

report

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Electronics industry

Organizing and fighting against precarious work

The electronics industry is one of the largest industrial sectors in the global economy. As society is increasingly smarter and digitally connected, it continues to boom.

The supply chains that feed the electronics industry are getting bigger and more complex as technology pervades every area of our lives. Apple deals with over 750 suppliers to make products such as iPhones and iPads, and in the automobile industry, electronic components can make up to 40 per cent of total costs in all car categories. It is estimated that the electronics industry employs 18 million* workers worldwide.

Highly competitive, innovative, fast changing and with short production cycles, the electronics industry mostly operates on a 'just-in-time' production model, fuelling a rise in precarious work.

In 2014, IndustriALL's ICT Electrical and Electronics sector conducted a survey on precarious work in the industry. The results show that permanent workers are being pressured into precarious positions. Unions are struggling to reach out to the

rapidly increasing numbers of agency, contract and outsourced workers, as well as migrants, who have little or no chance to bargain collectively on their terms and conditions of employment.

Shoji Arino, chairperson for IndustriALL ICT Electrical and Electronics, says the sector's business model not only increases precarious work, but also leads to disparities in standards of living and a crisis in sustainability:

"Governments and multinationals in the electronics sector are employing nefarious tactics to obstruct trade union activities, especially in Asian developing countries. We, as unions in this sector, must take wide-ranging action to combat them."

- 1 Assembly lines for mobile phones in China. *SOMO*
- 2 Assembly line at Foxconn factory. *SOMO*
- 3 An employee for Flextronic in Guadalajara, Mexico, works on a circuit board. *SOMO*

* A study conducted for the International Labour Organization (ILO) Better Work Program in 2010 estimated the number of workers in the electronics industry at 18 million.

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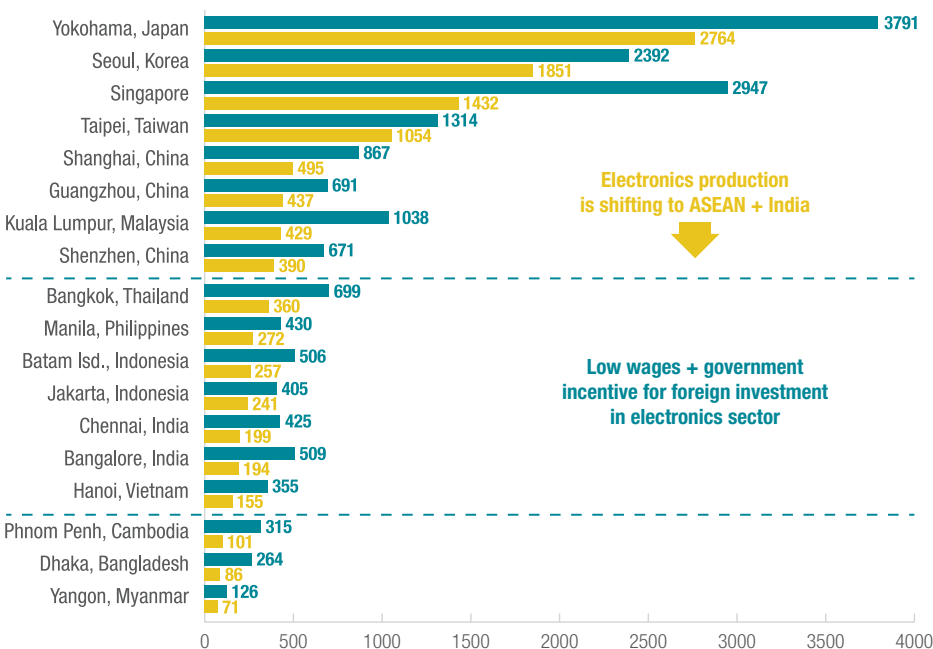
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ASEAN and India - hot spots of production

China, once the world’s electronics production hub, is now losing out to South East Asia and India. Multinational Companies (MNCs) are shifting production to ASEAN countries, such as Malaysia, Indonesia, Philippines and Vietnam, as well as India, where wages for manufacturing workers are lower than in China (Table 1). 62 per cent of TV (LCD, LED), 70 per cent of semiconductors, 76 per cent of car navigation systems, 86 per cent of mobile/ smart phones, and 100 per cent of digital cameras are manufactured in Asia.

ASEAN countries and India are helping to attract foreign investment by offering special incentives to electronics MNCs. Companies are rushing to India and the ASEAN countries to take advantage of the lower manufacturing costs and attractive investment conditions. As a result of the Vietnamese government’s preferential treatment towards Samsung Electronics, in 2014 the company built the world’s largest smart phone factory in the country. Samsung will employ 100,000 workers by July 2015, making it the largest foreign company in Vietnam. Foxconn is planning to invest US\$1 billion in a manufacturing project in Indonesia, estimated to create more than 100,000 jobs in the coming years.

Table 1: Standard wages of manufacturing workers in Asia
(2013, in US dollar/month. Green: engineer. Yellow: production workers)



Source: Selected data from Japan External Trade Organization (JETRO).

Ducking international labour standards

The world’s five highest earning electronics companies originate from countries where the ILO conventions on freedom of association (ILO convention No.87) and the right to collective bargaining (ILO convention No.98) are not ratified. They also operate in and/or outsource labour intensive production processes to suppliers located in countries where these ILO conventions are not respected (Tables 2 and 3). In the labour intensive production processes of the electronics industry, the workplaces have very low or no union density. Many workers are forced into a precarious working environment weakening their chance to bargain collectively.

Foxconn, Apple’s biggest supplier, has grown massively since the company began operating in mainland China in 1988. In 15 years, the company has become one of the world’s biggest electronics manufacturers, employing more than 1.2 million workers worldwide. The company has had many serious labour problems related to working conditions – low wages, long working hours, irregular work-loads, huge use of agency workers outside of China – and occupational health and safety (OHS). In the absence of trade unions in the workplace Foxconn has faced riots by groups of unorganized workers.

Samsung, the biggest selling electronics company in the world, has a long history of disrespecting labour and human rights. Samsung’s violations of workers’ rights range from kidnapping and battering of union leaders, to special training for managers to implement an effective “union-free” policy, as evident in Korea and other countries in Asia.

Who wins with the electronics business model?

Top management from the leading electronics companies are ranked among the richest people in the world. Samsung’s chairman, Lee Kun-hee, has an estimated net worth of US\$12.6 billion; Apple CEO Tim Cook took home a salary of more than US \$9 million last year. Hewlett-Packard CEO Meg Whitman, got a pay package of US\$19.6 million in 2014, and the CEO of Hon Hai Precision (Foxconn), Terry Gou, has a net fortune estimated at US\$6.1 billion.

This stands in contrast to standard Foxconn workers in China assembling products for Apple and HP. They are paid on average US\$5,000 dollar per year, which means Foxconn’s CEO is worth more money than the combined annual salary of all the company’s one million blue-collar workers.

Table 2: Selected large electronics firms (2013-2014)

Company	Annual revenue (US\$ million)	Employees	Country origin
Samsung Electronics	220 185	286 284	Republic of Korea
Apple	170 910	80 300	USA
Foxconn	131 138	1 200 000	Taiwan-China
Hewlett-Packard	112 298	317 500	USA
IBM	99 751	431 212	USA
Hitachi	95 988	320 725	Japan
Microsoft	86 833	128 000	USA
Sony Corporation	71 509	140 900	Japan
Panasonic	71 331	271 789	Japan

Source: "Issues paper for discussion at the Global Dialogue Forum on the Adaptability of Companies to Deal with Fluctuating Demands and the Incidence of Temporary and Other Forms of Employment in Electronics", International Labour Office, December 2014.

Table 3: Ratification of ILO fundamental conventions by countries where major electronics MNCs are located (Green: not yet ratified. Yellow: ratified)

	C087	C098	C029	C105	C100	C111	C138	C182
EU	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
United States	Green	Green	Green	Green	Green	Green	Green	Green
China	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
India	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Indonesia	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Japan	Yellow	Yellow	Yellow	Green	Yellow	Yellow	Yellow	Yellow
Korea, Republic of	Yellow	Yellow	Yellow	Green	Yellow	Yellow	Yellow	Yellow
Malaysia	Yellow	Yellow	Yellow	Green	Yellow	Yellow	Yellow	Yellow
Philippines	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Singapore	Yellow	Yellow	Yellow	Green	Yellow	Yellow	Yellow	Yellow
Thailand	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Vietnam	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow

Source: ILO NORMLEX.

Despite the fact that IBM recently announced plans to lay off more than 100,000 employees (25 per cent of the total workforce) in 2015, the company's CEO, Virginia Rometty, got a pay package worth more than US\$20 million last year, including a US\$3.6 million bonus.

The worker unfriendly business model adopted by major players in the electronics industry has had a negative influence on organized workplaces and sustainable

employment in the sector. The numbers of unorganized and precarious workers are growing in the complicated supply chain system. Unions must fight back by organizing and fostering strong negotiation skills among workers.

Over the last few years, IndustriALL affiliates and the All China Federation of Trade Unions (ACFTU) have succeeded in organizing Foxconn workers. Collective bargaining with management has led to improved working conditions and OHS at organized workplaces in China and Brazil

Kan Matsuzaki, Director of ICT Electrical and Electronics at IndustriALL, says that these successful cases and models should be developed and expanded to all Foxconn's workplaces:

"It is vital that unions get together and take action to achieve fair and decent working conditions in all the major electronics companies."



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Organizing in the electronics industry

In 2013, IndustriALL set up a steering committee on ICT Electrical and Electronics to lead the work in the sector and discuss strategies on MNCs, trade union networks, GFAs, organizing, union rights, precarious work and specific industrial policy.

In 2014, a five-year project supported by the European Commission was launched in cooperation with the GoodElectronics network. It focuses on organizing electronics workers in the ASEAN region, of which 30 per cent are women, including outsourced workers, temporary workers, migrants and students. Last year, over 600 trade unionists from IndustriALL affiliates in Indonesia (FSPMI and Lomenik), Malaysia (EIWU and EIEU coalition), Thailand (TEAM), Vietnam (VUIT) and Taiwan (ROCMU) were trained in organizing.



It is the first time the union has negotiated a collective bargaining agreement that includes migrant workers.

Concrete results have already been achieved. In Malaysia, EIEU Northern region has succeeded in organizing more than 900 workers at an electronics MNC despite strong resistance and union busting tactics by the management. It is the first time the union has negotiated a collective bargaining agreement that includes migrant workers. This year, IndustriALL will expand the project to the Philippines where the electronics industry is expected to grow significantly in the country's export processing zones over the next three to five years.

Global campaign defeats union-busting attack

Locking out or dismissing union leaders by picking holes in vague labour laws are typical union-busting tactics used by electronics companies in the course of collective bargaining. In May 2014, one of Apple's most important suppliers, NXP Semiconductors, dismissed all 24 elected union officials from IndustriALL affiliate MWAP at its plant in a special economic zone in Cabuyao, Philippines. NXP claimed the union's peaceful industrial actions were illegal. It was clear that the company's persistent acts of intimidation and harassment were aimed at weakening the bargaining power of the union.

Project session photos - We organize the workers! We fight against precarious work!



TEAM, Thailand



EIWU and EIEU coalition in Malaysia



FSPMI, Indonesia



SBSI-Lomenik, Indonesia



VUIT, Vietnam



ROCMU, Taiwan

MWAP and IndustriALL immediately staged a global campaign to fight back. Actions included large pickets outside negotiation venues and the NXP facility, national mobilizations, and corporate customer action focused on Apple. The unified actions led to victory and brought a fair and just solution. Not only were union members reinstated, MWAP also achieved a significant wage hike and regularization of an important number of precarious workers.

Electronics industry challenged over use of toxic chemicals

IndustriALL is also teaming up with the GoodElectronics Network and its NGO partners to stop the use of cancer-causing chemicals in the electronics industry.

Trade unions and NGOs report hundreds of cases of workers who have contracted cancer and other illnesses over the past five years from exposure to benzene and other highly toxic chemicals used in electronics manufacturing.

More than 200 civil society groups, including IndustriALL and its electronics affiliates in Cambodia, Indonesia, Malaysia, Philippines, South Korea, and the US, have launched a formal challenge to the industry to clean up its act. The challenge emphasizes the importance of disclosure, substitution of hazardous chemicals with safer alternatives, protection of workers, freedom of association, participation of workers in workplace monitoring, environmental protection, and the need for compensation of workers, communities and the environment for harm done.

Collaborated activities with GUFs on MNC – IBM Alliance

Collaboration and cooperation with other global unions is also a key activity in the sector. IndustriALL, together with UNI Global Union and IndustriAll European Trade Union, make up The Global Union Alliance of IBM. The alliance gives an opportunity for IBM workers and unions to come together to discuss ways to protect workers and help ensure a better future. Last year, the Alliance agreed on a new global strategy to fight job cuts and demanded that IBM worldwide recognizes trade unions as partners in social dialogue and collective agreements. After IBM announced plans for massive lay offs, the alliance strengthened its activities and demanded an urgent moratorium on job cuts and called for meaningful dialogue with the troubled multinational.

Global Dialogue Forum

In December 2014, there was a constructive discussion on precarious work in the electronics industry at the Global Dialogue Forum (GDF) on the Adaptability of Companies to Deal with Fluctuating Demands and the Incidence of Temporary and Other Forms of Employment, held at the International Labour Office in Geneva. The purpose of the Forum was for tripartite participants to assess the impact of temporary or other forms of employment on electronics companies and workers. The Forum was attended by worker representatives (IndustriALL affiliated unions), governments, and employers, including the Electronic Industry Citizenship Coalition (EICC). The GoodElectronics network acted as an observer.

After the active discussion, the Forum came to a consensus that:

Employer and worker organizations in the electronics industry should:

- 1 promote equitable treatment for all workers, regardless of their employment status
- 2 raise awareness and build capacity on fundamental principles and rights at work-FPRW and promote respect of these principles and rights throughout the supply chains
- 3 jointly explore options in addition to temporary or other forms of employment to respond to fluctuating demands
- 4 promote long-lasting employment relationships, where possible

See more details at:

EICC, acting as the employers' group coordinator at the GDF, is comprised of more than 100 electronics companies, including the top five. Since the EICC describes itself as "committed to supporting

the rights and wellbeing of workers and communities worldwide affected by the global electronics supply chain", IndustriALL will continue to engage in dialogue with the EICC to find fair and just solution for the issues on precarious work in the sector.

World Conference on ICT Electrical and Electronics in June 2015

In June this year, IndustriALL will hold a World Conference on ICT Electrical and Electronics in Malaysia. In addition to topics on organizing and fighting precarious work, the conference will focus on how to create a safer and healthier working environment, and on forming stronger trade union networks with Chinese workers at MNCs such as Samsung and Foxconn.

Jyrki Raina, general secretary of IndustriALL, says:

"Many electronics companies are purely in pursuit of profits and treat workers as a commodity or a production cost. Brutal attempts to bust unions stink of company arrogance. We must fight back by harnessing our global union power just as we did in defeating the union-busting attack at NXP Philippines."

Good Electronics is an international network on human rights and sustainability in electronics.

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