Local textile jobs go begging

The young won't work in factories and importing staff is difficult, write *Mary Lloyd* and *Toh Han Shih*

Hong Kong's long-slumbering textile factories suddenly need workers – lots of them.

Local textile manufacturing, in decline for nearly two decades as businesses migrated across the border in search of cheaper mainland labour, is in resurgence thanks to the re-imposition of import caps on Chinese textile products by the United States and the European Union.

"We want to hire lots of workers," exclaims a sign adorning the 10-storey Lucky Building in To Kwa Wan, where TAL Apparel places the finishing touches on Brooks Brothers shirts.

TAL human resources executive Lily Kwan said that the factory had hired 25 new workers in the past three months, mostly women over 40 who had done sewing in their youth.

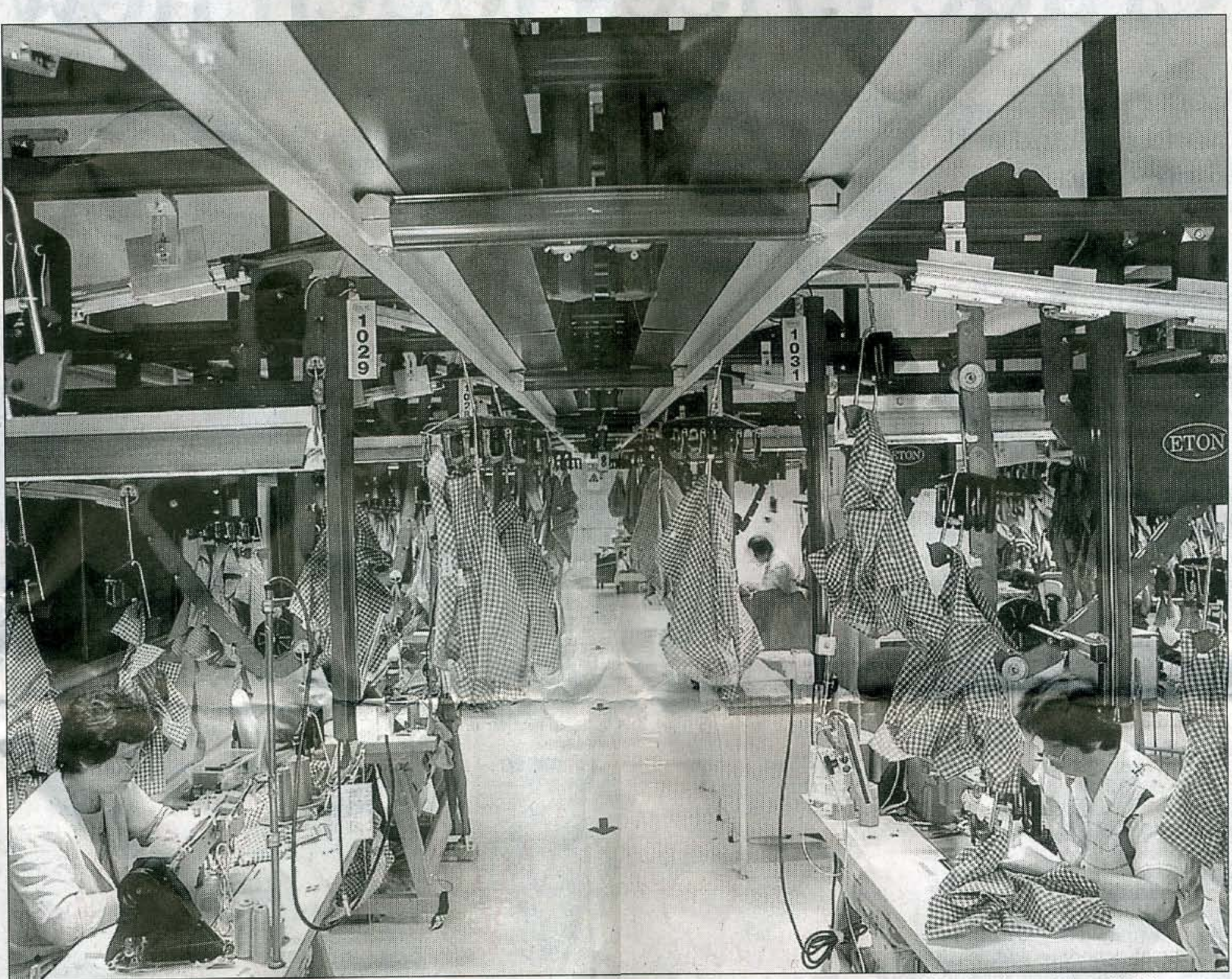
For years, the survival of Hong Kong's textile industry hung on two threads: high-end production for European and Japanese fashion designers and the Outward Processing Arrangement (OPA). The latter enabled manufacturers to use the "Made in Hong Kong" label on their garments, thereby evading US and European import quotas on mainland Chinese products, provided a portion of the work was completed locally.

After they relocated their core operations to the mainland, virtually all major Hong Kong manufacturers maintained OPA operations in Hong Kong and Macau.

But even that modest remnant of Hong Kong's once-mighty textile sector came under threat with the expiry of 40-year-old import quotas under World Trade Organisation rules on January 1.

In the first four months of the year, Hong Kong's domestic textile and clothing exports to the US fell 23.2 per cent to US$808 million, according to the US Department of Commerce, as the need for OPA operations evaporated.

But with the US and the EU moving to protect their domestic industries in the face of a flood of cheap mainland imports, Hong Kong manufacturers are coming home – at least for now.



On top of their minimum wage, women at the OPA garment factory at the Lucky Building in To Kwa Wan are also paid by the piece. Photo: SCMP

Hiring staff, however, is proving difficult. There is no longer a ready pool of able textile workers, and the older generation, while highly skilled, is fading into retirement.

"I've worked here since 1967," said TAL worker Au Kay-foon, a Guangdong native who came to Hong Kong in the 1950s. "I have a grandson in high school, but he does not want to work in factories."

TAL and its founder, 94-year-old C.C. Lee, are venerable institutions in Hong Kong's textile industry. TAL, established in 1947, is one of Hong Kong's oldest textile firms. It built the Lucky Building, which has been operating as a garment factory for the company since 1953.

TAL is one of Hong Kong's largest garment manufacturers, churning out 45 million shirts and blouses each year for US brands such as Brooks Brothers. The company accounts for one in seven shirts worn by men in the US and generates annual revenues of about US$550 million.

Many are made in its mainland factories but about nine million still pass through To Kwa Wan.

"I now earn $4,000 to $5,000 per month," said Ms Au. "Things were much cheaper in 1967."

In addition to a minimal basic wage, Ms Au is paid by the piece. Salaries of the local workers in this factory do not increase with seniority but the hope is their productivity improves with age, said TAL marketing manager Yvonne Chow.

Ms Au used to be one among hundreds of thousands of workers toiling in Kowloon factories before the manufacturing exodus began in the early 1980s.

Now, most of the 450 workers in Lucky Building are Hong Kong women aged 45 and above. Some, like Ms Au, have worked in local factories for more than 30 years. "Young Hong Kong ladies are not willing to work in factories," said Ms Kwan, the human resources executive.

About 10 per cent of TAL's local workforce is comprised of mainland women in their 20s or 30s, she added. Unlike local workers, the mainlanders receive monthly wages of $5,350 in addition to housing – far better than their mainland counterparts, who typically get $800 per month.

TAL wants to hire more mainlanders for its OPA operations but finds it hard, as Hong Kong laws forbids import of manufacturing labour.

"There is much opposition from unions and certain politicians in Hong Kong against importing mainland labour on the grounds that they take away locals' jobs," Ms Chow said. "TAL believes that if Hong Kong allowed in more mainland workers, its textile industry would be more vibrant."

Central Textiles chairman Alex Woo has urged local unions to drop their opposition to mainland workers. "Sewing is like athletics which can be performed well only by those under 30," Mr Woo said.

The point will become moot soon enough. After 2008, import quotas on mainland textiles will be abolished permanently.

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