

I N T E R N A T I O N A L C O N F E D E R A T I O N O F F R E E T R A D E U N I O N S

FROM THE ASHES

A T O Y F A C T O R Y F I R E I N T H A I L A N D

A N E X P O S É O F T H E T O Y I N D U S T R Y

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A

TRIBUTE TO THE WORKPLACE ACCIDENT VICTIMS IN ASIA

This report is dedicated to 188 workers who died and 469 others who were injured in a 1993 fire at the Kader Industrial Toy Company situated near Bangkok, Thailand.

B

INTRODUCTION: FROM THE FLAMES

On 10 May 1993 the worst-ever factory fire in the world occurred at the Kader soft toy factory in Nakhon Pathom province near Bangkok, Thailand.

The first part of this report describes and analyses events leading up to the Kader fire and for the few months that followed, up to the time when compensation issues for victims were resolved. Sections C to E of the report refer to this period of time.

The fire is then reviewed in the light of a several-fold increase in death and accident rates for all Thai workplaces since 1987. Workplace accidents in Thailand now approach 200,000 per year. This is discussed in section F

The three sections that follow (from G to I) look at issues of relevance to workers, the government and the Kader company itself in the outcome of events.

Thai labour policies severely limit the capacity of workers to implement change an their own. Further, by refusing to enforce safety standards properly, the Government is both aiding and abetting in the development of situations that give rise to catastrophes such as the Kader Fire.

The Kader Company is examined in Section I as is its investment history starting in Hong Kong, then moving to Thailand and ending up in China. Kader's investment history points to important changes in the broader international toy industry, especially with respect to the production of toys in China.

Why toy investors are turning to China is looked at in Section M of the report. Cheap labour is the main reason. There is little requirement for companies to worry much about unsafe factories or care about worker's health and safety. Workplace accidents in China are currently re-

sponsible for the death of over 20,000 workers per year.

The lower cost of production of toys in China changes the investment climate for countries like Thailand. Thailand competes with China to attract investment capital for local toy production. With this development Thailand has become sadly lax in enforcing its own legislation. It turns a blind eye to health violations thus allowing factory owners to ignore safety standards. Since China entered the picture, accidents in Thailand have nearly tripled.

The structure of the international toy industry is described in Section K. How toy "images" are controlled, produced into toys, and then marketed and Sold internationally is discussed. The role of major companies in consuming countries is also examined.

In Sections L and M, an intricate web of toy contracts becomes apparent. Major toy buyers from consuming countries sign production contracts with factory owners throughout Asia. Factory owners, in turn, hire workers or sign more contracts for part of the work to other individuals, or to smaller firms, including sweatshops. Depending an the country involved, contracts are also signed within community, family or church programmes.

In the concluding discussion of Section N the web of contracts and sub-contracts in the toy industry is highlighted. International production contracts are identified as central to implementing change in the toy industry. Recommendations are directed at Thailand and China as producing countries. Others deal with the need for international standards. The roles of companies in consuming countries are discussed as are the important roles for consumers in bringing about change.

I) ICFTU ACTIVITY FOLLOWING THE KADER FIRE

In November 1993 the ICFTU coordinated a Mission of inquiry to Thailand with its Asian and Pacific Regional Organization (ICFTU-APRO) in Singapore and with the International Ladies' Garment Workers' Union (ILGWU) from New York. Mr. Lucien Royer (ICFTU), Ms. Becky Plattus (ILGWU) and Mr. K.S. Thomas (ICFTU-APRO) were involved in the mission and were responsible for the production of the findings contained in this report. In Thailand, the activities of the mission were organized with the Labour Congress of Thailand (LCT) and the Thailand Textile Garment Workers' Union. The Friedrich Ebert Foundation was instrumental in helping to plan important meetings, events or interviews as was the Asian-American Free Labour Institute in Bangkok.

In all, the mission met and interviewed 50 - 60 individuals in Thailand. Trade union leaders and members of non-governmental organizations involved in activities related to Kader's fire participated in meetings or were interviewed directly. A meeting with eight officials from different departments of the International Labour Organization (ILO) was organized by the ILO. A tour of the Kader site and surroundings was also organized as were interviews with survivors of the fire, followed by visits to their homes. An official of

the personnel department of Kader was interviewed as were officials of the Ministry of Labour, including the Deputy Minister. Several representatives of the academic community were visited and interviewed. Finally, a special visit was organized to meet Professor Nikom who headed the Thai inquiry into the fire. Of equal importance were the many casual walks in the back streets of Bangkok to observe the numerous flourishing sweatshops and their operations. Follow-up research was conducted in the ILO library in Bangkok and at the offices of Toy Manufacturers of America, a major industry organisation which is located in New York City.

Following the trade union mission to Thailand, the ICFTU Executive Board at its 104th meeting in December, 1993 passed two important resolutions on factory fires in Thailand and China. The 15th World Congress of the ICFTU outlined the importance of developing with the ITS a framework for the effective co-ordination of international action regarding transnational corporations.

From 12-14 October, 1994 the ICFTU/ITS Working Party on Health, Safety and the Environment met in Brussels to discuss the findings of the mission and to make proposals for international actions to bring about change in the toy industry. The concluding discussion in section N incorporates the results of those discussions.

INDUSTRIAL FIRE BREAKS OUT KILLING 188

1 At 4.00 p.m. on 10 May, 1993 a fire erupted at the Kader soft toy factory in Nakhon Pathom province near Bangkok, Thailand. The company employed over 3,000 workers. 174 women and 14 men died in the incident. 469 workers were injured and most of the remaining workers became jobless.

2 The fire occurred in a four-storey building on the ground floor packaging and storage area near a large electrical control panel. The fire quickly spread upwards to other

floors and to two adjoining factory buildings. A Government inquiry set up by Mr. Nikom Chandravithun was subsequently set up to report on the incident. Six months later it concluded that improper building designs, inadequate fire exits and stairways as well as poor health and safety practices at Kader were the major contributing factors in victims not being able to escape in time. Survivors reported that locked doors and barred windows prevented many of the victims from escaping.

3 There were four factory buildings in the compound, the first three of which were built with non-insulated steel structures. Only the fourth building did not catch fire. All

the victims who died worked in building number one where the fire started. Workers from other buildings managed to escape in time with minor injuries. Under the intense heat

Couldn't Get Out - No More Stairs!

"There was the sound of yelling about a fire. I tried to leave the section but the supervisor told me to get back to work. My sister who worked on the fourth floor with me pulled me away and insisted we try to get out. We tried to go down the stairs and got to the second floor. We found that the stairs had already caved in. There was a lot of yelling and confusion. I couldn't go down further. In desperation I went back up to the windows and went back and forth looking down below. The smoke was thick and I picked the best place to jump in a pile of boxes. My sister jumped too. She died."

Ms. Lampan Toptim

the first three buildings lost their strength and quickly collapsed. In number one building the structure collapsed onto the victims after the fire started, thus leaving no time to escape.

4 Two 1.5 metre stairways serviced the upper floors of each building. Since there were no separate fire exits these stairways were the only means of access for people to the outside from the upper floors. These were not intended for use as fire exits and, instead, acted as air flow conduit carrying heat, fumes and smoke to the upper floors. The freight elevators similarly became channels for fumes and smoke to spread. The burning of raw materials in the fire gave off poisonous gas and many workers passed out due to lack of oxygen.

5 Since Kader also used adjoining hallway space for temporary offices and for storage of materials, these stairways quickly became death traps as victims searched for a way out through thick smoke and fumes or over fallen and burning materials. About 1,100 panic-stricken workers attempted to escape from a single stairway, clambering over the bodies of others which had piled up behind the exit door at the bottom of the stairway. As escape routes became inaccessible and as the heat and smoke closed in behind them

the victims wandered, desperately searching for a way out and finally jumped out from the top floors onto the cement padding below. Some workers survived because they fell on top of the bodies of co-workers who had jumped out before them and died. Of the total number of victims who survived, 469 were injured, many of them permanently disabled.

6 Fire alarms in the first building were out of order and there were no Sprinkler systems anywhere. Many workers on the top floors did not notice the fire until they detected smoke. There had been no training of personnel to deal with fire fighting nor had there been fire drills. The Government inquiry explained:

"Despite having two fire fighting water distributors on each floor, the lack of fire drills made everyone panic. The security guards and workers' leaders underestimated the Situation and acted too late. The materials strewn on the paths caught fire. So, the fire spread from the first building to the second. The Lift wells sucked the smoke and fire from downstairs to all the floors. So, the fire spread from the first building to the second and the third building quickly.

Flammable materials were kept on the walkways and the factory's ground floor. The fire spread

About 1,100 panic-stricken workers attempted to escape from a single stairway, clambering over the bodies of others which had piled up behind the exit door at the bottom of the stairway.

around and across the buildings very quickly. Inspection of the ground floor of the fourth building showed that materials were piled up to the ceiling, and the electricity control panels were not separated from the piles of goods."

7 Fire fighters described the scene as a "living hell". According to eyewitness accounts horror dominated the scene. Injured victims lay on the ground screaming for help as rescue workers took others to one of 22 nearby health facilities and hospitals. Friends and relatives waited in

despair as riot police and soldiers arrived to keep them at bay. The rescue operation mostly served to locate and pull out the human remains and charred bodies from the wreckage. It took over 20 days to clear the debris and end the search for human remains.

8 Chaos and pandemonium followed for two weeks after the fire as grief-stricken relatives braved the horrid sight of decomposed bodies at a nearby morgue to identify their loved ones.

**It's Happened Many Times
Before!**

"My job was to keep track of raw materials and supplies. I was drawing up a list on the third floor and heard somebody yelling 'fire, fire'. Some people were moving around at the windows but I did not take it seriously because it has happened before. Soon I smelled smoke and very quickly it billowed inside the place. I headed for the back door but it was locked. I couldn't go out the front entrance because there were too many people trying to get out by that time. There was a lot of commotion and confusion. When I saw people jumping out of the windows I became very frightened. Soon I couldn't see anything. The smoke was so thick and the lights had gone out. I didn't know what to do. Finally I had no other choice but to join others and jumped out of the window. I saw many of my friends lying dead on the ground beside me. Injured my legs but I came out alive."

Ms. Tumthong Podhirun

D

WORKING GROUP FOR THE SUPPORT OF KADER WORKERS

9 A coalition of groups that came together after the fire, made a tremendous difference to the outcome of final compensation. Academics, trade unions and non-governmental organizations representing women, students and children or concerned about human rights or civil liberty issues, joined efforts to create the "Working Group for the Support of Kader Workers".

10 The Working Group pushed the government into establishing a special centre for the Support of workers near the factory and to coordinate information as well as to ensure proper communication with workers and their families. The Working Group made it possible to pin down the responsibility for providing compensation to the Kader victims. A threat to organize an international boycott of Kader products accompanied a series of very important protests and sit-ins at the CP offices in Bangkok, Thailand. With the help of the Thai Domestic Helper's Group, 1000 people attended a major rally in Hong Kong. Street theatre was staged in a tourist district. Leafleting and a sleep-in were also organized in Hong Kong as was a march through a Toys-R-Us retail Store.

11 These actions attracted media attention and served to mount sufficient pressure on the company to properly recognize negotiations with the Working Group. A memorandum of agreement was signed on 13 July, 1993 and resulted in a several-fold increase of compensation coverage by Kader. Up to US\$ 12,000. was added to the total compensation package per individual by Kader instead of the original US\$ 4,000 that was offered. This was subject to the victims and families agreeing not to later pursue legal action for compensation.

12 Kader agreed to pay for additional medical costs not covered by government compensation. Monthly education payments for the children of deceased parents and minimum payments to short-term workers would not have been included as compensation either. Kader also agreed, eventually, to offer suitable jobs (in an eventual new operation) to injured workers, to the relatives of the victims and to the workers previously employed there for three or more years. Finally, Kader agreed to pay all outstanding salaries, overtime payments, annual holiday payments and all amounts for compensation to the government for disbursement.



SETTLEMENTS OVER COMPENSATION: DEATHS AND INJURIES

13 Based on documentation supplied by the Thai Inquiry on the Kader fire, estimates show what workers should have received by way of compensation. The figures shown below include compensation money from all sources, taken together, including from various Government agencies, Kader itself, other private agencies, foundations as well as from individuals. To what extent, compensation payments to victims and families were properly paid out, was not assessed.

14 A qualifying injured worker should have received up to US\$ 380.00 for initial injury costs, plus full 1993 salaries depending on a state of health. Medical costs up to US\$ 1,200.00 should have been provided for by the government with Kader paying whatever else was needed. In addition, up to US\$ 720.00 per month (for the first year) was to be made possible and a further US\$ 480.00 per month, after the first year (for up to ten years) as total compensation for damages and costs, including rehabilitation.

15 Families of the deceased should have received up to US\$ 1,900.00 for funeral expenses. To compensate for the death of a family member up to US\$ 9,200.00 was allotted with an additional US\$ 78.00 per month for up to sixty months. US\$ 120.00 was to be made available to the families of deceased students. Educational costs and fees were to be guaranteed for students of the dead parents (for periods covering from the primary to the post secondary years of education) and an average of US\$ 60.00 per month would be paid out for additional educational costs to cover the same period.

16 Workers who were unharmed should have been paid one month's salary to the end of the month in which the fire occurred. A housing allowance up to US\$ 40.00 should have been provided for in additional compensation under the law.

FIRES AND ACCIDENTS IN THAILAND: ON AN INCREASE

17 Other fires have been reported at Kader. The first was on 16 August, 1989. One person died, 30 were injured and three buildings and contents were destroyed when polyester fabric used in the manufacture of dolls ignited in a spinning machine. A second fire destroyed materials and goods on 13 February, 1993. The Welfare and Labor Protection Department issued instructions to Kader ordering it to make changes over safety measures in the toy factory. The instructions went unheeded. The company was asked to establish a workplace emergency plan in case of fire and to identify safety officers within the plant. No subsequent inspection of the plant took place.

18 The third fire at Kader in May 1993 is now well-known, worldwide. A flurry of news investigations compared Kader to previous fires in Thailand. Three years ago, a truck had overturned in Bangkok and two large gas cylinders caught fire incinerating scores of cars waiting at a traffic light, killing 91 people. Five

months later, another 171 people were burnt from an overturned truck carrying dynamite.

19 Fires happen frequently in Thailand. Workplace fires help swell the already high death rate due to increases in workplace accidents, generally. For example, just three months after the Kader fire, a six storey hotel collapsed and killed another 133 people and injured 351 more.

20 After the Kader fire and the hotel collapse, the Industry Minister Sanan Kachornprasart ordered a special task unit to inspect factories in Bangkok and nearby provinces. 144 of the 244 factories inspected had ignored the law by not providing adequate fire escapes or fire alarms. This is 60% of all operations. Only factories with more than 100 workers and with buildings higher than three storeys had been inspected.

21 The Government inquiry pointed out that accidents in factories increased at the rate of 20% to

30% per year while industry grew at the rate of only 12% to 15% per year. According to the Thai Government figures, there were some 37,000 occupational injuries and illnesses in 1987, increasing to 50,000 in 1988. For 1991, the inquiry reported

125,000 accidents. The 1992 figure exceeded 150,000. At this rate of increase, accidents have probably exceeded 200,000 by now. Adding in unreported accidents, an estimated 5,000 workers die in Thailand workplace accidents per year.



KADER AND THAILAND TRADE UNIONS

22 In 1990 in Nakhon Prathom - the province where Kader is situated - there were 7,583 large and Small-scale firms, employing about 52,736 workers. Trade unions existed in only seven factories, one of them at Kader. The Kader Industrial Trade Union was registered with the government in 1991. Before the fire only 413 of the more than 3,000 or so, Kader workers had enrolled as members. This union formed part of the National Private Employees Congress, one of eight national trade union centres in Thailand.

23 Only ten workers are needed to form an official trade union in Thailand. The government has a system of "one-union, one-vote" to name delegates to the Labour Court, the National Advisory an Labour Development and Wages and an the Enterprise Labour Relations Committee. Creating illegitimate unions to be eligible for nomination to these bodies is well known. When mixed in with legitimate unions, the trade union scene in Thailand is made up of small, fragmented, poorly financed and often poorly managed unions. The Kader union was one such union.

24 The law does not protect workers or union officers from employer discrimination when organizing new unions. No official authorization is required for employers to lay-off or penalize workers or union officers during an organizing period. Employers may impose partial closing of a plant where union members or officers are involved in a grievance dispute. Employers can present a list of counter grievances to create confusion and delay negotiations. They can, and often do, harass union members and officers to leave the union, redering previous agreements void for lack of adequate union membership.

25 There are severe restrictions an the right to strike in the

country. Employers are free to lay off or dismiss workers who are an strike and to hire new ones to replace them. Non-union workers cannot join the union or participate in a union after a strike is called. It is also legal for employers to dissolve, move, re-name or temporarily close a factory and then selectively dismiss trade unionists. There is wide scope in the law for the Labour Minister to prevent or stop strikes if he deems them harmful to the economy, a danger to social peace, national security or public morale.

26 A strike is legal only if the number of positive votes for the strike make up at least 50% of the total registered members of the union (as opposed to 50% of the members actually voting. This makes industrial action impossible in larger companies with scattered branch operations. Workers cannot strike to Support colleagues in the same sector. Wide sweeping powers are given to the police to arrest and detain persons who jointly stage a so-called illegal strike.

27 Trade union organizations cannot employ full time elected officers as these must be full time employees in their own sector, severely restricting their ability to participate in the activities of the union. Trade union officers must also submit detailed personal particulars to the government to keep their positions. They can be disqualified by the government for even minor irregularities. When convicted of legal violations, union officers cannot resume their positions until after one full year. They can be suspended or unfairly dismissed. Loopholes give management the prerogative to begin lengthy court proceedings over many issues including grievances.

28 Another major restriction to association are the limits imposed by legislation an the use of outside resource people (or advisors, as they

are called) in the functioning of the union, including in the collective bargaining process. Such advisors must meet government qualifications to obtain a licence to work for trade unions. Assistance from such advisors (e.g. a negotiator from a national union or from a more experienced State Enterprise Union) is severely regulated and punishable by up to a year's imprisonment for violations. The law also limits the number of such advisors for a union to two. Outside union bodies, such as international trade union organizations arranging conferences, seminars or educational activities in Thailand must obtain permits and allow observation of these events by the authorities. Finally, regulations make it impossible for workers to communicate with one another. Document distribution inside the workplace is forbidden. Permission is needed to use workplace bulletin boards. It is not allowed to organize meetings an com-

pany property and workers can be refused permission to enter the plant before or after work.

29 Until the 1991 military coup, union strength in Thailand was concentrated in the state enterprise sector, which accounted for half of the labour movement's membership and the largest and strongest unions. 37 trade unions were dissolved denying membership to over 200,000 workers. The military amended legislation and imposed new limitations on unions.

30 The limits to trade unions in public enterprises served to destroy solidarity action among state and private sector workers. Since then the labour movement's bargaining power and growth was sharply limited paving the way for the rapid and smooth privatization of state enterprises ensuring absolute management control.

In June 1991, the then President of the LCT, Mr. Thanong Phodhi-an, disappeared during a planned trip to Geneva where he was to raise the issue of Thailand's labour violations with the ILO.

LABOUR LEADER DISAPPEARS: ILO - STANDARDS IN THAILAND

Thailand has been a member of the ILO since 1919 but has not ratified the Convention on Freedom of Association (Convention No. 87) or the Convention on the Right to Organize (Convention No. 98). Thailand has ratified only eleven of about 175 Conventions adopted by the International Labour Organization.

In Thailand trade unions had initially been dissolved in 1958. Recognition of the freedom of association did not come until 1972-76 following much worker unrest, forcing the government to create minimum structures to handle grievances. In 1972 so-called "worker associations" became the basis of the country's industrial relations. Three years later a new Labour Relations Act (LRA) created the provision for trade unions, federations and congresses.

In the last week of February 1991 the military staged a coup toppling the democratically elected government of Prime Minister Chatrichai Choonhavan. The LRA was subsequently amended in 1991 to prohibit government workers, household workers and agricultural workers from forming unions.

Public sector workers belonged to the Labour Congress of Thailand (LCT), one of the most active opponents of the military's interference with the country's labour relations. In June 1991, the then President of the LCT, Mr. Thanong

Phodhi-an, disappeared during a planned trip to Geneva where he was to raise the issue of Thailand's labour violations with the ILO. He is still missing, to this day.

In May 1991, the ICFTU with a number of ITSs filed a complaint with the ILO citing Thailand's violation of freedom of association. Six months later the ILO issued a strong criticism of Thailand urging that it rescind its legislation restricting workers' freedom of association and to organize.

In the United States, the AFL-CIO filed a petition with the US Trade Representative in October 1991 to remove Thailand's Generalized System of Preferences (GSP) for violation of workers' rights. See the U.S. case study in section K. of this report for more information on the GSP.

In June 1992 the GSP subcommittee decided to extend its review of workers' rights for 6 months to allow the government to review and modify labour policies and bring these into conformity with international standards. There was a hope that labour relations would take an about turn in 1992 when a massive uprising followed a dramatic series of events in Thailand forcing the military regime to call elections. In September 1992 a democratically elected coalition government came to power. However, promises by the new Prime Minister during the election campaign to reform industrial relations have yet to materialize.

ENFORCEMENT TANGO: THE THAI GOVERNMENT'S ROLE

31 The Thai Government fire inquiry concluded that Kader had violated safety laws "... with the connivance of Government Officials". This helps understand why the Government so quickly laid charges against a worker after the police beat him to confess that he had smoked a cigarette just before the fire. Only after one full year of national and international pressure did Thailand finally lay charges against a factory engineer and three board members.

To date, Kader Industrial (Thailand) Co. Ltd. has not been charged as a corporate entity for the fire.

32 Kader has built a new factory since the fire. The new facility is in the northeast province of Nakhom Raschasima under the name "Shougand Concord Grand (Group) Limited." Thailand officials admitted to having no prior knowledge of the company's plans to build a plant there and had not authorized

its construction. The Thailand Government has turned a blind eye to this important violation. Many other violations have been ignored.

33 Section F of this report reviewed the rising accident rates in Thailand and how 60% of large companies in Bangkok are still in violation of safety standards for fire prevention. Improperly enforced standards allow for violations to go unheaded in many sectors of industrial activity, not just in health and safety. Of 32,228 plants reported in 1992, 23,065 were in violation of employment standards covering working hours, days off, over-time, and physical amenities. This is 71% of all operations inspected that did not operate within the law. These figures include properly licensed operations only. The Government of Thailand is not enforcing its own standards.

I) BUILDING SAFETY: THE KADER FACTORY

34 Separate government departments approved conflicting building plans submitted by Kader. Under the Building Control Act the company was given permission to construct three sets of stairs. Yet only

two Sets of stairs were built to conform with plans approved under the Factories Act. Similarly, under the Factories Act, Kader built walkways bridging the floors of each building. No such walkways were shown in plans approved under the Building Control Act. The law also specifies that for the number of workers at Kader, the stairways used as fire escapes should have been from 5 to 10 m. wide, not 1.5 m. as was the case.

35 Caged assembly freight elevators speeded up the vertical spreading of the fire. This and the lack of adequate horizontal and vertical fire separations were important factors in the Kader incident. Examination of the Plans submitted to the government under the Factory Act also Shows that the Kader buildings should have been constructed with reinforced concrete, not non-insulated steel. This would have prevented the buildings from collapsing onto escaping victims.

36 A published report by the National Fire Protection Association pointed out eight major flaws (see Appendix I) in the company's building construction or design that could have prevented the high level

A subcommittee of the government inquiry into the Kader incident found that the main problem rests with the lack of enforcement of established standards.

of fatalities. None of these had been incorporated by the company in its plans to construct its buildings. The report concluded:

"Among the fire protection principles that have received attention because of the Kader fire are the need for properly designed, installed, and maintained automatic fire detection and fire suppression systems; proper exit design (including an adequate number of properly sized and arranged exits); proper construction of fire separations and structural integrity; and the need for occupant fire safety training"

37 Government documents Show that the company also operated a factory without obtaining a local officer's factory construction certificate as was required by law. One government inquiry subcommittee reported that the local authorities which review company plans and issue permits are unable to scrutinize company proposals seriously because they lack qualified engineers and staff. The Thai government was therefore unable to properly regulate this toy operator. Kader was allowed to build an unsafe factory.

II) HEALTH AND SAFETY: THE KADER WORKERS

38 The unchecked factory accidents and the number of workers killed or injured over the years at Kader displays this company's disregard for the health and safety of its workers.

39 The government inquiry reported that "...working conditions at the plant were severe and depressing". It was difficult to get permission to leave the factory if workers got sick. Workers often preferred a pay cut to the shouting and harassment they got from management when asking for things. Surviving workers told of drinking tap water from bathroom sinks.

40 Lint, fabric, dust and animal hair filled the air and the pro-

duction floor. Flammable materials were ubiquitous in the plant. Noise, heat congestion and fumes from various sources were reported by many. Dust control was nonexistent; protective equipment inadequate. Inhaling the dust created respiratory problems and contact with it caused skin diseases. The factory's clinic would provide drugs (eg. chlorpheniramine, antihistamine or antipyretics) to alleviate symptoms. Serious cases were referred to outside clinics or hospitals. Workers paid for medication themselves and were reimbursed for receipts in amounts up to 150 baht (US\$ 6.00), and only if they had paid 10 baht per month into a company fund for this purpose.

41 Kader did not have qualified health and safety officers on site and did not have proper training or education programmes for its workers in the plant. Kader did not perform regular fire drills for emergencies.

42 There is a fairly developed body of Health and Safety legislation and standards in Thailand. There are over 40 pieces of legislation or regulations on safety, occupational diseases, injuries and illnesses. Hazards and dangerous products, including harmful chemicals are also regulated. Other regulations protect public health and safety. There is protection for children and women workers and for workers in specific occupations while handling equipment in different situations or conditions.

43 A subcommittee of the government inquiry into the Kader incident found that the main problem rests with the lack of enforcement of established standards. It concluded:

"There are not enough officials for inspection of business premises. The Welfare and Labour Protection Department has only 36 workers, the Industrial Works Department has only 20 workers but they have to do safety inspections of 200,000 business premises in the central and provincial regions.

"Many inspection officers and their superiors lack knowledge of science, engineering and safety techniques. Many high-level officials are unskilled in safety inspection. Lacking understanding of safety inspection, the whole team produces a poor performance.

"The existing procedures are out of date. They cannot solve problems.

"High-level officials in the central and provincial regions usually relent in law enforcement. As a result, the number of occupational injuries increase at the rate of 20-30% every year - especially in the provincial area. The delay in legal proceedings also makes the law ineffective."

44 Thailand's Health and Safety Association reported that only 20 out of 100,000 infractions in one year actually reached the courts for review. Kader was, therefore, allowed to run an unhealthy and unsafe factory.

III) MINIMUM WAGES AND WORK SCHEDULES AT KADER

45 Currently, the minimum wage for the Bangkok area of Thailand is 135 baht (US\$ 5.52) per day. To not receive the minimum wage means that workers must work more hours per day to earn enough for their basic survival. Lower wages obliges workers to take an more overtime or extra outside work. Increasing the workload means work efficiency decreases and accidents become more frequent. Workers perceived as too accident-prone are often let go and replaced by others - less tired, unemployed workers. Adherence to minimum wage standards, therefore, is of direct relevance to factory accidents.

46 At the time of the fire the daily minimum wage was 125 baht (US\$ 5.00) per day for Bangkok and surrounding areas.

47 Kader workers interviewed at the hospital after the fire

stated that there were only about 100 workers hired as "employees" under Thai legislation. These were the Office and administrative personnel. Most of the remaining workers were all contract workers. As contract employees each had to sign an as probationary workers for three months at a salary of between 60 to 70 baht (US\$ 2.40 to 2.80). After the first three month contract these contract workers would sign another employment contract extending as long as a year and usually paying from 80 to 90 baht (US\$ 3.20 to 3.60) per day. Eventually this wage might go up to 100 baht (US\$ 4.00) per day. Many workers had been there for as long as two years without receiving the legal minimum wage. Officials of the Department of Labour were asked if the practice to pay contract workers less than the minimum wage would be allowed to continue. They confirmed that after the military came to power, the government had adopted a policy not to interfere in employee-employer contracts as long as the workers agreed in writing. Although previous legislation set a limit of 120 days for a temporary contract, this practice was allowed to continue indefinitely without government interference. Only the workers who had been with the company for several years actually received the minimum wage.

48 Similar restrictions apply to students engaged as part-time workers. Many of these were at or near the minimum age of 13 years. Several injured workers told the Bangkok Post that Kader had employed about a hundred students as part-time workers during summer vacation. They were told part-time workers were not entitled to any social benefits or even the minimum wage. The firm usually employed students during the vacations. Further, the Labour Welfare and Protection Department said if the workers are employed as part-time student workers for job training, it was unable to take action against the company for injuries and compensation.

Currently, the minimum wage for the Bangkok area of Thailand is 135 baht (US\$ 5.52) per day.

49 Kader also generated savings by taking advantage of cheap overtime work. Regular working hours were from 08:00 - 17:00 hours. (i.e. 9 hours per day). When the company was inundated with orders, the workers would work overtime until 22:00 hours to 23:00 or even until 05:00 on the following day. Kader would pay 21 baht (US\$ 0.84) per hour more than the regular pay. One of the government departments reported to the fire inquiry and pointed out that Kader's extensive use of shift

work created unsafe conditions which increased the likelihood of workplace accidents. In practice, workers at Kader had no alternative but to work overtime because regular income from normal work hours did not cover the cost of living. Also, workers said the supervisors often fixed a target for daily work, and pay was deducted if quotas were not met. Therefore, Kader was responsible for workplace conditions which increased the likelihood of fires and accidents to happen in the first place.

KADER : THE ASIAN CONTEXT

I) KADER HISTORY IN THAILAND

50 The Kader Industrial Company typifies the newly emerged industrial production capital in Asia. The company was founded by Ting Xiong-zhao, a Chinese industrialist who established himself in Shanghai in the 1920's and 1930's with several companies manufacturing batteries

and light bulbs. Ting fled to Hong Kong in 1949 after the Chinese Communists seized power. In Hong Kong, Kader subsequently made large profits manufacturing plastic goods and torch-lights for the US military. In 1954 Kader began to produce plastic toys for the US and European markets.

Infrastructure improvements in China coupled with low minimum wages seem to be the main determining factors in staying in Thailand or moving to China.

51 From the 1960's, the Ting family began to concentrate an toy manufacturing. Dennis Ting He-shao and Kenneth Ting Wu-shao, the elder and younger sons of Ting Xiong-zhao, followed their father in building the Kader 'toy empire'. Presently, Dennis Ting (otherwise known as the "King of Toys") is the chair of most Kader-controlled companies and Kenneth Ting the managing director. The family business has also diversified into areas including property development and trading. There are now more than a dozen companies controlled by the Ting family, such as Kader industrial Co. Ltd., KCP Toys, KCP Packaging, Kader Holding, Bachmann and Lyre Terrace Development.

52 U.S. Customs Service documents show that Hong Kong Kader

Industries makes toys in the Thai plant for some of the biggest names in the U.S. Toy industry: Arco, Kenner, Gund, J.C. Penney, Hasbro, Toys-R-Us, Fisher-Price and Tyco. The factory also produced stuffed dolls, cloth slippers and Souvenirs for the European Union as well. Kader, the biggest contract toy maker in Asia, employs 10,000 people in eight countries. Its shares are traded an the Hong Kong stock exchange.

53 Kader Industrial (Thailand) Co, Ltd. began manufacturing in 1988. and Set up the Thai Chui-fu Holding as a publicly listed company in 1990 with 20% shares traded in Thailand's stock market.

54 In Thailand, Kader was Set up as a foreign joint venture with the

TOY INVESTORS IN TRANSITION

A Hong Kong Case Study

Kader's and the CP Group's investments in both Thailand and China reflect the changing patterns in toy investments.

A few years ago, a Thai business magazine featured an article about the increasing tendency of toy manufacturers to move their operations from Thailand to China. The article cited the Big Fair' Toys (Thailand) company as an example. This company produced battery-operated remote controlled toy Cars as well as Lego-like toy products called Tandem. It had initially moved its operations to Thailand from Hong Kong. "We were earning about baht 60 million per annum during the first year that we Set up here", General Manager Mr. Phakarat Vishudumark was quoted as saying. He Said that setting up with the government's help made it a good initial investment compared to staying in Hong Kong.

During dhe middle to late 1980's, Thailand's economic growth rate was at a steady 10% and it was considered ideal for investments into manufacturing, including toys. At that ti me the minimum wage was about 10 baht per day and taxes and costs of primary materials were at an all time low. However, the toy investment situation was changing. With a rise in labour costs coupled with stiff competition from large companies, the first year profitability deteriorated and the company moved its whole operation, lock stock and barrel to China. Other operators followed similar patterns.

In 1990 the Hong Kong Government's Industry Department

twice conducted a survey of 976 manufacturing industries to study investment patterns in 14 sectors, including the toy sector. 214 Hong Hong toy operators formed part of the overall survey. 50.9% of them already had opened up some production facilities outside Hong Kong. Following photographic goods, toy companies, more than any other sector, were in the process of expanding outside Hong Kong. 21.5% of toy manufacturers anticipated phasing out their operations in Hong Kong and 99% of these anticipated moving to Guangdong in China. Eleven per Cent anticipated staying in Hong Kong as well as expanding operations in Guangdong. Of those surveyed, very few planned to expand in Thailand.

Similar changes had occurred in other manufacturing sectors but changes in toys were highest along with electronics. Among 532 respondents from all manufacturing sectors with established facilities outside Hong Kong, 92% had Set up in China and 84% in Guangdong Province.

Decisions to leave Thailand, however, are tempered by the poor quality infrastructure in China. Despite the prospect for cheap labour in China, other companies, like Kader, have also stayed in Thailand. Thailand has more reliable infrastructure and more skilled labour. Of twenty possible investment factors, 84% of 191 responding companies (in the Hong Kong survey) chose infrastructure as the second most important (after labour costs). Therefore, infrastructure improvements in China coupled with low minimum wages seem to be the main determining factors in staying in Thailand or moving to China.

CP (Charoen Pokphand) Group, owned by the well known Chiaravanont family in Thailand. CP is one of the largest southeast Asian conglomerates, known for large-scale agribusinesses and is currently expanding in many other fields of operation, including in China.

55 The Thailand based CP Group, has in turn created a company in Hong Kong known as Honbo Investment. Honbo Investment and Kader industrial then formed another company, KCP Toys, also in Hong Kong.

II) KADER AND THE CP GROUP IN CHINA

56 In the early 1980's when China developed a special economic zone in Shekou on the Pearl River delta, Kader was the first to establish a production plant there. Dennis Ting thus came to be known as 'the first Hong Kong businessman in Shekou'. The search for cheap labour to minimize production costs has been the main reason for the migration of Hong Kong industries to Southern China.

57 Kader has two factories in the special economic zones of China. A few years ago, Business Week featured one of these plants and showed how its employees (some of them under age) worked 14 hours a day, seven days a week, to meet contract deadlines from US toy companies for special Christmas orders of Mickey Mouse and other dolls. Its toy factory

in Shekou was the first Hong Kong investment in that area. In Shekou, facilities are old and run-down. In June 1993, the workers went on strike with the support of the ACFTU (All China Federation of Trade Unions) branch of Shekou City over poor food and working conditions.

58 Since 1990 two fires have been reported at Kader's second factory in Dongguan. About 4,000 workers earn close to Rmb 120 (US\$ 20.) per month. Workers have reported crowded, dark, dirty and unhealthy living conditions.

59 In 1993 Asia Week magazine listed the Charoen Pokphand group (CP) companies as the 12th largest investor in Thailand. The company is vertically and horizontally integrated in numerous other operations (feedmills, farms, motorcycles, real estate and food franchises) in several Asian countries. According to the Far Eastern Economic Review it is aggressively expanding operations in China where it already ranks near the top of the foreign investors' league. The company is planning to expand in department stores, automobiles, oil refineries and petrochemicals. Its joint venture with Kader in Thailand appears to reflect a way of operating and it continues to sign new joint-venture agreements at a furious pace. World-wide the CP group comprises more than 200 companies with total revenues of US\$ 4 billion in 1992 alone. Some of CP's Chinese ventures are also listed on the New York Stock Exchange.

The search for cheap labour to minimize production costs has been the main reason for the migration of Hong Kong industries to Southern China.

U.S. toy imports from China alone totalled US\$ 3.3 billion in 1992. 40% of all toys sold in the European Union come from China.

CHINA: DOMINANT PLAYER IN WORLD TOYS

60 Coupled with poor health and safety, cheap labour is the main driving force that has generated this fast development in China since the early 1980's. Minimum wages in China are about US\$ 0.80 per day compared to US\$ 5.52 per day in Thailand.

61 According to the Toy Manufacturers of America, U.S. toy imports from China alone totalled US\$ 3.3 billion in 1992. 40% of all toys sold in the European Union come from China.

1) ACCIDENTS AND INJURIES IN CHINA

63 The Kader fire mirrors yet worse conditions within the borders of China. Since 1991 only a few fires and accidents have been publicly reported in China. Some of these have been summarized in the adjoining box on conditions among joint ventures in China. 376 workers died in these fires and 501 more were injured. Yet this is but a small proportion of the national death toll. Beijing reported, through the China Daily, that about 15,000 people died

THAILAND FIRES MIRROR OTHERS AMONG JOINT VENTURES IN CHINA

- In 1991 there was a very serious fire in a Hong Kong owned raincoat factory in Dongguan, where about 80 people died and about 50 were injured. Kader also has a factory in Dongguan. Since 1990 two factory fires have been reported there.
- In 1993 a massive nitric acid blast shook a dangerous goods depot in Shenzhen. 15 people were killed and 200 injured at the Anmao Dangerous Goods Shipping & Storage Company. In August of that year a State Council investigation team reported to the municipal government that the fire-prevention work of the Public Security Bureau which owned 20% of the operation was not up to standard. It warned that water supply facilities were too poor to tackle fires and that fire-fighting equipment was inadequate.
- On 25 November 1993 a blaze killed 26 people working in a fireworks factory in the northern province of Hebei.
- The next day on 26 November 1993 an explosion at a chemical plant in China's central province of Hunan killed 61 people.
- Again in November 1993, another fire company owned by a Hong Kong joint venture operating in southern China killed 84 workers (almost all women) and injured 42 more. The Zhili Handicrafts factory in Shenzhen was a death trap - no fire alarms, no sprinkler systems, no fire hoses and no fire escapes- just a single stairway locked doors, and windows covered with heavy wire mesh. News accounts referred to the factory as a locked cage. More than 400 people working for Zhili spent most of their days in the three-storey factory, sitting at machines on its first and second floors, sewing stuffed toys for between 200 and 300 yuan a month. Most of its employees were women' from Sichuan and Hunan provinces, some as young as 16 who slept and ate in an L-shaped hostel building outside the factory. Stuffed toys were being manufactured for export to Italy and Canaria.
- In November of the following week poisonous gases killed two workers and injured 19 others in a plastics and electronics factory in Guangdong. Ventilators had broken down two days before the incident and had not been repaired.
- On 13 December 1993 a fire in the Gaofu Textile Co. of China in Fuhzou province killed 60 factory workers, mostly women. Deafened with the noise of spinning textile machines, workers on the third floor of the factory soldiered on, unaware that 60 were dying in their beds as fire swept the floor above. The Taiwanese company was run with staff on a sweatshop assembly lines.
- On 11 June 1994 a fire in a Chinese shoe factory near Jiangmen killed 10 persons and injured 30 more.
- On 17 June 1994 a fire at another joint venture operation killed 38 people and injured 160 more when a building collapsed after being gutted by a fire. This was at the Yue Sun Textile Factory, located in the Chinese Qianshan Industrial Zone about eight kilometers north of the Macau border. The factory was owned by a Hong Kong merchant and Shuhai Qianshan Industrial Company

in industrial accidents in 1992. Over 20,000 died in 1993. Industrial accidents in the Special Economic Zones are increasing at a rapid rate. In Guangdong alone the death rate is rising by an astonishing 62% per year.

63 The lack of health and safety requirements reaps tremendous savings for foreign investors in China. Following the Shenzhen toy factory fire, mainland officials admitted that joint venture companies were completely ignoring safety standards. Shortly after the Guangdong fire (described in adjoining box) an article in the "China Daily" lashed out at foreign investors for neglecting workers' rights and compromising their safety. It quoted the results of a survey of 30 foreign-owned enterprises in the cities of that region. Workers in over 4/5 of the companies surveyed were denied basic workers' rights. Some had no established security precautions or practices whatsoever. Explicit warnings about potential problems seem to have no effect either. For example, the owners of the Zhili factory had been warned 8 months prior to its fire that improvements to its fire safety measures were necessary. Provincial fire officials in Fuhzou had twice warned the Gaofu owners to improve safety conditions prior to its

December 1993 fire. However, the factory fires still happened, killing 144 workers.

64 The shocking rise in workplace fatalities mirrors the stunning rise in China's economic growth. Hastily constructed factories owned by Hong Kong and Taiwan businesses and staffed by young migrants from China's economic poorer areas, have mushroomed along the Chinese coast. China says over six million workers are employed in some 167,000 companies partly or wholly financed by foreign companies.

65 There seems to be little provision in China for compensation costs for victims and families. After the fire in the Guangdong factory, (described in the following box), survivors were kept under guard in a barely equipped community hall, not being allowed to see family or friends. Employees said they were treated like prisoners and kept under 24-hour police surveillance. Security was also very tight at the Shenzhen hospitals where the injured were kept. Chinese authorities have remained silent on compensation issues related to the victims or their families.

Production contracts with factory owners form the hub of the toy sales industry.

THE INTERNATIONAL TOY INDUSTRY: A WEB OF CONTRACTS

I) IMAGE MAKING: SETTING THE SCENE

66 Toys are purchased for people of all ages but mostly by or for children, and are bought to symbolize a caring relationship. They are used as symbols to express some aspect of a relationship with others, usually a parent, a grandparent, or a close friend. Toys are made from images designed to solicit memories or convey powerful feelings of friendship, belonging, caring, love, and intimacy.

67 Central to the toy industry are the licences for "images" out of which toys are fashioned. An estimated 45% of all toy industry sales in the world are of licenced products. 80% of Hong Kong toy exports are currently produced through contracting in which brand-name companies give sole production rights to certain manufacturers. This follows similar patterns in the manufacturing of sports shoes and electrical appliances.

68 Toy images are often created and promoted for people investing in cinema, television programmes, book publishing and cartoon production. The images are controlled and owned as registered brand names or through copyrights and patent licensing. Because toy images are also used to create feelings about other consumer commodities, broadcasting and advertising firms also have investments in licenses and patents, as do companies involved in raffles, sweepstakes, carnivals and fairs.

II) TOY MAKING: CHEAP LABOUR FOR TOYS

69 At the other end of the "image" industry are the factories that make the toys. In the course of this inquiry the countries most often mentioned as having facilities for toy production are the following: Hong

Kong, China, Thailand, Malaysia, the Philippines, Brazil, Mexico, Taiwan, South Korea, Macao and Indonesia. Toy producers from these countries compete for production contracts by out-performing others wherever possible an production costs, delivery schedules or product quality. Factory owners hire the workers to make the toys. They might in turn sub-contract part of the work to other companies. Many firms are joint venture operations based in Hong Kong or in the Asian region. Toy production is characterized by large numbers of relatively small factories and workshops, few of them as big as the Kader enterprise.

70 Kader had several agreements with international toy design and distribution conglomerates. One of its most well-known products is the 'Cabbage Patch' doll invented by Hasbro in 1983. The dolls were a tremendous international marketing success.

III) TOY MARKETING, SALES AND SAFETY: COME TO THE FAIR!

71 Production contracts with factory owners form the hub of the toy sales industry. Large buyers from consuming countries sign production contracts with factory owners specifying the details for the toys ordered, production timelines, payment schedules and supplier obligations. Thousands of companies are involved in the buying of toys, world wide. However, in the course of this inquiry the most frequently cited companies involved in this aspect of the toy industry are the following: Toys-R-Us, Hasbro, Mattel, Fisher-Price, Tyco, J.C. Penney, Arco, Kenner, and Gund.

72 Toys that are bought become the property of large wholesalers and retailers. Some of them have distribution facilities of thier own. Others are connected to inde-

pendent sales outlets, retailing agencies or separate consumer outlets. Such outlets might be small dedicated toyshops, large-scale department stores or educational and health care institutions.

73 In the course of the ICFTU inquiry, the countries most frequently cited as consumers of Asian toys are the following: the United States and Canada, Germany, the European Union, the United Kingdom, Japan, France, Spain, Australia, New Zealand and Italy

74 The main point of contact for buyers and producers is at major toy fairs throughout the world. Production contracts are initiated or negotiated at toy fairs where large orders are placed to feed the major markets within consuming countries.

75 About 50 toy fairs in eleven countries were held in 1994. The most recent fair in New York was a stunning illustration of the scope of the toy industry. In a 300,000 square

foot (84,000 square metre) exhibition hall, 22,000 buyers and 20,000 toy merchants from 93 countries Show, buy and sell toys in what is tagged as "the ultimate buying environment".

IV) THE ROLF OF INTER-NATIONAL TOY CONTRACTS

76 To exert more influence over aspects of toy marketing and sales, the tendency of toy companies is to invest in more than one aspect of the industry at a time. For example, in 1982 Kader bought Bachmann industries inc., a us toy-train designer and distributor established in 1833. Bachmann dominates a quarter of total toy train sales in the us. In 1989, Bachmann europe was set up to distribute toy trains to the european market. In 1992, Kader also bought out Lilliput, an Austrian model train manufacturing company. This kind of inter-buying, inter-weaving among companies is common at all levels of the toy industry.

However, in the course of this inquiry the most frequently cited companies involved in this aspect of the toy industry are the following: Toys-R-Us, Hasbro, Mattel, Fisher-Price, Tyco, J.C. Penney, Arco, Kenner, and Gund.

INDUSTRIALIZED COUNTRIES ENCOURAGE CHINA TOY IMPORTS

Case Study: United States Toy Imports

Consuming countries have comparable programmes to facilitate the purchase of toys from Asia, including from China or Thailand. Decisions made in consuming countries have a tremendous impact on decisions made by production managers in Hong Kong, Thailand or China.

In the course of the ICFTU mission references to the United States as a world importer of Chinese toys occurred more frequently than any other country.

In the United States, toys are subject to tariffs when imported into the United States, ranging from 12% for dolls, 6.8% for other toys and from 3.9% - 4.6% for games. There are three groups of programmes that deal with importation of toys into the United States.

Where it can be shown that directly competitive toy products cannot be produced in significant commercial quantities within the United States, toys may be entitled to unconditional duty free entry. Until January 1993, stuffed dolls, toy figures as well as skins used in their production were accorded this status. This represented a US\$ 75 million saving per year for American toy buyers. Currently,

a coalition of toy companies is seeking to have this status reinstated.

The second group of programmes allow toys, dolls and games (as well as other merchandise) to be imported free of duty. They are the Generalized System of Preference (GSP) and Caribbean Basin Economic Recovery Initiative (CBI). Both exempt products manufactured in newly industrial countries if local content requirements can be met. The GSP however, has been the primary means of free entry for toys, games and dolls from Mexico, Macao, Thailand, Malaysia, Indonesia and the Philippines. These countries have subsequently increased their shipments. Exports from Taiwan, South Korea and Hong Kong have declined because they have lost their GSP status since 1989.

Finally, the most significant development in recent years has been the continued increase in shipments from China because of its eligibility as a "Most Favoured Nation" (MFN). Notwithstanding the fact that Chinese products are not entitled to GSP free-entry status it continues to import toys into the North American market that would normally be assessed duty charges at a rate of 70%.

Finally, and perhaps of greatest importance, is that the contracting process operates outside national boundaries and is beyond the scope of national regulation.

77 For large buyers like consumer wholesalers and retailers, however, it is not often desirable to have direct investment interests in production factories. An arms-length approach to factory production is preferred, and control over it is instead exercised through the use production contracts.

78 Advantages are, first, that toy buyers do not need to spend valuable capital for facilities, materials, infrastructure and skills.

79 Secondly, buyers steer clear of direct decision-making, away from the responsibility (and liability) for accidents or for bad health and safety practices. After the Kader fire, many multinationals with whom Kader had production contracts, publicly disavowed any responsibility for

the catastrophe and played no role in compensation settlements.

80 Finally, and perhaps of greatest importance, is that the contracting process operates outside national boundaries and is beyond the scope of national regulation. Inherently, this has the effect of prompting countries like Thailand, to create a favorable climate for its toy buyers to get these production contracts. Becoming lax an enforcement is one way of doing this. Competition among countries due to the emergence of production contracts has resulted in the setting aside of health and safety. Competition between Thailand and China over the security of local toy production was a contributing factor in the Kader fire incident.

INTEGRATING THE COMMUNITY : TOY CONTRACTS WITH TENTACLES

81 In response to the international trends in competition, Thailand has Set up an aggressive agency called the Board of Investment and has established several export processing zones. It is mandated to stimulate export-oriented industry by providing direct investment support, tax incentives and waivers an import taxes for machinery and raw materials. The new Kader plant is situated in such a zone.

82 The Board of investment has also established a series of programmes to help investors with government bureaucracy or help identify local subcontracting opportunities to promote a domestic parts industry as opposed to "end-product" facilities. A very ambitious programme was announced in 1992 to expand the use of sub-contracting in all fields of activity of the manufacturing sector.

83 Other countries have adopted similar policies and comparable programmes. It is not yet possible to fully asses the impact these policies have an the toy industry. Sub-contracting first became popular for toys in the Tate 1960's and early 70's. It was a well developed phenomenon by the early 1980's. In the course of the ICFTU inquiry, three different forms of sub-contracting was evident.

I) PERSONAL EMPLOYMENT CONTRACTS

84 In section H(iii) of this report there is a discussion about how Kader was able to pay less than the minimum wage by signing individual contracts with some of its employees. Personal contracts are widespread in the industry and can serve many purposes. Different names are used to refer to them but all are alike in that they centre around an agreement between the employer and an individual worker. Not all employment contracts are used for sub-contracting. Employees who agree to bring work

home from a factory, for example, after a day's work are frequently covered by personal contracts.

II) INDIVIDUAL SUB-CONTRACTING

85 In the adjoining box there is a Philippine case study in which a toy company has sub-contracted work to one of its own workers who, in turn, hired family and community members to do piece work. In the Philippine case, the worker eventually became an independant subcontractor and hired hundreds of workers in the community. So pervasive has this practice been that as early as 1982 the ILO and UNDP published a booklet entitled, "Soft Toys - a Small Scale Business". It was written to promote Small-scale development projects in the South Pacific region.

86 The subject of the booklet reflects how important sub-contracting had already become for the toy industry. It Shows how to Set up a small business of hand and machine-made soft toys. It is highly visual, and made to measure for a would-be subcontractor, willing to service small buyers or large factories.

III) SUB-CONTRACTING TO OTHER FIRMS:

87 As mentioned earlier, Kader is one of the largest toy factories in Thailand. Toy production is mostly composed of many smaller firms and workshops. A web of sub-contracting goes an among many of these small operations. However contracts from larger firms tend to create competition among smaller firms. A sub-contracted firm may, in turn, sub-contract part of its work to a yet smaller firm which would compete for the work with many other firms its own size. The tendency to compete over toy prices among factory owners, pushes toy production deeper into the sub-contracting web and into

A very ambitious programme was announced in 1992 to expand the use of sub-contracting in all fields of activity of the manufacturing sector.

The sub-contracting process has the potential for wide-scale abuses.

the realm of unregulated activity. The sub-contracting process has the potential for wide-scale abuses. There is little control over operators not authorized by the law Section M of this

report describes how sub-contracting in toys encourages the formation of sweatshops which would primarily use children or women as the source of cheap labour.

SUB-CONTRACTING INTO THE FAMILY AND THE COMMUNITY

A Philippine Case Study

The signing of a production contract offered by a major toy buyer creates the potential for factory owners to engage in various forms of sub-contracting as a means of circumventing a country's minimum employment standards. This case study is an example of how sub-contracting can serve this purpose. It is a description of a toy manufacturer in the Philippines and was reported in a 1990 joint study by the ILO and the Labour Employment Department in Manila. Over US\$ 250 million of toys are produced in the Philippines per year. In all, twelve toy exporters using sub-contracting in the Philippines were studied. Most were Philipino-owned and some were joint venture operations involving multinationals. The stuffed toys and novelty items they produced were sold in the United States, Canada, Japan, Australia, New Zealand, Italy and Germany.

The toy companies being studied reported that sub-contracting had become necessary to meet quota demands within the time specified in their production contracts. They ranged in size from 25 to 250 employees and mostly employed women.

One toy company studied:

One company with 100 employees was picked for more detailed study in the Manila area. It produced stuffed toys and dolls.

In this company the first stage of the production process started with sample-making. Initial samples of toys were sent abroad to prospective client's or were prepared for trade fairs and subsequently modified. They were then produced (i.e. handpainted, silk-printed, assembled or tut) according to client's specifications and were sent back to them for approval. Orders were then confirmed and hundreds of pieces of each sample item were made and shipped for market testing. If a high demand was forecast, hundreds of thousands of orders for each item were then placed. Counter samples were made according to the specifications stipulated by the client and the two parties agreed on the terms and conditions of a production schedule and payment details.

The periodic surge of large orders meant the company was often unable to cope due to sudden shortages of labour, machines, space and the resulting shortage of cash to meet shipment deadlines. At first, extra casual workers were hired and overtime work was necessary. However, eventually factory workers were encouraged to bring home additional work. Some workers in turn farmed out the work to family members, relatives, friends and neighbours within the vicinity of the company.

For large operations, the report described how the producer might, instead, seek to find a sub-contracting firm to help in the production of the toys ordered. However, in this case, the factory sub-contracted its own workers for the sewing, finishing and packaging of the toys. Whereas regular workers were paid the minimum wage, sub-contract work was paid per piece. Some of the recruited workers were referred to as "co-participants" and became involved in so-called livelihood community-based programmes. These programmes were initially financed by the company and were set up to hire housewives, out-of-school youths and unemployed workers. One of the sub-contract workers described, was a church volunteer who organized domestic outworkers from local religious organizations, as well as parishioners and out-of-school youths.

The company did all the cutting and provided all the materials and some of the machines. Although individual workers continued to bring work home and farm it out, others became more adventurous. Management paid two regular workers, turned sub-contractors, 80% of the contracted price per unit item plus 30%-40% over the direct labour costs. These employees eventually resigned from their jobs and became full time sub-contractors employing hundreds of workers within the community,

The stated company advantages of operating in this way were to yield savings on overhead costs, savings on benefit payments to temporary workers (retirement pay and the like) and savings on the cost of minimum wages and benefits by needing fewer regular workers.

M

CONTRACTING TO SWEATSHOPS: CHILD-FEMALE GHETTOS

88 In the Kader fire 174 women died, many of them around 13 years of age. Most of the fires earlier reported in China were in sweatshops where young female workers died or were injured. The case study in the Philippines, Shows that the main purpose of community sub-contracting in toys is to take advantage of young female workers to do piece work.

89 In Thailand the conditions for sub-contracting are ripe for the toy industry. It is no longer limited to traditional areas such as cleaning, janitorial, security, driving vehicles, courier delivery, or in after-sale services. It has already fanned out to the manufacturing of products. Large numbers of young girls are now working in sub-contracting activities in the manufacture of ready made garments, leather products, shoes, and jewellery. They are located in rented shophouses off or near the main roads in the sprawling suburbs as well as in deserted inner locations of the cities. Sewing machines operate from 8.00 am to 10.00 p.m. and workers are hired for 2 consecutive shifts or for one shift plus cheap overtime. Shift workers sleep in crowded lodgings on the top floor of shophouses. Food is usually provided with no benefits. Wages are whatever the worker accepts. Unemployed people from the countryside or immigrants from other countries become willing victims to operations run by the slave-driving mentality of gang bosses.

90 Central to the development of sweatshops is their relationship to the minimum wage in any given country. In Thailand the minimum wage is not applicable to about 50% of Thai workers. Due to important changes going on in the agricultural sector, there are currently massive migrations of populations from these communities into urban centres. Thousands of people arrive in Bangkok each week from the im-

poverished rural north to meet the seemingly insatiable demand for unskilled workers at any one of the thousands of labour-intensive factories situated there.

91 Similar migration patterns have been reported in other Asian countries, including China. Toy production in China is already a well-established activity in sweatshop firms. Much foreign investment in Chinese manufacturing finds its way into a myriad of small make-shift plants, set up by the local authorities or private owners in China through layers of sub-contracting for the export market. An estimated 3 million migrant workers are engaged by Hong Kong capital along the Pearl River Delta in the southern province of Guangdong to manufacture shoes, garments, toys and electronic goods for export to the West and the world's market.

92 Nearly all of these migrant workers, mostly young rural women from the poorer provinces such as Hunan and Sichuan, are employed under short-term contracts. There are few rights and little welfare offered to the workers in these sweatshops. Knowing that most of the migrant workers are ill-informed, compliant and unprotected, the "mingong" are treated like slave labour. Workers live in overcrowded dormitories and eat meagre meals. Seven days a week and 14 hours of work per day is the norm. The factory management often retains people's wages. Horror stories abound, such as women workers not being allowed to go to the toilet and subject to body searches. Disobedient workers are frequently beaten by managers, sometimes with electric batons. Workers are often locked in at night in crowded and bare dormitories. Health and safety protection is practically non-existent.

Toy production in China is already a well-established activity in sweatshop firms.

Everyone involved in producing and marketing toys must take responsibility.

N

CONCLUDING DISCUSSION: FROM THE ASHES

93 The Kader fire should never have happened. Making toys for children must not continue to depend on the burning, suffering and dying of young women workers.

94 Steps must be taken to prevent similar fires or accidents in Thailand and elsewhere. Everyone involved in producing and marketing toys must take responsibility.

95 The Kader company and its partners must assume the most direct responsibility and be held accountable for the outcome of the 10 May events. The practice of this toy maker to set aside safety standards for the production of lower priced toys must be stopped as it must for toy makers in all producing countries.

96 The toy "image" makers, the giant toy companies and the large retailers within consuming countries must be made to assume equal responsibilities for factory fires and accidents. Toy buyers should be encouraged to adopt codes of practice, setting minimum standards for toy production and be imple-

mented through the production contracts with factory owners.

97 Thailand must also assume its responsibilities as must the Governments of all producing countries. Proper standards and effective monitoring of the toy industry must be ensured as must the enforcement of regulations (with appropriate penalties) through proper judicial processes.

98 Given the intensely competitive market for toys there is a danger that progress in improving working conditions in one country will be undermined by a flight of production to others where workers' basic rights at the workplace are abused. The key to progress is universal acceptance that workers must have the right to organize and bargain collectively and also that discrimination in employment and forced labour are outlawed. Child labour should also be progressively eliminated starting with the most dangerous and exploitative industries. Without these basic workers' rights safety legislation will remain

PUBLIC AWARENESS - WORKING CONDITIONS IN THE TOY INDUSTRY

The conclusions of the ICFTU mission to Thailand are relevant to the implementation of ICFTU policy. This would include the two resolutions on the toy industry and on China that were adopted by the ICFTU Executive Board at its 104th meeting (see Appendix 1V).

The resolution on the toy industry, called "...upon the ICFTU to conduct educational campaigns designed to raise public awareness about the working conditions associated with producing toys, and to direct pressure, including selective boycotts, in the toy industry to change its production methods in order to end the exploitation that it has created, uses and profits from..." This resolution also urged "...[ICFTU] affiliates and ITSs to fully participate in and support these campaigns".

Among other actions, the resolution on China called upon the ICFTU and its affiliates to "raise public awareness about the working conditions associated with foreign-owned

export-oriented industries in developing countries and to direct pressure on these industries to change their production methods to end the exploitation that they have created, Live and profit from."

Moreover, the 15th World Congress in its resolution on Child Labour requested the Executive Board to intensify the ICFTU campaign to eliminate child labour by, among other means, "supporting specific campaigns including boycotts and community action, directed against goods produced by child labour"

Finally, in its statement on "Trade Union Organization and the Challenge of Internationalization" the 15th World Congress called upon the ICFTU (through the ICFTU/ITS Working Party on Multinational companies) "to develop with the ITS a framework for the effective co-ordination of international action regarding transnational corporations.."

inadequate and unenforced. It is vital that new methods of cooperation be worked out between the International Labour Organization (ILO) and the General Agreement on Trade and Tariffs (GATT) to ensure that basic international standards are observed and that no country is able to steal a competitive edge through repression, discrimination and gross exploitation of workers.

99 Workers must play a role in the monitoring of production and marketing activities of the toy industry and in bringing about change with the cooperation of employers. Forming joint employee-employer health and safety plans must be encouraged within toy production and workers must be allowed to form unions and participate in decision making. Toy producing countries like Thailand and China must agree to

ILO Conventions recognizing workers' freedom of association and their right to organize.

100 Finally, consumers must be given the opportunity to buy safely produced toys and know the conditions under which they are currently produced.

101 The ICFTU calls upon all those in the toy industry and others to join with the international trade union movement to work out a comprehensive international strategy to ensure that toys given to children are not purchased at the price of misery to the workers who make them. We hope that this report will serve to highlight not only the scale of the problems uncovered by the Kader disaster, but also the way forward to making sure that such tragedies never happen again.

Workers must play a role in the monitoring of production and marketing activities of the toy industry and in bringing about change with the cooperation of employers.

The Life Safety Code was developed after the 1911 Shirtwaist Company fire in New York.

Appendix I

LIFE SAFETY CODES THAT PERTAIN TO THE KADER FIRE

CHAPTER 2: NFPA 101, LIFE SAFETY CODE, 1991 EDITION*

1 Every building or structure shall be so constructed, arranged, equipped, maintained, and operated as to avoid undue danger to the lives and safety of its occupants from fire, smoke, fumes, or resulting panic during the period of time reasonably necessary for escape from the building or structure or for that period of time needed to defend in place in case of fire or other emergency

2 Every building or structure shall be provided with exits and other safeguards of kinds, numbers, locations, and capacities appropriate to the individual building or structure, with due regard to the character of the occupancy, the capabilities of the occupants, the number of persons exposed, the fire protection available, the height and type of construction of the building or structure, and other factors necessary to provide all occupants with a reasonable degree of safety.

3 In every building or structure, exits shall be so arranged and maintained as to provide free and unobstructed egress from all parts of the building or structure at all times when it is occupied.

4 Every exit shall be clearly visible, or the route to reach every exit shall be conspicuously indicated in such a manner that every occupant of every building or structure who is physically and mentally capable will readily know the direction of escape from any point.

5 In every building or structure of such size, arrangement,

or occupancy that a fire itself may not provide adequate occupant warning, fire alarm facilities shall be provided where necessary to warn occupants of the existence of fire.

6 Two means of egress, as a minimum, shall be provided in every building or structure, section, and area where their size, occupancy, and arrangement endanger occupants attempting to use a single means of egress that is blocked by fire or smoke. The two means of egress shall be arranged to minimize the possibility that both may be rendered impassable by the same fire or emergency condition.

7 Every vertical exit and other vertical opening between floors of a building shall be suitably enclosed or protected, as necessary, to afford reasonable safety to occupants while using exits and to prevent spread of fire, smoke, or fumes through vertical openings from floor to floor before occupants have entered exits.

* The Life Safety code has been developed by the National Fire Protection Association (U.S.) and has become the main industry standard for factory fire prevention in many industrialized countries. The Life Safety Code was developed after the 1911 Shirtwaist Company fire in New York (see Appendix II).

Appendix II

TRIANGLE SHIRTWAIST COMPANY: 1911 FIRE IN NEW YORK

1 On Saturday, 25 March, 1911 a textile factory fire broke out on the eighth floor of the Triangle Shirtwaist Company in New York killing 146 workers. Until the Kader fire in Thailand, the 1911 fire had remained the largest ever factory fire. It spread rapidly to the other floors and many workers were unable to leave the building, trapped and trampled by others in crowded, narrow aisles and impassable exits.

2 Ladders to save workers did not reach beyond six floors. As flames drew closer, workers hurled themselves out of the windows and onto the streets below. The capturing nets from the fire department tore under the strain of falling bodies. Over a third of those killed had leapt to their death from the factory windows. The remaining workers suffocated or were burnt beyond recognition.

3 At the turn of the century, there was intensive textile manufac-

turing in the New York area. It was not until after the 1911 factory fire that more stringent health and safety standards were introduced.

4 The fire resulted in improvements to factory standards for the manufacturing of goods and textiles in a number of industrialized countries. The factory standards in Appendix 1 of this report, also originate from standards set after the 1911 fire. However, the effect of higher standards there has also increased the cost of producing goods compared to those produced in south east Asia. Over the years a lot of the manufacturing sector has moved from industrialized countries to places like Hong Kong, Korea, Thailand and the Philippines.

5 The Kader Fire Shows that relocating production facilities where safety standards and wages are lower, is still in practice today. The same process that resulted in the relocation of manufacturers from industrialized

The Kader Fire Shows that relocating production facilities where safety standards and wages are lower, is still in practice today.

countries to south east Asia since 1911 is now unfolding again in the current relocation of toy production to China.

6 The 1911 New York fire is a reminder that unless basic factory standards are extended by all countries progressively, there can be no long-lasting protection for health and safety, anywhere. It will be important to establish mechanisms by which health and safety at work improves in line with the growth of productivity and exports and that cut-throat competition does not un-

dermine such progress. Internationally recognized standards should encourage positive national actions in factory fire prevention.

7 Most of the workers involved in the 1911 fire were young immigrant women working in crowded and cluttered environments with oil dripping onto wooden floors. Highly inflammable fabrics were ubiquitous throughout the factory and the air was thick with lint. There was no fire prevention equipment or were workers trained in fire-fighting precautions or emergency procedures.

Appendix III

CODES OF PRACTICE: THE LEVI STRAUSS & CO. EXAMPLE

1 There is a growing trend among some transnational corporations to develop and adopt codes of practice as a way of establishing public credibility for their corporate behavior. To date such codes have mainly been adopted by US-based companies in the textile and footwear sectors (Levi-Strauss, Phillips Van Heusen, Nike, Reebok) and by large US-based retailers (JC Penny, Sears Roebuck and Co.), although at least two European companies have recently joined this trend (Danone and IKEA).

2 It would, therefore, appear feasible to develop such a code of practice for the toy industry and to enforce it through the issuance of their production contracts. As an example, the Code of Practice adopted by Levi Strauss & Company is provided here.

BUSINESS PARTNER TERMS OF ENGAGEMENT AND GUIDELINES FOR COUNTRY SELECTION (1992)

3 Levi Strauss & Co. has a heritage of conducting business in a manner that reflects its values. As we expand our sourcing base to more diverse cultures and countries, we must take special care in selecting business partners and countries whose practices are not incompatible with our values. Otherwise, our sourcing decisions have the potential of undermining this heritage, damaging the image of our brands and threatening our commercial success.

BUSINESS PARTNER TERMS OF ENGAGEMENT

4 Our concerns include the practices of individual business partners as well as the political and social issues in those countries where we might consider sourcing.

5 This defines Terms of Engagement which addresses issues

that are substantially controllable by our individual business partners.

6 We have defined "business partners" as contractors and suppliers who provide labour and/or material (including fabric, sundries, chemicals and/or stones) utilized in the manufacture and finishing of our products.

ENVIRONMENTAL REQUIREMENTS

7 We will only do business with partners who share our commitment to the environment. (Note: We intend this standard to be consistent with the approved language of Levi Strauss & Co.'s Environmental Action Group.)

ETHICAL STANDARDS

8 We will seek to identify and utilize business partners who aspire as individuals and in the conduct of their business to a set of ethical standards not incompatible with our own.

HEALTH & SAFETY

9 We will only utilize business partners who provide workers with a safe and healthy work environment. Business partners who provide residential facilities for their workers must provide safe and healthy facilities.

LEGAL REQUIREMENTS

10 We expect our business partners to be law abiding as individuals and to comply with legal requirements relevant to the conduct of their business.

EMPLOYMENT PRACTICES:

11 We will only do business with partners whose workers are in

all cases present voluntarily, not put at risk of physical harm, fairly compensated, allowed the right of free association and not exploited in any way. In addition, the following specific guidelines will be followed.

a) Wages and Benefits

12 We will only do business with partners who provide wages and benefits that comply with any applicable law or match the prevailing local manufacturing or finishing industry practices. We will also favour business partners who share our commitment to contribute to the betterment of community conditions.

b) Working Hours

13 While permitting flexibility in scheduling, we will identify prevailing local work hours and seek business partners who do not exceed them except for appropriately compensated overtime. While we favour partners who utilize less than sixty-hour work weeks, we will not use contractors who, on a regularly scheduled basis, require in excess of a sixty-hour week. Employees should be allowed one day off in seven days.

c) Child Labour

14 Use of child labour is not permissible. "Child" is defined as less than 14 years of age or younger than the compulsory age to be in school. We will not utilize partners who use child labour in any of their facilities. We support the development of legitimate workplace apprenticeship programmes for the educational benefit of young people.

d) Prison Labour/Forced Labour

15 We will not knowingly utilize prison or forced labour in contracting or subcontracting relationships in the manufacture of our products. We will not knowingly utilize or purchase materials from a business partner utilizing prison or forced labour.

e) Discrimination

16 While we recognize and respect cultural differences, we believe that workers should be employed on the basis of their ability to do the job, rather than on the basis of personal characteristics or beliefs. We will favour business partners who share this value.

f) Disciplinary Practices

17 We will not utilize business partners who use corporal punishment or other forms of mental or physical coercion.

GUIDELINES FOR COUNTRY SELECTION

18 The following country selection criteria address issues which we believe are beyond the ability of the individual business partner to control.

BRAND IMAGE

19 We will not initiate or renew contractual relationships in countries where sourcing would have an adverse effect on our global brand image.

HEALTH AND SAFETY

20 We will not initiate or renew contractual relationships in locations where there is evidence that Company employees or representatives would be exposed to unreasonable risk.

HUMAN RIGHTS

21 We should not initiate or renew contractual relationships in countries where there are pervasive violations of basic human rights.

LEGAL REQUIREMENTS

22 We will not initiate or renew contractual relationships in countries where the legal environment creates unreasonable risk to our trademarks or to other important

commercial interests or seriously impedes our ability to implement these guidelines.

**POLITICAL OR SOCIAL
STABILITY**

23 We will not initiate or renew contractual relationships in countries where political or social turmoil unreasonably threatens our commercial interest.

Appendix IV (a)

INTERNATIONAL CONFEDERATION OF FREE TRADE UNIONS

EXECUTIVE BOARD

Brussels, 1 - 3 December 1993

RESOLUTION ON EXPLOITATION IN THE TOY INDUSTRY

The ICFTU Executive Board, meeting in Brussels from 1 to 3 December 1993:

RECALLING the tragic fires at the Kader toy factory in Thailand on 10 May 1993 and the Zhili handicraft factory in China on 20 November 1993 which together claimed 369 lives, made 300 injured and left 2,600 unemployed, and

FURTHER RECALLING that over 200,000 factory fires and accidents, claiming approximately 5,000 lives were reported in one year in Thailand alone, and

CONSIDERING that such fires are the consequence of the failure of governments to protect the health and safety, as well as the rights, of their citizens in their efforts to attract foreign investment and generate exports, and

NOTING that the toy industry, and other similar industries, have taken advantage of this international competition to organize their production on the basis of competitive bids from sub-contracts, such as Kader, that do not provide adequate wages and

working conditions, and with the co-operation of governments, such as China, which allows the use of child labour and prison labour and bans free trade unions, and

FURTHER NOTING that the toy industry has created a system of exploitation claiming women as among its most numerous victims, and

RECALLING the expressed concern of numerous trade union organizations about working conditions and workplace environment in the toy industry;

DEMANDS that governments and employers fully respect and implement minimum international-agreed standards for occupational health and safety and the right to establish and join free and independent trade unions, and

CALLS UPON the ICFTU to conduct educational campaigns designed to raise public awareness about the working conditions associated with producing toys, and to direct pressure, including selective boycotts, on the toy industry to change its production methods in order to end the exploitation that it has created, uses and profits from, and

URGES its affiliates and ITSs to fully participate in and support these campaigns.

Appendix IV (b)

INTERNATIONAL CONFEDERATION OF FREE TRADE UNIONS

EXECUTIVE BOARD

Brussels, 1 - 3 December 1993

RESOLUTION ON WORKERS' RIGHTS ABUSES IN CHINA

The ICFTU Executive Board, meeting in Brussels from 1 to 3 December 1993:

RECALLING that the horrific fire at the Zhili handicrafts factory in Shenzhen, China, on 20 November 1993, which claimed the lives of over 80 young women, was the third major fire in Shenzhen in four months and followed a year when industrial deaths in special economic zones in China's southern province increased by 62 per cent;

FURTHER RECALLING that the magnitude of the disaster resulted from the practice of barring and locking doors and windows to keep workers from leaving until production targets had been met, a practice common in China's new export-oriented manufacturing units;

NOTING that to prevent possible news leaks unfavourable to the government, the Chinese authorities, instead of assisting and counselling the survivors, instead detained them in a cold, draughty community hall where they had to sleep on the floor;

CONCLUDING that such fires and their aftermath are the consequence of the failure of the Chinese Government to protect the health and safety, as well as the rights, of their citizens in their efforts to attract foreign investment and generate exports;

NOTING that international investors, as well as the retail sector takes full advantage of China's workers' rights abuses which include inadequate wages and working conditions, the use of child labour and prison labour and the banning of free trade unions;

CONDEMNS the continued denial of human and trade union rights in China which give rise to tragedies such as the Zhili handicrafts factory fire;

CONCLUDES that this totally unnecessary loss of life highlights the need for the establishment of effective mechanisms for the enforcement of internationally agreed standards on workers' rights, including health and safety;

CALLS UPON the ICFTU and its affiliates to intensify their efforts, at national and international level, to draw attention to the abuse of workers' rights in China and to conduct educational campaigns designed to raise public awareness about the working conditions associated with foreign owned export-oriented industries in developing countries and to direct pressure on these industries to change their production methods to end the exploitation that they have created, use and profit from;

FURTHER CALLS UPON the ICFTU to organize and coordinate an international boycott of all toys manufactured in China;

DEMANDS that the Chinese government launch an immediate public enquiry into the cause of the Zhili handicrafts factory fire, with terms of reference general enough to permit an in-depth examination of health and safety conditions in China; bring to justice all those responsible for the fire, including government officials who neglected to enforce local health and safety legislation; and to enforce local health and safety legislation; and ensure that early and adequate compensation, paid by the factory owners, is made to the families of the deceased as well as to those who were injured;

FURTHER DEMANDS that the Chinese authorities fully respect

workers' rights to join free and independent trade unions of their choice and allow the immediate return of the Chinese independent union leader Han Dong-Fang to his home country.