

10 Years After the Kader Toy Factory Fire: Thailand's CP Group and Corporate Responsibility

Thursday 16 November 2006, by [Asian Food Worker](#) (Date first published: 18 July 2003).

In the 15 May 2003 edition of the English-language daily newspaper *The Nation*, published in Bangkok, two pieces appeared which to a casual observer seemingly had no connection.

The first drew attention to the 10th anniversary of the Kader toy factory fire, considered the worst industrial factory fire in history, when 188 workers were killed and over 500 injured on 10 May 1993. Locked exit doors, improper design and an almost complete absence of safety equipment caused the high death rate. Many of the survivors suffered not just from burns, but broken bones and multiple fractures sustained after having to jump from the second, third and four floors of the factory to escape the fire. In some cases these workers suffered permanent injuries leading to paralysis. Prior to the fire, work conditions at the factory were like that in much of Thailand; minimum wages were the norm, overtime was compulsory, work often extended late into the evening and amenities were lacking.

The second article in the 15 May 2003 edition of *The Nation* was titled "CP and rights" and announced the participation of Sarasin Viraphol, executive vice president of the Charoen Pokphand (CP) Group, at a human rights conference in Sweden. The conference, entitled "Human Rights and Economic Relations" was organised by the Asia-Europe Foundation in Singapore and the Raoul Wallenberg Institute at Lund University in Sweden and held from 15 to 17 May 2003. Mr Viraphol was at the conference in Sweden to speak on CP's corporate principles of the "Three Benefits", that is, how CP's corporate activities bring benefits to the people of Thailand, the country and the company.

In Thailand, CP is a famous company, but elsewhere it is less known. This is surprising, because it is the world's fifth largest food transnational company, with operations throughout the Asian region in agribusiness, food manufacturing, telecommunications, retail outlets and property development. The Group operates around 300 companies employing over 100,000 workers, almost all of whom are non-unionised. Significantly, the company is considered the largest foreign investor in China and retains investments in poultry processing in North America and other interests in Europe.

Why are these two stories reported in *The Nation* related? The link is that CP was the co-owner of the Kader Toy Factory. Through a complicated series of holding companies in Thailand and Hong Kong, with ownership held in the names of key CP Group executives, their spouses and other family members, CP effectively controlled 80% of the company that owned the factory where the fire broke out.

Immediately following the fire there was extensive debate within Thailand as to who would be held responsible and what actions should be taken. After initial foot-dragging and intense campaigning by surviving Kader workers and their allies, CP agreed to a one-off payment to family members of 200,000 baht (US\$8,000) for each worker killed and set aside monies for the education costs of children orphaned by the fire. The government of the time promised increased regulation of health

and safety standards.

Yet, 10 years later there has been virtually no change in health and safety standards in Thailand (in some measures they have worsened since 1993), no one from the CP Group or management of the Kader factory has been found responsible for anything other than building code violations (warranting a US\$12,000 fine, imposed 10 years after the fire) and the workers who survived the fire today lack adequate social protection or the means to recover their lives.

Given these circumstances it is necessary to ask: what exactly is CP's commitment to human rights, especially if a high-profile representative such as Sarasin Viraphol is chosen to speak on the company's behalf at an international forum?

Does CP commit to upholding the core international labour conventions as laid out in international law? Does CP respect the right of workers to form unions and negotiate independently of government or company intervention? Has CP supported improved health and safety regulations that are independently monitored? Has the company urged the government of Thailand to transform the moribund Ministry of Labor so that Thailand's industrial accident rate of 40 accidents per 1,000 workers per year can be substantially reduced?

It is answers to questions such as these that form the basis for any government or corporation to claim legitimacy in their respect for human rights. Moreover, as a transnational company, CP's responsibility is not just to the workers and citizens of Thailand, but to the workers and citizens of all countries where it seeks profits.

Taking advantage of liberalisation and deregulation, CP has established economic activities throughout the region and beyond. It has constantly sought "rights" with regard to its investments: the "right" to freely invest and transfer capital, the "right" to export and the "right" to influence the trade policy of other countries. This last "right" was exemplified dramatically in the 1990s when CP executives donated hundreds of thousands of dollars to the United States' Democratic and Republican parties as part of a lobbying campaign, which included personal meetings with US President Clinton, during the run-up to China's ultimately successful entry into the World Trade Organisation.

Unsurprisingly, CP has not been nearly as activist in its support for the rights of workers.

Until CP decides to apply and uphold human rights in practice with the same vigour and resources as it devotes to its support for the "rights" of capital, the company's participation in events designed to highlight its "support" for human rights cannot be seen as anything other than window-dressing.

P.S.

* From the Asian Food Worker, bulletin of IUF Asia/Pacific:

<http://www.asianfoodworker.net/thai...>