

Joint statement in support of former Violet Apparel workers in Cambodia

20 July 2023

We, the undersigned labour and human rights organisations, call on the Ramatex Group and its main business partner, Nike, to immediately provide full legally owed terminal compensation to the 1,284 workers who were terminated in June 2020 when the Violet Apparel factory in Phnom Penh, Cambodia closed.

Workers have been struggling to make their [voices](#) heard for nearly three years, and the mostly female workforce, many of whom worked at the factory for over a decade, have suffered significant hardship due to the inaction of Ramatex and the failure of Nike and other Ramatex buyers to address these rights abuses.

Ramatex, a textile and manufacturing giant, with an estimated annual revenue over US\$265 million in 2020, has refused to pay Violet Apparel workers an estimated US\$1.4 million on the basis of a problematic decision by Cambodia's Arbitration Council. In November 2020, the Arbitration Council claimed a "lack of jurisdiction" and declined to rule on workers' demand for compensation in lieu of prior notice when factory management informed them of their dismissal with less than 24 hours' notice.

Cambodia's Arbitration Council is the country's only labor-specific alternative dispute settlement body. Recent Human Right Watch research found that the Arbitration Council's fairness and independence from the Ministry of Labour and Vocational Training has been increasingly compromised.

Human Rights Watch [cited](#) the outcome of the Violet Apparel case to demonstrate that the "politically compromised Arbitration Council" can no longer be relied upon to render independent or impartial decisions in labour disputes in line with Cambodian law. Reinforcing this, the Worker Rights Consortium (WRC) published a [report](#) of its investigation into the matter, detailing how the erroneous ruling of the Arbitration Council reflects the worsening human and labour rights situation in Cambodia - a shrinking civil society space and an institutional loss of independence that has denied workers both a fair hearing and meaningful redress.

Nike itself repeatedly raised concerns in [2018](#) and [2019](#) directly with the Cambodian Labour Minister about the diminishing independence of the Arbitration Council and threats to labour rights in the country, together other brands including adidas, Levi's, PVH, Puma, New Balance Under Armour, and VF Corp. In 2020, the European Union [withdrew](#) trade preferences, partly due to these issues.

On the two elements of severance legally owed to Violet Apparel's workers, the Worker Rights Consortium found the decision to be "legally invalid" for the following reasons:

- a) On the issue of Ramatex's failure to provide workers with compensation in lieu of prior notice of termination, the Arbitration Council broke with two decades of jurisprudence by declining to make any decision on the issue. It cited a lack of jurisdiction which is legally indefensible, as the Arbitration Council has clear jurisdiction under Cambodian labour law to adjudicate collective disputes.
- b) On the issue of damages for dismissal, a critical element of the overall terminal compensation legally owed to workers, the Arbitration Council accepted without scrutiny Ramatex's contention that it had a legally valid need to dismiss workers due to the alleged loss of orders from European buyers, even though a basic examination of the facts reveal that no such reason existed. The Arbitration Council failed to call upon readily available evidence that Ramatex, during the same period it was closing Violet Apparel: hired 1,373 new workers at its other factories in the country, *more* than the number fired at Violet Apparel; required thousands of workers at its other Cambodian factories to perform overtime, and; actually *rejected* orders from at least one European buyer, Matalan, which no longer has a business relationship with the Ramatex Group. Moreover, Ramatex's key buyers, Nike, Fast Retailing (Uniqlo), and Under Armour are all based outside of Europe.

Workers at Violet Apparel were producing for Matalan and Nike, and the latter has claimed that it had no knowledge of its products being subcontracted to the factory by another Ramatex-owned factory in Phnom Penh, Olive Apparel. Workers have consistently testified to regularly making Nike products for years and collected documentary and photographic evidence showing the presence of Nike goods on production lines until at least December 2019. Nike itself lists Violet Apparel on its supplier list *after* 2006, the year it says it stopped sourcing from the factory. Today, Nike sources from 14 Ramatex owned factories globally, including all three Ramatex factories in Phnom Penh.

Unauthorised subcontracting is a well-established risk in the garment industry and, per the [OECD Guidance for Responsible Supply Chains in the Garment & Footwear Sector](#), requires additional due diligence measures to prevent this in accordance with brand codes of conducts. Where unauthorised subcontracting occurs, brands cannot wash their hands of labour abuses, rather, they have a responsibility to remediate harms.

There are many examples of unauthorised production for international brands where brands nonetheless ensured that workers were remediated for rights abuses in full, such as [Tesco](#), [Starbucks](#), [Disney and NBCUniversal](#) in Thailand, [Walmart and H&M](#) in Cambodia, and [Inditex \(Zara\) and New Look](#) in Bangladesh. There are also multiple recent examples of brands such as [PVH \(Calvin Klein, Tommy Hilfiger\)](#) and [Victoria's Secret](#) taking direct responsibility to remediate wage theft in full. In all these cases, brands either sourced very small volumes, or had no ongoing relationship with the supplier factory or its parent company – all in stark contrast with this case of Nike and Violet Apparel.

Nike's persistent failure to exercise its considerable leverage with Ramatex to ensure workers receive what they are legally owed goes against its own stated commitments under the [United Nations Guiding Principles on Business and Human Rights](#) and the [OECD Guidelines for Multinational Enterprises](#).

Ramatex and Nike have had a significant and continuous business relationship since at least 2005, with Nike consistently sourcing from more than ten (and up to 16) Ramatex factories globally for almost two decades as its main buyer.

This is compounded by another outstanding [case](#) in which the Worker Rights Consortium found that more than US\$800,000 in unpaid legally owed wages in Nike's supply chain, when 3,360 workers were furloughed in 2020 without receiving partial wages at Hong Seng Knitting in Thailand. Nike said workers *voluntarily* chose to forgo wages despite workers facing intimidation and retaliation by the factory when they filed complaints. Hong Seng Knitting and Ramatex have since jointly opened a factory, Cassia Garment, that supplies Nike.

Nike and other Ramatex buyers are in a position to support the workers in Cambodia who are facing an increasingly repressive environment and indicate support for the rule of the law in the country instead of validating its increasingly biased and rights-abusing institutions. They need to act now.

Signed,

Cambodia

Cambodian Alliance of Trade Unions (CATU), Cambodia
Cambodian Labour Confederation (CLC), Cambodia
Center for Alliance of Labor and Human Rights (CENTRAL), Cambodia
Coalition of Cambodian Apparel Workers Democratic Union (C.CAWDU), Cambodia
Independent Trade Union Federation (INTUFE), Cambodia
Free Trade Union of Workers of the Kingdom of Cambodia (FTUWKC), Cambodia
Free Independent Trade Union Federation (FUF1), Cambodia
LICADHO, Cambodia

International

AchACT, Belgium
Asia Floor Wage Alliance

Asian Forum for Human Rights and Development (FORUM-ASIA)
CIVICUS
Clean Clothes Campaign
Clean Clothes Campaign Austria
Clean Clothes Campaign Turkey
CNV Internationaal, Netherlands
Corporate Justice Coalition, UK
Ethical Consumer, UK
European Coalition for Corporate Justice, Belgium
Fair Action, Sweden
Fair Italy
Fair Trade Advocacy Office
Fashion Connection, USA
Fashion Roundtable, UK
Femnet, Germany
Framtiden i våre hender, Norway
Global Labor Justice – International Labor Rights Forum (GLJ-ILRF)
Global Legal Action Network
Good Clothes Fair Pay Europe
Green America, USA
Homeworkers Worldwide
Human Rights Watch
International Corporate Accountability Roundtable, USA
Jobs with Justice, USA
Labour Behind the Label, UK
MADPET, Malaysia
Maquila Solidarity Network, Canada
Nazemi, Czech Republic
Novi Sindikat, Croatia
Oxfam, Australia
Partners for Dignity & Rights, USA
Redress Raleigh, USA
Remake, USA
Retail, Wholesale and Department Store Union (UFCW), USA
Schone Kleren Campagne, Belgium
Schone Kleren Campagne, Netherlands
SETEM, Spain
Solidar, Switzerland
Südwind, Austria
Tenaganita, Malaysia
Transform Trade (previously Traidcraft Exchange), UK
Union Aid Abroad – APHEDA, Australia
Unseen, UK
We Social Movements, Belgium
Women Working Worldwide
Worker-driven Social Responsibility Network, USA
Workers Hub for Change, Malaysia
Workers United SEIU, USA