

# Report on Labor Situation During and After Floods And Labour Demands to Thai Government

Monday 3 September 2012, by [Patchanee Kumnak](#) (Date first published: 18 December 2011).

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In the meeting of Good Electronic Network of Thailand [[1](#)] on 15 December 2011 at Thai Volunteer Service Foundation, Bangkok has been controversy regarding the exchange of, labor problems during and after the flood. The three main objectives: 1) to understand the situation of workers in the hard drive electronics industry, 2) to find a solution that meets the needs of workers who have truly suffered and would be presented to the public and private agencies involved, and 3) to promote the rights of workers that should have been based on the principles of human rights and international labor standards.

Specifically the hard disk drive electronics industry due to the problem of massive dismissal, this led to the importance of such industries because the industry is growing ranks of countries receiving preferential support from the Board of Investment and relevant agencies in Thailand continuously since 1986 in particular hard disk drive production in Thailand that has become one of the world. About 100,000 jobs have been created by the employment rate among male than female. The investment came from the famous multinational corporations such as Western Digital, Seagate, Hitachi, Sony, Asahi with Thai investors. The owners of the computer brand names as Hewlett Packard, Dell came into Thailand to employ contract manufacturers.

Upon hearing about the problems of workers in the electronics industries in the flood and did not flood areas. Cause concerned about the work of government officials involved as well as the concerns about the government's measures of helping and healing workers including with behavior of entrepreneurs because of the violation of the rights of workers. Due to the period during and after the flood, entrepreneurs operated to lay off employees without paying the payable wages, benefits in monetary, compensation, and discrimination. Salary reduction to 75%, 50%, 25%, during the business had to temporarily stop till restoration of the establishment. The operations to removed employees to another production base and It did not pay wages if not consent also worker unions were failed because of laying a lot of union members even the companies were profitable.

The widespread violation of that brought an important question if the employers and private investors have expressed a social responsibility or not. When the problems of unemployment and losing of earnings have caused to insecurity of workers' lives and families. monitor the illegal acts of any employers as well as protecting the interests of labor in times of crisis as much.

Topics presented in the report are as follows.

1. Labor issues and cases
2. Inadequacy of remedial measures for assisting workers who are affected by floods
3. Labor demands to the Ministry of Labor and the government

## **1. Labor issues and cases.**

The major flood in September-November through a wide variety of provinces in central Thailand was agricultural, industrial, residential, urban and rural areas. 700 death and several people were ill. Many houses, farms and factories were damaged. These were amount the hundreds of billions Baht. The government has adopted a budget for restoration all damages about 5 hundreds of billions Baht, according to the target group in 6 groups: 1) Citizens 2) Farmers 3) Workers 4) SMEs 5) Large Enterprise and 6) Other.

In the group of workers in the establishment Director-General Mr. Arthit Ismo of Department of Labour Protection and Welfare said the recent flooding problems have affected toward the establishment of a nationwide total of 31 provinces, more than 28,000 establishments and more than 9.9 million workers, recently this problems were eased up that a number of establishments of 15,474, 351,640 employees returned to open the businesses.

However, the outstanding amount of 13,205 establishments and 642,304 employees can not open businesses. By this amount estimated 130,000 people might be dismissed. Most of them were outsourcing in Ayutthaya and Pathumthani provinces [2].

### **Labor cases in five zones**

The problems of the five zones that would help to analyze the problem situations were in Pathumthani (Central part of Thailand), Chonburi (Eastern part), Lampoon (Northern part), Nakhonpathom (Central part), Ayutthaya (Central part), and Bangkok (Central part) provinces, with representatives from worker unions, non-unionized workers and NGO's workers reflecting labor problems.

#### **1. In Pathumthani zone**

##### *1.1 The dismissal of employees in MMI Precision Thailand Co., Ltd.*

It was located at Nava Nakorn Industrial Estate, Klong Luang, Pathumthani, manufacturing electronics and automotive parts. It employs about 250 workers, including more than 200 staffs and contracted workers over 50 people.

On October 22, 2011, spill of water flooded the Nava Nakorn Industrial Estate and MMI Precision Thailand Co., Ltd. From the flood the employers operated to stop working immediately.

On November 21, 2011, MMI Precision Thailand Co., Ltd has laid off employees by phone call, the staffs of human resources department called employees that they would be laid off and asked to received a cash check on November 25, 2554 from 8:00 to 15:00 pm, the place would be informed again and HR's staffs did not give any details. Besides that some workers in the quality control division was ordered to replace works in Chonburi province plant that was one of associated company of MMI. Even though there were some members of automotive and electronic components worker union were not ready to go to work at Chonburi because it was not easy to travel and had to take care of their families, so they were afraid that if they did not go, they would not be paid

compensation.

Electronic and automotive components worker union asked urgent talk with the company as it was in the negotiation of claims. informed that there was dismissal of approximately 90% of employees who left were technicians only. They also refused to negotiate with the union. That was the method to reduce the bargaining power of unions.

However, almost all workers accepted dismissal condition with unhappy feeling to work for their employers anymore. Moreover, the followed problem affected women and aged with primary school education. This could be an obstacle in finding a new job. When checking on jobs as the government announced it appeared that there was almost no place for female staffs who had graduated from grade 6.

### *1.2 Avoidance of wages payable payment to employees of ISCM Technology, Thailand*

ISCM Estate, Pathumthani started business in 2004 and expanded operations at Rojana Industrial Estate, Ayutthaya in 2008 to manufacture electronic components. The employer was Singaporean. There were about 500 employees. Headquarter was in Malaysia. Customer targets were in Japan and the United States.

The problem was the flood crisis. The workers who affected from the company's policy to move out to Malaysia. However, employees did not get any clarity from the company. Also there was a condition that if employees did not move to work in Malaysia, they would not be paid the wages. This was discrimination to avoid payment of wages by law and put pressure on employees to decide to go to work because of fearing of losing jobs and payable wages from the company.

Therefore ISCM's workers needed the employer to clearly explain about paying wages and moving to work in Malaysia to employees.

Workers' representatives have submitted an appeal letter to the Director-General of Department of Labour Protection and Welfare. As the result of that the employers were invited to explain, on December 6, 2554 at the County Welfare Office. Later on the negotiation and mediation dialog with management (General Manager) in Singapore and Thailand on December 13, 2011 at provincial labor office. The workers' representatives and staffs of Thai Labour Campaign attended, including hundred workers cheering outside the negotiation room.

The result of negotiations was that authorized employers had to clarify to employees' representatives over the reasons of not payment since November, threatening employees who did not want to move out to Malaysia and the relocation of production to Malaysia. The details are as follows:

1. The employers said sorry for threatening employees and not paying owed wages as scheduled and claimed that there was no intent to defraud because the company has operated two branches in the Nava Nakorn and Rojana Industrial Estate, they were flooded and damaged. We needed to open a new production to keep customers' orders. Therefore we would pay 75% of base salary payable to all employees, 100% of base salary to pregnant workers and an additional allowance of 2,000 Baht to all workers within December 14, 2011.

2. The employers would continue operation in Thailand, but during these times, restoration was intact before. So it needed moving out to temporary production in Penang, Malaysia for 6 months to maintain customers and orders. As the reason we would like to get voluntarily employees to work and training. Part of employees who did not want to go, the employer would not terminate employment, but 75% would be paid until the employer returned to work as a production base in

Thailand early next year. The company made agreement in MOU with the 2,000 Baht of the government's measure to slow dismissal.

3. How to work abroad must be reported accurately to the Provincial Employment Office between going by training and working forms because the benefits are different. However, a group of 48 workers did not want to continue to work for the employer because they lose confidence and trust in the company entirely.

## **2. In Ayutthaya zone**

*2.1 Labor situation in Ayutthaya involves with two groups: 1) regular employees 2) temporary employees or contract workers. (Sub-contract).*

Among regular employees would be forced by law that employers affected by the critical flood could pay wages of 75%, 50%, 25%. As for lots of contract and sub-contract employees' contracts have been terminated without paying wages and any compensation since October 2011.

For members of the group of workers and nearby there were about 20 unions / companies that have been affected in different forms: 1) the company paid 75% of salary based as the IPE Nakashima Co.,Ltd. 2) the termination of employment almost workers, but not closed business and hired some employees. As a result of that there was dissolving the worker unions such as the worker union of Sunflag 3) the dismissal of union leaders by claimed the flood crisis.

The reason of this problem was two cases: 1) the employer claimed the flood crisis but did not really flood for avoidance compliance with the law 2) the employer has been affected by the crisis, the real flood but tried to avoid compliance with the law same as the first case. However, there was another case, that was the factory has been affected and closed such as Sanyo Co.,Ltd.

*2.2 In case the dismissal of employees of IntriPlex.*

Intri Plex Technology Co.,Ltd. located in the High-Tech Industrial Estate, Ayutthaya province. The company employed about 800 people over a period of 4 years. It was a hard disk drive manufacturer for Western Digital Co.,Ltd. Employees and contract workers have been laid off, 50% of all employees got paid wages based on different types of employment and salaries. However, before the flood in Ayutthaya for 2 months, the company has made waterproof and announced that it would not terminate the employment and would pay 100%.

While flood disaster was happening, the company was closed down, but still run in MMI Precision company, Korat plant. Until November 11, 2011, employees were laid off and would get paid 75% of full salary from October 21 to November 12, including shock pay and compensation for 2 months. But in December 10, the company has paid assistance and transferred to employees' bank account for 2,000 Baht only. However, the rest of employees received half month of bonus after dismissal.

A dismissed worker told that she was discontent since she thought it was discrimination and unfair job termination. Her employer did pay bonus to workers who are not dismissed while she who had burden to take responsible for and no job right now. So, she asked for 5,000 Baht compensation for her house flooded with her head of her village head in Bangkrataen, Bangpa-in District. She also registered to have labor skill training and studied how to ask loan from provincial security fund. The results are as follows:

1. Conditions in receiving compensation do not cover houses with little flooded and lots of stages in asking the money because it has taken almost one month, but no approval yet.

2. Conditions in asking loans from social security fund do not cover employees who have lower income than the criteria.
3. Requesting vocational training such as sewing that employee will get allowance for 120 Baht a day for 10 days, but the training center is quite far from residence, near rice fields of Bangpahan district, Ayutthaya.
4. Applying for labour skill restoration at provincial labour office, employee has to wait until there are many registered applicants. It has taken one week to wait for summoning from the labour office.

### *2.3 Reducing AGC employees' salaries*

AGC Electronics Thailand Company is located in Rojana Industrial Estate. affected by floods, but now it does not have job termination policy. It has policy paying 75% of salary until it can re-start in January 21, 2012.

However, the company applied the section 75 of labour protection law before and after flood disaster. In July 2011, the company announced paying 75% to employees by claiming that there were mistakes in production process. This has made employees so frustrated that they came out to rally for over 500 employees at the canteen. Most of them are member of AGC Relation Union of Thailand demanded the employer to point out reasons and demand the employer pay 100% because they cannot live with insufficient earnings for higher cost of living. This event, then, led to dismiss 61 core unionists and members. They filed the report to the Labor Relation Committee and now it is in investigation process. The committee, anyway, has postponed the investigation appointment since they stuck with flooding.

### *2.4 Job termination of sub-contract workers and transferring regular Sony workers to other plant*

Sony Technology Thailand Company is located in Hi-tech industrial estate, employees stopped working since October 12 until now (December), but some divisions were summoned to work.

However, then the employer sent redundancies notices to all sub-contractors. They did not get paid salary and compensations in line with law because they don't know their rights.

In addition, employer had a policy to move out Ayutthaya plant to Chonburi plant as well as regular workers (daily and monthly waged workers). Employees doubted that if they do not move out, how their employer does because the employer did not clarify transferring 4,000 employees to Chonburi. Employer just said that he would provide welfares for renting house for 2 months to employees and would give 2,000 Baht and more 3,000 Baht to them.

From this point, employees had to wait for employer's announcement being issued in January 19, 2012. However, until now some workers have moved to Chonburi plant to substitute student interns whose contracts were aborted.

During these times, the company paid 75% to workers without welfares. As for workers who do not want to move out, they want to know what they should do in terms of right to cancel their contracts suddenly without waiting up to next year.

Besides, Sony workers in Ayutthaya were worried about residence in Chonburi whether it is safe and convenient enough or not. And they'd like to know if they have the same welfare as workers' there. They are also worried about their salaries if it is sufficient for expenses or not and if they do not want to move to Chonburi, will their employer cut off their welfare and right to compensate or not. Employees got paid 75% of salary during temporarily shut-down.

### **3. In Chonburi zone**

#### *3.1 Reducing Sony workers' salaries*

Sony Technology Thailand Company in Chonburi plant is located in Amata City Industrial Estate. The company stopped production from October 23 to December 12, 2011 and paid 75% of salary to employees including welfares. The employer claimed that he was affected by floods and had a plan to move part of all employees from Chonburi to Bangpli's warehouse, Samutprakan province

While the production has been stopped for 2 weeks, many workers could not wait because they had to pay higher cost of living. Therefore, they started finding new jobs. This matter has made the number of Sony union decrease.

#### *3.2 Reducing Didong workers' salaries*

Employer of Didong company, Korean, applied the section 75 because of flood disaster. Therefore, Didong union issued a letter to oppose the section 75 application to provincial labour office. Then the company agreed to pay 100% to employees.

### **4. Lampoon zone**

Hoya Glassdisk Thailand Company is located in Lampoon Industrial Estate. It announced to terminate about 2,000 employees' jobs in Factory 2 from all 5,000 employees. And this announcement will take effective in January 21, 2012. Most of dismissed employees are union members. Employer claimed that his customers stopped ordering and that made him lose. As a result, he had to shut down production in Factory 2. Previously, he paid 75% from November to December 2011 because he was affected by flood disaster while he moved new machines into the factory.

Workers are worried that employer will use new technological machines to replace them and dismiss them during the disaster. The management took chance to bust the union and avoid the policy of raising minimum wage into 300 Baht all over the country because it will lead to increased wage in proportion with employees' years of service. Therefore, the employees refuse the massive dismissal.

### **5. Om-noi and Om-yai in Nakhon Pathom zone**

A member from Nakhon Luang Textiles Union told that the company is not flooded, but this reason was abused for paying 75% and 2 installment of bonus. Employees are not satisfied because they demand only one installment of bonus payment as it is used to. The main problems of workers in these areas are that their houses are flooded, but not factories. Many workers had to quit their jobs because many factories paid 75% and some did not pay. So, workers are facing grievance a lot. They are being abandoned.

In case of Dinamics workers, the company has ordered to stop working since the flood was not coming yet, but it did not protect flood anyway. Previously, the employer has not contributed money to Social Security Fund until the authorities sized some machines. During flooding, the employer did not contact employees and inform if he paid owed wage or not.

This makes the union worried very much. A union committee has so much tense that he has cerebral hemorrhage and admits the hospital. So far, the employer negotiates with the union and agreed to pay 2,000 Baht to everybody until the factory is restarted. But he will not pay owed wage. The amount of 2,000 Baht is very little and not enough for making a living.

Besides, many workers are affected by floods that they have much more expenses to rehabilitate their lives.

### **Summary: labor issues during and after floods**

Not only employers impacted by floods, but also employees. Employees are facing lack of earnings with more expenses; lose of employment status, lack of job security, voiceless in collective bargaining. This is summary of labour issues below.

#### **1. Five patterns of dismissal**

*1.1 Job termination of sub-contract workers without compensation in line with law.* This kind of workers are abandoned because of flexible employment, so their rights are not protected in line with law enforced by the government officials suddenly.

*1.2 Dismissal but not closing down the factory.* The employers like to avoid following the law by means of not paying owed wages and other compensation. Employees are not very satisfied and felt being aggravated.

*1.3 Massive dismissal.* Even though employers pay compensation in line with law, but do not pay some welfares as bonus, attendance pay.

*1.4 Unfair dismissal.* Even though employers pay compensation, but they discriminate employees by means of paying bonus to employees who are still employed. This makes dismissed workers feel unfair.

*1.5 Job termination to bust trade union.* Employers select to dismiss union leaders and almost all union members in order that workers can not keep running the union and run out of power to bargaining at last.

If we categorize what type of labour is being victimized or marginalized most, we can say that sub-contract workers, temporary and daily waged worker in order.

#### **2. Paying wage less than 100%**

2.1 The government has supported employers in paying 75% to employees to relief grievance of enterprises flooded. However, employers do not pay other welfares to employees who lost lots of earnings because their base of salary is quite low while their regular expenses increase as well as added expenses resulted from damaged properties by floods. A part of employees choose to resign and find new jobs.

2.2 Application of section 75 of labour protection law covers enterprises who are not flooded. Some claims they are flooded and in trouble from the crisis in order to avoid following the law. This section is applied for all enterprises in general; the relating government agencies lack investigation and monitoring. Consequently, these cause workers' lose their rights and lots of benefits.

### **2. Inadequacy of remedial measures for assisting workers who are affected by floods**

According to electronics workers case mentioned above, it proves that they do not receive assistance and restore their status of employment. Worse yet, they are facing insecurity in employment and rights violation because of flexible employment. They have to fight for their rights in line with law.

Workers suspects that measures on remedy subsidizing 2,000 Baht that demands employer to make MOU with the government to delay job termination; do they breach the MOU agreement? And after 3 months, is there any guarantee that workers will not be dismissed? And if their status of employment can not stay on, other measures are efficient enough to rehabilitate their minds, jobs, and lives as soon as possible, for example,

- Criteria and conditions in asking loans those obstacle workers who have low income than criteria stated.
- Inconvenience in traveling to work at other place because no more reserved money to afford advance expenses for moving out to the new place.
- Worries about returning to work because no companies announce clearly in case that workers work for another employer during their former workplaces do not reopen yet.

As a result, workers afflicted with flood disaster demand the Ministry of Labour and the government to provide urgent assistance relevant to their needs and to actual circumstance.

### **3. Labor Demands to the Ministry of Labour and the Government**

Five demands are raised as follows:

*1. The government has to improve measures on remedying workers relevant to their true needs in respect of:*

1.1 Announce to prolong the measures of subsidizing 2,000 Baht to enterprises since it is possible that workers may be dismissed after 3 months of MOU and be abandoned in the beginning of the year 2012. And employers must do MOU with the government.

1.2 Open opportunity to workers with low wage about 5,000 Baht/month be able to be given loans by the Social Security Fund by means of reducing some conditions and they should pay low rate of interest and by installments when they can find new jobs.

2. If enterprises can not run business anymore in 2012, employees can have the right to cancel their contract with compensation.

3. The government should give special money to workers who are abandoned, namely, sub-contract workers, pregnant workers, unemployed workers, elderly workers because it is difficult that they find new jobs as most employers do not recruit these types of workers.

4. Prolong the unemployment right from 6 months to 10 months in order to open opportunity for pregnant and elderly workers and workers who have more expenses.

5. The government must inspect unfair behavior and actions of employers who attempt to avoid following the laws, abandon workers, bust trade unions and collective bargaining. They must be punished in line with law.

The government must rushes to remedy labour issues happening as mentioned above.

This is to say that workers in Thailand with any nationality create economic value to electronics industry and others as well. They are deserved to receive equally welfares and job security that can help remedy the gap between the rich and the poor, standardize employment system and improve



labour right protection mechanisms.

**Patchanee Kumnak**

Thai Labour Campaign

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**P.S.**

\* <http://thailabour.org/>

<https://docs.google.com/file/d/0B80axoD-5L5OUTluT1RVYmpCTjA/edit>

\* Illustrations not reproduced here.

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## **Footnotes**

[1] Good Electronic Networks of Thailand has combined with the labor organization since 2010 that consisted of labor unions NGOs and individuals interested in labor rights issues in the electronics industry of the country and environmental issues that arising from the supply chain of the industry. The members were the Eastern Labor Relations Group (with 40 member unions), Thai Labour Campaign, Women and Men Progress Movement Foundation, Worker Rights Consortium, NGO's workers of Arom Pongpha-ngan Foundation, Workers Unions of Automotive Electronic Components and Fujitsu worker's union (Toshiba,co,Ltd.). The combination and activities also various studies researches received support from the International Good Electronic Network of (established in Netherlands).

[2] Information sources from [www.thailabourcampaign.com](http://www.thailabourcampaign.com)  
[http://www.thailabour.org/autopagev4/show\\_page.php?topic\\_id=1563&auto\\_id=7&TopicPk=](http://www.thailabour.org/autopagev4/show_page.php?topic_id=1563&auto_id=7&TopicPk=)