

# **ILO, Global Production Process, and International Solidarity**

Labor union delegations were not too happy about the 105th International Labour Conference International Labour Organization (ILC ILO) recommendation. The conference did not recommend a legally binding international labour standard on global supply chain practices.

ILC ILO is an annual event. ILC is the highest body that formulates program guide and elects ILO governing body. The 105th ILC was held on May 30 to June 10 2016 in Geneva, Switzerland. It was attended by five thousand delegations from 187 country members of ILO. There were four main topics discussed, i.e. Decent Work in Global Supply Chain, Implementation of Core International Labour Standards, Revision of the Maritime Labour Convention, and the Declaration of Social Justice. Other than four main topics, there are also discussions about Labours in Arab Peninsula, the future of Indian young workers, and abolition of child labour.

Generally, ILC recommendation said that global supply chain must contribute to the creation of decent work, the need of safety and health for maritime labour, avowal of labours' basic rights violation cases, and the need of each country member to integrate decent work documents in their national development strategies.

Although it acknowledges independent initiatives such as Bangladesh Accord and Indonesia's Freedom of Associations as good practices, however, ILC does not recommend both models as examples or pilot to bind multinational corporations's responsibility in global supply chain. ILC argues that

private initiatives must not shift government's role. In order to strengthen the government, ILO will bridge 'government gaps' in ensuring decent work inside global supply chain, but it did not say anything about 'decent wage' a part of global supply chain. The Conference admits that global supply chain encourage the growth of women workers and domestic works, however, it did not succeed in promoting ratification of Convention Number 177 of 1996 on Domestic works.

In fact, global supply chain has been proposed to be discussed several times, but business delegations always opposed it fiercely. Business delegations call the topic as not ILO's concern. It also happens in other UN Bodies, i.e. in World Trade Organization (WTO) which experienced a deadlock when the summit discussed labour rights in free trade. Labour issues are considered not WTO's concerns. It seems that after succeeding in promoting the acknowledgment of decent work in global supply chain, the next discussion would be WTO summits.

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As the highest mechanism, ILC ILO, for that matter, think of new strategies to face changes in labour relations at the international level.

Since 1990s, there have been changes in labour relations. Under post-Fordism regime, trade liberalization, financial liberalization, patent, labour situation is getting more difficult if it is categorized based on the paradigm of the nineteenth century. This paradigm places labour relation as two parties relation.

In goods and service industries there has been production process globalization. The latest phenomena is Uber. Uber calls itself as application company not a transportation company. People who work for it are called 'partner'. As

'partners', Uber drivers bear all production costs; warehousing, gasoline, maintenance, police ticket cost, to internet quota. However, the price and requirements to be a driver are determined by the so-called 'application company'. This business model is also used by Go-Jek and Grab.

Indonesian government, when it comes to Uber, Go-Jek and Grab vis a vis other transportation companies, actually thinks about the mechanism of tax collection from these 'application' companies. In terms of working condition, the drivers are almost forgotten.

In apparel, electronic, or automotive sector, industrialist do not consider raw material supply, warehousing and expedition of goods as expensive costs. It not common today to find business build factory close or approaching raw material and market their products in near the factory. Now, the difficulties in finding raw material, production process and product marketing could be handled by decentralized and scattered but closely coordinated production system. Logistic system, transportation system and information technology have solved the previously experienced problems. It could be seen in business practice exercised by companies such as GAP Inc., Adidas, H&M, Samsung, Apple, Honda and also Toyota.

Regarding employment relation practices in companies abovementioned, International Trade Union Confederation (ITUC) releases a report titled *Scandal Inside the global supply chains of 50 top companies*. In the report released on January 2016, ITUC said that out of 50 world top companies who have direct employment relation is only 6 percent, while the other 94 percent do not directly related to their workers. It means, millions of workers who produce for certain brands have employment relation with suppliers or work for the supplier companies. Horizontally, it could involve many countries and vertically with the lowest

production chain in people's houses.

The report also says that workers who do not have direct employment relation work in poor and precarious working condition, tend to be slavery condition, they do not have any occupational and health protection and often face state violence. However, if all companies' income combined, it would be equal with 100 countries' income. Therefore, the income and wealth of those brand companies are contributed by workers' basic rights appropriation who are not recognized as the brands' workers.

As an example, in the annual income of an American company such as Walt Disney, Starbuck, Jhonson&Jhonson, Coca Cola, GE, 3M, Apple, Nike, HP, Walmart, P&G, McDonald, FedEx, GAP, Amazon, Cisco, IBM, Intel, Target, Mondelez, Pepsico, Yumi, Vf, and UPS, is equal with the income of three countries altogether i.e. South Korea, Saudi Arabia, and Canada.

Another example is Carrefour. The income of this French company is equal with Serbia. The number of workers who directly work for this company is 380 thousand and workers who work for its supplier companies reach 1,1 million people. Coca Cola's income is equal with Cambodia. The number of workers is 129 thousands and workers who work for its suppliers reach 5.7 million people. GAP Inc. Employes 140 thousand workers and one million workers work in it supplier companies. GAP Inc.'s income is equal with Nigeria's.

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ILC is ILO's highest body. ILC results will be general guide for its Governing Bodies' program formulation. ILO Governing Body will mandate its works to the General Director who is assisted by ILO Labour Office in each member country. These labour Offices are the ones who regularly monitor labour core standards implementation. In order to report labour

core standard violations, for example the freedom of association violation, must go to ILO Central Office in Geneva, Switzerland.

ILO is an international organization in the United Nation. ILO consists of labor unions, business, and government or what is called as tripartite. This very tripartite composition that has made ILO difficult to be progressive in facing labour world new order. In each ILO mechanism, labor unions' voice is equally worth with business and government's voice. In addition, although ILO's recommendations bind its contry members , however, the implementation depends on the government and business in each member state.

Labor unions who could act in ILO are national labor unions recognized by their respective government of ILO member states. In international level, there are three labor unions involved in ILO processed. Labor unions who are affiliated to World Trade Union Federation (WFTU), International Trade Union Confederation (ITUC), and Organisation of African Trade Unions Unity (OATUU).

As an organization which is built upon war ruins with a tripartite composition, it is difficult to expect ILO to act more than what it is today. ILO's steps are the result of compromise of labor union power, business associations, and the government. It even sometimes could ignore basic interest of labor unions.

In addition to monitor and ensure the fullfilment of workers' rights in the workplace, ILO also conduct several other innitiatives. Those innitiatives are not the result of compromise between business association, labor unions, and the government. In Indonesia, for example, it could be seen in ILO's role in promoting labour law reformation in 2000.

Labour law reformation was a project required by

International Monetary Fund (IMF) so that Indonesia would be able to get loan in 1995. The result of ILO's success in conducting technical assistance for labour law reformation was the issuance of liberal labour law. The law adopted contract employment contract, job chartering, and outsourcing as national law.

Recently there is a program named Better Work Global. This program was launched in Cambodia, Haiti, Jordan, Lesotho, Vietnam, Nicaragua and Bangladesh in 2007. In Indonesia, Better Work started operating since 2011.

Better Work is a cooperation between ILO with International Financial Corporation (IFC) and fully supported by Australian government fund through AusAid, Levi Strauss Foundation, Dutch Foreign Ministry, State Secretary on Economics of Switzerland, United States Council Foundation, Inc. Funded by Gap, Inc., Nike, and Wal-Mart (ILO and IFC, 2012). It is worth noted that IFC is one of World Bank Bodies which provides loans to private companies and the most prominent in promoting public entities and infrastructure privatization such as water, energy and train in different countries through the Public Private Partnership scheme (Hall, 2015)

In Indonesia, Better Work cooperate with apparel companies. There are at least 149 Better Work Indonesia's partners, who get "assessment, advocacy, and training for practical and sustainable improvement on company level," from Better Work Indonesia team. Amongst companies who received such services are companies from South Korea or Taiwan, who own factories in Asian countries and are trusted to produce apparel for European and United States brands. [1]

One of the works resulted by the project was a compliance synthesis report. We could take April 2013 Compliance Synthesis Report. This report says that BWI's partner companies do not comply with labour core standards nor

working requirements. Amongst them are overtime pay, social security, contract labour and workers do not receive their employment agreement.

From this, we could see that ILO through Better Work produced a new term from 'law violation and international labour standard' to be a matter of compliance or poor morale of transnational corporation businessmen. It seems that ILO has forgotten that in each and every worker's deprivation, there lies businessmen's profit.

As an example, one of Better Work's partner is PT Citra Abadi Sejati, PT Hanse Utama Indonesia and PT Tainan Enterprises Indonesia. PT Citra Abadi Sejati suspended the wage for twelve months for two years in a row, in 2014 and 2015. This Texmaco Group subsidiaries are spread from Ungaran in Central Java, Cileungsi, Bogor and Cikarang in West Java by producing apparel for brands of GAP, H&M, Adidas, and other international brands.

PT Hansae Utama Indonesia, a South Korean company, produce apparel for H&M and PT Tainan Enterprises Indonesia produce apparel for GAP Inc.. Both companies' workers experience a system called scoring. It is a prolonged unpaid working hour.

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ILO was established based on Versailles Treaties signed in Paris on 1919. The Trieaties was an agreement to end First World War. However, it was far before the Treaties was signed that the wave of chauvinism supporting the war had surged labor unions in Europe and United States. Since each labor union supported their own country's war program, the cooperation of labor activists in Internationale II was left behind. However, in other part of the world, on 1917 Russian people celebrated the overthrow of despotic Tsarist regime, and preparing the Proletariat Dictatorship, and set up the

Internationale III. So in 1919 there were two labour international bodies who had different character; ILO and Internationale III.

Indonesia started to join ILO in 1950, when the world was in Cold War. The idea of Fordism and Keynesianism fought against Socialism. During this period, international solidarity blew from countries in Asia dan Afrika. When Soekarno said that Indonesia to withdraw from ILO on January 20, 1965.

Today, Indonesia often receives compliment as the first country in Asia who ratifies eight ILO core Conventions. However, even without ratifying the Eight ILO Core Conventions, Indonesia's labour law have characterized progresiveness, such as women workers protection, child labour protections, occupational hazard protection, and acknowledgement of May 1st as national holiday.

Basically, Asian and African countries had qualified experience in facing colonialism and imperialism. Hersri Setiawan (2014) wrote that Asia and Africa Conference had just brought forth a new cooperation in journalism, economy and law. The cooperation in labour was cancelled since the international labour union at that time, WFTU, was disintegrated and other labour unions in Asia had uneven power.

Today, the foundation of Asian African cooperation building is stronger and more advance compared to ASEAN labor unions or ASEAN Trade Union Council (ASETUC), which was built in 1984 and it tended to be building block to win the Cold War.

Outside mainstream innitiatives, in fact, there were other innitiatives in building international solidarity. There was an innitiative built on the basis of a rather loose perspective but with tight membership. This example could be found in a network such as Sigtur and ATNC.



Sigtur or *Southern Initiative on Globalisation and Trade Union Rights* is an aliance of labor unions with different perspectives from Latin America Latin, Africa, Asia and Australia. Sigtur was innitiated in 1980s. While ATNC or Asia Transnational Corporations Network is a network of labor unions and Non-governmental organizations in Asia. ATNC was innitiated in 2002.

Other than Sigtur and ATNC, there are also international networks built on a tmore stringent perspective. These type of network could be found in ILPS or League of People's Struggle. ILPS was established in 2001 with the membership from Europe, Latin America, United States, North America, Africa, and Asia. The organizations members include labor unions, peasant unions, youth, and women organization.

In times when international labour unions are worried about global production chain, there are labour unions in Indonesia who are satisfied enough to be labour union on factory level without affiliating to any labour unions in higher level and with highest dream of making Collective Bargaining Agreement.\*\*\*

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[1] ILO Pers release Februari 8 2013. [www.ilo.org/jakarta](http://www.ilo.org/jakarta)