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# Pressured, Nike to Help Workers in Honduras

By **STEVEN GREENHOUSE**

Facing pressure from universities and student groups, the apparel maker [Nike](#) announced on Monday that it would pay \$1.54 million to help 1,800 workers in [Honduras](#) who lost their jobs when two subcontractors closed their factories.

Nike agreed to the payment after several universities and a nationwide group, United Students Against Sweatshops, pressed it to pay some \$2 million in severance that the two subcontractors had failed to pay.

The [University of Wisconsin](#), Madison terminated its licensing agreement with Nike over the Honduran dispute, and Cornell warned that it would do the same unless Nike resolved the matter.

A Nike spokeswoman, Kate Meyers, said on Monday that the \$1.54 million was for “a worker relief fund” and was not for severance. Nike also agreed to provide vocational training and finance health coverage for workers laid off by the two subcontractors.

“This may be a watershed moment,” Scott Nova, executive director of the Worker Rights Consortium, a group of 186 universities that monitors factories that make college-logo apparel, said. “Up until now, major apparel brands have steadfastly refused to take any direct financial responsibility for the obligations to the workers in their contractors’ factories. Now the most high-profile sports apparel firm has done just that.”

The agreement is the latest involving overseas apparel factories in which an image-conscious brand like Nike shows its sensitivity — advocates might say vulnerability — to campaigns led by college students who often pressure universities to stand up to producers of [college-logo apparel](#) over workers’ rights.

Nike [issued a statement](#) in conjunction with a Honduran labor federation, Cent Trabajadores, saying it had “reached an agreement to help improve the lives of affected” by the plant closings. As part of the deal with the labor group, Nike p



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factories it used in Honduras would give priority to hiring workers laid off by the two subcontractors.

“We were trying genuinely to find a way in which we can help set up a program that would be meaningful to workers on the ground,” Ms. Meyers said.

The dispute began in January 2009, when Hugger and Vision Tex — two subcontractors that made T-shirts and sweatshirts for Nike in Honduras — closed their plants. After the workers complained, the Workers Rights Consortium gave more than 100 American universities a report it did finding that the subcontractors had failed to pay more than \$2 million in severance owed under Honduran law.

United Students Against Sweatshops mounted a pressure campaign, holding protests at dozens of Niketown stores and Nike retailers. The campaign adopted the slogan “Just Pay It.”

At Cornell, 1,100 students petitioned the university to end its contracts with Nike. Thirty student groups, the student newspaper and the University Assembly also endorsed that idea.

Mr. Nova of the Workers Rights Consortium said Nike at first claimed that the two subcontractors were not making college-logo apparel. On April 20, the company issued a statement saying it was disappointed that the subcontractors had not paid the severance, but added, “It remains Nike’s position that factories which directly employ workers are responsible for ensuring that their employees receive their correct entitlements, and as such Nike will not be paying severance to workers that were employed by Hugger and Vision Tex.”

Alex Bores, president of the United Students Against Sweatshops chapter at Cornell, argued that it was only fair for Nike to make good on its subcontractors’ obligations.

“Nike plays a key role in setting up the worldwide apparel system that its contractors and subcontractors work in,” Mr. Bores said. “Nike plays factory against factory, causing them to shave a penny here and a penny there, creating an ultra-competitive environment that drives down wages and gives factory owners virtually no choice but to disrespect workers’ basic rights.”

United Students Against Sweatshops estimated that Nike’s total payments, including those for health coverage and training, would exceed \$2 million.

Even with Monday’s agreement, Ms. Meyers said her company would stick to its position that contractors and subcontractors were responsible for obligations like severance pay.

Workers’ rights groups say that while many brands boast that they are complying with codes of

conduct to protect workers, the brands at the same time balk at assuming responsibilities when contractors' violate their obligations to their workers.

Jane L. Collins, a University of Wisconsin sociology professor who is on the school's licensing committee, which called on the university to end its licensing agreement with Nike, said, "If apparel companies can't take responsibility for the factories where they have contracts, they can't claim to be adhering to a code of conduct."

Officials at several universities had warned Nike that unless it settled the dispute, it would face larger protests once the fall semester began.

Last November, the student movement against sweatshops got Russell Athletic to agree to rehire 1,200 workers in Honduras who lost their jobs when the company closed their factory soon after the workers had unionized. The students had persuaded 100 universities to sever or suspend their licensing agreements with Russell.

Explaining Monday's agreement, Jack Mahoney, national organizer for United Students Against Sweatshops, said, "After we got over 100 universities to boycott Russell, Nike understood the university pressure would not simply go away."