

## Brazil's Textile Industry Adopts Bank Hours to Prevent Job Losses

Contributed by Liésio Pereira  
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Employers and employees in the São Paulo textile industry, responsible for 40% of domestic production, are adopting mechanisms such as hour banks to keep jobs from being lost.

They agree that Chinese competition is one of the causes, together with interest rates and the exchange rate, which is damaging to exports.

The president of the State of São Paulo Textile Industry Syndicate (Sinditêxtil-SP), Rafael Cervone, told that the pace of new hirings in the sector is already showing signs of abating.

"The impact has been strong. We were on a crescendo of new hirings last year, and the deceleration is already very evident, to the point where we started to fire workers. The industries can't stand any more.

"Industries that over the past ten years operated 24 hours a day, 30 days a month, have already eliminated one or two shifts. They are using a mechanism of hour banks to avoid firing people, but all of this has a limit," he affirmed.

"We have observed not only our owners' syndicate raising warning flags, but the workers' union is also very concerned, for good reason, when it comes to these questions."

Data from the General Register of Employment and Unemployment (Caged) confirm the diminution of the difference between formal job hirings and firings in the textile and clothing sector.

The difference in June amounted to 3 thousand, as against 5,352 in May and 7,110 in April. Between January and June of this year, the difference was 28,231 jobs, compared with 37,849 during the same period last year.

"The textile sector must be viewed as the second largest employer among all national productive sectors, generating 1.5 million formal jobs. It is very relevant and has to be considered," Cervone remarked.

The president of the São Paulo Textile Workers' Union, Sérgio Marques, observed that the situation the sector is facing comes at a time when workers in the sector were starting to leave the informal market, after a period of stagnation.

"In recent years the textile sector was the one that invested most in industrial plant, and, to the extent that this occurs, workers gravitate back to the companies."

Marques alerted that it is necessary for safeguards against Chinese textile products to be adopted immediately, as has been done in countries like the United States, to avoid job losses.

"If we don't defend Brazilian industry, we will be working indirectly against Brazilian employees," he asserted. "To the degree that China increases its cutthroat exportation to Brazil, we will lose jobs, and companies will move elsewhere, so the safeguards are necessary."

The president of the union agrees with the need for safeguards to be adopted quickly, and he calls for investments in the sectors that produce goods with higher aggregated value and that generate the largest number of jobs. In his view, China is an example of the results of planned investment.