

Cross-Border Campaign Wins Maquila Union Demands

AMERICAS PROGRAM, INTERNATIONAL RELATIONS CENTER (IRC)

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Sweatshop workers at the Pung Kook factory who made international name-brand gear in La Paz, Baja California Sur, Mexico, organized themselves to improve conditions on the job. But then their corporate employer beheaded their union local and moved operations overseas, leaving them jobless and without compensation due to them under the law. It was a textbook case of transnational corporations' manipulation of global trade rules to reduce production costs at the expense of producers. So the workers stepped up to the plate, enlisting help from a U.S. non-profit group in a cross-border effort that achieved reparations in December 2004. Thanks to innovative fight-back tactics, the movement became a prime example of citizen activists' success in allying to beat the sometimes overwhelming odds posed by the forces of regional political-economic integration.



Union leader Raquel Espinoza addresses ex-workers
Photo by Mary Mendez

Since its opening in 1995, the Korea-based Pung Kook factory in La Paz hired people to make luggage and backpacks for Adidas Salomon, Lands' End and Patagonia. At times, as many as 800 workers labored for less than the Mexican minimum wage at the plant. In the face of hostile treatment by the transnational employer, they decided to join a democratic union in 1998. They voted to become part of the Independent Union of Workers in the Maquiladora Industry (Sindicato Independiente de Trabajadores y Trabajadoras de la Industria Maquiladora, or Sinttim).

In March of 2003, Pung Kook shut down its factory in La Paz. Following the closure, the company refused to properly compensate workers as stipulated in Mexican labor law, despite the fact that some of them had been working in the plant for more than eight years. The corporation moved all of its business operations to Asia, beyond the reach of Mexican law and the North American Free Trade Agreement (NAFTA).

Sinttim saw this as part of a pattern of abuse in global business-labor relations that results in the working poor sinking deeper into poverty, widening the income distribution gap. Pung Kook's La Paz employees realized that theirs was just one of many instances in which corporations seek to minimize payroll costs through periodic plant closures and shifting of production to locations where workers can be employed at lower wages. Determined to hold the line for fair labor practices, union members requested help from Enlace, a non-governmental organization (NGO) based in Portland, OR.

KEY PROBLEMS FOR PUNG KOOK WORKFORCE

- ✘ **Illegal wages:** Pung Kook consistently paid workers 2 pesos per day less than the minimum wage, gouging about 6% out of wages due.
- ✘ **Safety:** Carpal tunnel syndrome was widely reported due to the repetitive motion, speed, and stress of the assembly line.
- ✘ **Health:** Both adults and children suffered lung problems because of burning plastic. As a concession for 12-hour shifts, the company allowed employees to bring their children to work. Part of the process for manufacturing luggage and backpacks included melting plastic trim to mold it into required shapes. The company provided no protection for the workers or their children present on the factory floor.
- ✘ **Organizing rights violations:** In June 2001, Pung Kook fired union local President Raquel Espinoza for organizing.
- ✘ **Severance pay:** In March 2003, Pung Kook shut down the plant. Management informed the workers that the shutdown was temporary and paid the severance amount required for a temporary closure—considerably less than the amount required for a permanent plant closing.
- ✘ **Labor law compliance:** Pung Kook then pulled out of Mexico, beyond the reach of Mexican labor laws. Under these laws, for a permanent plant closure, they should have paid workers three months severance plus 32 days pay for each year of service.

Enlace activists viewed Mexico as one of many national economies dependent on an export manufacturing sector controlled by transnational corporations. This dependence leads to regularly overlooking violations of domestic laws that are designed to protect worker rights to a minimum wage and severance pay in the event of job loss due to plant closures. Workers who are financially abused by these illegal practices then have no legal recourse. In addition, domestically owned companies are pressured to flout local labor laws or be driven out of business by the transnational companies that operate with lower labor costs.

So Enlace joined with SINTTIM in a year-long campaign lasting from the day the factory closed in 2003 to the day in 2004 when Pung Kook acted to pay the workers what they were owed under Mexican law and provide restitution for damages to their independent union.

Along with the workers at the factory, Enlace developed a multi-tiered and international strategy to pressure Pung Kook into complying with the law. It recruited groups in Portland, Los Angeles, Mexico City, Toronto, and Seoul, while SINTTIM stepped up the heat in Baja California Sur.

The first phase began on Enlace home turf in Oregon. The group organized support among local labor organizations, including Portland Jobs with Justice and the Cross Border Organizing Labor Coalition (CBLOC), to confront Adidas at its headquarters in Portland. But the confrontation never came to pass, because Adidas, eager to avert a public relations debacle, almost immediately contacted Enlace to discuss the situation. The NGO representatives knew, through member organization Koreatown Immigrant Workers Advocates (KIWA) in Los Angeles, that Pung Kook still manufactured items for Adidas at its Singapore plant and therefore was susceptible to pressure from Adidas. Enlace responded to Adidas' request for a Mexican legal opinion, arranging for a consultation with Mexican labor attorney Arturo Alcalde. Adidas subsequently agreed to bring pressure on Pung Kook to pay SINTTIM's members the severance pay they were owed.

The Pung Kook case looked like a hard one to win, especially in the context of the dismal record of unions' failures to organize and defend labor in the Mexican maquiladora sector.

Pung Kook violated Mexican law regarding severance pay to workers of a permanently closed plant, paying them a fraction of the required amounts on the pretext of a temporary closure. Apparently, corruption in the local labor board in La Paz facilitated this.

Pung Kook required the workers to sign a blank sheet of paper as a prerequisite to receive their final paychecks. Company officials then attached to the sheet a document stating that the signatories were satisfied and had no desire for further compensation from the company. Pung Kook provided these

signatures to Adidas as “proof that the workers had no grievance with Pung Kook.” The labor commission accepted these documents without question despite workers’ protests. Further, evidence that commission members had accepted bribes from the company to bury the case heightened suspicions of the commission charged with Mexican labor law compliance.

New Corporate Approach Sparks Alternative Agenda

Pung Kook was seeking to lower its costs by running away to a cheaper labor market. It attempted a new approach to avoid paying workers what they were owed: not only skimping on severance pay, but also moving out of Mexico and out of North America, beyond the reach of domestic law and NAFTA altogether. Since La Paz was the company’s only location in North America, the pullout decision left no legal recourse for the former workers.

By cheating the Baja California Sur factory workers out of the normal severance pay owed them due to a plant closure, Pung Kook was attempting to achieve a new level of cost-cutting that exceeded that of its global corporate peers operating in Mexico’s export factory sector. Had Pung Kook succeeded in getting this cost-cutting strategy, it would have contributed significantly to a trend among global corporations to violate the already weak labor standards in poor countries and move outside of any jurisdiction to which those standards could apply.

In addition to the dire situation of the workers, these factors contributed to Enlace’s decision to focus on Pung Kook as a case model for defense of labor rights in a globalized work environment. Enlace and SINTTIM sought to hold Pung Kook, its corporate

customers, and the Korean Department of Commerce responsible for Pung Kook’s treatment of the workers in Mexico. Since its inception in 1998, Enlace has developed

KEY CHALLENGES IN RESOLVING PROBLEMS AT PUNG KOOK

- ✘ Pung Kook was not subject to Mexican law once it no longer conducted business in Mexico.
- ✘ Pung Kook was not subject to the NAFTA labor side agreement, once it had pulled all its operations out of North America.
- ✘ Pressure from one of Pung Kook’s major customers, Adidas, was not enough. During negotiations, Pung Kook told Adidas it had another potential customer (implying it was Wal-Mart) that could take up the slack in orders if Adidas terminated its contract.
- ✘ Pung Kook’s name was unknown in the United States and Canada, which made a primary boycott action impossible to organize.
- ✘ Evidence showed corruption in the local labor commission in La Paz.
- ✘ SINTTIM had no presence in Mexico City, so it couldn’t directly pressure the Korean Embassy, and it was geographically isolated from allies in most of Mexico. (La Paz is more than 2,000 miles from Mexico City and travel money was lacking.)
- ✘ Geographic, cultural, and language barriers separated SINTTIM and its U.S. allies.
- ✘ Adidas insisted on a supportive legal opinion from a respected Mexican labor lawyer before acting on SINTTIM’s behalf.

an organizing system to confront the conundrum: How can a small, under-funded organization with limited capacity, such as SINTTIM, succeed in a campaign against a giant, predatory transnational corporation?

Enlace’s prescription is to take an approach that integrates the use of specific planning and development processes to strengthen the organization internally, with strategies to increase the organization’s capability to carry out a unique and far-reaching campaign. The campaign is based on the creative use of research into the corporation with a focus on its business plan, fostering solidarity activities against specific corporate targets by selected allies, and ongoing evaluation of the campaign as it unfolds.

The SINTTIM campaign against Pung Kook included these elements and became an example of how an independent union local or worker center can win groundbreaking

WORKERS' DEMANDS

- ✦ Compensate union local President Raquel Espinoza with lost-time and damage payments.
- ✦ Pay three months', plus 32 days' wages for each year of service to laid-off workers.
- ✦ Make restitution and damage payments due the union.

victories over global corporations. SINTTIM's demands of Pung Kook were: compensation for lost time and damage payments for the firing of local President Raquel Espinoza; three months' pay plus 32 days' pay for each year of service for laid-off workers; and restitution and damage payments to the union.

Citizens Taking Action: SINTTIM Reaches Out

SINTTIM has deep roots in its community. In 1993, workers in at least five maquiladoras organized a registration drive and successfully achieved government required union recognition as representatives for the entire maquiladora industry in the state of Baja California Sur. The achievement was lauded at a time when independent unions scarcely existed in Mexico, much less in the nascent offshore assembly sector.

When the Pung Kook case arose, SINTTIM asked for Enlace's assistance. Enlace lead organizer Mary Mendez traveled to Mexico and together with SINTTIM leadership designed a joint strategic action plan to pressure Pung Kook to pay the workers what they were owed following the plant closure. Enlace and SINTTIM established regular communication to coordinate activities of the campaign.

As part of the strategic plan to pressure Pung Kook, SINTTIM developed effective local alliances with the Frente Sindical, a group of unions that made public declarations of support. In addition, the union of academic staff at the Universidad Autónoma de Baja California Sur helped by donating

legal consultation. This created a force that pressured local and state government. The alliance with the professors also gave the workers access to the Internet through the university.

SINTTIM and Enlace believed that Pung Kook would respond to pressure from a corporate customer. Enlace organized and facilitated a meeting in Mexico City between Adidas representatives, SINTTIM, and attorney Alcalde, who legitimized the union demands. Adidas then agreed to act as the intermediary with Pung Kook.

The plan also called for a series of actions in which SINTTIM garnered local support and brought pressure on local campaign targets, including the governor and the Local Board of Conciliation and Arbitration, Junta Local de Conciliación y Arbitraje, the government agency charged with enforcing federal labor law. Enlace organized support from allies in the United States and Mexico who pressured Pung Kook through actions synchronized with the local activities organized by SINTTIM.

In July 2004, coordinated actions took place around the world.

In Mexico City, the non-governmental organization Servicio, Desarrollo y Paz (Sedepac) and the Authentic Labor Front (Frente Auténtico de Trabajo, or FAT) organized a delegation to the South Korean embassy and delivered a petition directly to the ambassador asking South Korea's government to pressure Pung Kook.

In Seoul, the Korean House for International Solidarity, a Korean umbrella organization, staged two public demonstrations that brought attention to Pung Kook's illegal actions. These happened at the same time as actions by the Korean community in Los Angeles. The Korean media covered both the Seoul and Los Angeles protests. That synchronization put the issue on the media screen in Korea.

In Los Angeles, Koreatown Immigrant Worker Advocates (KIWA) and the Garment Workers Center held a press conference and demonstration on July 17, 2004, outside the South Korean consulate. A delegation of four met with the South Korean consul who agreed to deliver a message to the Mexican embassy in South Korea. He also promised to deliver a petition to the South Korean Ministry of Commerce, Industry and Energy, which is in charge of overseas investment.

In addition to the above demonstrations, allies in the United States sent letters and faxes of support to South Korean consulates in San Francisco, Boston, and Mexico City.

Two days after these synchronized events, on July 19, 2004 Pung Kook contacted Adidas and indicated an interest in negotiations.

The success of the Enlace-SINTTIM campaign was based on two basic premises. First, Pung Kook had violated Mexican law, standards set by the International Labor Organization of the United Nations, and basic human decency by lying to the workers about the plant closure and paying them a fraction of what they were due in severance pay; by firing Espinoza for union activity; and by preventing the provision of medical care for workers injured on the job. The company therefore had the obligation to compensate the workers, union president Espinoza, and the injured workers properly. Second, Pung Kook's customers should not do business with the company if it refused to meet the above demands.

Local Problems Linked to Global Issues

In taking on the fight with Pung Kook, Enlace and SINTTIM were engaged in a struggle of David-and-Goliath proportions. The union and NGO advantage was not having the unwieldy bureaucracy of their rival transnational corporation. They were able to make decisions reasonably quickly. They were forced to organize support from a variety of groups, including traditional

EFFECTIVE STRATEGY, TACTICS

- ✘ Enlace analyzed Pung Kook's corporate business plan with special attention to developing means to intersect its implementation.
- ✘ SINTTIM and Enlace held regular strategic planning sessions. When possible these took place in La Paz, but most sessions were held by phone and email.
- ✘ Enlace recruited Koreatown Immigrant Workers Advocates (KIWA), an immigrant organization in Los Angeles to activate allies (Korean House for International Solidarity) in a key impact country (South Korea).
- ✘ Enlace and SINTTIM synchronized actions impacting customers and key supporters of the corporation.
- ✘ Enlace developed an effective intermediary (Adidas Salomon) to deal directly with the company.
- ✘ Enlace and SINTTIM organized international pressure (faxes, phone calls, emails) on local and state government to address the workers' demands.

progressive allies but also one of the corporation's most important customers, another global company (Adidas Salomon). With the assistance of allies, they were able to get insight about the corporation's marketing targets and key distribution points. The Internet, with both its email and free telephone capability, made it possible to plan actions that took place simultaneously in targeted cities around the world—La Paz, Mexico City, Los Angeles, and Seoul.

Organizers perceive that destructive corporate behavior has become common around the globe. Many working class communities in both developed and developing countries have experienced severe hardships caused by the methods of global corporations in the manufacturing sector. This process includes acquiring substantial portions of local labor and commercial markets and reducing local living standards to operate export factories followed by closing the factories and moving elsewhere to repeat the same process at a lower cost.

To arrest this anti-social kind of corporate strategy, it is important to effectively pressure the corporations at the locations where they have overreached government jurisdiction to



Workers show off their severance checks.
Photo by Mary Mendez

trample workers' rights. The fact that organizations can and will pursue such companies to make restitution, no matter where they relocate, can serve as a disincentive for other companies to shortchange the workers and communities where they locate manufacturing.

Activists on different continents, of widely diverse cultures, and communicating in different languages found the will to take part in the Pung Kook campaign when they learned that their participation could make a clear and specific contribution to its success.

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