



Export processing zones in the Philippines SMS-ing against exploitation

Forced overtime, non-payment of benefits, poor working conditions, sexual harassment and union bashing... the Philippines' export processing zones are without doubt a source of jobs, but of the poorest kind.

In spite of employer hostility, the TUCP, affiliated to the ICFTU, is fighting to develop new organising strategies, such as targeting young workers by using text messages as a campaigning tool.

Report and first hand accounts.



In Bataan, these young workers employed by the Japanese company Mitsumi, a supplier of electronic components for top brands such as Pioneer, Nintendo, Sony, HP or Kenwood, eagerly ratify the new collective agreement. They are to receive a pay rise in return for increased productivity. The proof that social dialogue can benefit all ... even in the export processing zones!

Jobs, sweat(shops), and tears



In export-processing zones, forced overtime, non-payment of benefits or work in hazardous environment are common.

Labour practices are often in breach of international standards and local legislation.

Could you imagine living without your smart clothes, your cell phone, internet access computer, MP3 music player or portable video game? Not in this digital age! Well... be extremely grateful to Filipino workers. Without even knowing it, you may have purchased a Philippine product. Or at least parts of it.

Most likely some electronic components in the hi-tech gadgets that make your every day life easier were assem-

bled in one of 100 or so "special economic zones" (SEZ) or ecozones of this South-East Asian nation.

A CLOSE LOOK AT THE ONE MILLION JOBS

As of March 2005, more than one million jobs have been directly or indirectly created by mushrooming government-run and private-owned export-processing zones (EPZ), according to the Philippine Economic Zone Authority (PEZA). In the first five months of 2005, EPZ exports reached US\$12.241 billion a slight 3 per cent decrease compared to the same period covered a year earlier. According to the National Statistics Office (NSO), the electronics and semiconductors sector alone accounted for more than 67% of all EPZ investments in 2004. As of March 2005, PEZA optimistically predicted, for this current year a 25% increase in new capital

from the P46.138-billion total investment commitments approved by the agency in 2004.

There is little doubt that ecozones have played a significant role in attracting new investors to the Philippines over the years and in helping boost job creation particularly in the provinces. However, the quality of employment provided by these EPZ leaves much to be desired. Let's have a closer look at the working conditions.

According to a 2002 Trade Union Congress of the Philippines (TUCP) and Solidarity Center (ACILS) study, almost 40% of the surveyed EPZ companies imposed forced overtime and non-payment or underpayment of overtime in contravention of the Philippine Labour Code. Virtually all companies (96%) violated basic occupational health and safety standards in terms of heat, noise or security equipment. Another in-

fringement is that one out of three ecozone firms evaded payment of government-mandated health benefits and social security insurance for their employees.

A recently released data by the TUCP in September 2005 (Analysis of 100 New Sample Companies) shows that little progress has been made on these health and safety issues in the workplace. Only half of the total garment firms automatically deducting social security services (SSS) contributions from their employees' salaries are effectively passing on SSS premiums. In other words, workers are financially contributing daily to a health insurance service they will never benefit from. A report by the U.S. Department of State (Country Report on Human Rights Practices 2004) shows that a growing number of firms, especially in the garment EPZ sector, use contract labour to avoid payment of required benefits for regular workers. Likewise, according to U.S. Department of State, "sexual harassment in the workplace was thought to be widespread yet underreported due to victims' fear of losing their jobs".

In EPZ, where women comprise about 75% of the total labour force, cases of gender-based discrimination in hiring and promotion are frequently documented by unions.

COMPULSORY OVERTIME

Imposing extra hours without additional compensation is predominantly – but not exclusively – found in garment companies weakened by the ending of the quota system.

In Winstral Infotech Corporation, formerly Aber Information Philippines, 2,500 employees manufacture Aber and IBM desktops and laptops for export to North America and Europe. The usual 60-hour work week is regularly extended to 72 hours during the peak season despite workers' protests. Since the union was formed, compulsory overtime to keep up with the new shipments, restricted access to toilets and forced leave have been generalising in Winstral.

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In a July 2003 report, garment workers were given amphetamines not ordinarily prescribed by doctors by Korean management to keep them awake for

overnight work as shipments came in. After taking the drug, workers suffered various health-related side effects such as extreme insomnia, nervousness, and constipation. Alerted by an anonymous letter forwarded by the TUCP, all the government agencies promptly reacted and tightened enforcement of rules. But how many other similar sweatshop-type cases of unfair labour practices remain to date undocumented, unreported, and, hence, unpunished?

WEAK LAW ENFORCEMENT

Despite having ratified all 8 core ILO Conventions, the Philippines' compliance with international core labour standards remains highly deficient in practice. How can unfair labour practices go unchecked? Why does the Department of Labor and Employment (DOLE) fail to effectively enforce labour legislation? Labour inspections conducted by DOLE are "not considered effective," according to the U.S. Department of State.

Even DOLE officials themselves acknowledge that shortage of sufficient human and logistic resources make law enforcement problematic. How could a reduced team of 260 inspectors – of whom only 208 are on field assignment – be expected to thoroughly monitor the rights of 35.7 million Filipino workers? Does this evident limitation reflect the low priority given by the Philippine government to fulfil its international commitments?

“Workers are financially contributing daily to a health insurance service they will never benefit from.”

The Asian Development Bank also seems to turn a blind eye to labour rights' infringements; special economic zones are "examples of best practice, which can be replicated; they are evidence that things can be done right, with commensurate returns." (Tom Crouch, Asian Development Bank Philippines Country Director, in The Investment Slide – Can the Philippines Catch Up?) But returns for whom? Who are reaping benefits from the EPZ? What about the violations of minimum international labour standards, as provided under core ILO Conventions and Philippine laws. ●

At a Glance Export-Processing Zones in the Philippines

● 1,098,515 jobs generated directly or indirectly by Special Economic Zones (SEZ) or ecozones as of March 2005, or a 15% increase from total ecozone employment in 2003

● 120,000 new jobs expected to be created in the ecozones with in the end of 2005

● 308 projects approved in 2004 by Philippine Economic Zone Authority (PEZA), the government corporation mandated to run the ecozones, while 1,042 firms were operating in the ecozones both private and public-as well as in IT parks

● US\$30.924 billion in export earnings from ecozones in 2004, or a 13.22% increase from 2003 figures

● 66% of total locator investments come from Asia with Japan (41%), Philippines (16%), Singapore (5%), Korea (3%), and Taiwan (1%) as the top 5 leading investors from 1995 to 2004.

● 55% of total locator investments channelled into the electronics and semiconductors sector. Garment and textile sectors accounted for about 2% of EPZ-related investments from 1995 to 2004.

Source:

Philippine Economic Zone Authority (PEZA) (www.peza.gov.ph)

Single or Married?

Gender-based discrimination affecting Filipinas in eco-zones breaches both ILO Conventions and Philippine Labour Code

"Are you single or married?" Young Filipinas are likely to be asked at the screening interview in an EPZ company. Most of them know exactly what to answer to secure the position.

But when it comes to male applicants, the management does not show any particular interest on their marital status.

SINGLE WOMEN AS FIRST-RATE RECRUITS

"Some married women are ready to lie about their marital status just to get the job," asserts Raquel Clavillas, Southern Luzon TUCP-ALU union organiser with 16 years experience in organising EPZ companies. "Once the management finds out that workers are married, they are immediately terminated because of falsification of documents. Of course, managers would never admit that it was because of their marital status."

Why do some of the EPZ companies –especially the unorganised ones– prefer to hire single female workers as first-rate recruits? This is partly because young women who comprise up to 75 of the



"when contractual workers finished their 5 month period and before they get rehired for another round, a pregnancy test is conducted", explains Carmen M. Solinap, Director of the Women's Department from TUCP.

labour force in the export-processing zones are said to be more diligent, patient and docile than their male colleagues. And partly because employers attempt to circumvent payment of social security benefits and the provision of 60-day maternity leave.

"Once the management finds out that workers are married, they are immediately terminated because of falsification of documents. Of course, managers would never admit that it was because of their marital status."

Raquel Clavillas, TUCP-ALU union organiser

PUSHING FOR A GENDER-EQUALLY CBA

Under sections 135, 136, and 137 of the Philippine Labour Code, requiring that a woman employee shall not be married as a condition of employment or continuation of employment is unlawful. Furthermore, dismissing, dis-

charging or otherwise prejudicing a woman employee merely by reason of her marriage or on account of her pregnancy is strictly prohibited.

However, in practice, "when contractual workers finished their 5 month period and before they get rehired for another round, a pregnancy test is conducted", explains Carmen M. Solinap, Director of the Women's Department from TUCP. "If it turns out to be positive, the worker is out! This practice goes against our right to motherhood as women." And getting back to work after giving birth is often left solely to the managers' consent.

Progress made in terms of legal provisions of the local Labour Code has little positive impact since law enforce-



"Aside from salary, female applicants are often discriminated against as they must undergo a pregnancy test prior to hiring.", explains Anna Lee M. Fos. See Spotlight Interview with Anna Lee M. Fos, (TUCP- Philippines), "When Texting Helps Organize EPZ Workers": <http://www.icftu.org/displaydocument.asp?Index=991223073&Language=EN>



ment remains problematic. Carmen M. Solinap sees there an additional reason to push for a Collective Bargaining Agreement (CBA) that would include elements specific to women such as prenatal check-up, breast-feeding arrangements or a day-care center in the workplace.

WIDESPREAD SEXUAL HARASSMENT

Despite of the No. 111 ILO Convention (Employment and Occupation) be-

ing ratified by the Philippines more than 40 years ago, basic women's reproductive rights which are protected by local law are severely infringed in the ecozone. Female employees in special economic zones (SEZs) are also believed to be "particularly at risk" with regards to "widespread" sexual harassment, according to the U.S. Department of State (2004 Country Reports on Human Rights Practices: Philippines).

In order to bring the local Labour

Code in line with the international standards, the ICFTU recently called on the Philippine government to amend Section 135 (b) which does not include hiring-related discrimination. ("Internationally Recognised Core Labour Standards in the Philippines," July 2005). But how could the Philippine Congress, which is still dominated by men, be expected to listen to this call when it has been deaf to the plight of thousands of EPZ female workers for years? ●

Minimum wage: mainly not covered legally

Exemptions and loopholes undermine increases

In June 2005, a minimum wage increase varying from an additional P5 (0.07_) to P25 (0.37_) on a regional basis was proudly announced by the Regional Tripartite Wages and Productivity Boards (RTWPBs). It sounds good, didn't it? Not to the workers, according to the TUCP. Given the wage order, why do workers feel disillusioned?

First, the ICFTU affiliate in the Philippines desperately pushed for a P78 (1.15_) to P150 (2.22_) daily wage adjustment. How could a lower wage in-

crease adequately restore the citizens' purchasing power that was eroded by a 7.1% inflation rate in 2005? How could a P325 (4.80_) salary in Metro Manila help a family of six decently meet their basic needs, estimated at a minimum of P500 (7.39_) per day?

Second, instead of an across-the-board increase that would apply to any workers affected by price hikes, regardless of pay rates, wage orders only cover those who earn the minimum.

Third, numerous employers especially in the special economic zones where the prescribed minimum wage applies, too usually evade compliance on the grounds of being exporters, or of financial distress or due to a low level of capitalization. The TUCP fears many of those managers who claim they "cannot afford" the wage increase will easily get exemptions granted by the government.

Fourth, under the 2002 Barangay Micro Business Enterprises (BMBMs) Act, all small and medium enterprises (SMEs) whose total assets don't exceed P3 million are automatically exempted from minimum wage coverage. Consequently downsizing operations or engaging in subcontracting schemes has become a trend for many employers to fall out of the coverage of the minimum wage legally. Under this scheme, there is no need for them to break the law.

Such apparently smaller production units, for example in the garment sector, usually form part of bigger but invisible corporations. "In effect this law took out most of the enterprises from the coverage of the minimum wage," says a prominent TUCP official. "As a result, almost 90% of Philippine workers are not covered legally by the mini-

imum wage." Citing data from the Department of Labor and Employment (DOLE), the U.S. Department of State reveals that between 60% and 70% of workers are indeed underpaid.

If most of the Filipino workers do not benefit from the minimum wage which supposedly works as a "safety net", who does? Perhaps the workers who made the net.

On development ranking

The Philippines ranks 84th out of 177 countries based on the Human Development Report 2005 by the United Nations Development Programme (UNDP).

With a Human Development Index value of 0.758, the Philippines is doing better than Indonesia (ranked 110) but worse than Thailand (ranked 73). The South-east Asian country slipped down one place from its 83 ranking last year.

Source:
United Nations Development Programme (UNDP) (<http://www.undp.org.ph/>)

The unemployment rate

4 million Filipino workers were jobless in January 2005. This 11.3% unemployment rate unexpectedly dropped to 8.3% in April 2005 as the National Statistical Office (NSO) reportedly adopted a new unemployment concept in accordance with international standards.

Despite these optimistic official figures, 20.3% of Filipino adults are estimated to be unemployed, according to a research conducted by the private polling body Social Weather Survey in May 2005.

Source:
Labor Force Survey, National Statistical Office (NSO) (<http://www.census.gov.ph/>), Bangko Sentral ng Pilipinas (www.bsp.gov.ph) and Social Weather Stations (www.sws.org.ph)

The garment sector: the worst



Photo: ILO

In a new quota-free environment, the EPZ-related clothing sector has been suffering heavy job losses and deteriorating working conditions. (1)

If labour standards in Philippine export-processing zones are generally known for being low, working conditions in garment-related factories are even more deplorable.

MORE EXPLOITED THAN ANY OTHERS

More than 40% of the EPZ clothing companies pay their employees below the minimum wage, according to the September 2005 assessment by the TUCP. A newly-hired skilled worker is given between P160 (2.36€) and P180 a day while experienced sewers earn P210 (3.10€). Both salaries are set below the minimum wage. Moreover, “many of the garment workers paid on a piece-rate basis or on contractual and apprenticeship schemes do not really know how their payment is being computed,”

points out Anna Lee M. Fos, TUCP Research Officer.

Agreement on Textiles and Clothing (ATC) phase-out which ended on January 1, 2005 certainly didn't help. More intense competition on the global quota-free market put the Philippines suppliers under increasing pressure to cut prices and reduce labour-related costs. As a result, clothing workers find themselves more exploited than other EPZ employees. “It is only in the garment sector that we encounter many problems of forced overtime, gates locked, so that workers cannot go home, workers being given amphetamines so that they can continue working for three days,” notes Florencia P. Cabatingan, ALU-TUCP National Vice President for Education and Information and labour representative in garment-related tripartite bodies.

OTY (OVERTIME-AND-THANK-YOU)

In order to complete orders to meet ever shorter season-bound deadlines and given production quotas, the Bataan Economic Zone (BEZ)-located Kasumi Apparel factory frequently imposes mandatory overtime work, occasionally until 2 am, without appropriate

compensation for its employees. And selective forced leave is practiced as a disciplinary measure for those who don't make themselves cooperative enough.

“Sometimes, when a shipment is scheduled, the management doesn't allow us to take a break to eat overnight until we are done, even if we are very hungry,” explains Rosemarie Alan, a 45-year-old sewer. “Our time cards are picked up so that we cannot go out. During overtime, if you work at the repairing section and if there is a defect in the products, it automatically becomes “OTY” (overtime-and-thank-you).” In other words, workers who receive a P235 daily wage won't get a single centavo for extra hours worked.

In investigating the same manufacturer which supplies t-shirts, jackets, and pants to the brand Red Oak Sportswear, the Worker's Right Consortium (WRC) found a substantial number of contractual workers performing the same tasks as regular employees while unlawfully being kept longer than the 6-month legal limit on contractual status.

Unfortunately the Kasumi Apparel

story is far from being an isolated case in the Philippine clothing sector. "I was already a skilled worker when they made me sign a contract as if I was still a trainee although I never took any course," Liberty Abille, a 36-year-old garment worker, sadly remembers about her previous Taiwanese employer in the Subic ecozone. "That is why I only got a P185 daily wage instead of P200." It has been reported that many EPZ managers are unfairly taking advantage of government-initiated Technical Education and Skills Authority (TESDA) program which allows them to pay their apprentices only 75% of the minimum wage after taking the training.

Systematised team work in "line" system usually no longer allows one sewer to go to the toilet or drink water while others are still working.

This "race to the bottom" reaches a point so extreme that Reynaldo Reyes, ALU-TUCP union organizer in Luzon area, ironically explains that "it is very hard to conclude a Collective Bargain-



"Sometimes coffee breaks are sacrificed and lunch hour is shortened so that the workers meet the quotas. Sometimes the day off is suspended and employees work seven days a week. Team work in "line" system no longer allows one sewer to go to the toilet or drink water while others are still working. Besides, many of the garment factories are not properly ventilated unlike in the electronic sector where air-conditioning is required because of the nature of the work", explains Annie R. Adviento (National Coordinator for the Philippines of the International Textile, Garment, and Leather Workers' Federation (ITGLWF - Philippines)). (2)

First to be sacked, last to be re-hired

In Kasumi Apparel factory of the Bataan Economic Zone (BEZ), not all workers are equally treated. "Once you are identified as a union supporter, you are the first one to be put on forced leave while other non-unionised contract workers keep working," testifies Rosemarie Alan, a 45-year-old sewer currently without work. "And when the management calls back the workers, you are the last one to get rehired. That is why some workers are afraid to talk to us." A September 2005 investigation

report by the Worker's Rights Consortium (WRC) on alleged unfair labour practices in the Taiwanese-owned Kasumi and other Easy group facilities corroborates that "factory management has targeted union officers in imposing unpaid forced leave". In retaliation for union activities, the garment manufacturer supplying North-American universities with t-shirts and jackets has also resorted to intimidation, bribery attempts, and even termination. According to the U.S.-based WRC, no action has been taken to end those labour rights' violations until now.

ing Agreement (CBA) in the garment sector. But when it comes to union registration, garment companies are easier to organise. Why? There are so many workers' rights violations that it is not difficult to convince workers to join the union!"

TWO-THIRDS OF LABOUR FORCE LOST

Once tagged in the '80s as the flagship of the Philippine economy, the local clothing industry was severely hit by the gradual A.T.C phase-out as early as 2000. In the past ten years, two-thirds of the total clothing labour force has been lost and the decline is steady. On the top US clothing importers list, the South-East Asian country has fallen from the 11th to the 13th position in 2004. Many companies which complain that doing business in the Philippines is too expensive have been relocating to cheaper labour countries such as Vietnam or China.

"Most of the workers who have been laid off are unionised and regular employees," notes Annie Adviento, National Coordinator for the Philippines of International Textile, Garment, and Leather Workers' Federation (ITGLWF). "In contrast, new companies are all located in the export-processing zones where labour unions are not always welcome. And we don't know what kind of employment those "new" workers have. We are afraid most of them get only short-term or contractual status."

Against the mainstream downward current trend, several garment trade unions led by the ITGLWF have decided to respond differently to the challenges posed by the new quota-free global market. Several of the biggest Philippine sectoral federations came together to

engage in a tripartite body, the Clothing and Textile Industry Tripartite Council (CTITC). This body aims at revitalising the clothing industry through concerted initiatives with government officials, employers' representatives, and the workers.

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But while acknowledging the difficulties the garment industry is facing, Annie Adviento is determined to make the rights of Filipino garment workers respected. "We are ready for closures and downsizing," concedes the ITGLWF coordinator in the Philippines. "We don't ask companies to stay in the Philippines even if they are losing money. But we insist that whatever decision is taken the right to due process must be observed." ●

(1) For more information see: "Surviving without quotas in the Philippines" ICFTU report published in July 2005 at:

http://www.icftu.org/www/PDF/RP_Garment_Report_170605edited_260605EN.pdf

(2) See the full version of the Spotlight interview on Annie R. Adviento (ITGLWF - Philippines) at: <http://www.icftu.org/displaydocument.asp?Index=991222005&Language=EN>

Unspoken “no-union, no-strike” policy

Organising workers in Philippine special economic zones is not officially prohibited. Yet, entering EPZ factories is seldom a walk in the park.

The “no union, no strike” policy, once crafted by the Marcos dictatorial regime in the early eighties, does not unfortunately belong to the past. According to workers’ testimonies, intimidation, bribery attempts, physical isolation, and dismissal are only a few of overt and covert actions commonly used by the management to discourage trade union activity in numerous EPZ companies.

SEVERAL UNION-BUSTING TACTICS

Among the wide range of anti-union tactics, obtaining a Temporary Restraining Order (TRO) has increasingly been practiced by EPZ employers to get the certification election postponed.

“But here in the Philippines, underscores Anna Lee M. Fos, Trade Union Congress of the Philippines (TUCP) Research Officer, this kind of Temporary Restraining Order turns out to be a Permanent Restraining Order because the whole process takes so long. Several months of delay gives the management plenty of time to discourage workers to join the union.” Union organisers are consequently left with no other choice but to cancel the existing union registration, register a new one, and start from zero again.

Several months of delay gives the management plenty of time to discourage workers to join the union.

Another practical ploy consists of setting up a Labour Management Council (LMC) as an alternative to elected union although this mechanism was initially conceived to tackle areas uncovered by the collective bargaining. “The idea behind is: what is the use of having a union if you already have a LMC?” explains Ariel Castro, Head of the TUCP Education Department. “Practically the creation of a LMC is discouraging the union formation. No LMC should be established in non-unionized factories. In most of these LMCs, the workers’ representatives have already been pre-selected by the management itself!”



INTERNATIONAL COMMITMENTS UNFULFILLED

As a result of this widespread hostility from the management, the fragile union presence in the ecozones paves the way to the most unfair labour practices such as below sub-minimum wage payment, unbearable productivity rates, and unpaid forced overtime.

Aside from labour unions’ reports, the U.S. Department of State also points out that “local political leaders and officials who govern the SEZs attempted to frustrate union organising efforts by maintaining ‘union-free and strike-free’ policies”.

Yet, both the Philippine Constitution and local laws equally applying which apply equally to SEZs establish the right of workers to form and join trade unions. Although the South-East Asian country ratified the two ILO Conventions (No. 87 and No. 98) on Freedom of Association and Collective Bargaining, Filipino EPZ workers are still not fully free to exercise these rights in practice.

In a report submitted to the WTO in July 2005 (Internationally Recognised Core Labour Standards in the Philippines), the ICFTU reminded that the Philippine government has failed to honour many of the commitments made

on the international scene until now.

"WE ARE NOT AGAINST UNIONS" CLAIMS THE ECONOMIC ZONES AUTHORITY

"We are not against unions," assures Digna Torres. "We do believe that somebody should safeguard the rights of the workers," insists the Bataan Economic Zone (BEZ) Administrator. "Our Philippine Economic Zones Authority (PEZA)

General Director always tells our investors at the moment of filling up the application registration that only two things are non-negotiable: the rights of the Filipino workers and the protection of the environment." As an investment promotion agency and government-owned corporation, PEZA is mandated to help settle differences between workers and management. "First we want to listen to both sides," says Digna Torres.

"In most of the cases, the problem lies in miscommunication between workers and management."

Did the administrator make herself clearly understood? Obviously not, in the light of the extensive lists of techniques that fuel the unwritten "no-union, no-strike" policy prevailing in too many of the EPZ companies. Perhaps a miscommunication problem, Ms. Torres? ●

Union officers in the hot seat

Harassment, intimidation, illegal dismissal... Those who dare to stand up for workers' rights in EPZ companies put their jobs at risk.

In Tie One Subic Electric corporation based at Subic Bay Economic Zone, the union president finds himself subject to discriminatory treatment. A few days before the union certification election, a criminal case of forgery was filed against him and he was eventually dismissed without due process.

"When the management learned about the formation of a union, they implemented several harassment actions against union officers including the transfer to other departments," remembers the 26-year-old quality control engineer. "They isolated union members from non-union members and didn't let us talk to each other."

"Nobody wants to replace me as union leader. All of the workers are afraid of what the employer did to me"

According to Jimmy Mamolo, union organizer for the Alyansa ng mga Manggagawa at Pilipino Organisado (AMAPO) which is affiliated with the TUCP, "in order to bust the union, the management convinced 13 union members to retract from the union membership and testify that a fraud was committed." Based on their affidavit, the union certification was cancelled by the Department of Labour. This notice, posted two days before the election, discouraged workers to vote "yes to union" and led to election failure.

"Now the management wants our registration to be cancelled totally," says

the union president who has decided to go abroad and seek greener pastures. "No union in the company, this is what the management wants. Nobody wants to replace me as union leader. All of the workers are afraid of what the employer did to me".

In Elastic, an Australian crane manufacturing firm operating in the Subic Freeport area, the management intends to make the union certification election process as slow as possible. Since most of the workers are expected to vote in favour of the union, the employers' main objective has been to prevent the union from being recognised as the only bargaining entity.

Yet the union president is determined to get the workers a long-awaited wage adjustment after more than a decade of unchanged salary. "The management's first tactic was to delay the election process so that not all the workers can come before the break time was over," said the union president. "But the workers insisted to cast their votes. Their other plan was to challenge the result coming out of the elections." Losing his job is a scenario Villegas must be prepared for. The first elected union president in Elastic was sacked. The 40-year-old machinist is aware of the risk he takes... for merely being a union officer in a Philippine EPZ. ●

On Trade Union Developments

- 5% of the 35.7 million total workforce is organised. Out of those unionized workers, only 15% are covered by a Collective Bargaining Agreement (CBA).
- 8% of the 16,923 existing local unions were able to conclude a CBA at June 2005. (1)

On ICFTU-affiliated unions in EPZs

- 17,507 EPZ workers are members of the 55 union organisations affiliated to Trade Union Congress of the Philippines (TUCP).
- 6 Collective Bargaining Agreements (CBA) were negotiated in EPZ companies by the TUCP-affiliated local unions.
- 8 out of 17 certification elections were won while 13 petitions for certification elections were filed. (2)

(1) Source: Bureau of Labor Relations (BLR) (www.blr.dole.gov.ph)

(2) Source: TUCP (www.tucp.org.ph)

Are export-processing zones “unionisable”?

An impossible mission to assert labour rights in ecozones?

Not for Philippine unions who are crafting new and creative strategies.

Recruiting and mobilising new union members among employees in export-processing zones can be one a terrible headache. And more painful than before, according to union officers and organisers.

THE WRONG PERCEPTION OF “TROUBLEMAKERS”

“We now see young workers, especially female workers, coming in who are misled on what unionism really is,” notes Florencia P. Cabatingan, National Vice President for Education and Information Associated Labor Unions (ALU)–Trade Union Congress of the Philippines (TUCP) and who has been with the union for 32 years.

“They have been exposed to news articles merely depicting violent and radical union strategies. And new personnel managers as well view unionism only as disruptive and threatening.”

Correcting this wrong perception of “troublemakers” has required the TUCP to develop appropriate ways on how to effectively communicate with young workers such as through internet chat sessions.

ATTRACTING YOUNG WORKERS

“Young people are not attracted to lectures, long speeches, people standing and just reading their pieces,” recognises Ariel Castro, Head of Education Department of TUCP. “All our programs should be reconfigured to target 18- to 24-year old people,” Cedric R. Bagtas, TUCP Deputy General Secretary also insists.

He is determined to capture “the younger portion of the labour market.” “The marketing of trade unions to young workers with a frame of mind and interests different from ours is one of our major concerns.”

In the face of management hostility and workers’ fatigue, crafting new and creative strategies has become a priority. The unions engaged networks with the Department of Labor and Employment (DOLE), Philippine Economic

Zone Authority (PEZA), coalitions and community-based organizations to improve wages, working conditions, and workers’ rights, while supporting partner on their own issues.

One practice worth mentioning is the “Association of Sanitary Inspectors” which is active in the Laguna area. Oriented by TUCP on basic labour standards, the “Association of Sanitary Inspectors” from the Laguna area conducts a once a year field assessments within companies – including EPZs - to determine the level of compliance with basic sanitation regulations.

This has proven to be of great help in gathering first-hand information on health, safety and occupation and child labour issues without the actual presence of the union.

WOMEN-FOCUSED COALITIONS

Thanks to its coordinated and decentralized team of 14 union organisers, the TUCP was also able to strategically engage in locally-based coalitions along with various government and non-government agencies.

Priority is given to areas with a high density of EPZ companies. “What is wrong in talking to the Department of Labor and Employment (DOLE) and giving them inputs on how to improve their programs?” asks Bagtas. “The government is mandated by law and the Constitution to accomplish certain things. If we don’t tell them how we want it to be done, they will do it according to their thinking.”

“The marketing of trade unions to young workers with a frame of mind and interests different from ours is one of our major concerns.”

As female workers account for about 75% of all the EPZ employees and almost two-thirds of the TUCP membership in organised ecozones, the TUCP established coalitions which have started as women- and children-focused alliances.

These coalitions now numbering 12, have progressively put workers’ rights at the centre of their agenda. Their success is such that even after almost two years following the end of the “anti-sweatshop campaign,” organising activ-

ities are still being carried out locally.

Besides, a study by ITGWLF-Philippines revealed that women’s issues related to reproductive health, occupational disease, maternity protection make an indirect, less confrontational but no less effective “entry point” for EPZ union organisers to gain new members.

FROM JOB PRESERVATION TO JOB CREATION

Cooperating with those coalition partners has facilitated access to government-initiated employment programs, loans options, and livelihood opportunities for displaced workers. How to become an entrepreneur and a leader at the community level simultaneously has become the core idea inspiring the TUCP in its efforts to sustain income-generating activities.

For example, local unions and informal economy groups come together to produce Christmas decoration items now being sold in supermarkets.

Women’s issues related to reproductive health, occupational disease, maternity protection make an indirect, less confrontational but no less effective “entry point” for EPZ union organisers to gain new members.

Recently initiated by the ICFTU-affiliate in the Philippines, the program called “job corps” aims at creating employment opportunities or facilitating the placement of workers into jobs. Displaced union members and their relatives will be given a specific training to work as call centre operators or medical transcriptionists. Those who graduate get the assurance of getting a job as the demand in the call center industry is very high.

“If trade unions really want to help workers, we cannot only call for job preservation,” says Cedric Bagtas. “We have to go into job generation.” ●

From labour code to Internet surfing Unions go hi-tech

Sending short messages through cell phones works wonders with Philippine workers.

Still exclusively looking at the time-honoured door-to-door campaign or the usual leaflet distribution as the most effective techniques in reaching out EPZ workers? Maybe. But what if workers are miles away from each other? Or what if they get easily bored with reading materials?

In those cases, Trade Union Congress of the Philippines (TUCP) officials have found it very handy to simply... "TEXT"! Sending short messages through cellular phones has proven to be a modern and unconventional mobilizing tool. At the very first contact with union organizers, EPZ workers are immediately and systematically asked to fill in a registration form including their cell phone number.

In line with electronic means of communication, internet chat sessions and e-groups developed by TUCP on labour issues have also been a great help

in sustaining exchanges of information among union officers, members, volunteers, and various coalition partners.

Through internet-based Chikka (www.chikka.com), Philippine union organizers can send text messages for free to scores of workers at the same time. "As the management's anti-union tricks keep changing all the time", says Anna Lee M. Fos, "today's union organizers should in response be knowledgeable and innovative and do multi-tasking on almost everything, from labour code to internet surfing." ●

When Social Dialogue Works

Respecting workers' rights in an export-processing zone is possible. As long as both the management and the workers really want it.

Sunday morning. Supposedly a rest day. The whole Philippine town of Mariveles has already fallen asleep under the scorching tropical heat. Yet, inside the Bataan export-processing zone (EPZ), 60 kilometres West from Manila, hundreds of women are flocking to the conference hall. Not a single man can be spotted in this female mass.

As the night shift team just came out of the plant, many of the young ladies –likely under their thirties- are still wearing their light blue uniform embroidered with the same yellow logo: Mitsumi.

They haven't taken time to change their clothes because today is their D-Day. Today the new Collective Bargaining Agreement (CBA) may be ratified. A P15 (0.225_) daily increase is at stake.

HIGHEST SALARIES

Because successive CBA provided wage hikes, salaries at Mitsumi factories are said to be among the highest in the whole Bataan EPZ. Exceeding the P224.50 daily minimum wage applicable to this region, the P259 daily pay that a newly-arrived regular worker earns here sharply contrasts with the P169 given in non-unionised EPZ enterprises.



The workers from Mitsumi factory in Bataan sign up to the new collective agreement.

Whereas union-busting activities are commonly carried out in firms operating in the same Bataan EPZ, Mitsumi management has chosen to think differently. More decent salaries, a healthier working environment and a more comprehensive package of social benefits are provided there.

With its 5,000 total work force – of which almost 95% are women -, Mitsumi Electronics Co. has emerged as the flagship company of the Bataan Economic Zone. All the big names in electronics such as Pioneer, Nintendo, Sony,

Hewlett Packard, Aiwa and Kenwood are among its clients.

Low price and high quality electronic parts manufactured by this 100% Japanese-owned firm include head poles, transformers, mobile adaptor, transformers, CR-RW, modulators, Bluetooth, voice ports or radio components used for TV, computers and other kinds of electronic devices.

THREATS OF RELOCATION

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Yet, harsh competition comes from China, Vietnam or even within the Philippines. According to management representatives, Philippine workers in the Bataan Mitsumi factory get almost four times the pay given to employees in the Mitsumi branch operating in mainland China.

But there is a nearer danger: the sister company of Mitsumi located in Cebu, in the central part of the archipelago, has been able to dramatically lower its labour costs in the absence of unions. More than 20,000 non-unionised workers –of whom 60% are contractual- are employed there.

Threats of relocating or transferring part of the production to other cheap-labour destinations have been taken seriously by former line leader turned president of the local union Ofelia A. Hipolito. "Every time we conduct a meeting with union officers and line leaders, we try our best to explain to our members that we have to increase our productivity so that by the next CBA

negotiation we will get more than what we have now."

Striking a balance between company's offer and workers' demands is hence one of the keys to success in social dialogue at the Bataan factory.

Striking a balance between company's offer and workers' demands is hence one of the keys to success in social dialogue at the Bataan factory. "Of course if we ask for bigger benefits all in one time, the company can afford to grant them, says Josephine de Jesus, member of the Mitsumi Phils. Inc. Workers Union's Board of Directors. But for how long? After three months the company would close if we are asking too much. We, the union officers, can always find a way to survive. But what about our union members?"

WITHOUT A THIRD PARTY

Former union leader now representing the management, William O. Verzon, Mitsumi Personnel and Administrative Manager, acknowledges that mutual respect and true understanding of the situation of both sides, the management and the workers, have made the last negotiations easier. "For all the other past CBA negotiations we always experienced the intervention of a third party. But this time we were amazed to see that the last CBA was concluded within our level."

While export-processing zones are generally pigeonholed by poor labour relations and lack of social dialogue between management representatives and workers, Mitsumi exemplifies that respect for labour rights and presence of a union in the EPZ company can help boost performance.

Before the day ends in Mariveles City, the CBA ratification outcome has already been known: a vast majority of the Mitsumi workers voted "Yes". ●

Better Paid, More Productivity

Improve the company's efficiency and get more benefits. At Mitsumi, employees and management listen to each other. A testimony from one of the female workers manufacturing the "Game Boy".

Always want to know who assembled your "Game Boy"? Daisy Cesar, a line leader, handles and motivates a team of six other female workers who manufacture the Digital Wireless Modules (DWM). Without this fundamental electronic component, the world-famous handheld game console "Game Boy" created by Nintendo wouldn't exist.

KEEN ON WORKING OVERTIME

Meeting high-quality standards is Daisy's major concern as foreign clients supplied by Mitsumi, a 100% Japanese company, are strict on this matter. Even the appearance of the products coming out of the Philippine EPZ plant must be impeccable.

According to the 36-year-old union

member, the more the buyers get satisfied, the more orders are likely to pour in and the more money Mitsumi workers could earn.

To keep their jobs in a fast-changing sector, union members are eager to improve productivity in their line.

But what makes Daisy so keen on working overtime? Basic arithmetic. Only P225 (3.37 Euros) are left in her hands once transportation and lunch expenditures are deducted from her daily wage. This is not even enough to provide powder milk to her three kids which costs P270 a week.

With her sole income, the electronics worker is the one maintaining a family of six since her 41-year-old husband remains unemployed. No wonder the breadwinner welcomes as a godsend any additional P61 she could get per hour of extra work.

EAGER TO IMPROVE PRODUCTIVITY

"If we are better paid, we work better, explains Daisy. Under the new CBA, every worker will get a P15 additional

pay per day. We will try in return to reduce from three to two the number of workers per line."

To keep their jobs in a fast-changing sector, union members are eager to improve productivity in their line.

In reply the Japanese employer does its best to provide workers' benefits with regard to holiday extension or justified absence. Unlike the confrontation prevailing in most of Philippine EPZ companies, Mitsumi employees and their management have obviously learned to listen to each other. ●

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