

# Phasing Out of the MFA: Impact on Women Workers in the Mauritian EPZ Sector

by

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The phasing out of the Multi-Fibre Agreement (MFA) in 2005 herald the end of protectionism in the textile industry and usher in tremendous opportunities and uncertainties for the textile industries in developing countries. The expiry of the MFA has led to the closure of several textile factories in Africa and with it job losses. This paper first compares the welfare impact of the MFA on Mauritius relatively to the other ACP countries. Second, we assess the effect on women garment workers in particular, for the Mauritian economy. We analyse their living conditions before and post MFA and also examine the contribution of cash compensation and training in improving their living status. Our sample covers 160 working women who have been directly affected by the end of the MFA. Field work was also carried out at the Consolidated Fabrics Limited which employs around 600 workers and is among one of the largest textile factories in Mauritius. Our results reveal that the phasing out of the MFA has been bitter for women workers in the textile factories as they have lost their jobs and found themselves trapped in poverty. In addition, we provide evidence that the cash compensation and training have not been effective in improving their living conditions.

**Keywords:** Trade reforms, Gender, Poverty, and Developing countries

## Introduction

Trade liberalisation forms an integral part of the sustainable development policy of many developing countries. Trade liberalisation strategies may contribute to both positive and negative impacts. Positive economic impacts of trade often extend to employment creation, infrastructural development, higher standards of living, increased productivity and market competitiveness among others. In a nutshell, trade may lead to poverty alleviation and improvement in national welfare and also generate socio-cultural spillovers affecting men and women differently, thus the gender impact of trade. Feminist economists often caution that the negative impacts of freer trade tend to affect female workers more than male workers. In many developing countries, the reality that women face is harsher and unequal compared to men, especially in terms of access to resources and opportunities like land, credit, training and technology. With the advent of industrialisation, gender discrimination has been transposed to working environments and is an important concern. Trade liberalisation may impede on the development of women or even widen the gender gap in favour of men.

The Multi Fibre Agreement was set up in 1974 as a set of formal quota agreements and restrictions, governing textile and clothing trade between developing countries and developed world. The MFA replaced the 1964 Agreement in International Trade in Cotton

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Textiles. The reason behind the introduction of the MFA is that the developed world was using it as a form of protectionism to secure their own textile industries against the threat posed by the low cost competition from the Least Developed Countries (LDCs). LDCs had a vast pool of labour and were consequently able to supply the EU and US market at a cheaper cost. As a countermeasure, the US and EU came up with quotas on exports of the LDCs. But, the MFA has been determinant in the development of the Export Processing Zone (EPZ) and the Mauritian economy. During the early years of the textile industry, the sector was mainly labour intensive and required unskilled labour. The products were standardised and so were the procedures of cutting, making and trimming. This was one of the main reasons women were employed. Another reason was that the type of labour required in the textile industry saw, the first time, emancipation of women in the domestic labour force. Women labour market provided the industry with the ideal type of labour commanding lower wage rate.

Whilst the MFA came in place as a short-term measure, it was decided to phase it out over a period of ten years. Since its elimination in January 2005, Mauritius no longer has guaranteed access into some key countries and started to face daunting challenges as it struggled to find its place in an increasingly competitive market for international trade. In addition, following the end of the MFA, factory closings and resulting job losses in the Mauritian apparel industry increased drastically with disinvestment by Hong Kong-based apparel companies that have started to relocate their manufacturing operations back to China or in other low-cost countries in Asia to take advantage of the end of the MFA quotas. Women were the most affected relative to men with the dismantling of the MFA as they were more numerous in the textile sector and were among the first to lose their jobs.

The objective of this paper is to compare the impact of the end of the MFA on the welfare of textile workers in Mauritius and other ACP countries which were previously under the MFA. We then assess the impact of the end of the MFA on Mauritian women workers in the textile factories. We analyse their living conditions before and after the MFA and examine the contribution of cash compensation and training in improving their living status. We survey a sample of 160 women who are ex-textile workers having lost their jobs due to the end of the MFA. Face-to-face interviews were carried out with all the women in the sample. Though being very time consuming, this method provided grass root level information with precise insight of the situation of these women.

The paper is structured as follows. Section 2 reviews the literature on trade and gender. Section 3 adopts a comparative analysis of the welfare implications of the phasing out of the MFA on different ACP countries. Section 4 provides a situational analysis of the clothing and textile industry in Mauritius. Section 5 sets out the data and sampling technique used. Section 6 analyses the data and presents the findings. We finally conclude in section 7.

## **2. Literature Survey**

Trade tends to increase the availability of wage jobs for women, particularly in export sectors. But certain factors such as discrimination, lower skills, and gender inequalities in access to resources may impede women's ability to benefit from trade expansion. Some of these factors may be especially prevalent in developing countries.

The neo-classical school (Smith, 1812 and Ricardo, 1817) suggests that trade liberalisation, and increased competition opens the economy and allocates labour to its most productive use to minimise costs. The Heckscher-Ohlin model (Ohlin, 1967) shows that countries with abundant unskilled labour tend to specialise in unskilled labour-intensive exports. Thus, trade fosters the demand for unskilled labour, which in turn

increases the relative wage of unskilled labour. From this perspective, trade is expected to benefit women as they are assumed to be in the lower-skilled categories. However, in practice export-oriented firms may derive higher competitiveness by lowering their variable costs, especially if labour costs can be easily manipulated or if wage differentials are significant across gender. Empirical evidences on this front are mixed.

Ellis et al. (2006) show that, when a society neglects or ignores the trade-gender dimensions, its growth may be seriously hindered. The growth of export oriented manufacturing has benefited women, especially in terms of job creation and opportunities (Dev, 2000; Senapaty, 2000; and Standing, 1999). The establishment of export enterprises has also exposed women into paid work for the first time. However, the increasing pace of trade liberalisation is accompanied by increasing competition. In order to remain competitive in an integrated world economy, it is necessary to innovate constantly. The result is a premium on skills. As a consequence the bargaining power of skilled workers rises, while that of unskilled workers falls. The average man, in many developing countries, has a higher level of education and skills than does the average woman. This widens the wage gender disparities. A sudden, large influx of unskilled workers into paid employment, drawn by opportunities offered by new export-oriented industries, further causes a decrease in unskilled wages. Although female wages are lower than male, it is yet higher than what these women would have earned in alternative employment (Joeques and Weston, 1994). Further, the regular wages from factory jobs (where preference for women is clear) has increased the socio-economic status of women and, thus, their influence on household decisions. Usually, young single women are the preferred workforce in the EPZ sector (Baden and Joeques, 1993). However, evidence on working conditions is inconclusive; some studies suggest poor conditions and poor pay. It is also argued that following a period of rapid adjustment with trade liberalisation, firms tend to lay off a relatively higher proportion of female workers during business declines and hire more women during recovery periods (Levinsohn, 1999). In addition, Beneria and Lind (1995) and Ozler (1999) show that feminisation in work places is to a large extent limited to the introduction of new technologies and new organisations of production. Similarly, Majumder and Begum (2000) observe that male employment in Bangladesh was higher in factories that adopted better technologies, while women employment was concentrated mainly, in those factories which necessitated simple production technique.

Trela and Whalley (1990) stated that almost all developing countries suffered from the MFA. They showed that developing countries could increase their exports by up to several hundred per cent if the MFA were lifted. In addition, virtually all developing countries could increase their exports at the expense of production in industrial countries. They estimated that developing countries are facing annual losses in the order of US\$3 billion from the MFA, even if the quota rent they obtain is taken into account. Several studies have estimated the extent of reductions in the exports of developing nations as a result of the MFA (see Goto, 1988 for a survey). Other empirical studies on the effects of the MFA on LDCs suggest that the value of rent transfer is relatively small in comparison with reductions in export earnings. Estimates put the ratio of these two factors in the order of 1:10 for exports to the US and 1:8 for the EU (Balassa and Michalopoulos, 1985). However, export earnings and quota rents are not strictly comparable as the former represents foregone gross revenue whereas the latter is net gains. The net effect of the MFA on developing countries depends on whether rent transfers can fully compensate for the welfare losses resulting from the reduction in export volumes. Martin and Suphachalasai (1990) observe that developing economies lose US\$2 billion annually from the MFA quota restrictions on clothing alone. On the other hand, Cable (1990) claims that many

developing countries benefit from the MFA because they can take advantage of higher prices in restricted importing countries while quotas are not really binding their exports.

Most studies on the impact of the MFA on developing countries concentrate on the trade and revenue effects. To our knowledge none of these studies investigate the effect on women workers in the clothing and textile sectors.

### 3. Comparative Analysis of Post MFA Welfare Implications on ACP economies

The textiles and garments sectors account for a very high proportion of total manufacturing jobs in a number of countries where poverty-alleviation is a central issue. These include Cambodia (80.1% of total manufacturing jobs), Mauritius (72.8%), Sri Lanka (49.2%), Bangladesh (35%), Pakistan (42.9%), Madagascar (45%), Turkey (34.3%), Morocco (27.3%), Guatemala (27.1%), Romania (25.3%), India (21.9%) and China (18.9%) (World Bank, 2008). These countries are most dependent on garment exports and the decline in the garment industry has impacted considerably their performance. More than 250,000 jobs have been lost in Africa, affecting more than another million family members, (Africa Renewal, 2006). Most jobs have been lost in Lesotho, South Africa, Swaziland, Nigeria, Ghana, Mauritius, Zambia, Madagascar, Tanzania, Malawi, Namibia and Kenya.

In Cambodia for instance, women have been leaving their rural households to work in the garment industry to earn money to support their families and pay their parents' debts. However, many women workers lost their jobs in the post-MFA period when a number of factories closed down or were suspended. There have been serious apprehensions that women workers who have not been able to find another job, turned to the other industry where young women are also predominant that is the sex industry. The main concerns are about the spread of HIV/AIDS. Beresford (2004) claimed that 60 per cent of sex workers in one area in Phnom Penh were former garment factory workers. Further, the Sri Lankan garment industry consists of 549 firms (64 per cent) are categorized as small and 204 (22 per cent) as medium and these two categories of firms were highly dependent on quotas and on buying offices. Based on the trends of the closure of (garment) industries, it was stated that there had been at least 80,000 job losses consequent to the MFA phase-out and most of those who lost their jobs were female workers who belonged to the low grade unskilled category (Kelegama, 2005). The implications of the end of the MFA on the garment industry and women garment workers can be summarized in Table 1 below.

There is no study to date analyzing the impact of the phasing out of the MFA on welfare, in particular on women workers in Mauritius. Our study thus fills in this research gap by investigating the welfare implications on women workers.

Table 1: The End of the MFA: Implications on Different Economies

	<b>Prospects for the Garment Industry</b>	<b>Prospects for Garment Workers and Community</b>	<b>National Dependence on garment industry</b>	<b>Key Competitiveness Issues</b>
Bangladesh	<b>Severely Challenged</b> Export Decline and job losses It still remains a major garment exporter	<b>Very Vulnerable</b> Few other job opportunities for women workers	<b>Dependent</b> • 1,800,000 workers • 40% jobs • 68% exports	<ul style="list-style-type: none"> <li>• Infrastructure</li> <li>• Corruption</li> </ul>
Sri Lanka	<b>Poor</b> Most of the current industries have not been able to survive	<b>Poor</b> Job losses in SME sector Standard garment	<b>Very significant</b> • 300,000 workers • 33% jobs • 50% exports	<ul style="list-style-type: none"> <li>• Uncompetitive in current core products</li> <li>• Lack of fabric</li> </ul>

	Some future for niche fashion producers	production and rural factories		supplies • Poor road network
Thailand	<b>Poor</b> Industry in decline most of which are unlikely to survive. Some future for niche fashion producers	<b>Poor</b> Job losses but other industrial job opportunities exist Migrant and home workers especially vulnerable.	<b>Declining but still significant</b> • 800,000 workers • 20% jobs • 4.9% exports	Industry unmodernised and has not attracted international investment and technology
Lesotho	Vulnerable to competition	<b>Extremely Vulnerable</b> Very poor country with no other industrial employers	<b>Dependent</b> • 45,000 workers • 90+% jobs • 90+% exports	• Infrastructural Problems • HIV • Industrial relations and public distrust
Cambodia	Low competitiveness	<b>Extremely Vulnerable</b> Few other job opportunities for women workers	<b>Dependent</b> • 250,000 workers • 62% jobs • 82% exports	• Infrastructural Problems • Corruption

Source: UNDP, 2005

#### 4. The Textile and Clothing Sectors in Mauritius

In Mauritius, greater trade liberalisation has brought about increasing integration of women in the economy. In 2010, total employment stood at 536,100 (345,700 males and 190,400 females). The employment to population ratio was 73 percent for males and 38 percent for females. On average, the workforce comprised around twice as many men as women and was concentrated in the age group of 30 to 50 years. The mean age of a worker was 40.4 years for males and 39.4 years for females. In 2010, the workforce was made up of married persons (68.1 percent), followed by persons in the single state (24.5 percent). A small proportion of the employed were widowed, divorced and separated (7.4 percent). Compared to the male workforce, the female workforce consisted of a higher proportion of widowed, divorced and separated persons (14.8 percent relative to 3.4 percent).

In 2010, unemployed women outnumbered unemployed men at all ages though they were generally more qualified. Women represented 63 percent of the total unemployed and they outnumbered men by 11,800. In the same year, the number of inactive women was significantly higher than that of men at all ages. There were also fewer women than men among the employed at all ages and as from age 20 to 24 years, the number of unemployed generally tends to decrease as age increases.

The growing demand for unskilled labour and availability of low-paid jobs have led to women being called to work, leaving much scepticism into the quality of employment. Wages provide these women some kind of economic independence within the family, which help them to contribute to household expenditure in terms of education and health expenses for their children. Many women work overtime since the overtime rate is higher than the normal wage rate but it is still lower relative to the male overtime wage rate. However, overtime is often not a choice but an obligation; which is in line with the local dialect of “Zone Souffrance<sup>2</sup>” for “Zone Franche<sup>3</sup>”. From table 1 below, we note that women outnumbered men in the textile sector and the number of employed female garment workers have declined from 38,600 in 2006 to 31,700 in 2009. The fall in employment has been more drastic for women relative to their male counterparts with the closure of the

<sup>2</sup> Zone Souffrance – French word meaning a zone where suffering and distress are present

<sup>3</sup> The French Translation of the EPZ sector

textile factories. The number of men employed in the textile sector in 2009 was 24,400 compared to only 25,600 in 2006. We can also observe that during this period there has even been a rise in the number of male employed in the textile industries, specifically in the years 2007 and 2008. Women could have moved to the wholesale and retail trade sectors where female participation has increased from 28,700 in 2006 to 33,200 in 2009 but whether they can earn a decent living from this activity remains still uncertain. Gradually with the expansion of the tourism sector, we have observed an increasing number of women seeking jobs in hotels. We note that female employment in hotels and restaurants have been rising with only 9,300 employed women in 2006 up to 11,400 in 2009.

**Table 1: Employment by industry and sex, 2006 - 2009**

Industry Group (000's)	2006		2007		2008		2009	
	Male	Female	Male	Female	Male	Female	Male	Female
<b>Agriculture</b>	35.2	12.7	35.2	12.1	33.4	12.8	33.2	13
<b>Manufacturing</b>	66.3	54.6	69.1	53.9	70	53.3	67.1	48.7
<i>Sugar</i>	2	0	2	0	1.7	0	1.8	0
<i>Food</i>	6.8	5	6.8	5.1	7	5.3	7.2	5.5
<i>Textiles</i>	25.6	38.6	27.6	38.1	27.7	36.6	24.4	31.7
<i>Other</i>	31.9	11	32.7	10.7	33.6	11.4	33.7	11.5
<b>Construction</b>	47.6	0.8	48.6	0.9	50.7	0.8	51.6	0.8
<b>Wholesale and Retail Trade</b>	50.1	28.7	50.2	28.2	50.6	30.9	51.9	33.2
<b>Hotels and Restaurants</b>	22.3	9.3	22.5	9.5	24.9	11.4	24.4	11.4
<b>Transport and Communications</b>	32.3	4.6	32.7	4.7	33.9	5.1	34.1	5.9
<b>Financial Intermediation</b>	5.1	4.3	5.6	4.9	6.4	5.5	6.6	6
<b>Real estates, renting and business activities</b>	14.1	7	15.6	9.1	17.6	10.8	18.5	12.9
<b>Public Administration and defense</b>	30.6	9	30.2	8.9	30.6	9	30.3	9.1
<b>Education</b>	12.7	15.7	12.9	15.9	12.5	16.9	12.6	17.5
<b>Health and Social Work</b>	7.5	7.5	7.8	7.7	8	8.4	7.9	8.8
<b>Other Services</b>	13.7	20.3	13.8	20.6	14	22.2	14	23

Source: Central Statistics Office, Digest of Labour Statistics, 2009

The textile and clothing sectors have created considerable employment since the 1970s. Mauritius having a pool of unskilled but yet educated labour provided an adaptable workforce for the textile and clothing sector. However, this workforce has gradually become more expensive and could not produce as much as expected by industrialists to meet the challenges of the world market. In the 1990s, producers began to turn to foreign workers from China, India and other Far East Asian countries. These workers were considered more productive as they worked longer hours and were paid the same as local workers (Joomun, 2006). In 2009, it was estimated that around 15,921 foreign workers were working in the textile and clothing factories of Mauritius, out of which 6,357 were women. There has also been a lack of interest of locals to work in the textiles sector. Mauritians and especially the young generation do not see working in factories as a viable career option. Many consider the working hours as being too long and the salary too low given that they are now more educated than the previous generation and that they can have

access to further technical training to apply for jobs in the Information and Communication Technology sector or the tourism sector (Joomun, 2006).

Further, the end of the MFA was accompanied by the closure of a number of factories in 2005. From table 2 below, we note the decline in the number of establishments in both the textile and apparel activities. For the textile sector, 14 factories closed down between 2004 and 2009 while the number of factories closing down in the apparel industry is 88 in the same period.

**Table 2: Number of establishments by industry group, March 2004 - 2009**

Industrial Activity	2004	2005	2006	2007	2008	2009
Manufacture of Textiles	59	56	52	55	52	45
Manufacture of Wearing Apparel	292	269	239	229	233	204

Source: Central Statistics Office, Digest of Industrial Statistics, 2009

As factories closed down in 2005, the number of local workers in the textile and clothing industry declined drastically. We note from table 3 below that there has been a 29 per cent fall in employment in the apparel industry between 2004 and 2009. Similarly, employment in textile factories fell by 32.4 percent in the same period<sup>4</sup>.

**Table 3: Employment in large establishments by industry group, March 2004 - 2009**

Industrial Activity	2004	2005	2006	2007	2008	2009
Manufacture of Textiles	8,282	6,054	6,813	7,122	6,974	5,601
Manufacture of Wearing Apparel	59,691	52,659	49,501	51,149	50,924	42,355

Source: Central Statistics Office, Digest of Industrial Statistics, 2009

## 5. Survey Data and Sampling Strategy

### 5.1. Survey Data

Our survey covers 160 women who have lost their jobs in the textile sector as a result of the phasing out of the MFA. The survey covered women from different parts of the country. The sample was designed in such a way as to allow for age, occupation and educational background of the respondents. Field work was also carried out at the Consolidated Fabrics Limited which employs around 600 workers and is among one of the largest textile factories in Mauritius. We were able to discuss with a number of women garment workers in that factory.

### 5.2. Sampling Strategy

The stratified sample is obtained by independently selecting a separate simple random sample from each population stratum. The population is divided into different groups based on characteristics such as age, occupation, education level and location of the respondent. To determine the sample size, three criteria were specified namely the level of precision, the level of confidence or risk, and the degree of variability in the attributes being measured (Miaoulis and Michener, 1976).

Assume that we do not know the variability in the proportion of women who lost their jobs with the end of the MFA; therefore, assume  $p = 0.5$  (maximum variability). Furthermore, suppose we desire a 90 per cent confidence level and  $e = \pm 6$  per cent is the

<sup>4</sup> Data on employment by sex in the textile and clothing industries is not available. It is not possible, therefore, to know the exact number of women who have lost their jobs with the end of the MFA.

level of precision. The resulting sample size is demonstrated in the following formulae.

$$n_0 = \frac{Z^2 pq}{e^2} = \frac{(1.65)^2 (0.5)(0.5)}{(0.0643)^2} = 164.62. \text{ We use 6.4 percent for the level of precision since it}$$

has been expensive, time consuming and often impractical to visit the unemployed women. Long distance travelling increased the cost of the survey. Since the population is small then the sample size can be reduced slightly<sup>5</sup>. The sample size ( $n_0$ ) can be adjusted as

$$n = \frac{n_0}{1 + \frac{n_0 - 1}{N}} = \frac{164.62}{1 + \frac{164.62 - 1}{6900}} = 160.8, \text{ where } N \text{ is the population size. Our data set thus}$$

covers 160 ex-female garment workers.

A questionnaire was designed to assess the livelihood of these women before and after the end of the MFA. The survey instrument was divided into five sections. The first section concentrates on the general profile of the respondent including her age group, region where she lives, her family size, number of dependent children, family support available. The second section covers her last occupation and income earned in the textile and clothing industry and the next section considers the amount and use of compensation they obtained from the closure of factories. The fourth section includes their present activity or occupation and their daily/ monthly expenses. Lastly we analyse the implication of training on their livelihood. A pilot test was carried out to give us an indication of the response rate, the time duration of one interview and the missing elements in the questionnaire. Following the pilot test, the questionnaire was amended to incorporate feedback.

In addition to the survey, a site visit was undertaken at the Consolidated Fabrics Limited which employs around 600 workers and is among one of the largest textile factories in Mauritius. Information was obtained from women workers at different occupation levels.

## 6. Findings

### 6.1. Profile of women workers in the textile and clothing sector

First, from our site visit at the Consolidated Fabrics Limited., we note that the majority of Mauritian women working in the clothing and textile sectors are married and a significant number of them are head of households. Many women are from a low socio-economic status and most of them had primary level of education while several women also have basic secondary education. Women employed in the textile and clothing industry came mostly from the rural regions and the factory is located near their homes, so much that there is a very low degree of labour mobility from one factory to another. Many female workers had an informal job before joining the textile industry. Men mostly occupied jobs which deal with machines and technology while women have much simpler tasks with no advanced machinery or production technique. Most women are machinists and knitters and few of them are supervisors and inspectors. The wages that female workers receive at the garment factory are not only higher than what they earned in the informal sector, but also substantially higher than what they would have earned if employed in the non-garment sector. However, female workers received lower wages compared to men as they are concentrated mainly in lower skilled jobs. The majority of female workers were permanently employed.

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<sup>5</sup> This is because a given sample size provides proportionately more information for a small population than for a large population.

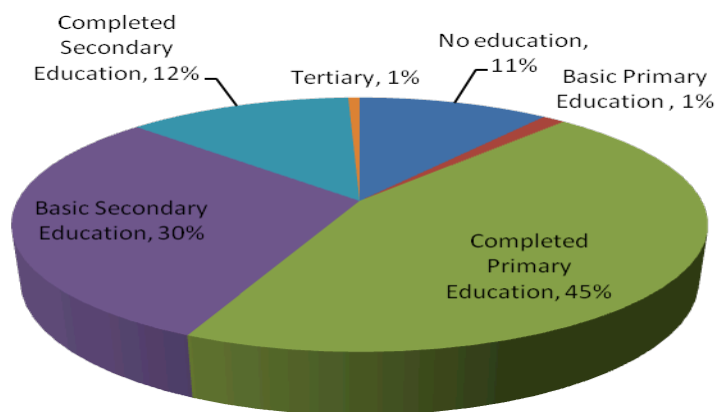


## 6.2. Profile of ex-garment female workers hit by the MFA

From our survey, 5.6 per cent of the respondents were aged between 24 and 29 years whilst 24.4 per cent were between 50 and 54 year and only around 1 per cent were above sixty. Further, 69 per cent of the respondents were married, 15 per cent were widows and 10 per cent were divorced. Only 6 per cent were single. The largest family size was 8 and the smallest was 1 family member. Of the survey respondents; around 38 per cent have a family with 4 members whilst 19.4 per cent have a family of 3 members. Those with a family size of 1 or 2 members made up of 15.6 per cent of our sample while the remaining 8 per cent had a family varying between 6 to 8 members. In addition, only 32 per cent of women surveyed were head of household.

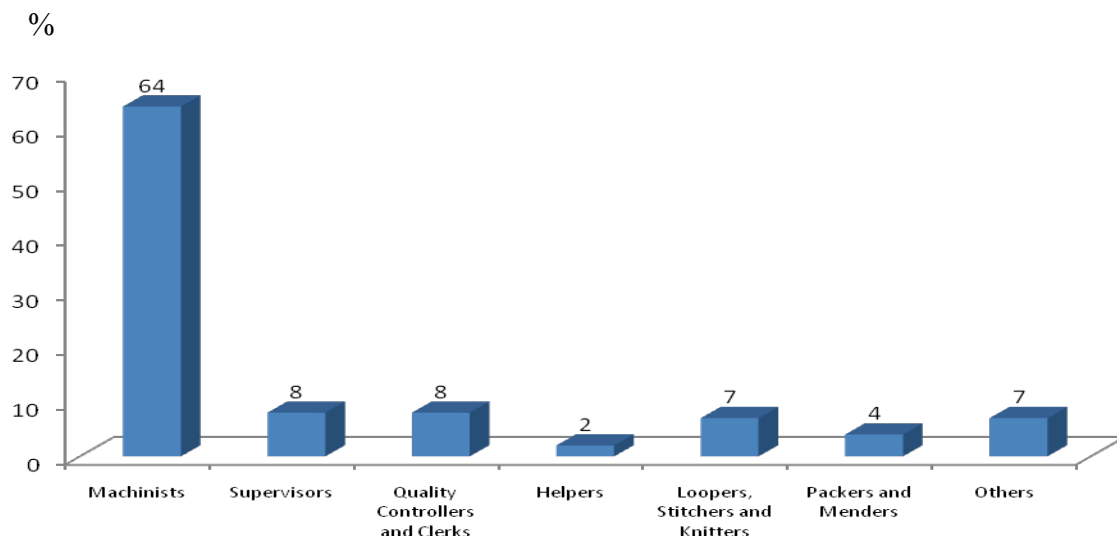
As for their educational background, 10.6 per cent of the women have no education. 45 per cent have completed primary schooling and 30 percent of women sampled have some basic secondary education while 12 per cent have completed their secondary schooling. Only 1 percent went to universities or vocational training schools. This can be shown in figure 1 below.

**Figure 1: Educational background**



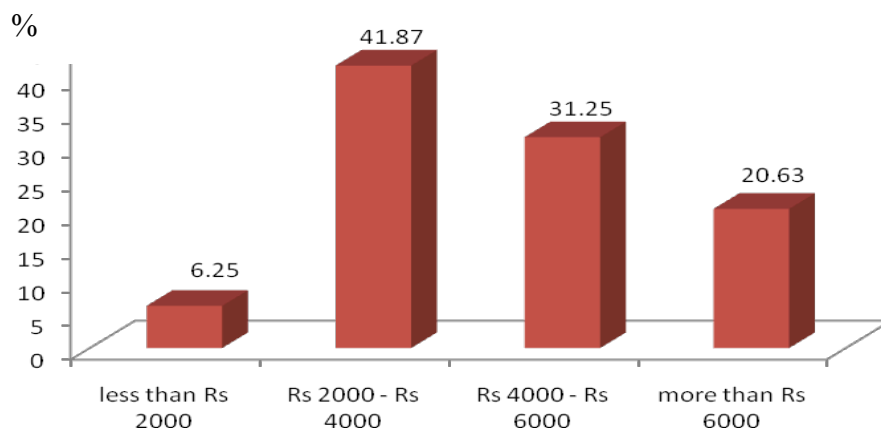
It was observed that the majority of women (64 per cent) worked as machinists. Only 5 per cent were supervisors and 5 per cent were quality controllers while foremen, clerks and knitters made up 3 per cent each (see figure 2 below). Most respondents (around 40 per cent) had spent 10 to 20 years in the textile factories while around 39 per cent had less than 10 years of service. In addition, 19 per cent of the respondents have 20 to 30 years of service and 2.5 per cent had been employed in the textile and clothing industries for at least 30 years. The number of years of service determined the amount of compensation they obtained after the closure of the factories.

**Figure 2: Previous occupation before the end of MFA**



It was noted that most women (around 42 per cent) earned an income in the range of Rs. 2,000 and Rs 4,000<sup>6</sup>. 31.25 per cent are in the income bracket of more than Rs 4,000 but less than Rs. 6,000 while around 21 per cent earned more than Rs 6,000. Similarly, 6.25 per cent earned less than Rs 2,000. In fact, most women (around 58 per cent) did overtime and the majority of these women; around 94 per cent were employed on a permanent basis. This is shown in figure 3 below.

**Figure 3: Income earned before the end of MFA**



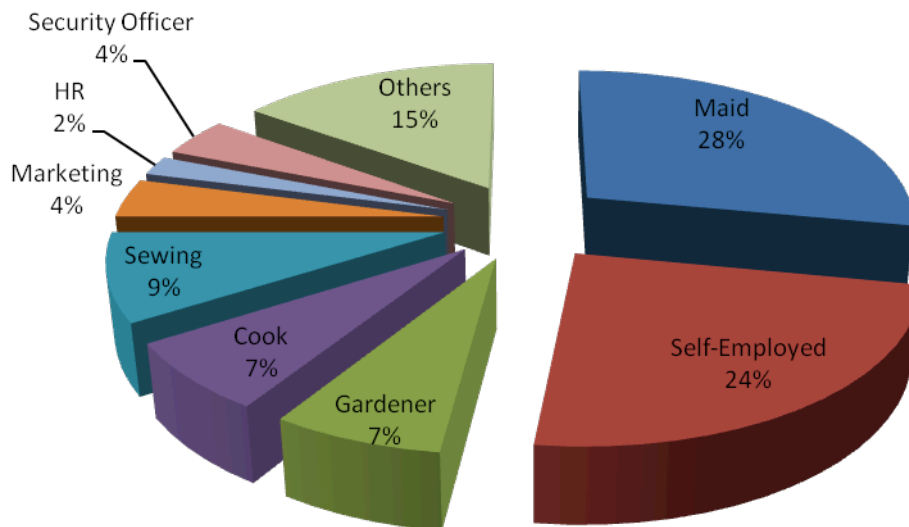
### 6.3. Livelihood of ex-garment female workers after the MFA

From our survey, we observe that with the end of the MFA and closure of a number of factories, around 71 per cent of the respondents were presently unemployed while the rest (29 per cent) were employed in the informal sector. This is in line with other studies in Cambodia and Bangladesh where there were few job opportunities for women workers who have lost their jobs in the textile and clothing industries. The present activity of those

<sup>6</sup> The current exchange rate is \$1= Rs33.00.

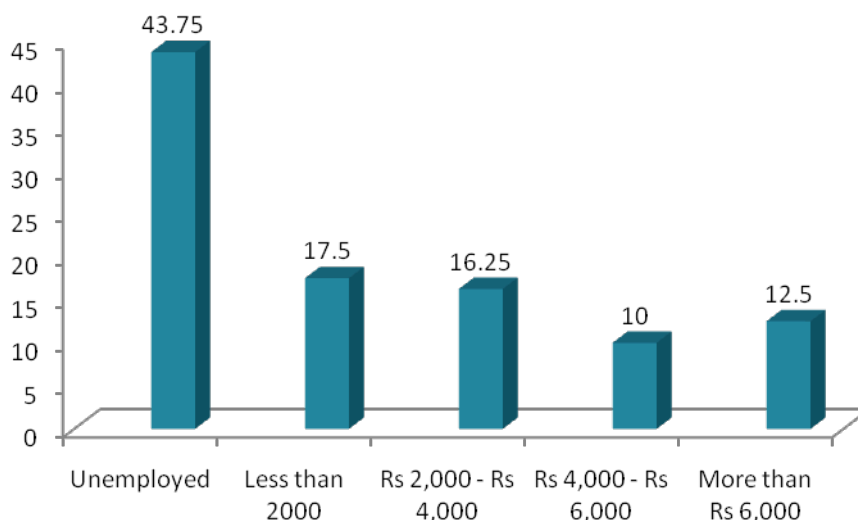
women who managed to find a job is shown in figure 4 below.

**Figure 4: Occupation after the MFA**



For those women who got a job, they are mostly maids (28 per cent) and around 24 per cent are self employed where they have set up a small business. The rest are cooks, gardeners or seamstresses. Further, out of the 71 per cent who are still unemployed after the MFA, around 43 per cent of them do not earn any income while around 10 per cent benefit from financial support from related parties and around 20 per cent benefit from government support.

**Figure 5: Income earned after the MFA**

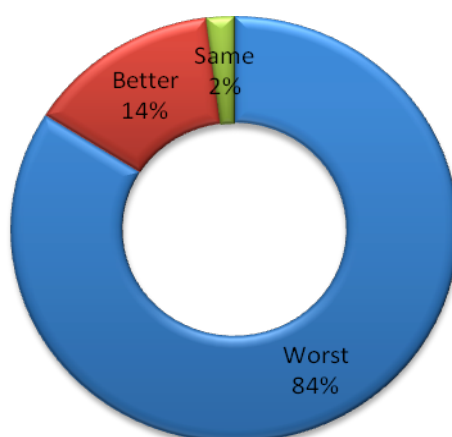


From figure 5 above, we observe that 17.5 per cent of the women are now earning at most Rs 2,000 (compared to 6.25 per cent before the dismantling of the MFA). The number of women in the income bracket of Rs 4,000 to Rs 6,000 has also declined from 42 per cent to only 16.25 per cent while only 12.5 per cent earn more than Rs 6,000 compared to 20.6

per cent before the end of the MFA

In addition, when many textile factories closed down, workers were given cash compensation. The amount of compensation obtained was related to the number of years of service in the textile industry. We observe that around 40 per cent of the female ex workers obtained compensation in the range of Rs 30,000 to Rs 60,000 while 35 percent received between Rs 10,000 to Rs 30,000 and 17.5 per cent benefited from less than Rs 10,000. Only 7 per cent obtained a compensation of above Rs 60,000. Many of the respondents have been using the money to pay daily expenses and loans or past debts incurred. The money has also been spent on financing the wedding or studies of their children. Others used the compensation to build or extend their house. This cash compensation is not sustainable in the long run since most of them earned no labour income and have become poorer. To investigate the impact of the closure of the factories on the livelihood of the female ex-garment workers, respondents were asked how their lifestyle has changed with the end of the MFA. From figure 6, it can be stated that only 2 per cent of the respondents had the same lifestyle as before mainly because they were able to earn basically the same salary as before. 14 per cent stated that they were better off. For most of them, being better off implied more leisure activities and more time spent with their family and children. 84 per cent claimed being worse off as they were still unemployed or presently earning less than before.

**Figure 6: Livelihood of women ex-garment workers after the MFA**



Further, in our sample we note that around 57 per cent of women received training. The training lasted around 3 months and focus on areas like sewing, housekeeping and catering, handicrafts, marketing, florist, pastry amongst others. The aim of the training was to help them in getting a better job or setting up a small business. However, from our analysis, there seem to be a very low correlation between the training and the level of income of the beneficiaries. For most of them, the training has not been useful.

## 7. Conclusion

The end of the MFA has led to real challenges for the Mauritian textile industry with particular hardship for women for whom the future is bleak in the only occupation they have known. The major concern is the short to medium term social impacts of industry closures, despite the progressive development of alternative sources of livelihood. Employment loss significantly impact on poverty. From our survey, we observe that a high

percentage of women (44 per cent) were still unemployed six years after the end of the MFA. They have moved to a lower income bracket with their expenditure exceeding their present income level which is unsustainable in the long run. Many are using the compensation money to finance their daily expenses. It is very difficult for women to get another job or to set up their own business. Our overall result show that 84 per cent of women surveyed are worst off after the phasing of the MFA. This finding is very much in line with studies in other countries hit by the phasing out of the MFA. Similar evidence was found in Sri Lanka, Cambodia and Bangladesh. From our analysis, we observe that there is a need for well targeted safety nets to accompany these women. Policies must be directed in such a way as to encourage a sustainable integration of the female ex-garment workers into the economy. Lastly, the complementary roles of both the private and public sector are important in promoting the economic restructuring of existing industries and parallel sectors to involve greater participation of women in the economy and also to pull them out from poverty.

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