


# MONITOR

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REPÓRTER  
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## **“THE GARMENT MANUFACTURING HUB IN PERNAMBUCO'S AGRESTE ZONE”**



The 11th issue of Monitor, a bulletin featuring Repórter Brasil's industry and supply chain studies, analyzes the fashion and garment industry in rural Pernambuco state and the working conditions in the industry.



# MONITOR #11

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# AN OVERVIEW OF THE INDUSTRY

**1** The textile segment is the second largest employer in Brazil's manufacturing industry as well as the second largest provider of people's first jobs.

**2** The country's largest concentration of clothing industries is located in São Paulo state. In Pernambuco's

drier, Mideast zone known as Agreste, there is also a major garment manufacturing hub.

**3** Manufacturing is often done by small, subcontracted sewing workshops characterized by precarious working conditions, high informality, and low pay.

**4** Environmental impacts have also drawn the attention of governmental, social and environmental organizations.

**5** The industry was hit hard by the Covid-19 pandemic.





## BRAZIL'S TEXTILE INDUSTRY

Brazil ranks fifth among the world's largest textile manufacturers and is the fourth garment largest producer. In 2019, its textile industry earned R\$ 185.7 billion – 5.7% of the country's entire manufacturing industry. In addition, it provided 1.5 million direct jobs and 8 million indirect jobs, of which 75% were held by women.<sup>1</sup>

According to the Brazilian Institute of Geography and Statistics (IBGE)<sup>2</sup>, clothing and accessories account for 7.8% of the jobs in the manufacturing industry – the second largest employer in the sector, only behind food and beverage. It is also the second largest provider of people's first jobs. In Brazil, the segment includes about 25,500 formally established companies.

Furthermore, according to the Brazilian Association of Textile Industries (Abit), Brazil is the only country in the western hemisphere that performs all production stages, until the final product is sold to end consumers: "We are the only country that still has everything, from production of fibres such as cotton to fashion shows, through spinning, weaving and processing facilities, garment manufacturing, as well as a strong retail industry." In addition, the country has more than 100 fashion schools and colleges and hosts one of the world's five largest fashion weeks.

Most textile and clothing manufacturing companies as well as the largest consumer market are concentrated in the Southeast region, especially in the city of São Paulo. Then come the South, with emphasis on Santa Catarina state, and the Northeast region, especially Ceará and Pernambuco – one of the largest garment manufacturing hubs in Brazil.

According to the United States Department of Agriculture (USDA),<sup>3</sup> Brazil

is the world's fourth largest producer of cotton, the main fibre used by the textile industry – behind China, India and the US. However, unlike Asian countries, which consume most of their production internally, Brazil ships most of its cotton to other countries. The increase in planted area as a result of stagnation in its domestic market has placed the country as the second largest cotton exporter, a position occupied by India until 2019.<sup>4</sup>

Despite the significant figures, the textile and garment manufacturing industries exported US\$ 811 million in 2020 (76% and 24%, respectively) and imported US\$ 4.33 billion (62% and 38%) – a US\$ 3.52-billion deficit in the country's trade balance<sup>5</sup>. In 2019, that deficit had been US\$ 4.48 billion.

These figures show that Brazil is very dependent on imports, mainly of clothing and footwear. Its largest buyers are Argentina (US\$ 180 million), the United States (US\$ 103.9 million) and Paraguay (US\$ 80.3 million). On the other hand, China is by far its largest supplier (US\$ 2.54 billion), followed by India (US\$ 267 million). Most of Brazilian production supplies the domestic market, even though the country is "a world reference in beachwear, jeans and homewear design, while its fitness and lingerie segments have also grown,"<sup>6</sup> according to Abit.

However, recession in Brazil has also affected the textiles supply chain. Between 2009 and 2018, the number of jobs dropped by 18.6%, which places it in the second position in terms of job losses in the manufacturing industry, second only to manufacture of wood products (–21.0%).

The industry's economic performance contrasts with the serious social and environmental challenges it faces.

## INDUSTRY ORGANIZATION AND SUSTAINABILITY

By and large, the textile industry is organized into three major stages: 1) raw material production (synthetic and natural textile fibres); 2) processing of raw material into yarns, fabrics/meshes; printing and dyeing; garment and haberdashery manufacturing; 3) and finally, marketing the final product. In addition to these three stages, the fashion industry also includes initial product development during which its core characteristics are defined, and preparation for raw material processing.

The garment industry has a very fragmented supply chain. It includes intermediaries that end up subcontracting and outsourcing manufacturing to countless micro-enterprises, individual producers or small companies. These often family-based workshops operate at people's homes or in places with inadequate working conditions, relying on informal labour to fulfil their supply contracts.

Informal workers are paid on a piece-rate basis, which forces them to face long working hours to earn what does not always amount to living wages. In addition, all production costs such as machinery, electricity and rent are transferred to the contracted workshop.

Brazil's garment industry has not always been organized that way. The current model is a result of changes that began in the 1990s, when Asian products with lower prices started entering the market in larger volumes, product turnover increased, and the pace of production intensified. As a result, many Brazilian manufacturers had to reduce production costs to ensure the survival of their businesses in the face of high competition.

As in the labour-intensive garment production substage, the price paid for the work performed is decisive for the product's final price. Therefore, these manufacturing stages have been outsourced to small workshops where working conditions are poor<sup>7</sup> and in some cases characterize modern slavery.

Not by chance, a survey commissioned by the Brazilian Association of Textile Retail Industries (ABVTEX) points out that 41% of consumers have heard of forced labour in textile and fashion manufacturing or retail industries; 38% have heard of labour exploitation, poor working conditions and low wages; 31% know about exploitation of migrants and refugees; and 28% are aware of child labour in the industry.

The current model, known as fast fashion, demands streamlined production with large amounts and variety of products for different genders and ages – from multiple current fashion refe-

rences and sold at affordable prices. While these factors impose an intense rhythm to garment manufacturing, with low pay and poor working conditions, they also generate a huge amount of solid waste – most of which ends up in landfills or is incinerated.

As for environmental problems, the textile and garment segment is the second most polluting industry, only behind oil. Cotton plantations<sup>8</sup>, – the main fibre in the fashion industry – use large amounts of water, fertilizers and agrochemicals. In Brazil, for example, cotton ranks fourth in agrochemicals, especially glyphosate and acephate, which have high carcinogenic potential.

"It is estimated that an average of 28 litres of pesticides are applied per hectare of cotton plantation, which corresponds to about 42% of its production costs. Crops such as soybeans, rice and corn consume 12 L/ha, 10 L/ha and 6 L/ha, respectively," points out

the report *Fashion Threads: a Systemic Perspective for Circularity*,<sup>9</sup> prepared by Modifica in partnership with the Getúlio Vargas Foundation's (FGV) Centre for Sustainability Studies and consultancy firm Regenerate Fashion.

In addition to cotton, other fabrics widely used by the fashion industry include polyester and viscose. The former is produced from oil and has a greater impact on climate change. On the other hand, because viscose comes from cellulose, it requires as much water as energy, since it is a mixed fibre. In addition, "about 30% of viscose comes from trees in native and threatened forests, including the Amazon, which endangers not only the native natural ecosystem but also ethnic groups living in those areas," thus increasing the risks of conflict over land and rural violence,<sup>10</sup> the study points out.

#### Qualitative ranking of cotton, polyester and viscose fibres regarding associated environmental impacts.

	COTTON	POLYESTER	VISCOSE
CLIMATE CHANGE			
WATER CONSUMPTION			
TOXICITY			
LAND USE			
ENERGY USE			
KEY:	HIGHER	MEDIUM	LOWER

Source: Prepared by the authors



As a result of the several problems that accrue and unfold along the textile and fashion supply chain, the current production model has been challenged by both consumers and social and environmental organizations, unions and enforcement agencies, thus threatening the industry's sustainability. Pressure by these groups and the economic impacts resulting from the brand's association with cases of labour, human rights and environmental violations has increased the number of companies concerned with sustainable production. However, that number is still very low compared to the size of the industry.

## THE COVID-19 PANDEMIC AND THE INDUSTRY

In 2020, the textile and garment industry was severely affected by the Covid-19 pandemic. According to data from IBGE and the Department of Labour's General Register of Employed and Unemployed Workers, textile production fell by 9% over 2019. Clothing manufacturing, in turn, fell by 24%, while retail dropped 21%. In the first half of the year, the industry lost

70,900 formal jobs. In late 2020, however, it managed to recover almost half of them, closing the year with 39,000 jobs lost.

As a result, the trade balance was also affected: a 13% drop in textiles and clothing manufacturing and 7.4% in exports of textile products, clothing and footwear. Clothing imports, in turn, fell by 25.73%. According to the Cielo Broad Retail index, Brazil's retail industry shrank by 56% from March to August.

### Textile industry production

Values (R\$ billion)	2018	2019	2020
Production <sup>11</sup>	195.1	205.2	173.4
Revenues <sup>12</sup>	244.3	247.2	200.6

(Source: Inteligência de Mercado – IEMI/2020<sup>13</sup>)

Furthermore, according to the Brazilian Micro and Small Enterprise Support Service (Sebrae), in the three major sectors (commerce, services and manufacturing industry), fashion was the third segment most vulnerable to the coronavirus crisis, only behind traditional retail and construction. If we consider only the manufacturing industry, fashion rises to the second position. In February 2021, 85% of enterprises saw their monthly revenues drop – over 79% in April 2020.<sup>15</sup>

With commercial establishments closed, many companies suddenly suspended their contracts with suppliers. Consequently, the decrease in demand has caused spinning, knitting, weaving and garment workshops to stop operations completely.

Some of the large retailers were able to maintain their contracts, since they are financially stronger – in addition to having social responsibility policies for their suppliers. However, the vast majority of retailers do not have the same financial strength and ended up suspending contracts overnight, even though manufacturing was already underway. Since the garment and textiles supply chain is very fragmented and its final link is quite vulnerable, these negotiations are extremely unbalanced and place excessive burden on one party at the expense of another. Thus, workshops and their employees ended up bearing higher losses, especially the ones employing informal labour.

However, in the face of the new scenario imposed by the pandemic,

some initiatives were put into practice to encourage production and help companies and workers to survive. The main initiative was conversion of workshops so they would manufacture personal protective equipment such as fabric masks, aprons, gloves, foot protectors and caps, among others. An example is the Mask for All<sup>16</sup> program promoted by the Centre for Management of the Textile and Garment Chain of Pernambuco (NTCPE) and supported by the state government. Pernambuco's textile sector is very important for the state, and many municipalities depend almost exclusively on that industry.

# THE GARMENT HUB OF PERNAMBUCO'S AGRESTE ZONE

**1** The main cities are Caruaru, Santa Cruz do Capibaribe and Toritama, known as the capital of jeans.

**2** At the Sulanca Street Market, which draws thousands of people every year, garment copied from major brands is sold at very low prices.

**3** Most of them are manufactured at peoples' homes, which hampers inspection of working conditions.

**4** Women are usually in charge of manufacturing, which often involves children and adolescents as well.

**5** Prices can be low thanks to high informality, both in manufacturing and sales. These are the two factors that support the expansion of Pernambuco's garment hub.



Brazil's second largest garment manufacturing hub is located in Pernambuco's Mideast Agreste region. Covering 12-15 municipalities, it is a cluster of 15,000 to 18,000 micro and small textile enterprises, in addition to commercial initiatives, many of which are family-based and informal. According to Agreste Tex,<sup>17</sup> the garment hub of Pernambuco's agreste accounts for 15% of Brazil's clothing production, provides about 140,000 direct and indirect jobs, and is worth R\$ 6 billion per year.

Encouraged by Brazil's Superintendency for the Development of the Northeast (Sudene) in the late 1970s, industries were initially established in Santa Cruz do Capibaribe, then in Toritama and then in Caruaru, drawn by the low cost of labour. Since local conditions for agriculture were poor, the new activity provided an alternative of survival to the region's population. The pieces sold at street markets used to be made out of fabric scraps from garment industries in Recife and São Paulo and are called *sulanca* (*sul* [Portuguese for south] + *helanca*, a type of fabric produced in southern Brazil), which could be sold at popular prices. Sales took place on the streets, and the low price of the pieces ended up drawing an increasing number of locals, as well as people from other parts of the country willing to make some money by selling them in their hometowns.

Data provided by IBGE indicate that economic dynamism drove migration to the region's towns, especially Caruaru, Toritama and Santa Cruz do Capibaribe – the main textile producers. According to the Brazilian Micro and Small Enterprise Support Service in Pernambuco (Sebrae/PE), while the country's population increased by 42% between 1991 and 2018, Caruaru grew 67.6%.<sup>18</sup> In turn, Toritama had a 102.7% increase in its population<sup>19</sup> in 2000-2017.

In addition, between 2000 and 2010, the region's GDP grew 2.2 times faster than that of the country and 2.4 times faster than the Northeast region and Pernambuco state. In 2010, Santa Cruz do Capibaribe, Toritama and Caruaru had the lowest percentages of people with per capita household income below half a minimum wage in the central and northern Agreste region – 32.72%, 34.54% and 35.1%, respectively. The manufacturing industry saw the highest growth rates between 2002 and 2015, with garment as the largest employer: it provided 11,793 formal jobs in 2016.

Today, it is estimated that the region manufactures 43,000 tonnes of textiles per year and 225 million pieces of clothing. The products are mainly sold to individual and street market vendors and wholesalers mainly from Brazil's Northeast and North regions. Official data released by the Ministry of Economy confirm that exports are practically non-existent at the garment hub – they were worth less than US\$ 240,000 in 2019.

The pieces are predominantly low-cost copies of major brands. In recent years, however, new companies are developing their own brands and products to establish higher quality fashion trends at prices more affordable than major brands.

Despite the substantial economic development driven by the sector, companies in the garment hub still operate on high levels of informality. According to another study carried out by Sebrae/PE,<sup>20</sup> in 2013, 80% of the production units were informal and therefore had no formal employees. Informality was even higher at workshops or – as the study calls them – complementary companies.

Data provided by Sebrae also pointed to a significant increase in for-

malization between 2002 and 2012. However, in recent interviews conducted by Repórter Brasil, several actors operating at the garment hub expressed their perception of increasing informality in recent years, mainly due to Brazil's economic crisis.

According to the Decent Work SmartLab of the International Labour Organization (ILO) and the Public Prosecution Service (MPT), informality rates were 23.9% in Caruaru and 39.8% in Santa Cruz do Capibaribe, while they reached 57.3% in Toritama (2010 date). In 2018, more than 134,700 people from these municipalities received money from the federal welfare program known as Bolsa Família. Data from the 2019 Annual List of Social Information (RAIS) point out that the figures on formally established companies and formal employment contracts in the region are also the highest in the state. Of the 4,087 textile and clothing companies registered on Brazil's National Corporations' Register (CNPJ) in the state, 3,239 are in the Agreste area, or 79.25%. Among the 23,955 workers hired under Brazil's Consolidation of Labour Laws (CLT) regime, 16,458 or 68.7% are there. The municipalities of Caruaru, Santa Cruz do Capibaribe and Toritama stand out as the main producers in the region.

### Number of workers hired under CLT

City	Garment and footwear manufacturing	Women	Men	Textiles manufacturing	Women	Men	Total
Caruaru	5,099	3,052	2,047	1,559	249	702	6,658
Santa Cruz do Capibaribe	4,263	1,853	2,410	258	32	226	4,521
Toritama	1,283	442	841	706	54	652	1,989
Taquaritinga do Norte	738	281	457	71	30	41	809
Surubim	550	307	243	27	13	14	577
Cupira	221	85	136	104	60	44	325
Riacho das Almas	208	50	158	9		9	217
Brejo da Madre de Deus	156	83	73	12	-	12	168
Altinho	101	83	39	-	-	-	101
Vertentes	54	18	36	72	2	70	126
Total for the area	12,673	6,254	6,440	2,818	440	1,770	15,491
Recife	2,316	1,827	491	359	224	135	2,675
Total for Pernambuco state	18,005	10,269	7,736	5,950	1,624	4,326	23,955

Based on: RAIS 2019 – Ministry of Labour and Welfare

## FURTHER RELEVANT INFORMATION:

**1** Even in the formal market, most textile and garment industries (75.34%) in Pernambuco are micro-enterprises with up to four employees;

**2** Women hold 57% of formal jobs in garment manufacturing; men

hold 72.7% of formal positions in textiles manufacturing.

**3** Only 4.4% of workers in the industry have complete or incomplete higher education. Most (60.7%) have complete secondary education;

**4** The state is the largest jeans manufacturing hub in the country, accounting for 9.5% of the domestic production value, especially Toritama, known as the capital of jeans.



As mentioned above, most of the enterprises are small garment manufacturers that supply individual resellers and street markets in the region. Furthermore, this segment, popularly known as the Sulanca supply chain, concentrates the highest levels of informality in the local production arrangement and a considerable number of registered companies are only a formalized facade for informal operations.

According to Sebrae, two main strategies are used to achieve some sort of 'formal informality.' In one of them, garment manufacturers regularize only their stores in the towns or in shopping centres, with CNPJ numbers and the corresponding state and municipal registrations. The manufacturing part of their operations, however, continues to be carried out without paying taxes or establishing formal work contracts with employees.

The second possibility is when formal manufacturing companies outsource most of their service demands to garment workshops that employ informal labour. This is exactly what happened in the case of slave labour caught in the region in 2013 (it will be discussed below).

According to former NTCPE president Fredi Maia, most production in the garment hub is focused on copies of fashion trends sold at lower prices rather than on developing trends. The entire business model is based on the lowest possible cost, which is only achieved due to labour informality in

the industry, since businesses do not pay workers' benefits and rights or taxes and do not comply with environmental standards. Thus, it is almost impossible to improve the work environment, invest in quality of the production system, and develop the business model, since costs would have to be transferred to prices.

In addition, the culture of informality is very strong in the region, which hinders business sustainability since it demands investments in infrastructure, technical training, machinery modernization, formalization, advertising, and sales channels. The 'entrepreneurial DNA,' as many locals call it, is a source of pride for a large share of the population. The fact that Santa Cruz do Capibaribe was the only municipality in Pernambuco where President Jair Bolsonaro won the two rounds of the presidential election under the motto 'less rights, more jobs' provides an insight into the magnitude of that entrepreneurship culture.

The main argument used to defend informality is the high costs of labour duties, which are incompatible with workshops' monthly revenues. Depending on the number of machines and family members engaged in manufacturing, informal production ends up paying higher wages than regular companies. In addition, even workers in the service industry or in government jobs who have formal contracts end up sewing pieces on the side to increase household income.

Thus, a vicious circle is established in which the region develops – partly for not paying taxes or labour rights and benefits while restricting production of higher quality and added value pieces. Informality also ends up being a strategy to avoid formal employment relations and problems with Labour Courts.

On the other hand, in an attempt to profit as much as possible, workers – mostly women – may subject themselves to 14-hour workdays, since they are paid on a piece-rate basis. This entails working conditions that jeopardize their health and safety and do not allow for paid holidays and retirement contributions. In addition, as a result of the large number of people on the job and the low training required, as well as their low access to essential items and services, rates paid per piece fall below fair values.

In addition to informal workshops, production is often subcontracted and sub-subcontracted to individuals – especially women – who perform all stages at their own homes: sewing, embroidery, cleaning threads and lint, etc. A study conducted by the Federation of Social and Educational Assistance Organisations (FASE) and the C&A Institute points out that 70% of freelance seamstresses earned the minimum wage and 38% were paid 250 reais per month.<sup>21</sup> These women, mostly black mothers, also have to bear production costs such as machinery and electricity.

## THE SEVERAL LABOUR PROBLEMS ASSOCIATED WITH THESE INFORMAL ARRANGEMENTS INCLUDE:

- 1** Loss of benefits related to formal employment contracts such as maternity leave, sickness benefit, Time of Service Fund (FGTS) and unemployment insurance;
- 2** Long working hours to maximize income, since the value paid for piece sewn is low – in several contexts and especially in times of reduced demand such as nowadays;
- 3** Imposition of double workdays – paid work and domestic work – mainly for women;
- 4** Lack of access to personal protective equipment and working conditions that are adequate for workers' health, ergonomics and safety;
- 5** Lack of social security contributions and, consequently, of any prospect of ever retiring;
- 6** Involvement of family members in production activities, including children and adolescents (child labour).



According to Milena Prado, an economist and a technician with the Inter-Union Department of Statistics and Socioeconomic Studies (Dieese), the fact that people do the work at their own homes contributes to keep it invisible and, consequently, devalued, demanding policies aimed at its regularization and social protection, which guarantee adequate conditions for its execution.

In addition, the work is fragmented, and seamstresses remain on the machines for many hours. As a result, they do not engage in political discussions about the world of labour, forms of collective organization, coordination with women's organizations, and contact with municipal departments focused on women's policies.

Furthermore, according to Prado, more than 40% of women in Caruaru

are self-employed and over 80% do not contribute to social security in Santa Cruz do Capibaribe and Toritama.

While informal work performed at home is related to all these problems, it is somehow convenient for female workers in the region because it often allows them to adjust to their double workdays: doing paid sewing work and caring for their homes and families.

Lack of adequate public services in the region, such as day care centres, also restricts the role played by many seamstresses in the supply chain to informal and subcontracted work. However, this does not mean that they do not see formal work as advantageous for the labour rights and income stability it provides.

At the final end of the business chain, the public that buys at markets

– largely formed by the so-called 'bag carriers' – closes the cycle of informality that characterizes all stages in the supply chain, linking clothing manufacture at Pernambuco's garment hub to final consumers.

According to the study carried out by consultancy firm Inteligência de Mercado (IEMI), most (62%) clothing sales at the hub are aimed at people from the so-called income class C. Class B is the second main segment, accounting for 24% of sales.

Working fundamentally with consumers of middle level purchasing power, retailers and middlemen linked to the garment hub's business once again stress that low prices are crucial to keep the local productive arrangement.



## TESTIMONY OF A 'BAG CARRIER':

"I come from Jacaraú, Paraíba. I have a small business at home. I adapted a room to exhibit the products. My customers are people in the neighbourhood. This has been my breadwinner for 15 years.

I only buy clothes here in Caruaru. I come every 15 days, sometimes once a month. Now that sales are slow, I'm coming every two months. I spend an average of R\$ 2,000-3,000 per trip.

We left on Sunday at 2 pm. We arrived here at 7 pm. I come with three or four colleagues in a pickup truck with

a cargo trailer to take the products back. We sleep in the parking lot until the market opens on Monday. The driver puts some mats in the trailer. When there's room for me in there, I lie down. But when a lot of passengers come, I sleep sitting in the car.

Most of my purchases are orders. I bring a shopping list with the items my clients want. I choose products based on price and quality, and I already know some stands that and I always go to, but I don't have a fixed supplier. We'll shop wherever it's cheaper. For

example, if I pay R\$ 45 on a piece, I'll sell it for R\$ 70. But I sell a lot on the cuff and I always risk not getting paid.

The only jobs in my town are with the municipal government. To get them, you either have to pass a public selection process or be hired by some politician. So we have to find alternative ways to make a living."

Source: *"O polo de confecções do agreste. Cadeia produtiva e realidade trabalhista."*  
Repórter Brasil, 2018.

## THE FASHION SUPPLY CHAIN

**1** A small number of companies have been investing in manufacturing, focused on products of higher quality and higher demand in the local and national markets.

**2** Fashion business events are promoted in the region to project brands nationwide

**3** Clothes made by local brands can be found at some major retailers and nationwide e-commerce platforms.

**4** Despite improvements in manufacturing conditions and even internalization of some processes that used to be outsourced, irregularities were

found in services subcontracted by large companies.

**5** The costs of keeping regular employment contracts and high taxes are pointed out as the strongest reasons to outsource production and reduce costs.





## OVERVIEW

In addition to the Sulanca universe, some companies in the Agreste garment hub are starting to look for a distinguished place in the market. They aspire to build fashion brands that are recognized regionally or even nationally, not only for their prices but also for their design and quality.

Through investments in better production processes, this group of compa-

nies wants to add value to production, offering clothes with higher final prices, aimed at consumers with more purchasing power. In addition, they also consider entering new markets and therefore increasing production volume.

The main example among these manufacturers is Santa Cruz do Capibaribe-based company Rota do Mar. Founded in 1996, it is now consolidated among the largest garment industries in the Northeast. The brand is dedicated to men's and women's surf

and streetwear fashion. It sells not only through its own stores in the garment hub region but also through the vast majority of local clothing manufacturers. It also sells via e-commerce, multi-brand stores in Brazil's North and Northeast regions, and a nationwide network of resellers.

*Other manufacturers in the garment hub seeking to follow a similar path include:*

*Scaven* (<https://www.instagram.com/usescaven/?hl=pt-br>)

*Marands* (<http://marands.com.br/>)

*Ekвос* (<http://ekvos.com.br/>)

*Acqualara* (<https://www.instagram.com/acqualara/?hl=pt-br>)

*Red Life* ([https://www.instagram.com/redlife\\_clothing/?hl=pt-br](https://www.instagram.com/redlife_clothing/?hl=pt-br))

*Brytch* (<http://www.brytch.com.br/>)

*Galzoni* (<https://pt-br.facebook.com/galzonijean/>)

*Medida Certa* (<https://www.instagram.com/usemedidacerta/?hl=pt-br>)

*Camboriu* (<http://usecamboriu.com.br/>)

*Joggofi* (<http://www.joggofi.com.br/>)

*Del Hira* (<https://www.delhira.com.br/>)

*Pernambuco Fashion Round business fair*



## PRESENCE IN THE BRAZILIAN MARKET

For 15 years, the Commercial and Business Association of Caruaru (Acic) and Sebrae have held the Pernambuco Fashion Round business fair to promote business opportunities and interaction between buyer companies and exhibitors according to their needs. The event takes place twice a year and is attended by large retailers, attracting hundreds of exhibitors interested in supplying products to this segment and gaining market capillarity nationwide.

This drives companies to invest more and more in improving their production processes to meet higher quality requirements, in addition to complying with labour and environmental regulations.

In 2020, the event was reduced due to the pandemic, but it still reached R\$ 7.2 million in business during its three days.

An indication that the garment hub has been modernizing is the creation of a B2B (business to business) e-commerce platform to keep the market hot during the editions of the fair. The initiative was launched in 2019, but it was also very useful to enable remote participation of exhibitors and buyers in times of social distancing. The expectation was to generate R\$ 40 million in business in the first year.

Repórter Brasil found some examples of brands from the Agreste garment hub that have their clothes sold by leading actors in e-commerce retail fashion:

**1** B2W Group (Submarino, Shop-time and Americanas, among others) – with sales of R\$ 10.5 billion in 2016, it is the largest e-commerce company in Brazil. It sells or has already sold items from Acqualara and Ekwos (both from Santa Cruz do Capibaribe).

**2** Dafiti Group (Dafiti, Tricae and Kanui) – 9th largest e-commerce group operating in Brazil and 2nd largest in clothing. It sells or has sold clothes from Rota do Mar (Santa Cruz) and Scaven (Caruaru).

## LABOUR CONDITIONS AND OUTSOURCING

The need to invest in quality affects the manufacturing organization of brands interested in operating in the ‘fashion supply chain.’ In this scenario, hiring their own labour emerges as an alternative to increase quality control. This means that, in some contexts, there is a tendency to internalize at least some production stages in that specific segment of the hub.

This does not mean that such companies stop outsourcing business stages, including to workshops. Labour rights violations have already been found even in the supply chains of Rota do Mar and Scaven, probably the two most well-known brands in the fledgling Agreste fashion chain.

In 2016, the Public Prosecution Service (MPT) started an investigation about working conditions in Scaven’s supply chain. The agency found a series of irregularities in a workshop linked to the brand.

“FGTS [Time of Service Fund] payments were not deposited correctly, salaries were late. The company was going to shut down and it was not able to pay its debts to employees,” said prosecutor José Adilson Pereira da Costa. “When a company supplies a single customer and that single customer ceases placing orders, it stops producing and ends up closing,” he explained.

An investigation about Rota do Mar’s supply chain, which began in

2014, found similar problems. The Prosecution Service found that the company used to outsource production stages to around 300 people distributed across ten companies.

As a result, both companies – Rota do Mar and Scaven – signed Conduct Adjustment Agreements (TAC) with the Prosecution Service, under which they would hire employees for tasks that used to be outsourced. In the case of Rota do Mar, according to the company itself, more than 400 people have been hired, in addition to the 500 it already employed.

The Conduct Adjustment Agreement was based on Precedent 331 of the Superior Labour Court (TST), which prohibited companies from outsourcing core activities – something that, in Brazil, has always given rise to legal challenges to contracts signed with sewing workshops. This type of obstacle, however, ceased to take effect, first with the approval of the Subcontracting Law by Congress in 2016 and later with the 2017 Labour Reform.

Prosecutor José Adilson Costa told Repórter Brasil that the agency’s monitoring did not indicate any violation of the Agreement and that companies were not willing to reverse their internalization processes even after the labour reform. “Rota do Mar came to me with doubts about that, but they suggested that they didn’t want to turn things back the way they used to be,” he said. Scaven, on the other hand, joined the corporate structure of its suppliers, thus incorporating them into its business group.

According to Costa, companies’ reasons to outsource range from lower taxes to lower production costs. “Companies grow by dividing. It’s cheaper because an organized group of workers will demand their rights. And production often takes place in rural properties, hidden.”

According to Praxágoras Martins, a lawyer with the Union of Tailors,

Seamstresses and Workers in the Garment Industry of Caruaru (Sincrocar), the Labour Reform led formalized companies to turn production over to workshops. For him, competition ends

up being unfair to formal businesses, since small sewing workshops charge a few cents per piece produced. In addition, the end of mandatory union

contribution weakened union's power to inspect and support workers.

## THE INDUSTRY'S VIEW

In a note to Repórter Brasil, Rota do Mar said the Agreement was adjusted, "by means of an Addendum, to the new legal contexts that allow outsourcing within a company's core activity". The company also mentioned that "it constantly invests in quality of life, well-being, training and in improving infrastructure and working conditions

for its employees" and that, "as a principle, it advocates workers' protection and rights" in addition to systematically monitoring enforcement of Labour Laws with all its suppliers.

Repórter Brasil spoke with Scaven by phone. The company stated that it joined the corporate structure of the workshops to ensure their compliance

with labour and tax laws. Currently, the company monitors accounting and tax records of workshops that supply its brand with garment pieces and pays surprise visits to inspect both working conditions and production quality.

## THE ABVTEX CHAIN

**1** Certification programs are important mechanisms for controlling supply chains, but they do not prevent labour violations.

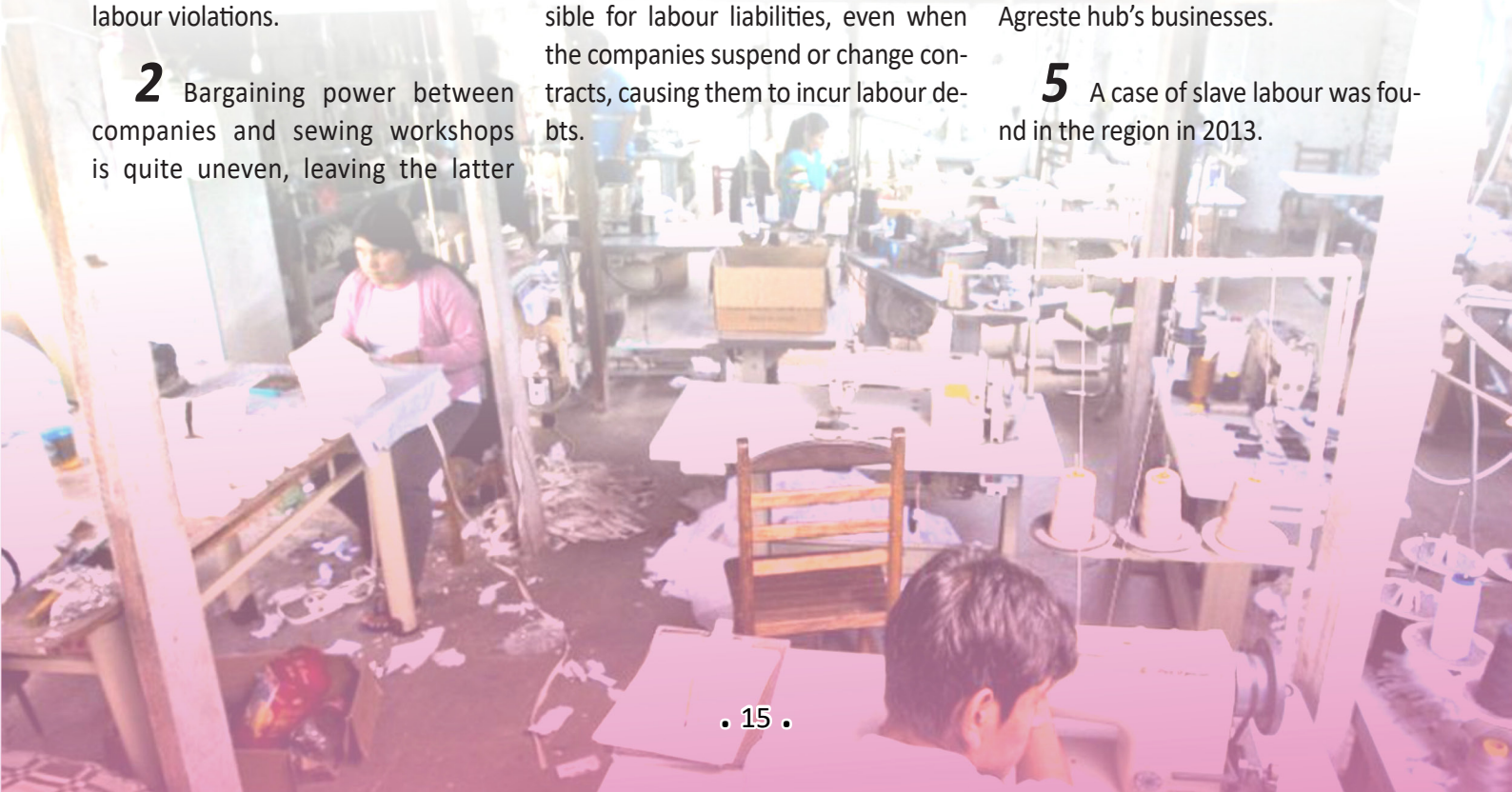
**2** Bargaining power between companies and sewing workshops is quite uneven, leaving the latter

at the mercy of the companies that hire them.

**3** Workshops are usually responsible for labour liabilities, even when the companies suspend or change contracts, causing them to incur labour debts.

**4** Certification costs are high and requirements are incompatible with the financial capacity of most of the Agreste hub's businesses.

**5** A case of slave labour was found in the region in 2013.





## OVERVIEW

The Brazilian Association of Textile Retail Industries (ABVTEX) gathers the largest national and international fashion chains operating in the country – C&A, Calvin Klein, Carrefour, Hering, Dafiti Group, Forever 21, GEP, GPA, InBrands, Leader, Loungerie, M5, Marisa, Netshoes, Pernambucanas, Renner, Reserva, Restoque, Riachuelo, Soma, Via Veneto, Walmart, Zara and Zelo. Members' sales account for approximately 25% of the Brazilian market.

Eighty-seven brands, including ABVTEX members and other nationwide companies, are now part of the association's certification program. By joining the program, retailers undertake

to monitor 100% of their supply chains and purchase only products from companies approved by audits.

Therefore, it is reasonable to assume that the establishment of the ABVTEX system in certain producer regions, such as the Agreste garment hub, may lead to increasing formalization and more labour regulation in supply chains.

## LABOUR PROBLEMS

ABVTEX's certification, however, does not eliminate the risks of labour and human rights violations. On two different occasions, inspectors from the former Ministry of Labour<sup>22</sup> found immigrant workers in São Paulo subjected

to modern slavery in ABVTEX-certified sewing workshops. The cases involved the supply chains of Renner and Hippy-chick Moda Infantil.

In addition to slave labour, certified suppliers of major brands also face other types of labour problems – to a large extent, linked to the questionable economic sustainability of the productive arrangements of which they are part. Dependent on the companies that hire them, many service providers go bankrupt and leave labour liabilities when the business relationship is interrupted.

A report published by Repórter Brasil in 2015 about the garment hub located in Rio Grande do Norte's (RN) hinterland known as sertão provides an insight into this reality:

## WORKSHOP OWNERS TAKE LOANS TO PAY LABOUR RIGHTS

*By André Campos, from Seridó, Rio Grande do Norte | December 22, 2015*

Forced to meet goals and deadlines dictated by larger companies, workshop owners incur debts and end up shutting down – often without paying workers.

A few weeks before Christmas, Repórter Brasil visited the Seridó area and talked to seven workshop owners – all suppliers of Hering or Riachuelo. Three of them reported having taken or being about to take bank loans to pay their employees' 13th salary. "This year we are struggling not to have losses," says one of them, who has already laid off some employees and asked not to have his name disclosed. The difficulties, he says, are due to the fact that Hering – his only customer – has reduced the

number of pieces commissioned to his sewing workshop by 25%.

In November, an inspection operation conducted by the Public Prosecution Service (MPT) already saw signs of crisis in the industry. On a note, the agency said that the owners of these workshops reported financial difficulties to pay wages, 13th salary and vacations, "since the price of the pieces established by companies has not been covering operating costs."

Created to supply few customers, sewing workshops in Seridó end up hostages to this situation: they have little power to bargain prices, are subject to sudden variations in demand and their business relationship with retailers can be unilaterally terminated

overnight. When this happens, most of them shut down without having cash to pay wages and severance payments. The result, in Rio Grande do Norte and other Brazilian states, is a large number of lawsuits against workshops that went bankrupt and left a trail of labour liabilities.

"A sewing workshop is a business that you own but you don't rule," Janúncio Nóbrega jokes. He owns two workshops in Jardim do Seridó (RN). He is also treasurer of the Seridó Workshops' Association, with 26 members. "You produce what the partner company wants, they usually set the prices, and you give holidays [to your employees] when the big company [the customer] gives it to their employees."

Such lack of autonomy is one of the reasons for many labour prosecutors and inspectors to question the legality of outsourcing in the industry – since, in practice, the ‘owners’ of

those workshops would be the contracting companies, and the seamstresses would be their employees. Therefore, creating a subcontracted company is just a way to reduce la-

bour costs and circumvent responsibilities over workers.

## PRESENCE OF ABV- TEX IN THE AGRESTE GARMENT HUB

Currently, about 3,500 direct and indirect garment suppliers in Brazil – clothing manufacturers, subcontracted workshops, laundries, etc. – are members of the ABVTEX certification program. Only a very small share – about 7 companies or 0.2% – are established in Pernambuco’s Agreste garment hub.

In October 2017, in partnership with business associations and the local government, ABVTEX started a training program to include new companies in its certification so that local enterprises can conduct easier negotiations with Brazil’s main retail chains.

According to ABVTEX executive director Edmundo Lima, imported products do not exceed 30% of the clothes that large retailers offer in their stores. “Seventy percent are national. Major companies focus on fast fashion, so manufacturing has to be very close to consumption. And that’s why most of them have always source from domestic production,” he said at the launch of ABVTEX’s training program in the region. “In this search for new suppliers, the Northeast region is highly competitive.”

However, there are several obstacles to expanding certification at the garment hub. One of them is the costs of complying with labour standards. Another one is the cost of audits themselves, which are paid by garment manufacturers interested in obtaining the certificate.

In addition, potentially interested manufacturers also point out obstacles imposed by local governments – such as difficulties in obtaining environmental licenses and fire department operational permits, etc.

Another challenge faced by clothing manufacturers interested in participating in the “ABVTEX system” is the need to increase production volume. This requires hiring more employees and, consequently, increasing revenue to cover costs. Such a scenario increases employers’ economic vulnerability in contexts in which loss of customers disrupts their business.

“Big retailers are looking for suppliers that want to grow with them. That’s extremely important. When you are part of a global value chain or the chains of these large retailers, it’s always important to change your company’s culture. They will be demanding, sometimes it’ll scare you. But they expect you to want to grow,” Edmundo Lima told garment manufacturers in Pernambuco.

“[If] you reach a certain level and say: ‘Now I’m OK and I don’t want to keep growing because I’m going to have more problems, more headaches’ – this, for a large retailer, is not a good business relationship,” he adds.

## MARISA SUPPLIERS

Repórter Brasil identified only two major retail chains – Marisa and Pernambucanas – that still have networks of manufacturers at the hub. Marisa has nine direct suppliers, five of which also supply Pernambucanas. While Marisa requires ABVTEX certification from its suppliers, three of them were not found in the organization’s list of suppliers and subcontractors.

Marisa, however, has had other suppliers in the region. Repórter Brasil found two cases of workshops that, between 2016 and 2017, began to face serious financial crises when the retail chain terminated its business relationship with them.

As a consequence, they stopped paying salaries, severance fees and other labour rights. Dozens of workers had to go to the courts to get unemployment insurance and compensation for unpaid rights and wages.



## CASE 1:

### S2 CONFECÇÕES E FACÇÕES LTDA

In August 2017, the Union of Garment Industry Workers of Caruaru (Sincrocar) managed to seize the company's assets in a Labour Court to guarantee payments of labour debts. The union claimed that the company had ended its activities without paying severance fees, in addition to leaving several employees with unpaid salaries.

In individual lawsuits filed by former employees, Marisa was also sued for joint and several liability. The lawsuits alleged that the company was created with the sole purpose of supplying the retailer, which was its only customer.

The lawsuits argue that S2 Confecções e Facções shut down in April 2017, and that it had started to delay salary payments in previous months. In addition to wage debts and unpaid severance fees, other irregularities pointed out in the lawsuits include unpaid social security and FGTS benefits, as well as accrued vacations.

In order to pay off its debts, the company signed deals with more than a dozen employees but failed to keep them and is currently facing lawsuits demanding that partners' assets be seized.

## CASE 2: EVIDENCE

### INDÚSTRIA DE CONFECÇÕES LTDA

The scenario is very similar. Starting in 2017 as well, several employees went to the courts, claiming overdue wages, lack of social security and FGTS deposits, unpaid severance fees and several other issues. Although the company shut down and laid off its employees, some of them did not even have their dismissals formally registered. They had to request indirect termination of their contracts in a Labour Court in order to receive unemployment insurance.

Note that, in most cases, workers did not receive any payment as a result of lawsuits. "In many of these legal procedures, the deals don't even provide for compensation in cash. The boss gives a sewing machine to pay off the debt. Some workers sell it, others start sewing at home. In other words, they go back to informality," says Adlaianny Cristina da Silva, a lawyer for some of Evidence's former employees.

Repórter Brasil spoke with the owner of a garment company with a history of supplying to Marisa in the region. Among the problems in their relationship with the retailer that end up inducing violation of labour rights, he highlights: 1) the small profit margin per piece, which does not allow building working capital to deal with the loss of the single customer; 2) lack of long, medium or even short-term contracts – the retail chain can basically stop ordering whenever it wants, leaving the manufacturer unable to afford even employees' dismissal; 3) fines for late deliveries, which induce the manufacturer to operate in working hours beyond the legal limit.

In addition to workers' lawsuits against Marisa's suppliers, the company has also been the target of two civil investigations filed by the Pernambuco Labour Prosecution Service in 2013 and 2015. The first one was triggered by a series of inspections by the Ministry of Labour that found the following health and safety violations in suppliers at the Agreste hub:

**1** Keeping machinery operating in disagreement with safety rules; machine maintenance performed by non-accredited people; lack of machinery inventory; lack of safety systems in machine danger zones;

**2** Lack of control of employees' working hours; lack of adequate seats for workers; failing to conduct ergonomic analysis of the work environment; failing to assess exposure to environmental risks; people illegally standing up at work; inadequate lighting at the workplace; lack of towels at restrooms; lack of tidy and clean bathrooms;

**3** Irregularities on the factory's floor; failing to use appropriate technical means to limit or facilitate manual transport of heavy loads; lack of emergency exits, doors and appropriate stairways at the factory; failing to assess exposure to environmental risks.

The investigation was closed after it was found that the problems had been resolved by some suppliers while others had signed agreements with the Prosecution Service, anticipating solutions to the problems.

The 2015 investigation looked into potentially illegal subcontracting in the retailer's supply chain. It was also closed after an agreement was signed in which Marisa undertook to monitor labour conditions at suppliers and subcontractors.

## THE INDUSTRY'S VIEW

To Repórter Brasil, Marisa stated that the investigations were closed because no irregularities have been found and that “it has had a Supplier Audit Program in place since 2010 that

covers its entire supply chain, involving both suppliers and subcontractors. The program checks criteria and legislation involving environmental, labour, and safety issues, as well as le-

gal framework.” In addition, the company stated that, as an ABVTEX signatory, its supply chain is 100% certified.





## A CASE OF SLAVE LABOUR

### *The Mod'Griff case* <sup>23</sup>

The official records of the former Ministry of Labour show that the vast majority of cases of slave labour in garment manufacturing occurred in the city of São Paulo, at outsourced sewing workshops that employed mainly South American immigrants. There are, however, two cases that did not take

place in São Paulo. One of them occurred in 2020 in Maracanaú, in the metropolitan area of Fortaleza. The other one took place in 2013, in the Agreste garment hub.

In March 2013, seven people were rescued from slavery while producing clothes for the Mod'Griff brand, based

in Toritama (PE) and specialized in jeans. The people rescued – all informal workers – used to work in a home-based workshop located in Santa Maria do Cambucá (PE), near Toritama.



*Workshop linked to Mod'Griff, where the workers freed were found (Photo: Ministry of Labour)*

Labour inspectors found several irregularities at the scene. Workers were not provided with protective equipment; the electrical network was precarious and ungrounded, posing serious risk of fire; in addition, the machinery used did not comply with

several health and safety standards. As a result, the inspectors interdicted the workshop.

Furthermore, workers were paid below the minimum wage. They received only R\$ 480 per month on average – only 74% of the minimum wage at

the time – and were paid on a piece-rate basis.

The then Ministry of Labour considered that the working conditions hurt workers' dignity and were characterized as degrading – one of the elements



of slave-like labour according to Brazilian law.

The inspection considered that, in practice, the workers were structurally subordinated to the company that owns the Mod'Griff brand. As a result, the latter was considered their true employer and was held accountable for their situation. The company Vilma Figueiredo da Silva ME, owner of the Mod'Griff brand, was included in the

'dirty list' of slave labour in January 2014. It is no longer on that list.

According to the State Labour and Employment Superintendence in Pernambuco (SRTE/PE), which coordinated the inspection, almost all production stages were carried out by sub-contracted workshops. They worked exclusively for the company that owns the brand. In total, there were 12 supplier workshops, of which only one

had other customers. They had no formal contract with the workshops and no service invoice was issued either.

In addition to sewing, Mod'Griff also outsourced the cutting of clothing pieces. Only laundering was done by a company belonging to the same family group that controls the brand.

## BUSINESS CHAIN

Mod'Griff remains active in Toritama. Like most local companies, it sells its products at street markets in the Agreste area. It has a store in Torita-

ma's Market Park as well as stands at the Caruaru Market and Santa Cruz do Capibaribe's Moda Centre, and a street store in Caruaru. It also ships wholesa-

le – 30 pieces or more – to all of Brazil.<sup>24</sup> In 2018, the industry promoted a fashion show with its collection at Toritama's Jeans Festival.<sup>25</sup>



*Instagram reproduction from Mod'Griff*

<https://www.instagram.com/p/BxFLPH3FyoD/>

## THE INDUSTRY'S VIEW

Despite repeated attempts to contact Mod'Griff through all the channels publicized by the company (e-mail,

phone and social media), Repórter Brasil could not get a reply about their stance on the case. If the company co-

mes forward, this publication will be updated.

## THE COVID-19 PANDEMIC AT THE AGRESTE GARMENT HUB

The street markets at Pernambuco's Agreste garment hub, known as the Sulanca Market (Caruaru), Jeans Market (Toritama) and Moda Center Santa Cruz, were closed for five months, from March to August 2020, due to the Covid-19 pandemic. Commercial activities and production were suspended right before the months of highest circulation and sales for the sector, when around 150,000 people circulate at local markets per week. In 2021, the state government resumed restrictive measures to contain the spread of Covid-19 and the markets closed or limited their operations again.

In Santa Cruz do Capibaribe and Toritama, almost the entire population depends on the garment industry or the street markets. To make matters worse, the cash flow cycle of these micro-entrepreneurs is weekly, that is, as soon as the money enters the stand or small shop, it is used for subsistence. Women, who make up most of informal workers, were hit hardest during the pandemic and could not maintain their livelihoods or leave their homes.

According to a Sebrae study,<sup>26</sup> there are 22,025 small businesses in more vulnerable conditions in Caruaru, of which 10,207 belong to the retail and fashion segment (46.34%) and 13,162 are individual micro-entrepreneurs (59.76%). In Santa Cruz do Capibaribe, 81.1% of the most vulnerable small businesses belong to the fashion and retail sector. The situation is even worse in Toritama, where 2,249 of the 3,005 most vulnerable small enterprises be-

long to the fashion segment and 280 are traditional retail businesses, totalling 86.16%.

Another reason for concern is that 98% of the companies in the state's clothing sector are micro or small enterprises. With no financial capacity to endure long idle periods, many were unable to avoid layoffs and/or ended up shutting down. By May 2020, 100 formal companies had closed their doors.<sup>27</sup> Informal workers, on the other hand, had to sell their machines and resort to other activities.

To avoid further damage to local companies, the Centre for Management of the Textile and Garment Chain of Pernambuco (NTCPE) launched the Mask for All program. The initiative, which has the support of the state government, involves more than 100 micro and small enterprises in manufacturing personal equipment for protection against the coronavirus. For this, technical manuals were developed to guide companies in making masks and a conformity label to guarantee standard production. Technology transfer, training and education, as well as financing lines were also offered to the companies, allowing them to maintain jobs and activities.

In all, at least 10 million pieces of PPE were produced during the pandemic, involving more than 2,000 workers from the garment hub. Other initiatives have also been put in place to protect clothing workers, especially women.

As important members of the supply chain, informal seamstresses suffered the most during the pandemic. Some of them, in addition to losing income from sales at markets and production at workshops, were unable to access emergency aid, as they were not registered on social program platforms or because they were not eligible to receive the benefit. This, added to the

few municipal funds and the increase in spending on the health sector, also impacted welfare policies, increasing these women's vulnerability.

## FASHION VOICES

One of these initiatives takes place under the Fashion Voices project, which seeks to assess working conditions in the fashion and clothing industry in Pernambuco's Agreste zone, in addition to assessing how public and corporate policies can improve working conditions.

Initially, training and discussions were held on gender relations, working conditions and their positions in the world of labour, on social protection and the labour rights that the activity provides. Then the project sought to build collective actions to improve working conditions. With the pandemic, it was able to donate a monthly amount to help these women with their income. In addition, it promoted collective organization of kits including soap, masks and other personal protective items that they could sell to supplement their income.

The project seeks to bring together multiple actors such as businessmen, government, workers in the garment manufacture sector of Pernambuco's Agreste zone to discuss working conditions and promote sustainable development in the sector. It is carried out in partnership with Instituto Ethos, Repórter Brasil and Dieese, and has institutional support from the Laudes Foundation. Inpacto – the Institute for the National Pact to Eradicate Slave Labor – also took part in the first stage of the project.



# FINAL REMARKS

Despite the economic importance of the garment and textile sector, profits are unevenly distributed throughout the supply chain. Workers are the most exploited link, and they are mostly female informal workers who sew pieces and finish products.

Production is often outsourced to workshops that operate in homes and in conditions that endanger workers' health and safety. They work long hours to increase their income, since they are paid on a piece-rate basis. In addition, the work often involves other family members such as children and adolescents to help fulfil the supply contract.

As a result of the high number of workers in these conditions, prices of sewn pieces are dictated by contracting companies, virtually nullifying any possibility of negotiation between the parties and drastically reducing the prices paid on a piece-rate basis. In addition, the fact that it is a fragmented and home-based job prevents female

workers' engagement in associations and collective organizations to discuss working conditions, guarantee fair prices for their work, and demand labour rights and social protection.

The 2017 Labour Reform, which approved outsourcing of companies' core activities, helped to legalize rights violations, increase job insecurity and weaken inspections. However, informality and the low value and quality of the pieces prevent investing in improving the production system, training employees and developing fashion trends while sustaining the economic movement of the garment hub. This is because the strongest attraction is the low prices and the great variety of pieces, even though they are copies of major brands.

Companies are investing more and more in their own collections, seeking to enter consumer markets with higher purchasing power and greater capillarity throughout the country. Most of their workers are formally

hired, partly because large retailers have demanded formalization of labour relations and compliance with legislation, including registration of hours worked, rest breaks, paid vacations, among other rights. On the other hand, companies located at the top of the supply chain end up benefiting from subcontracting and sub-subcontracting in the sector, since they increase their profit margins with the low prices paid for the products.

Therefore, certifications such as the ABVTEX label are important to strengthen transparency and safety both for companies and workers, but they do not guarantee that companies' own monitoring and social responsibility policies are enough to avoid labour violations, since, as we have seen, irregularities have been found at certified companies. In addition, the high costs of meeting certification requirements prevent more companies from joining the program.



*Sulanca Street Market*

# RECOMMENDATIONS

## GOVERNMENT

- Supporting technical training of small and micro-entrepreneurs; facilitating access to credit; encouraging formalization to improve the quality of work; and fair and simplified tax reform;
- Increasing the offer and quality of public services aimed mainly at supporting the inclusion of women in the labour market and promoting opportunities for children, adolescents and young people, such as day-care centres, schools and cultural activities;
- Strengthening labour and environmental inspections and creating laws that protect workers in large supply chains while holding top companies accountable; investing in infrastructure, diversifying economic activity and promoting dialogues with business leaders, workers, unions and civil society to find joint solutions.

## COMPANIES

- Monitoring the supply chain; demanding responsibility from its suppliers, with payment of decent wages and a fair price for pieces;
- Maintaining adequate working conditions and complying with labour and environmental laws;
- Transparency to the public about its suppliers and monitoring mechanisms.

## UNIONS AND SOCIAL ORGANIZATIONS AND INDUSTRY ASSOCIATIONS

- Creating projects that can contribute technically and financially so that workers get out of precarious situations and migrate to better working conditions with a perspective of social security contribution;
- Strengthening sustainable fashion capable of promoting gender justice, social equality, better living and working conditions;
- Promoting dialogue between the public and private sectors and workers to build collective paths to achieve sustainability in the industry.





Sulanca Street Market

# NOTES

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**20** Sebrae: “Estudo Econômico do APL de Confeções do Agreste” : <http://www.sebrae.com.br/Sebrae/Portal%20Sebrae/Anexos/Estudo%20Economico%20do%20APL%20de%20Confeccoes%20do%20Agreste%20-%202007%20de%20MAIO%202013%20%20docx.pdf>

**21** “As condições de vida e trabalho das mulheres inseridas no setor de confecções em Pernambuco e no Rio de Janeiro” – Federação de Órgãos para Assistência Social e Educacional (FASE) and Instituto C&A

**22** The former Ministry of Labour was dissolved during the administration of President Jair Bolsonaro, with its duties divided between the Ministry of Economy (where the Department of Labor was created) and the Ministry of Citizenship.

**23** Information retrieved from the Ministry of Labour inspection report.

**24** <https://www.instagram.com/modgriffjeans/?hl=pt-br>

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