

# Maquila Solidarity update

Volume 14 No. 2 • June 2009

## inside

### Moving from paper to practice:

New report slams implementation of DR-CAFTA promises on labour rights

2

### Pressure builds

on Uzbekistan to stop forced child labour in its cotton harvest

3

### Finding opportunity in crisis

Filipina organizer Cecille Tuico speaks about worker organizing in the export processing zones

4

### Russell Athletic lashes out

as critics push it to respond to labour rights violations at Honduran factory

6

### Filipino workers in hiding

as courts blame the victims for picket-line violence and issue arrest warrants

7

### Johnson Controls fails

to act on worker complaints at its Puebla factory

8



## Are Mexican workers 'stealing our jobs'?

### The crisis in the Mexican auto sector

WHEN THE LAST TRUCK rolled off the assembly line at the General Motors (GM) plant in Oshawa, Ontario on May 14, some workers arrived at the "closure ceremony" wearing sombreros to protest the loss of 1,500 Canadian jobs and the announcement of the opening

of new GM plants in Mexico.

"It's not right. They just put the plants in places where people are willing to work for slave wages," one worker was quoted as saying in the *Globe and Mail*.

Clearly, Canadian auto workers are being unfairly vic-

timized by an economic crisis that they had no role in creating, but the perception that Mexico workers are gaining because of the crisis would appear to be mistaken.

The devastation of the North American auto industry

● see 'Mexico's auto crisis' p.8

# DR-CAFTA labour projects 'valid, but insufficient'

**Proponents of the Dominican Republic-Central America Free Trade Agreement (DR-CAFTA) argued that it would improve labour conditions in the region. But governments have violated the agreement by failing to guarantee internationally recognized worker rights and introducing legislation that reduces labour rights.**

**T**HAT'S THE CONCLUSION of a three-year study of the impact of DR-CAFTA on labour rights by the Washington Office on Latin America (WOLA).

WOLA's study, *DR-CAFTA and Worker's Rights: Moving from Paper to Practice* evaluates the progress that DR-CAFTA signatories have made on the labour rights objectives their countries identified in the "White Paper," a self-assessment written by the DR-CAFTA governments at the time of the signing of the free trade agreement. The DR-CAFTA signatories pledged to make progress on issues such as repression against union leaders, illegal closure of factories, gender discrimination, and child labour.

The US government has since invested some US\$20 million annually for implementation of the White Paper objectives.

WOLA's report concludes that the investment directed at implementation of labour projects has been insufficient to resolve the historical labour problems and the impunity with which many employers act in the region.

Labour abuses in the DR-CAFTA member countries – including the obstruction of the right to form unions, illegal dismissals, forced overtime, blacklisting, gender discrimination, and the illegal closure of factories – continue unabated. The governments have been slow to enact improvements to labour legislation identified as priorities before the signing of the agreement.

Most worrisome is the assassination of union leaders; in Guatemala six union leaders have been killed since January

2007, four of them in 2008.

"The principal problem is the lack of respect for labour rights by employers and the impunity they enjoy," says Vicki Gass, WOLA Senior Associate for Rights and Development and author of the report. "More has to be done. The efforts in the region have been valid, but are insufficient," she emphasizes.

"The US tax dollars funding the projects to implement the White Paper recommendations, while supporting some novel and commendable organizations and projects, are insufficient to resolve the long-standing labour problems and impunity that plague the region," the report concludes.

Pointing to the disproportionate weight given to investor rights over worker rights in most free trade agreements, WOLA argues that "the United States should support efforts to strengthen labour rights and combat impunity in the DR-CAFTA countries by renegotiating

the agreement, increasing the weight and penalties for labour violations so they are equivalent to commercial violations." Making violations of labor rights equal to violations of commercial agreements — which would be precedent-setting if implemented — is a key recommendation of the report.

The DR-CAFTA governments need to promote a culture of respect for labour rights by strengthening enforcement mechanisms, including the work of labour ministries, and imposing fines on employers that violate rights, the report argues.

The report also proposes that the US government provide direct support to the unions and NGOs who actively work to promote labour rights.

Lastly, WOLA urges the Obama administration to learn from the lessons of DR-CAFTA and address the problems identified in their report in negotiations for the pending free trade agreements with Colombia and Panama. ■



Download the full report at:

[www.wola.org/images/stories/Rights and Development/wola\\_dr\\_cafta\\_rpt\\_final.pdf](http://www.wola.org/images/stories/Rights and Development/wola_dr_cafta_rpt_final.pdf)

The *Maquila Solidarity Update* is published in English and Spanish by the Maquila Solidarity Network (MSN). MSN includes over 400 organizations and individuals across Canada. MSN is a labour and women's rights advocacy organization working to improve conditions in maquiladora factories and export processing zones worldwide. MSN acts as the secretariat for Canada's Ethical Trading Action Group (ETAG).

Editorial Staff:  
Elsa Arismendi  
Fernando Cabrera  
Ana Enriquez  
Anamika Mujoo  
Kevin Thomas  
Lynda Yanz  
Translation: Anibal Vitón

Maquila Solidarity Network  
606 Shaw Street  
Toronto, ON, M6G 3L6 Canada  
Phone: 416-532-8584  
Fax: 416-532-7688

Special thanks to OPSEU for printing the Update at no cost.

[www.maquilasolidarity.org](http://www.maquilasolidarity.org)



PHOTO: ENVIRONMENTAL JUSTICE FOUNDATION

# International pressure builds to end child labour in Uzbek cotton fields

**The Republic of Uzbekistan has come under fire for state-orchestrated use of child labour to harvest the nation's important cotton crop.**

AS FIRST REPORTED BY THE UK-BASED Environmental Justice Foundation (EJF) in a 2005 report *White Gold: the True Cost of Cotton*, every fall Uzbek officials shut down schools and send up to 2 million children ages 11 to 17 to the cotton fields along with their teachers.

Instead of using machines to harvest cotton, as is done in other major cotton exporting countries, Uzbekistan's government relies on children and other forced labourers to pick the bulk of the cotton by hand. Children are marshaled to the fields by their own teachers and forced to work for up to 10 hours a day, 7 days a week for up to 2 months under unsanitary and hazardous conditions.

School masters are issued cotton quotas and made to ensure that their stu-

dents pick the required amounts. The children are paid a tenth of what their adult counterparts earn per kilogram of cotton, making their labour more lucrative for the government.

"Although child labour is common in many countries, Uzbekistan is unusual in that it is at the behest of the government and public employees, rather than their families, that children toil in the cotton fields," states the EJF report.

In August 2008 a multi-stakeholder coalition made up of financial institutions, faith-based investors, public pension funds, shareholder advocates, investor rating agencies, and labour and human rights NGOs sent a letter to Uzbek President Islam Karimov urging his government to take immediate and decisive action to end child labour in the cotton fields.

The coalition, whose members manage more than US\$250 billion in capital, asked the government to ratify and implement International Labour Organization (ILO)

conventions on child labour and to invite the ILO to the country to assess the situation and offer technical assistance. As part of the campaign a number of major brands including Levi Strauss, Gap, Inc., Wal-Mart, Marks and Spencer and Tesco have instructed their suppliers to identify and eliminate Uzbek cotton from the supply chain until such time as the Government of Uzbekistan takes meaningful action to address this problem.

The campaign is having some effect. The Uzbek government has finally ratified two ILO Conventions on child labour (C138 on Minimum Age and C182 on Worst Forms of Child Labour). Yet recent reports confirm that child labour is still ongoing.

In Canada, MSN will be working with other organizations to build support for the campaign and to lobby Canadian retailers and brands to sign on to the boycott. ■



Workers protest outside the Cavite export processing zone, Philippines last fall

# Worker organizing in the Philippines:

## Workers Assistance Centre finds opportunities in the crisis

THE STRUGGLE FOR WORKERS' rights in the Philippines faces many challenges. Threats, violence, arrests and assassinations of union and labour and human rights advocates are commonplace, tolerated by authorities and carried out by police and security forces.

Coupled with violent suppression of dissent, workers in export processing zones (EPZs) also face concerted efforts to prevent union organizing and to keep wages

low as the government tries to attract investment from foreign multinationals.

The global economic crisis has made the situation even more difficult as falling demand leads to worker layoffs and added pressure on those workers who remain employed to accept lower wages and reduced benefits.

The ILO estimates that between October 2008 and February 2009 over 80,000 workers lost their jobs or were

laid off in the Philippines and around 5,000 overseas Filipino workers had been repatriated.

MSN recently spoke with Cecille Tuico, a researcher and organizer with the Workers Assistance Centre (WAC) about the labour rights situation in the Philippines and how the crisis is affecting workers.

WAC is an independent non-governmental organization helping workers organize in EPZs in the provinces of

Cavite and Batangas. EPZs are designated industrial areas for the assembly/manufacture of export goods, which the government exempts from tariffs and taxes in order to attract foreign investment.

According to Cecille, thousands of workers have been laid off in the EPZs in Cavite and Batangas as a result of the economic crisis. Many companies have shut down altogether, most of them in the garment and electronics

industries where women are most frequently employed.

Exact figures are hard to come by because “companies inside [the EPZs] operate in an enclosed environment where not even local governments can interfere; they have their own laws, their own police and security, all of which creates a situation in which they can control the labour inside,” says Cecille.

According to Cecille, EPZ workers usually labour at least 12 hours a day without overtime premiums, for which they are sometimes paid even below the minimum wage.

On the other hand, “outside the export processing zones the workers are paid at

mitories in which they live.

“But this is also tough because the owners of the dormitories do not want the workers to speak to us if they know that we are organizing workers into unions,” Cecille says. “They are worried that if the workers form unions the factories could close down and threaten their livelihoods,” she adds.

Based on daily surveys that WAC has been doing with workers, they estimate 11,500 workers in Cavite and Batangas have been negatively affected by the economic crisis.

Intel, a US-based transnational electronics company, announced recently that it will close down its operations in Cavite, physically demolishing their factories in the process purportedly to protect company secrets. WAC estimates that the closures will affect over 4,000 work-

ers, a devastating blow to the already struggling province.

Instead of focusing on the problems caused by the crisis, however, Cecille says that WAC is using the crisis as an opportunity to educate workers on their legal rights to severance pay and to provide them additional legal support and training.

Ironically, Cecille believes that the crisis has actually boosted worker organizing in the region. As workers have become more concerned about losing their jobs, she



**Cecille Tuico, Workers Assistance Centre**

## Instead of focusing on the problems WAC is using the crisis as an opportunity to educate workers on their legal rights

least minimum wage and even higher and of course they only work eight hours after which they are paid the legal overtime premium,” she says.

These EPZ practices are illegal but difficult to combat as they are often unreported and because labour rights advocates like Cecille do not have access to the workers inside the zones.

To get over this hurdle WAC organizes in communities, seeking out workers in the boarding houses and dor-

mits, they have begun to see forming unions as a way to guarantee entitlements such as severance pay that, although legally required, are rarely paid out.

But, Cecille warns, guaranteeing severance pay is not the primary purpose of a union. She cautions that trying to form a union when a company has or is preparing to close is often too late to guarantee workers proper wages and entitlement to benefits.

The repression of labour rights advocates, coupled with the economic challenges the country – and WAC – are facing, makes these difficult times indeed.

Now more than ever there is a need for international solidarity from organizations like MSN and its supporters in order to face these challenges and allow WAC to continue its critical work on the ground. ■

# Russell lashes out at labour rights critics

**In the past few months, Russell Athletic has been lashing out at its critics in an increasingly desperate effort to stem the tide of criticism from US and Canadian universities that are threatening to end licensing agreements with the sportswear manufacturer over its treatment of unionized workers in Honduras.**

**T**O DATE, 69 NORTH American universities have told the company that they will end licensing agreements if it does not resolve the dispute at the former Jerzees de Honduras (JDH) factory, which the company closed in January of this year, laying off 1,800 workers.

An independent investigation carried out by the Worker Rights Consortium (WRC) and one of three investigations carried out by the Fair Labor Association (FLA), of which Russell is a member, have confirmed numerous allegations of freedom of association violations at the factory and concluded that anti-union animus was a significant factor in the company's decision to close the facility. Russell insists that it closed JDH solely for economic reasons.

Russell's tactics reached a new low on May 1 when the company posted on its website and circulated to its university and retail customers a letter in which it called the JDH dispute "a case study in using hearsay, innuendo, rumour, defamation, jumping to conclusions and every other disdainful sort of unrestrained activism" and accused universities that have



PHOTO: DAVE MARTINEZ, OREGON DAILY EMERALD

**Students at the University of Oregon protest their school's contract with Russell**

ended licensing agreements of being "easily swayed by the activists' propaganda".

In February, the FLA Board of Directors had issued a list of recommended actions that Russell Athletic would have to undertake "at a minimum" to remediate the violations at the JDH facility. As we go to press, the FLA is about to conduct a further on-site investigation to determine whether the company has complied with the recommendations.

However, the JDH workers' union, which is affiliated with the Honduran General Confederation of Workers

(CGT), has recently informed the FLA that it will not be cooperating with the investigation, because of its dissatisfaction with how the Association has dealt with the case to date.

Two of the key FLA Board recommendations were that Russell consult with stakeholders – including the CGT

union in Honduras and the WRC – "in good faith", and negotiate additional remediation measures with the union, including compensation for laid-off workers. Neither appears to have taken place.

In May, Russell Athletic approached Evangelina Aguerta, Coordinator of the CGT in Choloma, asking for a one-on-one meeting between herself and Fruit of the Loom's (Russell's parent company) Senior Vice President of Human Resources Tony Pelaski. Aguerta responded that while the union is open to negotiating a resolution to the dispute, it would not accept the company dictating the terms of a meeting nor are they interested in informal discussions.

"The fact that I was being asked to attend the meeting alone, without the presence of other union members or advisors and with only the presence of an interpreter," Argueta responded, "would have made my participation in the meeting impossible, since this condition violates our principles of transparency."

In addition to these recommended remedial actions, the FLA Board resolution also urges Russell Athletic "to take proactive steps to demonstrate the company's positive

approach towards the activities of trade unions and open attitude towards the organizational activities of unions including allowing reasonable access of union organizers to employees."

The WRC has gone further in outlining how union access

 **MSN supporters can write to their local retailers that carry Russell products using a draft letter and easy store address locator at: [www.maquilasolidarity.org/Russell\\_Action](http://www.maquilasolidarity.org/Russell_Action)**



could be used to remedy the chilling effect the JDH closure has had on workers' right to freedom of association at remaining Russell facilities. In a memo sent to its university affiliates on June 1, the WRC said that union organizers need access to workers during non-work hours, space to post bulletins inside the factory, opportunities to speak to assembled workers, and lists of non-managerial staff.

The WRC is also asking Russell to take additional steps, including rehiring known union leaders at JDH in positions at other Russell facilities identified by the union, appointing an ombudsperson to review the company's actions in Honduras on an ongoing basis, and making reasonable commitments regarding the future stability of its production in the country.

MSN, the Ethical Trading Action Group and our US allies have approached major US and Canadian retailers that carry Russell Athletic and Fruit of the Loom products, asking them to bring additional pressure to bear on the company to resolve the dispute along these lines.

MSN has also contacted 18 Canadian universities, some of whom have now told Russell they will end their licensing agreements with the company if it fails to act responsibly. ■



**Club-wielding export-processing zone security at the Chong Won picket line**

## Chong Won and Phils Jeon workers forced into hiding

**T**HIRTY-THREE FILIPINO labour-rights activists and factory workers are in hiding after arrest warrants were issued against them by a Philippine court in April.

The workers, most of whom are women, are leaders and members of two workplace unions that staged strikes at the Chong Won and Phils Jeon factories in the Cavite Export Processing Zone in September 2006 to protest their respective management's refusal to negotiate with the unions for first collective bargaining agreements.

The strikers were violently attacked by local police forces and agents of a private security company, who assaulted the strikers with clubs and other crude weapons, injuring dozens of the workers.

Despite continued assaults, the strikers persisted for another ten months before a group of masked men with knives and M-16 rifles entered the heavily-guarded export processing zone and threatened some of the Chong Won strikers with death. In a separate incident, Phil Jeon pick-

eters were also assaulted.

In response to the violence against strikers, both unions sued the police and security guards. The police retaliated by filing criminal charges against the 33 workers, accusing them of violence on the picket line.

In decisions issued on March 11 a municipal trial court found both the Chong Won and Phil Jeon strikers guilty of "direct assault" while dismissing most charges against the police, except for the lesser counts of "slight physical injuries." Arrest warrants were issued on March 17 against 33 of the convicted strikers.

Cecille Tuico of the Philippines Workers Assistance Centre (WAC), which has supported the workers throughout their long struggle, tells MSN that as soon as her organization heard of the arrest warrants they advised workers to leave their homes and go into hiding. "In the Philippines when people are arrested by police they're sometimes tortured," Ms. Tuico explains.

MSN and its partners campaigned actively to support

the Chong Won workers during their lengthy strike, convincing Wal-Mart, the factory's largest buyer, to demand the reinstatement of 117 unjustly-fired union members as a condition of future business. However, the owners chose to close the factory altogether rather than recognize and negotiate with the union.

In response to the latest attempt to punish the workers, 10 Canadian labour, faith and non-governmental organizations under the banner of the Ethical Trading Action Group (ETAG), for which MSN acts as the secretariat, sent a letter to the Philippine government asking President Gloria Macapagal-Arroyo that charges be dropped against the labour activists and that the police and security forces be held accountable for the violence they perpetrated on the workers. ETAG is also supporting the call for a high-level International Labour Organization mission to the Philippines to investigate the widespread suppression of the right to freedom of association and collective bargaining in the country. ■

# Mexico's auto crisis

● continued from page 1

is also being felt in Mexico, a country heavily dependent on exports to the US, and where the auto sector employs some 600,000 workers.

## Mexican job losses

While Mexico's share of the total North American auto production rose between 3-4 percent in 2008, exports from Mexico's auto sector actually dropped by almost 57 percent between January 2008 and January 2009. This has meant dramatic job losses in many communities in states that are highly dependent on the auto sector, such as Puebla, Coahuila and the State of Mexico.

Temporary closures or production slow-downs – called *paros tecnicos* – have become the norm. For example, GM's Guanajuato plant recently began an eight-week *paro tecnico* which will affect some 10,000 workers. *Paros tecnicos* are also underway at GM's three other Mexico plants, affecting over 6,600 workers.

The crisis is of course not restricted to production for the big three US auto makers. In January, Volkswagen laid off 900 temporary workers at its Puebla production facility, a factory with a strong independent union.

Mexican auto parts companies that supply the large manufacturers are also feeling the impact of the crisis. For example, last month Delphi, one of GM's main parts providers, announced the closure of its Matamoros factory, leaving 1,700 workers unemployed.

And, like their North American counterparts, Mexican workers are being pushed to give up hard-won gains.

## Impact on workers' rights

According to Blanca Velazquez of the Worker Support Centre (CAT) in Puebla, employers in the auto sector and the state and federal governments are using the uncertainty caused by the economic crisis to undermine Mexican workers' rights.

"Companies and governments are using the threat of

job loss to legalize so-called flexible employment in order to weaken job security and labour protections," says Velazquez. She points to proposed regressive changes in the Federal Labour Law as well as recent reforms to the Social Security Law.

She also notes that the terms and conditions of *paros tecnicos* being negotiated by unelected leaders of "official unions" linked to the Puebla State Government are undercutting workers' legal entitlements and in some cases are being used to undermine worker organizing.

For example, at the Johnson Controls Finsa plant in Puebla, where the CAT has

been supporting a coalition of workers, the company has been disproportionately targeting members of the coalition in layoffs and then replacing them with temporary, casual workers contracted through an employment agency. (See Johnson Controls article, below.)

While announcements of new investments in auto production facilities in Mexico could offset some of the job losses, it is not yet clear whether there will be an overall employment gain for Mexican autoworkers, or whether Mexican workers will continue to be discarded by the industry as readily as their Canadian counterparts. ■

# Johnson Controls fails to act on worker complaints

US AUTO PARTS MANUFACTURER Johnson Controls International continues to refuse to deal with worker rights abuses at its FINSA seat parts factory in Puebla, Mexico.

On February 23, a workers' coalition at the factory wrote to the company's CEO in Milwaukee, detailing ongoing violations, including forced overtime, sexual harassment, health and safety hazards, abuse of "temporary" employment contracts to circumvent workers' legal entitlements, and denying workers the right to be represented by a union of their choice.

The workers are "represented" by one of Mexico's "official" unions, the CROM, which collaborates closely with management. In July 2007, seven workers were fired illegally for

demanding to see their collective bargaining agreement. In response to the collusion between management and the CROM, workers formed a coalition to negotiate directly with the company.



Numerous complaints, including those of the seven unjustly fired workers, have been filed with the federal conciliation and arbitration board. As well, the case is included in a recent complaint to the International Labour Organization (ILO) from the International Metalworkers Federation (IMF) concerning violations of freedom of asso-

ciation in Mexico.

In April, JCI Mexico management contacted the Worker Support Center (CAT), rather than the worker coalition, to arrange a meeting. However, according to Blanca Velazquez of the CAT, the company was unwilling to reinstate the unjustly fired workers and only wanted to discuss severance pay. "In effect, they wanted us to help them buy off the workers," says Velazquez.

According to Velazquez, JCI management also wanted a list with the full names of the coalition members who were still working in the plant, which, she says, "isn't surprising since the company has been targeting coalition supporters for layoffs during the slow-downs of the last months." ■