade union SMAWU she found that some of the common challenges they face include Communication barriers emanating from the fact that the factory owners originated from ROCT and in most instances communication in English was a challenge for them. Instead of making an effort to build bridges the factory owners would use this mishap to complicate communication between themselves and trade unions. They were reported to have used these tricks to cover up for mistakes in wages of the workers.

There was also gross abuse of processes and suspected buying of politicians. An erstwhile minister of labour was known as a friend of the Taiwanese population. He never even

subdued his gratitude for them to bring business to Swaziland. This complicated the work of government departments such as those of labour inspectors who often claimed to have been told by politicians not to inspect some of the factories. This means that the health and safety record of the factories were not easy to monitor.

One overarching problem was direct suppression by the state through direct intervention to suppress worker strike action. In 2008 a worker strike led by the SMAWU was violently brought down by the state. At that time it was reported that around 15 people were injured in the skirmish. Police were accused of shooting indiscriminately and injuring people who were just walking by or bystanders. If anything the action of the government demonstrated that the government would go the extra mile to protect this industry from work disturbances related to labour unrest. Under normal circumstances the state does not involve itself in labour matter. They are called to monitor law and order in order to protect property and life. Even in instances when employers have successfully applied for lockouts of the striking workers police are still not expected to even disperse workers unless they are turning violent in which case the government is expected to ensure that they are dispersed using non-lethal tools at their disposal. These would include water canisters and in more serious cases teargas can be used as well but not bullets (Live or rubber) the I this instance though the government forcefully put down the action of the workers.

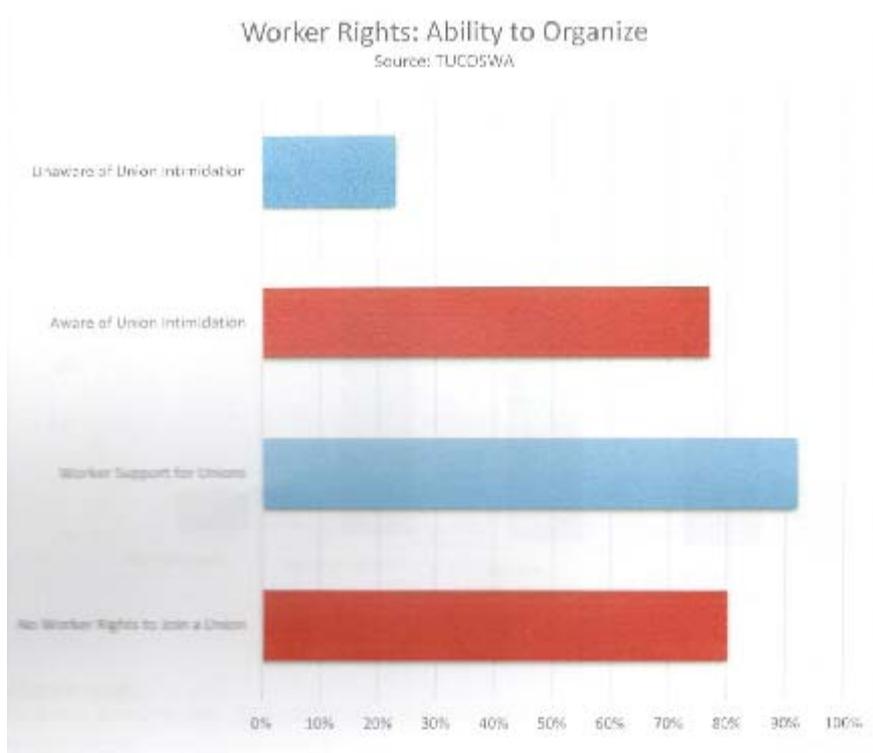
On top of all these challenges there were allegations of abuses from the factory owners that sometimes bordered on physical abuse towards workers. They also reported gross victimisation, underpayments, unfair dismissals, retrenchments and technical company shutdowns. According to SMAWU these had a direct effect in entrenching a culture of intimidation and worker submission to the employers.

At one point efforts were made to create a Joint Negotiations Council for the Clothing, Manufacturing and Textile Industry (JNCFTL) which was comprised of the employers under their banner company called Swaziland Textile Exporters Association (STEA) and SMAWU.

Madonsela characterises the employment created as perpetuating a large number of the working poor-people employed on a fulltime basis but continued to be trapped in poverty because the wages they earned were too low to enable them to pull themselves out of poverty. Instead the conditions of work and deplorable living conditions in Matsapha and surrounding areas have contributed to the creation of other social problems in and around Matsapha which include but are not limited to abortions, crime and prostitution.

According to a survey carried out by TUCOSWA with assistance from AFL-CIO Solidarity Centre in August 2014 found that while up to 90% of workers interviewed believed that a trade Union would improve their workplace conditions, there was general fear that the employers in the sector were hostile to trade unions and trade union activism. In the survey close to 90% of workers claimed to know trade union organisers and activists or union leaders who were punished, fired or otherwise intimidated in continuing with trade union activities. One was quoted to have said “Union members are victimised so I am scared to join”.

**Table 5. Workers rights: Ability to organise**



Source AFL-CIO/TUCOSWA

Table 6 below demonstrates that workers treatment in the Swaziland textile industry is found wanting. Over 70% of workers interviewed had either directly experienced abuse or knew someone who had. Also over 60% of workers reported knowing someone who had lost their jobs for falling pregnant or for falling sick..

**Table 6. Workplace treatment**



SOURCE: AFL-CIO/TUCOSWA

It must at this stage be pointed out that most of the factories had developed capacity to have clinics within their premises to ensure that workers who needed access to medical attention could do so swiftly. Even with such an intervention concerns around health and sector continued to plague the textile industry. The study revealed that a majority of workers were concerned about health and safety at work but the rate of awareness was around 77%.

To demonstrate the issues around health and safety in September 2014 inside the giant textile giant Texray factory there was a spillage of a chemical that caused workers to collapse and hundreds were rushed to hospital. Questions that arose included issues of health and safety as to the storage of the chemicals inside the factories. Preliminary indications are such that the factory was negligent in the way it handled the dangerous chemicals.

Recently, on the 14<sup>th</sup> August 2015 in a factory called the Great Springs factory that employs around 600 workers there was another spillage of chemicals, again causing workers to collapse and for paramedics to be called to offer first aid to the collapsed workers.

**Table 7. Health and Safety in the textile Sector**



**SOURCE: AFL-CIO/TUCOSWA**

**Workers at the great Spring Factory being assisted by paramedics after inhaling chemicals on the 14<sup>th</sup> August 2015**



**SOURCE: Times of Swaziland online**

## **The Swaziland Textile Industry after AGOA**

The Swaziland economy is already suffering because of the revocation of AGOA. The effect is in three fold, political, economic and social.

### **Political**

The first response of the government and its ministries was to blame TUCOSWA for the withdrawal. There was a belief that they could manage to use the crisis to delegitimise TUCOSWA in the face of workers. This was evident leading up to withdrawal when workers in the sector took a petition to the Minister of Trade and Industry Gideon Dlamini and he responded by saying they should take the petition to the unions as they are the ones responsible for the loss of their jobs.

The politicians have not shown the kind of seriousness about the reversal of AGOA. On the one hand the Prime Minister has consistently been assuring the nation that as a government they are doing everything in their powers, ministers in his cabinet have on the other hand poured cold water on the AGOA withdrawal.

At one point the current Minister of Labour Miss Winnie Magagula told parliament that there is nothing the government can do to sway the USA government to reinstate AGOA. She went further to liken AGOA to a coat that someone lends to you and ask it back when they want to. Another Minister Dumisani Ndlangamandla claimed that the USA was playing big brother politics towards Swaziland and imposing its own agenda on the nation.

The King has also weighed in on the agenda. While addressing the Easter church services he is reported to have criticised those who would rather see everyone suffer when they think they are not being listened to. The Prime Minister has consistently said that as a government they are doing all in their power to restore AGOA access for Swaziland.

This all happens when the USA is in the process of building what is reported to be the most sophisticated embassy building in Southern Africa. The government is also enjoying collaboration with the US government for some programmes in the army.

Part of the political management of the fallout with the USA has been to give the impression that an alternative market was being sought and to that end Canada has been brandied about as an alternative market for the textile products from Swaziland. Around October 2014 news were abound in the newspapers about establishing a Canadian market. As of yet nothing much seems to have materialised from this direction.

## **Economical**

The economy of the country shall be hit hard economically if AGOA is not retained soon. Already the Central bank has reported a 24% export decline in the first quarter of the year 2015.

Outside the direct impact the small business such as the transport business where transport operators in freight companies are likely to lose a significant amount of business. State companies such as the Swaziland Railway and Swaziland Electricity Company, Swaziland Water Services Authority, Swaziland Railway, Swaziland Post and Telecommunications Corporation have all suffered business losses from closures and slowdown of operations.

Businesses such as informal sector businesses and small businesses shall suffer a great deal and many will be forced out of business because many survive directly from the salaries of the textile industry. To add to this challenge many of the retrenched workers will go into the informal sector to try to eke out a living while awaiting job opportunities. So competition will be high in the sector.

The biggest losses however shall be incurred in the housing sector where the workers in the sector are forced to move back home and to leave their rented houses. The landlords might be left with empty houses and they too make a living out of renting out houses for rent. In the worst case scenario those who will chose to stay and could default in rentals may be forced to give sexual favours in order to survive adding to the already burdensome scourge of HIV/AIDS. So the effect will be felt in many sectors that the workers in the textile industry relied on for services.

The views of the factory owners though has been controlled by the state to such an extent that their views are absent in the public discourse. It therefore is difficult to gauge exactly what their real views are on the matter. The Canadian Industrial Developmental Agency (CIDA) has already spent around \$30 000 to the Swaziland Textile and Apparel Traders Association to build closer links with them.

The current High Commissioner to Swaziland Mr Shaun Bauer is quoted to have said “Using our Canada Fund for local initiatives we are working with the local textile associations to bring a Canadian expert to Swaziland in the next several months to provide advice and guidance on exporting Swazi textiles to the Canadian marketplace”.

## Textile revenue falls 24.7%

**MBABANE** – The effects of the African Growth and Opportunity Act (AGOA) continue being felt by the textile industry players as revenue from the export of textiles fell by 24.7 per cent. According to information sourced from the Central Bank of Swaziland, the export revenue declined to E475.5 million in the second quarter, from a 14.3 per cent decline in the preceding quarter. The share of textile exports to South Africa rose to 97 per cent from 85 per cent in the previous quarter, this as a drive by the industry to counter the losses that are already being felt due to the loss of AGOA benefits by the country. “A quarterly analysis of the country’s imports shows that payments for imported merchandise were muted, falling by 16.2 per cent to E4.044 billion in the first quarter.”

A cutting from Times of Swaziland, August 2015

### Social Effect

When one takes into account that almost 90% of the workers in this sector were Women the social impact of this AGOA loss will be huge at a family and at a social level.

Firstly the town of Matsapha has changed a lot because of the influx of workers both looking for jobs and needing accommodation close by to enable them to walk from work home. Families had settled in Matsapha stood to benefit a lot from the influx in that they built single room focuses to let out to workers and to people who were looking for work. Because the majority of the workers were women it follows that children would live with their mothers and would as a consequences attend schools in the surrounding areas. This has been one of the thorny issues arising from AGOA loss.

Many of the women are from impoverished backgrounds and many escaped abusive marriages and relationships and for them the prospects of going back to their rural homes are unimaginable. One of them is ATUSWA organiser Miss Rose who has indicated in an interview she gave to AFP that rather than go back home to here rural areas she has vowed to remain around Matsapha and survive as an informal trader, selling everyday necessities such as fruits, sweets and small household necessities. Most of those affected cite the fact that the rural areas offer very limited prospects for employment, secondly their children are enrolled in Schools around Matsapha and moving them elsewhere could prove difficult practically. Thirdly they hope that when new opportunities arise they want to be close by in case new opportunities arise so that they do not find themselves left out because they might be far from Matsapha when opportunities arise. It is important to point out that the majority of the workers are living in houses that they are renting and so in the future social problems such as crime, prostitution and abandonment of children can rise because of these problems.



**A Picture of the type of houses used for accommodating textile workers**

Some of the workers from the factories were invited by their employees to relocate with them to either South African or Lesotho where AGOA is still intact. This has brought with it some complications firstly because the workers involved are not entirely happy with the conditions they were subjected to outside the country. For instance one worker was quoted to have said that the conditions the workers were subjected to when they were in South Africa were slave conditions. Firstly they were housed in the factory complex. This enabled the employer to extract extra labour from them even at odd hours and on weekends. This caused problems between the Swaziland workers and their South African counterparts who view their Swaziland counterparts as selling their labour power to cheaply to the factory owners and as such risk the factory owners preferring to hire the Swaziland workers because they can push production since they literally live on the premises and can access the workplace at any time of the day.

According to ATUSWA's organiser Senzo Sibandze those who have relocated to Lesotho (around 800 Kilometres from Swaziland) with their employers report to experiencing much better living and better conditions of work particularly because they are provided with what they consider to be decent housing. For this group of workers they continue to reside in Lesotho and periodically come to Swaziland when they are on leave. The social impact though still needs to be measured whether many of the affected parties will cope in the long run given that women have the extra burden of being the primary care giver in the households. If studies are conducted it is possible to discover broken families as a consequence of women looking for greener pastures in Lesotho.

For now the effects of withdrawal of Swaziland from AGOA benefiting nations in Africa looks as matter up to speculation as to its real effects on the lives of the primary victims, the workers. It is hoped though that new empirical evidence may emerge to unpack the real overall Social and Economic impact it will have on the lives of the workers who work in the textile industry in Swaziland.

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