



## Philippines: a union foothold in the export processing zones

**Tax incentives for investors, low wages and breakneck production rates for workers, mainly young women: these are some of the payoffs for investors of the EPZ boom in the Philippines. A resolutely antiunion stronghold in which the national centre, the Trade Union Congress of the Philippines (TUCP), and its main affiliates have been waging a daily struggle since the early nineties for workers' rights. Yet fierce international competition based on low labour costs is increasing the threat of relocations to China and making trade union activities even more difficult.**

**This report, published in the run-up to the forthcoming Ministerial Conference of the WTO taking place in Cancun, Mexico, from 10-14 September 2003, highlights the stark reality of these export processing zones, which symbolise of the global primacy of the race for profits over decent jobs worldwide.**

**This report includes vivid testimony on the unrelenting drive towards ever lower costs that is undermining the most fundamental rights of workers.**

### Fighting blackmail with jobs

**Grass roots activists knock on members' doors, trying to overcome their fear and organise union solidarity.**

**M**eetings with workers have to be organised outside the company premises, on their way to work or even in their homes. Sometimes this can prove very difficult, with employers bribing politicians, police officers and other local officials in order to get them to discourage workers from contacting trade unions. Most workers are even scared of answering our questions, they fear for their jobs", explains Enrico, who is engaged in a daily struggle to unionise Cavite EPZ.

In comparison with the Bataan EPZ, where you have to wear a 'zone pass' to get in, access to the Cavite zone is relatively straightforward, even though "the companies located inside the zone are surrounded with barbed wire and se-



*In order to escape unemployment and poverty young people are coming in droves to work in the free trade zones. But job insecurity, terrible shifts and violation of maternity rights dramatically increase staff turnover.*

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curity guards. It is impossible to gain access to company premises without being authorised by management", adds Enrico, in a debriefing at the TUCP headquarters in Manila on cases for 26 of his colleagues (including 11 women) belonging to the "organising and verification" team, as part of the trade union campaign carried out in the EPZs by the TUCP and its main affiliates (\*). "Bataan is a relatively small EPZ. Once you have been identified as a union activist it is very hard to find a job, and that's why most of the workers are afraid of joining the union. Access to the Laguna zone is particularly difficult. If the guards contracted by the EPZ or a given company see three people conversing together, they have instructions to immediately interrupt and ask what they are talking about. The officials in charge at the zone clearly warned us that the investors would leave if union activities gain momentum. It is only possible to meet workers outside the zone", Rodrigo points out.

**THE GAP BETWEEN LAW AND PRACTICE**

According to the Filipino Government and national legislation, however, men and women working in the export processing zones are free to organise, and the competent authorities are there to ensure their rights are respected. "Our mandate is to guarantee adherence to labour law in the free trade zones. In case of serious irregularities, the maximum sanction we impose is to ban the infringing company from operating in one of our zones. We have also drawn up a blacklist of companies who close down and leave without paying their employees. In some cases, we ban companies from shipping their equipment outside our frontiers, to prevent illegal closures. But before resorting to such extreme measures there is a whole range of complaint mechanisms in which we play the role of mediators, for instance within the framework of the Department of Labour and Employment (DOLE). We also intervene in the implementation of decisions", explains Antonio Ferrer, legal advisor to the administrative body of the Cavite export processing zone (PEZA), which started operating in 1991 and currently hosts 235 export-based companies employing 68,000 workers, two thirds of whom are women.

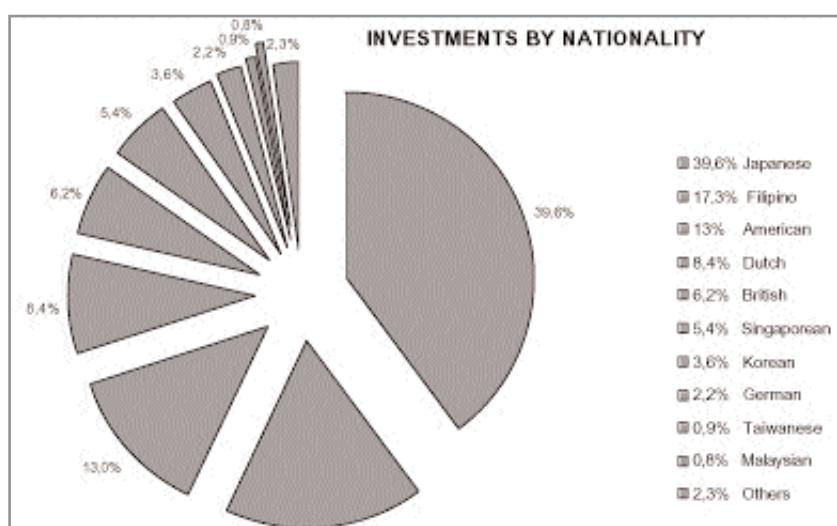
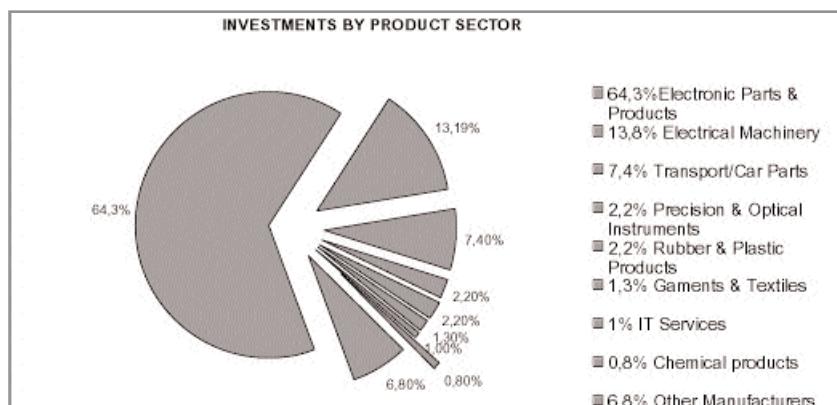
Trade unionists in the field, through their innovative and persistent efforts, are intent on progressively reducing the discrepancies existing between theory and reality. For it should be noted that even if, on average, the hourly wage in

the EPZ has improved over recent years, unions claim that only one third of EPZ employers pay above the minimum wage. Fire exits are all too often missing, insufficient or blocked. Fire detectors too are often missing, and the same goes for adequate ventilation systems.

Inspections are carried out by the department of labour, "but management pressures the workers into giving the 'right' responses to the inspectors", as has been attested to by many workers, who also denounced the lack of adequate personal safety equipment.

- The Philippines have 89 free trade zones (FTZs), spread out across 15 provinces, which are home to over one thousand exporting firms, most of which are located in Laguna, Cavite and Batangas.
- In 2002, the FTZs generated 328,000 jobs, plus 492,000 more as a result outside the zones, and accounted for 80% of the total exports from the Philippines (worth 23.93 billion \$).
- The average daily wage in the Philippines is 5.03\$ (compared to 1.21\$ in China).
- The electronics industry accounts for some 60% of the production in the FTZs, followed by the electrical sector (13.8%), car parts (7.4%), precision and optical instruments (2.2%), textiles and clothes (1.3%), and IT services (1%).

Sources: PEZA and Biz News Asia



## DOOR-TO-DOOR... THE STRUGGLE TO ORGANISE

In the early nineties, faced with growing evidence of exploitation in EPZs which at the same time accounted for an increasing percentage of jobs, the TUCP decided to launch an organising drive targeting the zones. 1995 saw the launching of the first organising campaign, a challenge that could have been seen as doomed in view of the fierce hostility displayed by the companies established in these zones.

Workers wishing to set up a trade union are required to submit a petition to the Ministry of Labour, in which they must explain the administrative and legal foundation of the need for a union. If their request is approved, elections may take place. The union must then convince the majority of the employees (50% + 1 vote) to vote in favour of union recognition. This lengthy procedure can take anything between one and two years during which time employers will do their utmost to appeal the ministerial decision, revoking election results and discouraging workers by resorting to countless dissuasive tactics. There are no holds barred, not even corruption. "We had managed to organise a Korean-owned plant producing telephone keyboards at Cavite, but management paid off some union leaders to get them to resign", recalls twenty-year old Nadia, a TUCP organiser.

"As regards the union elections that took place last year at electronics plant Subic Technics, which had been denounced for paying its workers below the minimum wage and for frequently resorting to forced overtime, we united in our efforts to convince the workers. In the five days preceding the ballot, all



Christy, 30 years old, works for the Korean firm SD Philippines, which makes trousers and coats for several North American brand names. Overtime is the norm and the gates are often locked to prevent workers from leaving the factory before finishing their work. The TUCP is currently campaigning to get trade union recognition in this factory.

Christy lives in the slum area outside Rosario with her husband who has also been looking for work in the area. She has to take three different

buses to get to work, which combined with her long working hours make her days exhausting and seemingly endless. She has had to send her two children to their grandparents' home in the region of Bicol, where she comes from, as she is unable to combine her work with looking after them. "The artesian well near my home is closed at 9 pm but sometimes I get home much later and have to walk half a kilometre to get water", says Christy, explaining the water distribution problems.

the verifiers, organisers, leaders and volunteers belonging to unions affiliated to TUCP in the Subic, Laguna, Cavite and Tarlac export processing zones took part in a door-to-door campaign during which they even managed to convince a church minister who had, until then, been fiercely opposed to the union!" the TUCP team explained. Once the election had been won, work began on the task of negotiating a collective agreement, which would have legal force and could be used as a legally binding instrument if the employer failed to respect its provisions.

ened to close down in case of union activity and some workers had not been paid for 13 months", explains Dolores.

Only 39 out of the more than 200 companies established in the Cavite EPZ are organised, and only three of those have a collective bargaining agreement (CBA). 33 of the unions are affiliated to the TUCP national centre, which is also the signatory of the 3 CBAs.

The Cavite Apparel textile factory, which mainly produces for export to the US market, is among the three companies where the union managed to obtain an agreement. "Since the signing of the collective agreement, there has been a marked improvement, especially in the way the supervisors treat us. Before, it was forbidden even to look at them, under penalty of a sanction. There are still some serious problems, such as the lack of drinking water in the canteen, temperatures reaching 40 degrees, apprentices employed under illegal status for up to 6 months at a time, compulsory overtime during peak periods", explains Rosa, who adds that it was thanks to the TUCP and the Global Union Federation ITGLWF that she was able to receive vocational training. Indeed normally the only way to learn to

## Incentives for Economic Zone Export Enterprises:

- Income Tax Holiday (ITH) or Exemption for Corporate Income Tax for four years, extendable to a maximum of 8 years.
- After the ITH Period, a special 5% Tax on Gross Income, in lieu of all national and local taxes.
- Exemption from duties and taxes on imported capital equipment, spare parts, supplies, raw materials.
- Exemption from export duty, wharfage dues, taxes and fees.

## THE UNION ADVANTAGE: THE ARGUMENT OF COMPARATIVE BENEFITS

According to the union organisers, the most effective way of raising awareness and organising (or recruiting union members) is to highlight union successes and benefits gained by unionised workers in comparison with non-unionised workers.

"A young woman made a mistake and was beaten up by a Korean employer in a textiles factory. We filed a complaint and, as a result, the Korean manager was fired. The victimised worker received compensation in the form of a regular contract. But it had been a very rough ride as, prior to gaining union recognition, the company had threat-

## Young workers are more apprehensive

Young workers, who are the most exploited, prove particularly difficult to convince, partly because they are usually unaware of their rights, but also because they are particularly scared of losing their jobs at a young age, especially considering how difficult it is to find another one when employers want experienced workers. "The Cavite zone receives up to 2,000 unsolicited job applications a day, a figure that increases to 3,500 on Mondays and rises even more at the end of the school year", confirms Digna Torres, Director of

the Cavite EPZ (PEZA).

"We identify those with an educational background and with skills, the ones who are likely to be backed by their families in case of job loss. We explain to them that it is not only in their own interest but also in that of young workers in general, in particular the poorer ones, as well as in the interest of their children and grandchildren", explains 26-year old Carmen, who joined the organising team precisely because, as a young worker employed at the Laguna electronics plant, she felt under heavy pressure: "impossible quotas, very strict control, no minimum wage, I even saw one of my col-

leagues have a miscarriage without receiving the slightest bit of medical attention".

## Key employment market figures

- Active population: 33,361 million workers
- No. employed: 25,096 million
- Under-employed: 3,271 million
- Jobless: 4,995 million
- Workers who have emigrated overseas: 1.2 million
- Young people joining the job market every year: 1 million

Source: Philippine Labour statistics

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use a new machine in the factory is to learn on-the-job.

"In a factory manufacturing bags for Japanese brand "711", the establishment of a union has allowed workers to gain access to adequate drinking water supplies as well as to additional toilets, yet a complaint has been filed regarding the huge amounts certain returning workers have been required to pay to receive a five-year contract", says 20-year old Elsa, a TUCP organiser at Cavite.

The initial progress made by the unions is, to some extent, reflected in the observations made by Digna Torres, Director of the Cavite EPZ: "Conditions have improved slightly, particularly in the electronics sector, which represents the main activity at Cavite. As for textiles, a sector that has undergone a considerable drop in activity owing to current market trends, the situation appears to be more critical, particularly with regard to working times linked with seasonal production".

These concerns are overtly expressed in official and trade union circles in light of the very poor performances of the textile and garments sector, which barely accounts for 1.3% of export production. "Most of these garment factories are already competitive and technologically advanced. The only thing we can do to back these companies is to try to cut down the costs and delivery deadlines", comments Lilia de Lima, Director General of the Philippines Economic Zones Authority (PEZA). This will not reassure trade unions on the issue of working hours...

## THE THREAT OF RELOCATION

Beyond the garments sector, the entire Philippines export-processing industry faces the threat of relocation. At Cavite, for instance, Digna Torres, Director of the zone admits that two electronics manufacturers have relocated to China owing to cheaper access to labour and raw materials.

"Prior to becoming an organiser for the TUCP," Elsa, a 20 year old TUCP Cavite activist explained, "I was the President of the union in the Taiwanese sports-shoe factory I used to work in. Working conditions were very hard; we didn't have access to drinking water. The shifts were very irregular, which meant financial insecurity. We had recently signed up to a new collective agreement but management claimed the company's performance was too poor to ensure a proper implementation. As a matter of fact the company finally closed down in the face of the competition from China, where shoes are produced for a fifth of the price (in other words, less than 1 USD apiece)".

The average daily wage in the EPZs represents around 5 USD in the Philippines, compared with 3.75 USD in Thailand and only 1.21 USD in China. To counter this strong argument, "we have confidence in the two essential comparative advantages offered in the Philippines, namely our highly skilled workforce and the stability of our legal system, especially when compared with China in terms of property rights", retorted Ernesto Herrera, TUCP General Secretary, who added that "it is essential that we are able to keep offering added value and, that the government, for its

part, is able to sustain superior infrastructures".

"Our wealth of human resources remains our competitive edge. We have low labour costs and our workers are literate, English speaking, hardworking, easy to train, and very friendly", added L.Lima, Director General of PEZA.

"If labour costs were the only criterion, then China would indeed be unbeatable. However in terms of productivity and production quality, which constitute the overriding criteria of the main brands, it is better to stay in the Philippines. In China, administrative and legal insecurity can also be an obstacle", added Digna Torres, Director of the Cavite zone.

This doesn't stop certain company managers from declaring: "even if 40% of an order is rejected because of poor manufacturing quality in China, the profit generated will still be higher than in the Philippines, where the reject rate for quality defects is only 10%".

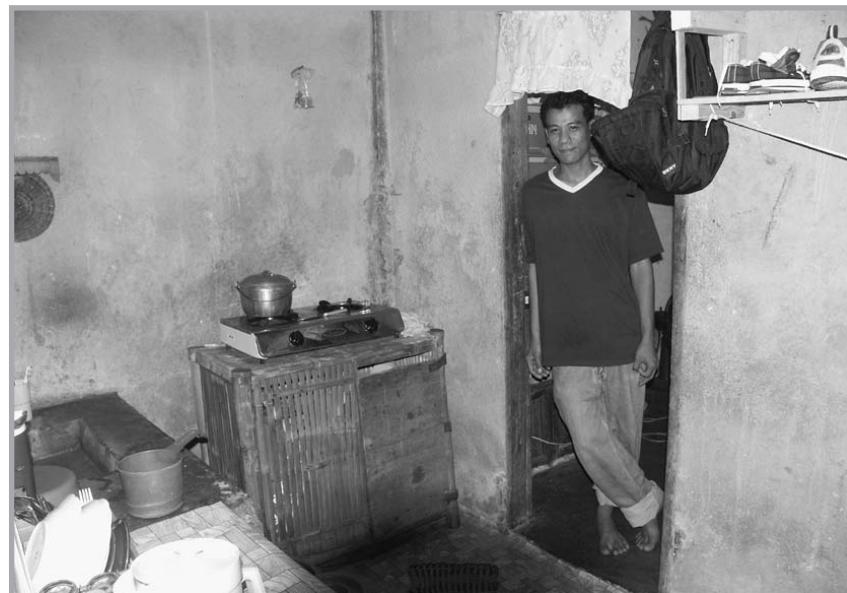
"In the current economic context, it is going to be increasingly hard to organise, as the fear of job losses will increase further in the face of the many investors threatening to relocate to China or other Asian countries where labour costs are lower", concluded Reynaldo, an organiser for the TUCP, who further notes that "as soon as a union is organised in a factory, management threatens to relocate to China or Vietnam". ●

(\*) The Anti-Sweatshop Campaign is funded by the US Agency for International Development and carried out by the TUCP and the American Center for International Labor Solidarity.

**Reynaldo Reyes (ALU-TUCP),  
29, union organiser in the  
Bataan free trade zone.**

"I started working at 19 in a bag-making factory: we worked 14 or even 16 hours a day for the minimum wage. We even had to work for two days non-stop without receiving the statutory compensation payment. The management had a clearly anti-union approach: those trying to form unions were dismissed, and after one strike the management cut the workforce from 600 to 300, getting rid of everyone on a temporary contract. The Korean managers used to shout at the workers. Whilst I was in the export department I saw a Korean manager throw a bag at the face of one worker, injuring him near the eye. That incident really shocked me. When I was 22, I joined ALU. After 2 years, the 300 core staff recognised the union. The temporary workers were too scared, since the management told them quite clearly that the renewal of their contracts depended on their 'positive attitude'. In 1998, the factory closed down... only to re-open elsewhere under a new name but with exactly the same management. Since I was known as a trade unionist I found it impossible to get another job. I agreed to become a full-time organiser for TUCP-ALU. I have managed to unionise staff at my former employer's subsidiary company, and at two other firms. Because I have worked in this zone it is easier for me to organise the workers there".

## The horrors of accommodation and transport



*Rosario/Cavite - In this small extension to the owner's house, José is squeezed in with 4 other young workers - hoping that the owner will not decide to raise the rent.*

**T**he dormitory town of Rosario-Cavite never sleeps. Owing to the night shifts in the factories, buses, jeepneys and tricycles run 24 hours a day. All through the night you can see the shadowy figures of those unable to afford transport wandering through the maze of roads and paths, occasionally halting to eat at one of the little stalls eager to living from the continual mass of people leaving or returning to factories, either to work or to look for work there. The wild growth of accommodation has mirrored the economic growth in the area and the distance separating people's workplaces from their homes has continuously risen.

"Finding somewhere to live and then managing to pay for it is a real achievement. The demand is so great that everything is full up, so we constantly have to renegotiate with the owner who refuses to set a fixed price", explains José, one of 5 young workers crowded into the makeshift annexe next to the owner's house. Within a space of just 6 m<sup>2</sup>, a rickety bunk bed, two mats and some cardboard on the concrete floor serve as a lodging, with a corrugated iron roof, a small and basic kitchen and a shared water pump. The noise and lack of space force you to spend as much time as possible outside...where televisions and games machines, virtually in the streets, can be rented at exorbitant prices.

The public infrastructure cannot keep pace with the tentacular expansion of these dormitory towns and slums.

**“The Rosario town council had more money when the area was still a paddy field. The free trade zone has mostly made things worse and brought insecurity, traffic congestion, air pollution and noise pollution,” according to an engineer working for the council who prefers to remain anonymous.**

Night has fallen on the slums whose stilt-like supports are gradually eating into the bay at Cavite. Soon the street lamps will be turned off and there'll be total darkness. At the end of a bamboo and concrete structure above the rubbish-filled beach, Rosa lives with her brother, her sister-in-law and their baby in a hut on stilts. "After a continuous shift of three days and two nights, I was sacked from the textile factory where we were making jackets. I received no explanation or compensation", explains Rosa, whom the union is helping to lodge an official complaint that is pending. In the meantime she survives by working in a small family-run canteen. ●

# Compulsory overtime: a new form of forced labour

**Reports by TUCP inspectors for the Anti-Sweatshops campaign tell the same story. In order to meet orders for exports many Filipino companies, particularly in the free trade zones, are now using a new form of forced labour: an interminable amount of compulsory overtime, which is frequently underpaid.**

The Filipino Labour Code, which sets normal working time at 8 hours per day, clearly stipulates the minimum pay to which workers are entitled if doing overtime, though it does not limit the number of hours. In most cases, the workers concerned do not dare complain or take any other action, for fear of losing the chance to do normal overtime and receive extra pay for it, though often too for fear of being sacked.

At the company Dollar Save Philippines, a Korean factory in Cavite which produces trousers and jackets for the Abriani, Aldo Rossini, Brutini, Cornelie, Cross Windsor, Exhibit, J P Christopher, Moda Prima and Via Veneto labels, the workers are forced to work overtime (as late as 2am), sometimes for two months at a time, and cannot leave the factory since its gates are locked. The workers are only allowed a single break of one hour during the whole day.

In the Korean firm Western Exports Corporation, also based in Cavite, which produces knitted shawls for the K-Mart, Quelle, Siggerman, and By Design labels, workers have to work a non-stop 48-hour shift every month. Having refused to do this overtime, four women trade union members were sacked in April 2002.

Digna Torres, Administrator of the Cavite free trade zone, admits that owing to the need to meet export deadlines, overtime is the most serious problem in the FTZ.



*In the clothing sector, deadlines for delivering orders are met with the help of extremely tough quotas and compulsory overtime. (Photo: ILO)*

At We Care Corporation, a Korean factory in Bataan that produces bags for the Jansport and Eddie Bauer labels, the workers have 14- to 16-hour working days and management strictly imposes compulsory overtime whenever the union calls a meeting. Management holds on to the clocking cards, thus preventing workers from leaving the factory or cutting down their overtime. Any workers refusing to do this overtime have their contracts terminated before their expiry date.

Compulsory overtime is also a fact of

life in the Taiwanese company This Is It Inc., which produces micro-computers for Acer, in Subic. Occasionally workers have to work up to 23 hours in a shift (15 hours at a stretch) without a break "in order to meet orders". Those who do not do the overtime receive severe punishments, are accused of serious offences or are sacked. One woman fainted from exhaustion and hunger after the company decided to increase overtime substantially as a punishment following the trade union's request for voluntary recognition by management. ●

## Amphetamines for night teams

In a Filipino factory producing baby clothes for the JC Penney, Sears Roebuck and Little Betty brands, all for export to the USA and Canada, overtime has been increasing, on average to an extra seven hours per day, with no break at all in the morning or afternoon. Each week the management distributes the drug Duromine Phentermine to workers on the night shift, to prevent them falling asleep. Duromine, whose effect can last up to 24 hours, causes a rise in adrenaline, leading to a

quickening of the heartbeat and blood pressure, which have knock-on effects such as dryness of the mouth, insomnia and constipation. As well as this drug, which can be addictive, the foremen supply workers with the high-energy drink "Extra Joss".

The factory, located in Rizal, employs 420 workers, including 330 women. According to Lara, the union chair, "only those workers suffering from hypertension are allowed not to take the medicine". After prolonged use

of Duromine "you are awake but lacking in energy. You cannot fall asleep even when you try to", explains Raquel, who has been working in the factory for five years. Pharmacologists say that people taking this drug may have become immune to its effects and as a result have developed acute insomnia, which is an associated risk.

What is more, Phentermine, which is the generic name for Duromine, also causes anorexia and is sometimes prescribed as a last resort for treating obesi-

ty. An inspector from the TUCP, responsible for checking whether the factory was respecting core labour standards, found out that a 40-year old machinist, despite not having to work nights, was "continuing to buy Duromine and to take it twice or three times a week, as it helped suppress her appetite". She was "already feeling withdrawal symptoms".

Compulsory overtime in this factory usually amounts to seven hours per day, six days a week. "We have to meet the quotas or we can't go home", confirms Gemma, who has been working there as a machinist for four years. Warnings or threats of redundancy are issued to workers who refuse to do overtime. And you are not even allowed to leave the factory too enthusiastically after working compulsory overtime. In June 2002, says Raquel, "workers who had just finished their overtime were flooding out of the factory, all excited about going home. A security guard lost his temper, insulted them and proceeded to spray tear gas over them".

The workers receive just 40 to 60% of

the minimum wage in the region, are not allowed leave and cannot go home if they are ill. "The management won't accept any excuses for absence. You almost have to die to be allowed home" adds Emma.

On 9 October 2002, Raquel made a complaint to the National Labour Relations Commission (NLRC) over non-payment of her overtime. When the management learnt of the ruling of the NLRC, they forbid Raquel from returning to work. The factory has also been the subject of other complaints, notably for non-payment of social contributions.

This raises the question of why the inspectors from the customer companies (i.e. producers of brand name products), do not notice anything. Two weeks before the inspections by these customers, the management "rectifies" all the salary sheets (correctly indicating overtime and deductions), distributes protection masks, recruits medical staff and fills the pharmacy with medicines (often outdated). When Sears Roebuck conducted their inspection on 28 Octo-

ber 2002, the management told the workers exactly what they should reply to the inspectors during the visit.

Based on reports from many factories, the TUCP inspectors also stress the cause and effect relationship between occupational accidents and compulsory overtime. In October 2001, at the Charing Inc. factory in Subic, a 24-year old machine operator lost 3 fingers in a mechanical press. This Taiwanese firm, which produces computer parts for Acer, which are exported to the USA, Japan, Europe and Asia, then forced its staff to work 6 hours' overtime per day, on each day over a three-week period in September and October 2001, in order to meet delivery deadlines. According to a TUCP inspector, it took no fewer than 7 accidents on the mechanical presses before the management admitted that the machines needed to have detectors fitted... however the compulsory overtime, which is one of the chief contributors to accidents, has continued. ●

## Threatened at gunpoint

### The story of Andres, a union activist in a Korean textile factory in Rizal.

When Andres was summoned to the manager's office at the Korean Textile factory he was working for in Angono (Rizal), the employer asked him to sign a letter of resignation and a blank sheet ... on which he would add a statement whereby Andres apologised for the harm caused to the firm through the establishment of a trade union in December 2002.

When Andres refused to sign and asked to be made redundant instead of resigning the manager took out a 45-calibre pistol from a drawer and pointed it at him. "The manager warned me he would shoot if I didn't sign the papers", stated Andres.

Whilst Andres was in the manager's office the other 149 workers at the factory were forced to sign a petition calling for his resignation, and promising not to support the union. Once the petition had been signed Andres was escorted from the building. "The manager warned me that he would have me kidnapped if I continued to organise the union and that he would lock me up if I published the union magazine", explained Andres.

The clothes produced at this factory are bound for the USA, under the brand names JC Penney, Baby Tags, Cinderella and Little Angel. JC Penney has published a company code of conduct according to which its suppliers have to carefully respect all "applicable laws and regulations".

**T**he employees work between 13 and 14 hours per day, but only three hours of overtime are paid.

In this factory the wages, which are fixed depending on the performance of the workers in a speed test, vary between 40 and 70% of the minimum wage for the region.

The employees work between 13 and 14 hours per day, but only three hours of overtime are paid. On Sunday the work is paid at normal rates instead of the normal rate of 130%.

When they fail to meet the unmanageably high quotas fixed by management, they are reprimanded and sometimes forbidden to leave the factory until the order has been completed. In October 2002, the workers were forced to work 3 full days without being allowed

to return home. During those three days the management did not even give them anything to eat. They were allowed just three hours' break after endless hours of backbreaking work.

Workers are also sacked in breach of the relevant legal procedures. As Andres explains: "If workers are slow they are sent home and told not to come back to work. They are forced to sign statements saying that they terminated their contracts themselves".

Even if they are ill, workers are not allowed home. In November 2002 a woman in her 7th month of pregnancy fainted from exhaustion. Nobody dared to help her. One of the line managers, Elena Santos, who offered to help her colleague, recalls "the production manager told me it was none of my business since she wasn't on my production line".

Despite various reprisals, the union is still active at the factory, which has now been subjected to a "conformity test" under the Anti-Sweatshops Campaign conducted by the TUCP in cooperation with the American Center for International Labour Solidarity. As for Andres, he has made an official complaint against the Korean manager to the National Industrial Relations Commission. ●

# Women workers: "faster and more compliant..."

## **Violations of maternity rights, starvation wages, sexual harassment.**

**T**he Filipino branch of Japanese-owned IT manufacturer Fujitsu (FCPP), the world's second leading hard-disk manufacturer, has invested in excess of USD 500 million in the Laguna export-processing zone. This plant exports its production to the USA, Japan, Europe and Asia, and currently has a workforce of 3,000 skilled workers, 80% of whom are women, "because they are better than men", confides Masaaki Nagamine, FCCP Chairman... adding that they barely cost one fifth as much as a skilled worker in Japan. "Better", a term that, as far as EPZ employees are concerned, is all too often synonymous with "more compliant" than men... and, therefore, particularly dutiful and exploitable.

"In 1999, when I became pregnant, they forced me to leave. They promised I could return to the factory after two months, but I was never allowed back. It is extremely difficult to find work once you've had a child", explains Carmen, who used to work for Sambo, a Korean company. "A lot of compulsory overtime to complete orders, Korean managers constantly shouting at us,

and a lack of adequate ventilation despite the presence of chemicals... ... we worked under extreme conditions. My husband was also employed in the same factory, but it has since been relocated to China, and my husband now has to make ends meet by working as a tricycle driver. He developed a throat infection because of the chemicals at the factory. Many women are also suffering from breast cancer. I come to the trade union to receive medication", explained Carmen during an interview at the offices of the TUCP.

**W**hile some workers are forced to resign four months into pregnancy, others are not allowed to resume their jobs after giving birth.

"On paper, the Filipino legislation is very progressive on the issue of women's rights, and the same applies to workers' and children's rights. But when it comes to concretely implementing these laws, this is far from being the case!", explains Carmen Solinap, President of the TUCP Women's Action Programme.

While some workers are forced to resign four months into pregnancy, others are not allowed to resume their jobs after giving birth. There have also been reports of women being forced to do compulsory overtime to complete orders despite being at an advanced stage of their pregnancy, as well as of various forms of sexual harassment and other types of discrimination, particularly wage discrimination... The public authorities in charge of the EPZs claim they are fully aware of these problems. "We are fully aware of the gender dimension of the problems in relation to employment in the EPZs, where women form the majority, and we do push for the implementation of the legislation on sexual harassment, particularly within the framework of our co-operation with the TUCP. Last year, we provided arbitration in 33 labour disputes on charges of sexual harassment involving over 10,000 workers", declared Antonio Ferrer, legal adviser to the Cavite EPZ administration.

11 out of 27 of the organisers and monitors appointed as part of the campaign against exploitation in the export processing zones are women, and the protection of women's rights is on the agenda of the training workshops organised as part of the campaign. ●

# Urine infections and kidney problems

## **Draconian restrictions by employers on the use of toilets, combined all too often with dirty facilities, is causing a wave of urine and kidney infections amongst workers, according to the TUCP.**

**S**ince January 2002, YYY Corporation, a Korean bag manufacturer supplying the Jansport, Eddie Bauer and Outdoors labels, which are exported to the USA and South Korea, has used a "card access" system for going to the toilets. 110 workers share a single access card and only one worker at a time may go to the toilets. According to Nida, a machinist who has devel-

oped a urine infection: "no-one stays there long as it's really dirty. No cleaners have been brave enough to clean those toilets". This is causing real problems for the workers since the canteen is right next to the toilets - no-one remembers when the toilets were last cleaned..

For many firms, toilets are synonymous with time-wasting and disturbance of work patterns and the production line. Hence the bright idea of many managers to restrict access.

However, according to doctors, a person in normal health urinates five times a day on average; irregular urination can cause urine infections and kidney problems, which can lead to hypertension (depending on the person's age) or even a kidney deficiency.

In the factory of SPS Corporation, which is unfortunately notorious for its hostility toward trade unions and produces clothes for the DKNY label exported to the USA, 65 women share 2 toilets whilst their 135 male colleagues share a single WC.

The company AAA Inc., which produces baby clothes bearing the Little Betty, Sears Roebuck and JC Penney labels, also exported to the USA, allows its workers to go to the toilet just once for every four hours' continuous work. They are asked to sign an attendance slip and are reprimanded if they go to the toilet more than once. Moreover, they are not allowed breaks either in the morning or the afternoon and so cannot use such breaks to visit the toilet. ●

# Maximum productivity and the unions are banned

**The electronics industry accounts for almost two-thirds of exports from the Filipino free trade zones.**

**Tour of the Korean Keyrin factory in Cavite. Maximum productivity and the unions are banned.**

**"Working to supply most of the best known telecommunications brands - behind the scenes of the mobile phone boom..."**

**A**ggravated by the heat the smell of solvents hits you. On the production lines for testing components the women work quickly, using their bare ears for the testing process. The sharp repetitive sounds of the tests reverberate around the room continually. "With mobile phones getting smaller and smaller, so are their components, and the models are increasingly changing", explains the Korean chief engineer.

**"Discipline all members of staff drastically in order to maximize production", the firm announces brashly in its presentation brochure.**

One of the key aspects of company policy is to "discipline all members of staff drastically in order to maximize production", according to a brash announcement in the firm's presentation brochure. The factory walls bear slogans glorifying work. There are no unions here. We are in the free trade zone of Cavite, at the Korean electronics factory that produces acoustic parts for phones and computers.

"This factory employs 99,9% women, on average between 18 and 23 years old. They are calmer than men", observes the chief engineer of the factory, which supplies major Korean firms like Samsung and Hyundai, though also American firms like Motorola and IBM, European firms Alcatel, Grundig and Philips, and Japanese firms Sanyo, Casio and Sony.



*Sticking job in the production line for acoustic components for telephones and computers at the Keyrin factory in Cavite.*

## THE ATTRACTION OF CHINA

"We also have a factory in China which is growing fast. At the moment we find it easier to work with young Filipino women. They understand our overtime requirements better than Chinese women," explains the chief engineer.

neer.

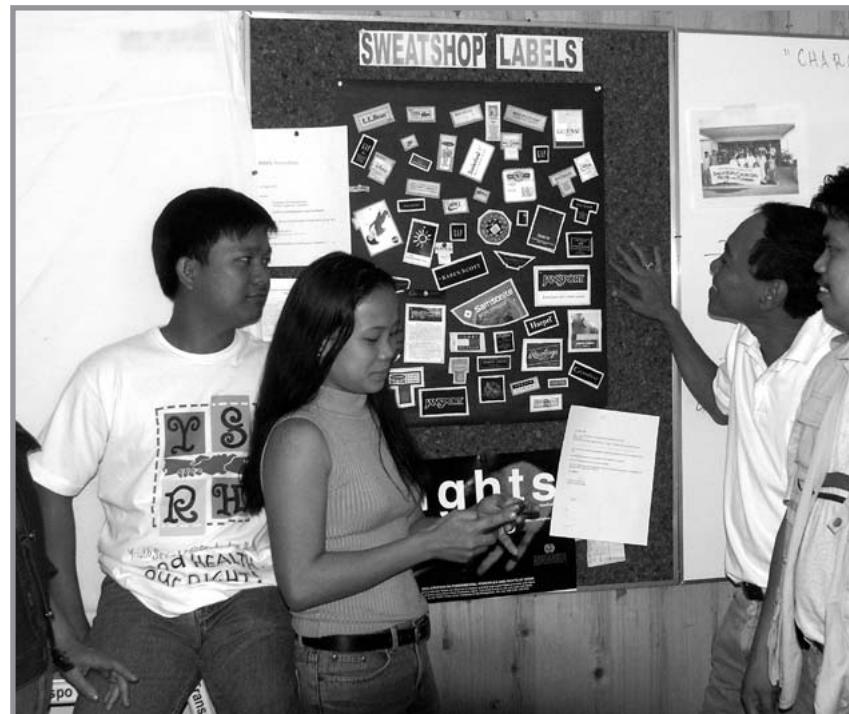
"But the Chinese learn very fast, especially since these are not very technical jobs. In future we are very likely to base our main plant in China and just keep a small one here in the Philippines".

# Codes of conduct: an imperfect tool to deal with multinationals

**Information, verification, international action networks... Trade unionists active in the export processing zones resort to codes of conduct as a means of pressuring company management. Yet trade union presence within the companies plays a key role in the process.**

**“**Codes of conduct can be useful tools for us. All too often, managers don't take them into account. We explain to them that there is a real concern among buyers that these codes be respected. For example, we drew the attention of the managers of a textile company to the fact that they were violating the codes of conduct of two of their buyers (Wal-Mart and Adidas), and that allowed us to secure the reinstatement of dozens of dismissed workers», explains Reynaldo, a 29-year old union organiser within the Bataan economic zone.

For her part, Digna Torres, Director of the Cavite zone, mentions the case of GAP, which is currently carrying out factory inspections in the zone. "Their inspectors insist on having a single union negotiator. Many of the plants have been temporarily closed down, to



*The TUCP's team of auditors displaying a chart outlining the major international brands sourcing production from EPZs in the Philippines. These include Intel, Texas Instruments, Motorola, Nokia, Toshiba, Philips, Hitachi and Epson, in the electronics sector, and Gap, Wal-Mart, Adidas, DKNY and Esprit, in the garments sector.*

allow for sufficient time to act on GAP's new criteria. They are afraid of being labelled as "transgressors of labour standards". She adds: "a notable improvement in working conditions can be observed in factories which have already complied with these criteria".

"The codes of conduct of certain multinationals that focus on the basic social accountability of multinational companies vis-à-vis the workers and their families can sometimes constitute a useful tool for trade unions. But that invariably faces us with the issue of monitoring the implementation of the provisions contained in these codes. Most multinationals are very reluctant to accept union participation in this process. A lot remains to be done in terms of educating these employers as well as the workers themselves who have a key role to play", declared Ernesto Herrera, General Secretary of the TUCP.

## VERIFICATION IN THE FIELD

"Management often fails to inform the workers of the existence of codes of

conduct. It was thanks to our Sweatshop Campaign that we managed to gain access to this information, which we can use to bring pressure to bear on the managements of the companies concerned to force them to comply with these codes", he added.

The verification activities carried out within the framework of this project cover the Bataan, Cavite, Laguna, Subic, Clark and Cebu EPZs. The teams of auditors work in constant consultation with the various parties concerned (workers, employers, support groups, government agencies and various international institutions). They have at their disposal various work tools that were developed within the framework of the project, such as for instance a background publication on national legal standards and international labour standards, a document outlining the various existing corporate codes of conduct, as well as a detailed checklist of criteria to be verified on the spot.

"We have audited 70 companies (33,324 workers) on compliance with their own codes of conduct, with sector-level agreements (WRAP), particularly

## Trade Union Forum

Established in 1997, the Forum of Unions in Zone Enterprises (FUZE) now has 45 member unions representing a total of 12,645 unionised workers. This is the largest workers' organisation in the zones. In addition to its main trade union organising work, FUZE is working with other partner organisations on a project aimed at increasing justice for underprivileged people (DAW) and in work geared to combating domestic violence, sexual harassment, gender-based discrimination and abuse of migrant workers.

in the clothing sector, as well as with the ILO's core labour standards. We have identified at least 136 brands associated with codes of conduct and have placed their production plants, suppliers and subcontractors under scrutiny", declared Dominador Tuvera, TUCP projects assistant-director, in charge of the Sweatshops Campaign.

**"The presence of trade unions inside the factories constitutes the only sustainable way of verifying compliance with codes of conduct and national and international labour standards"**

Outcome: the reports mention systematic violations of the codes of conduct, of basic labour standards as well as of national laws and regulations. "For example, our verification activities show that 33% of the companies veri-

fied pay below the minimum wage; almost 80% of the companies verified in the garments industry practice forced overtime, especially during shipment of orders. These companies are producing for Gap, Old Navy, K-Mart, Walmart, JCPenney and DKNY, among others. But such violations have not been brought to the attention of buyers or brands, maybe because in some cases it is the companies which select workers to be interviewed by the auditors, brief them on what to say during the audit and tell them that buyers will cancel orders if they find out companies are violating the codes of conduct", Tuvera added.

#### UNION PRESENCE REQUIRED

Rather than spot-checks, in many cases no more than one to three days, only a continuous verification of the implementation of codes of conduct inside the companies will contribute to the credibility of the process. "The presence of trade unions inside the factories constitutes the only sustainable way of verifying compliance with codes of conduct and national and international labour standards", concluded Domi-

nador Tuvera.

#### INTERNATIONAL TRADE UNION SOLIDARITY

The question remains as to what role the international trade union movement can play to support the work of individual trade unions in their relations with multinationals? According to TUCP General Secretary, Ernesto Herrera, "The world is becoming smaller and smaller with the interaction between different labour markets increasingly intense. Against this background, it is imperative that the trade union movement strengthen common policies and strategies in this field. It is very important that the international trade union movement promote exchanges of information between local unions and the unions in the countries where these multinationals are headquartered. Since local governments often tend to protect these multinationals owing to the high stakes they represent in terms of income and employment, trade unions nationally and internationally must develop an increasingly global approach to deal with multinationals that disregard workers' rights". ●

#### **"Everything is dealt with internally..."**

Gateway business Park, one of the private industrial estates belonging to Cavite, is home to 18 companies specialised in electronics, including US microprocessor manufacturer Intel, which alone has a workforce of 4,000, of whom 80% are women. Zones such as these, where private investors are the sole owners of the site and premises, are even more hostile to unions. TUCP activists are never allowed access to the secured interior of this zone, which contains luxurious but well-ordered infrastructure, and where none of the companies are unionised. "Should a problem arise with the workers, everything is dealt with internally, directly between the workers and management and on the basis of the internal code of conduct", declared Miguel Manalo, manager of this zone, who clearly appears very reluctant to talk about trade unions.

## Unionised factories: setting an example

**Unionism and productivity can go hand in hand, as some employers are starting to realise. The following is a first-hand account by one of these corporate "pioneers" of social dialogue in the export processing zones.**

**"**o be honest, it has to be said that most company managers would rather not have to deal with unions, which they see solely as a source of problems", admits Digna Torres, Administrator of the Cavite Export Processing Zone, where 25 out of 235 companies are organised so far, yet only three of those are covered by a collective bargaining agreement. A bitter struggle is taking place on a day-to-day basis as was demonstrated by the disputes that took place in recent months in two companies. "Fortunately, some employers are starting to realise that unions can also be a contributing factor for increased productivity, and we invite them to discuss the positive aspects of unionisation in their factories with other employers

within the EPZ. Nobody is in a better position to convince other company managements", according to the administrators of Cavite EPZ, who are hoping to promote more harmonious industrial relations as an incentive for attracting prospective investors mindful of their corporate image with regard to the respect for workers' rights.

Antonio Caballero, Manager of the Cavite-based factory producing for the multinational group Jordache (textile sector), where 363 out of 700 workers are unionised and covered by a collective bargaining agreement, explains: "we came to Cavite in 1993 with 150 workers. The garment industry is going through a difficult period as a result of the new legislation aimed at gaining increased access to the US market, not to mention the competition it is facing from other low-cost countries".

The Jordache group has manufacturing facilities in Mexico, Jordan, Madagascar and Morocco, and it also sources from other factories around the world. "Within the group itself, our Filipino plant has lost market share, mainly to Morocco and Kenya. But I believe that it

◀ CONTINUED ON PAGE 12

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is a bad move to act solely in terms of labour costs", said Antonio Caballero.

**"The better I pay my employees, the more money I make"**

"Take productivity for example: I think that, quite on the contrary, the better I pay my employees, the more money I make. That is why I pay them above the minimum wage", adds Antonio Caballero. "We have also set up a co-operative that grants loans to allow workers' children to attend school, thus cutting out moneylenders who charge astronomical interest rates. We have also concluded a pension insurance arrangement with a bank and are directly involved in the housing schemes that have been set up in association with the ILO". The Jordache Cavite union and management have worked out an automatic deduction system for workers who have subscribed to the housing fund, and the fund is managed by the workers' cooperative. Yet the situation within the export processing zones is still far from ideal for the workforce... In recent months, workers at the Jordache plant complained that they were forced to work seven days a week, four weeks in a row. Following negotiations with

**EMPLOYMENT: Wal-Mart expects its suppliers to comply with the following conditions of employment.**

- **Compensation:** Suppliers shall fairly compensate employees by providing wages and benefits which are in compliance with the local and national laws of the jurisdictions in which the suppliers are doing business, or which are consistent with the prevailing local standards are higher.
- **Hours of Labor:** Suppliers shall maintain reasonable employees work hours in compliance with local standards and applicable laws of the jurisdictions in which the suppliers are doing business. Employees shall not work more than 72 hours per 6 days or work more than a maximum total working hours of 14 hours per calendar day (midnight to midnight). ~~The factory should be working toward achieving a 60-hour workweek. Wal-Mart will not use Suppliers who, on a regularly scheduled basis, require employees to work in excess of the statutory requirements without proper compensations as required by applicable law. Employees should be permitted reasonable days off (at least one day off for every seven-day period) and leave privileges.~~
- **Forced/Prison Labor:** Forced or prison labor will not be tolerated by Wal-Mart.

*Jordache factory in Cavite. The Wal-Mart code of conduct is posted in the factory canteen, proclaiming a 72-hours maximum working week.*

the union, management agreed to discuss the issue and committed to comply with code of conduct provisions on working hours borrowed from Walmart. This code, posted in the factory canteen (see appended picture), stipulates that

working hours should not exceed 72 hours for a 6-day working week, and should, furthermore, not exceed 14 hours a day. Wal-Mart recommends that its suppliers work toward reducing working hours to 60 hours per week. ●

## Export processing zones at the WTO in Cancun

**Export processing zones (EPZs) symbolise the devastating social impact of the headlong race for economic competitiveness. In the run-up to the WTO ministerial conference (10-14 September 2003), the ICFTU is calling for the development of a genuine social dimension to world trade.**

**W**hile EPZs account for 43 million jobs around the world, their number one goal is to attract foreign investment. Consequently, they are a tragic symbol of the glaring discrepancy between the unrestrained pursuit of investors' interests and the suppression of workers' rights. The belief that markets must be opened up at any price, without the slightest concern for the environment or social issues, is exacerbating the poverty and

exploitation of millions of workers. EPZs provide one of the clearest illustrations of this phenomenon.

At the same time, the ICFTU is publishing a pre-WTO summit report (\*) showing the extent to which the miserable working conditions in EPZs around the world –and the highly dubious impact of EPZs on the development of host countries – are directly linked to the WTO's inability to tackle the social concerns raised by globalisation.

The ICFTU recently produced two videos to illustrate in images the reality of the exploitation and repression of workers in EPZs: one was shot in the Cavite EPZ in the Philippines, and the other in the EPZs of the Dominican Republic and Honduras. On the way to Cancun, a delegation of high-level trade union officers led by ICFTU General Secretary Guy Ryder visited the export processing zones of Honduras and the Dominican Republic, before meeting up with a delegation of more than 100 union leaders in Mexico to ensure that

the demands of the international trade union movement were heard at the WTO ministerial conference. They will demand the development of a genuine international social policy at the WTO, backed up by obligations binding upon investors. ●

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 (\*) Export Processing Zones-Symbols of exploitation and a development dead-end, web link: <http://www.icftu.org/displaydocument.asp?Index=991218377>  
 For more information on ICFTU and WTO, visit: [www.global-union.org/](http://www.global-union.org/)

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