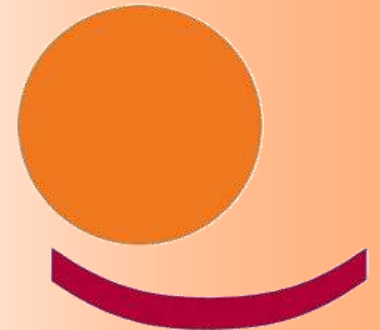


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**Workers' Rights Situation in EPZs in Asia-Pacific  
&  
The ITUC-AP Policy on EPZs**

**Jakarta, 29 May 2017**

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# Outline

- Introduction
- Statistical overview of EPZs in Asia
- Workers' Rights Situation
- ITUC-AP Policy on EPZs
- The way forward



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\* Includes all costs at a retail level including staff, rent, store profit, VAT etc.



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# Definition

EPZs are “industrial zones with *special incentives* set up to attract *foreign direct investment*, in which imported materials undergo some degree of *processing* before being exported again”



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## *... Investors prefer EPZs because of special incentives/favoured treatment...*

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### *Economic*

- ▶ *Easy access to land where land is scarce*
- ▶ *Infrastructure facilities; electricity; water;....*
- ▶ *Exemptions from export taxes / duties on imports*
- ▶ *Tax holiday package (taxes on profits; property tax; municipal taxes; VAT; etc.)*
- ▶ *Better Investment climate / extra protection*

### *Social*

- ▶ *Limitations on workers' rights especially freedom of association (right to organise; industrial action; ...)*



# Statistics

- Asian Continent has more than 85% of all EPZs workers worldwide (55 Million)
- China - 40 Million people work in EPZs and 15 Million in other Asian Countries
- Indonesia – 6 Million
- Bangladesh – 3.5 Million
- Philippines – 1.1 Million
- Malaysia – 500.000
- Thailand – 200.000
- Cambodia – 200.000
- Sri Lanka – 160.000



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## Ten of Asia's Most Dynamic Export Processing Zones



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Country	Zone	Land Size (hectares)	Number of Companies	Notable Companies
<b>Bangladesh</b> (8 zones)	Chittagong	187	501	Nike, Reebok, H&M, Walmart, Tommy Hilfiger
<b>Cambodia</b> (9 SEZs)	Sihanoukville	1,688	100	Branded Garment, Toyota, Yamaha, Coca-Cola etc.
<b>Indonesia</b> (1500 companies operating)	Batam Free Trade Zone	71,500	Over 1,000	Panasonic, Casio, Sumitomo Corporation, Epson, Japan Steel, Haliburton, Mc Dermot, Philips
<b>Malaysia</b> (11 zones)	Port Klang	400	700 companies	Cargill, Baker Hughes, London Metal Exchange
<b>Myanmar</b> (6 zones)	Thilawa	2,500	-	Mitsubishi, Sumitomo Corporation
<b>Philippines</b> (73 manufacturing zones, 243 IT Park, 21 Agro Industry)	Bataan	1,600	Over 50 manufacturing	Ford Body Stamping, Coach etc.
<b>Sri Lanka</b> (14: EPZs & Industrial Parks)	Katunayake EPZ	215	39,000 workers (22,300 female)	Branded Garment and footwear
<b>Thailand</b> (36 industrial estates)	Southern Regional	360	16 industrial enterprises	Michelin Siam



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# The nature of employment in EPZs

- Labour intensive processing work
- low-technology and low-skill
- Mostly multinational supply chains
- High percentage of women, young people, internal migrants
- Widespread labour rights abuses



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# Workers' Rights Situation

- Weak enforcement of laws
- Labour inspectorates denied access
- Climate of hostility to trade unions
- Poor health and safety
- Lack of social protection
- Threat of dismissal
- Violent repression
- Wage swindling
- Lack of effective Industrial Relations structures



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# Gender discrimination

- Discrimination of wages
- No suitable working hours
- Rights during pregnancy – pregnancy test
- Maternity leave
- No opportunity for career development
- Sexual harassment



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# Social dialogue

- Characterised by poor labour relations and absence of social dialogue
- Ethical business practices – codes of conduct
- Where workers are represented achievements in wages, no compulsory overtime and improvement in health and safety



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# Trade Union Presence

- Minimal presence
- Many countries trade unions prohibited in zones
- Many obstacles:
  - Use of violence, threat
  - Authorities discourage
  - Contract labour, outsourcing
  - Black listing of union activists
  - Yellow unions
  - Fictional promotion
- Action around MNCs, global supply chains



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# ITUC-AP Policy on EPZs

***Building Workers Power – through organising including workers in EPZs***



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# Organising

- Mapping and setting targets are essential
- Wages are a key organising issue
  - Helping workers who are underpaid
  - Campaigning to increase minimum wage
- Must take account of precarious work
  - Consider how to approach contract/agency workers
  - Have strategies for improving rights and job security of precarious workers
- The high percentage of women workers in EPZs (up to 90 per cent) means women must become leaders and receive training to be active in the union



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# ITUC-AP Policy on EPZs

- International Instruments:
  - ILO Conventions No.87 and No.98
  - ILO Tripartite Declaration concerning MNEs and Social Policy Says: “ *Special incentives to attract foreign investment should not include any limitation on FOA and CB*”
  - OECD Guidelines for Multinational Enterprises
  - Framework Agreement
- Campaign for ratification and implementation of ILO Core Labour Standards, particularly ILO Conventions 87 and 98
- Campaign for labour legislation and Ensuring the implementation of laws/regulations



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# ITUC-AP Policy on EPZs

## ILO Supervisory Mechanism

- Every year ITUC/ITUC-AP bring the serious cases of violations of Trade Unions Rights to ILC CAS
- Bangladesh: FOA in EPZs
  - Trade Unions are banned, only Workers Welfare Associations (WWAs) may be established
  - The WWAs does not have the same rights and privilege as trade unions



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# ITUC-AP Policy on EPZs

## Industrial Actions

- Demands on Government
  - Remove barriers to unionisation
  - Improve wages and working conditions
  - Reduce precarious employment
  - Reduce working hours
  - Social Protection for all
- Strike
- International Campaign “Taming Corporate Power”
  - Change the behavior of corporation/supply chains



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# ITUC/ITUC-AP End Corporate Greed Campaign

<https://www.ituc-csi.org/samsung-modern-tech-medieval>



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# The way Forward

- Urgent need for organising
- Need for emphasis on decent work in EPZs
- Governments, employers should respect, observe core labour standards



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