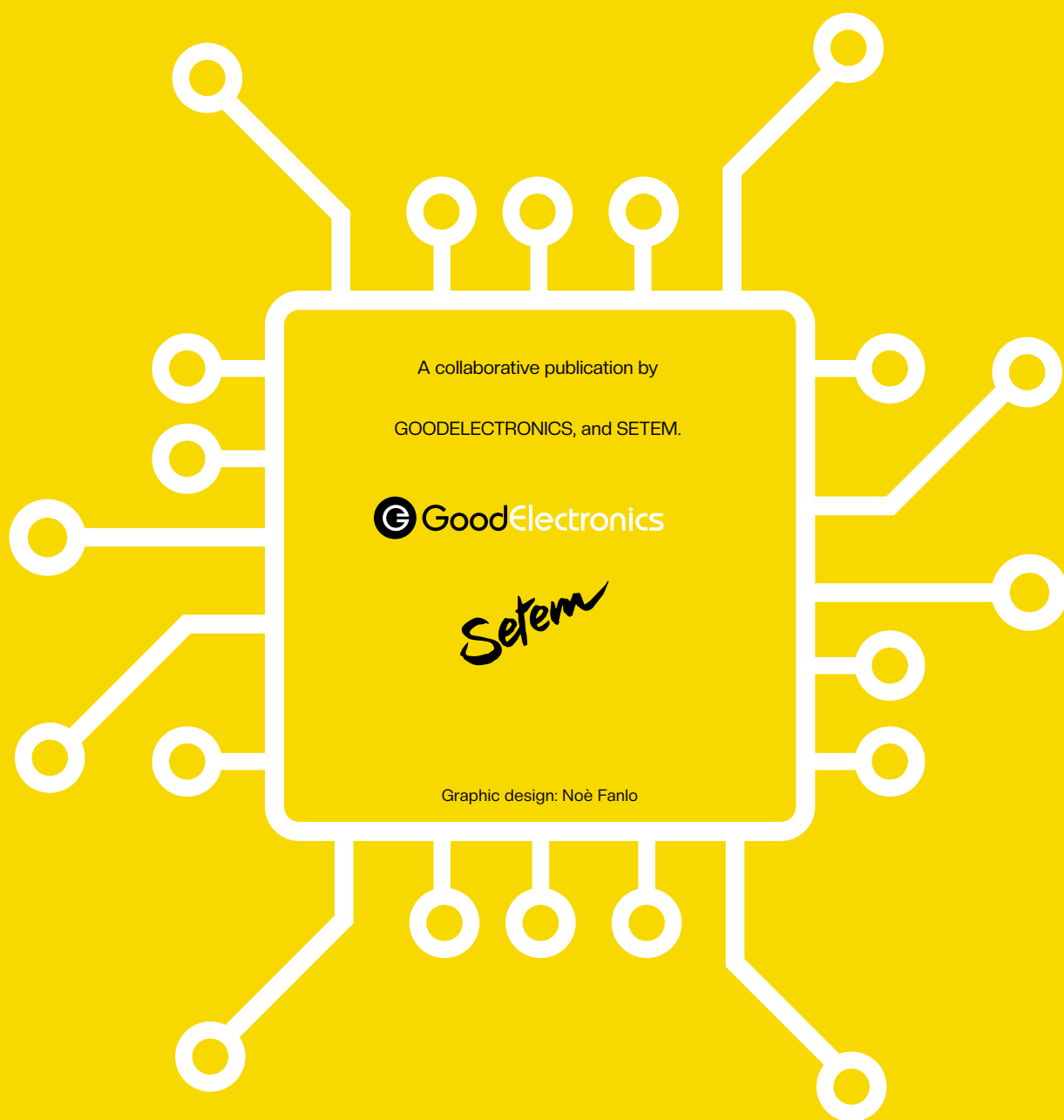


# No Union, No Voice: Nine Ways the Electronics Industry Cracks Down on Labour Rights

By Jeroen Merk



A collaborative publication by

GOODELECTRONICS, and SETEM.

 GoodElectronics

*Setem*

Graphic design: Noè Fanlo

# Contents

Acknowledgement.....	6
The GoodElectronics Network.....	6
List of abbreviations .....	7
Introduction .....	8
The right to organise.....	9
ILO core labour conventions.....	9
Enabling rights.....	10
State duties and corporate responsibilities.....	10
Note on methodology .....	12
Chapter outline .....	13
<b>1. The supply chain as barrier to worker organising.....</b>	<b>17</b>
Most employment in Asia.....	18
Mapping the industry.....	20
Global production networks.....	22
Profit margins pushed down in manufacturing.....	23
Smiling-curve.....	25
a. Race to the bottom? .....	26
Not just low-cost labour! .....	28
b. Opportunities for worker organising.....	29
<b>2. United States: Silicon Valley's anti-union model as a global blueprint.....</b>	<b>35</b>
US firms on top of many segments of tech supply chain .....	36
Anti-union strategies.....	37
a. Relocation.....	38
b. Intimidation and threatening workers.....	39
c. Precarious work .....	40
d. Substitution .....	40
Apple's retail workers.....	41
<b>3. China: outlawing independent unions .....</b>	<b>45</b>
Factory of the world .....	47
State-enforced monopoly of trade union organization.....	47
Workplace representation.....	48

Wildcat strikes .....	50
Suicide protests.....	50
Samsung and the challenge of freedom of association in Vietnam's electronics industry .....	52
<b>4. Malaysia: persistent state interference.....</b>	<b>58</b>
Malaysia in the global assembly line.....	59
50-year union rights struggle in electronics .....	59
Government inference.....	60
Union busting.....	61
2024: A new era for labour rights in Malaysia? .....	63
<b>5. The Philippines: union repression and state-sanctioned violence.....</b>	<b>67</b>
The Philippines' role in electronics production .....	68
Union-repression.....	69
Red-tagging and criminalising unionism .....	70
Nexperia Philippines.....	72
Intimidating union members .....	73
<b>6. Mexico: protection unions undermine labour rights.....</b>	<b>77</b>
Mexico's electronics manufacturing industry .....	78
The widespread use of protection contracts.....	79
Advocating workplace justice: labour rights NGO CEREAL.....	81
2019 legal reforms: a path to change? .....	82
Rapid response labour mechanism .....	84
Panasonic .....	85
<b>7. Indonesia: how job insecurity undermines unions.....</b>	<b>90</b>
Role Indonesia in the electronics industry.....	92
Reformasi: a new dawn for labour? .....	92
Labour market flexibility .....	93
Omnibus law .....	94
The Rise of FSPMI-SPEE.....	95
Female membership .....	95
Factory raids.....	96
Unionising contract workers .....	97

<b>8. Taiwan: barriers migrant workers face regarding</b>	
<b>the right to organise .....</b>	<b>104</b>
Taiwan's strategic nexus in the electronics value chain .....	106
Industrial relations: from martial law to Labour challenges.....	108
Migrant workers .....	109
Poor working and living conditions .....	111
Migrant union.....	111
 <b>9. Brand hypocrisy: CSR and the right to organise .....</b>	 <b>117</b>
Purchasing practices.....	119
How are electronics companies performing? .....	119
Freedom of association in the RBA code.....	120
KnowTheChain .....	121
Global framework agreements .....	122
Silencing worker voices .....	122
Substitution .....	123
Why social audits fail workers .....	124
 <b>10. Conclusion: the struggle for trade union rights in</b>	
<b>the global electronics industry .....</b>	<b>129</b>
Reversing the trend: actions for governments and corporations .....	130
worker solidarity: the key to change.....	131

# Acknowledgement

I am sincerely grateful to Martin Hart-Landsberg, Peter Pawlicki, and Alexander Ivanou for their extensive feedback, critical insights, and thoughtful suggestions on all or large parts of the manuscript. Their contributions have profoundly shaped the final version of this work. I would also like to express my sincere gratitude to SETEM for its generous financial support, as well as its invaluable contributions to the editing and design of this report. In addition, I am deeply grateful to those who generously shared their time, expertise, and insights. Their contributions—through discussions, interviews, or detailed commentary on specific chapters—have been instrumental in shaping this work. Below is a partial, and by no means exhaustive, list of those

I wish to thank: Abu Mufakhir; Alejandro Gonzalez; Bob Jeffcott; Boenadi Prihanani; Boy Lüthje; Bruno Gentil Pereira; David Foust; Dimitri Kessler; Emelia Yanti Siahaan; Fahmi Panimban; Fuad Abdulgani; Girlie Battad; Hari Nugroho; Hugo Mendoza; Jenny Chan; Jerome Adonis; Julius Carandang; Kan Matsuzaki; Lennon Wang; Lynda Yanz; Mary Ann Castillo; Michele Ford; Otto de Vries; Peter Bengtsen; Peter Wad; Ramon Certeza; Ray Cheng; Rochelle Porras; Rodrigo Olvera Briseño; Sandra Polaski; Sanjiv Pandita; Slamet Riyadi; Suresh K.; Yap Hwa Ng; Yoni Mulyo Widodo; and Y. Wasi Gedepuraka.

## The GoodElectronics Network

The **GoodElectronics** Network advocates for a global electronics industry that upholds the highest international standards for human rights and sustainability. Its members work to ensure that labour rights and environmental protections are respected throughout the entire production cycle—from mining and manufacturing to recycling and e-waste disposal. Founded in 2006, the network has grown to include over 100 organisations and individuals worldwide, including civil society groups, trade unions, human rights and environmental organisations, universities, academics, and researchers. This diverse membership brings a wide range of expertise, perspectives, and approaches to the network.

## List of abbreviations

**ACFTU:** All-China Federation of Trade Unions

**CB:** Collective Bargaining

**CBA:** Collective Bargaining Agreement

**CEREAL:** Centro de Reflexión y Acción Laboral (Center for Labor Action and Studies)

**CLB:** China Labour Bulletin

**CTM:** Confederación de Trabajadores de México

**CSR:** Corporate Social Responsibility

**DRAM:** Dynamic Random-Access Memory

**DGTU:** Director-General of Trade Unions

**EMS:** Electronics Manufacturing Services

**EVFTA:** EU-Vietnam Free Trade Agreement

**FDI:** Foreign Direct Investment

**FSPMI:** Federasi Serikat Pekerja Metal Indonesia (Federation of Indonesian Metalworkers Unions)

**FoA:** Freedom of Association

**GFA:** Global Framework Agreement

**GPN:** Global Production Network

**ILO:** International Labour Organization

**IMF:** International Monetary Fund

**ITUC:** International Trade Union Confederation

**KMU:** Kilusang Mayo Uno

**MWAP:** Metal Workers' Alliance of the Philippines

**NGO:** Non-Governmental Organization

**NPIWU:** Nexperia Philippines Inc. Workers Union

**NTF-ELCAC:** National Task Force to End Local Communist Armed Conflict

**PRI:** Partido Revolucionario Institucional

**RBA:** Responsible Business Alliance

**RRLM:** Rapid Response Labour Mechanism

**SEZ:** Special Economic Zone

**SIAMARM:** Autonomous Industrial Union (Sindicato Autónomo Industrial)

**SNITIS:** Sindicato Nacional Independiente de Trabajadores de Industrias y de Servicios

**SPA:** Serve the People Association

**SPEE:** Serikat Pekerja Elektrik Elektronik Electronics (Electrical Workers Union)

**TSMC:** Taiwan Semiconductor Manufacturing Company

**UN:** United Nations

**UNGP:** United Nations Guiding Principles

**USMCA:** United States-Mexico-Canada Agreement

# Introduction

Behind the sleek exteriors of laptops and smartphones lies a hidden reality—millions of electronics workers endure exploitative conditions with no real recourse.

Despite producing some of the world's most valuable technology, countless labourers—many based in Asia—continue to face systemic barriers to unionisation and collective bargaining. From aggressive anti-union tactics pioneered in Silicon Valley to outright bans on independent unions in China, governments and corporations alike have worked to suppress worker-led movements in the name of profit and efficiency.

Without unions, workers are left voiceless. Many earn poverty wages that barely cover basic needs, while extreme working hours—often exceeding 72 hours per week—are the norm. Hazardous chemicals are routinely handled without adequate protection, putting workers' health at risk.

To further weaken worker power, companies increasingly rely on precarious contracts, allowing them to terminate employees without notice—especially those who attempt to organise. Women, who make up a significant share of the workforce, face additional challenges, including workplace harassment and a lack of childcare support.

Despite corporate social responsibility (CSR) pledges, exploitative labour practices remain entrenched. Without freedom of association and collective bargaining, workers remain trapped in cycles of insecurity, exhaustion, and abuse.

This report identifies and analyses nine major barriers that prevent workers from exercising their fundamental rights. These roadblocks—ranging from aggressive employer tactics to restrictive government policies—systematically weaken unions, suppress collective bargaining, and keep workers in precarious conditions.

By exposing these structural obstacles, this report highlights the urgent need for stronger legal protections, corporate accountability, and global solidarity in the fight for workers' rights.

A truly sustainable electronics industry must prioritize fair wages, decent work, and worker-led negotiations—ensuring prosperity is shared, not hoarded at the top.

## The right to organise

Workers' freedom of association is a core principle under international human rights law, acknowledged through global, regional, and national frameworks. They form part of ten fundamental ILO conventions that focus on core labour standards related to freedom of association, forced labour, child labour, discrimination, and a safe and healthy working environment (see box 1).

The right to organise, enshrined in the International Labour Organisation's Freedom of Association and Protection of the Right to Organise Convention (No. 87) and the Right to Organise and Collective Bargaining Convention (No. 98), is a cornerstone of global labour rights, protecting workers' ability to form unions and engage in collective bargaining.<sup>1</sup>

This also includes the right to strike, which is fundamental to ensuring workers have meaningful influence over collective bargaining outcomes. Without the ability to withhold their labour, workers lack the necessary leverage to negotiate fair terms.

These rights, protected under the ILO conventions, apply equally to men and women, as mandated by the UN Convention on the Elimination of All Forms of Discrimination Against Women.<sup>2</sup>

These rights do not exist in isolation; they are closely related to other civil and political rights, including freedom of expression, freedom of the media, and universal suffrage. All these rights enable individuals and groups to participate in democratic processes, advocate for their interests, and hold power to account. When one right is restricted—such as freedom of expression or media freedom—it weakens the ability of workers to organise and advocate for change. Conversely, when workers have the right to unionise and bargain collectively, they contribute to broader social movements that promote democracy, equality, and social justice.

## ILO Core Labour Conventions

The ILO Declaration on Fundamental Principles and Rights at Work encompasses five fundamental principles and rights, outlined in ten core conventions:

- Freedom of association and the effective recognition of the right to collective bargaining (Convention No. 87 & No. 98)
- Elimination of all forms of forced or compulsory labour (Convention No. 29 & No. 105)
- Effective abolition of child labour (Convention No. 138 & No. 182)
- Elimination of discrimination in respect of employment and occupation (Convention No. 100 & No. 111)
- A safe and healthy working environment (Convention No. 155 & No. 187)

## **Enabling rights**

Freedom of association and collective bargaining are often called “enabling rights” because they give workers the power to organise, speak up, and protect their interests at work. It empowers workers to exercise and defend other fundamental labour rights, including the right to collective bargaining, fair wages, decent working conditions, and occupational safety and health.

Unlike labour inspectors or social auditors, workers are constantly present at the workplace, making them the most effective guardians of labour standards.<sup>3</sup> They can ensure that employment rules are not just written but enforced, shaping fairer workplaces and industries.<sup>4</sup>

Freedom of association empowers workers—especially vulnerable groups such as women, migrants, and informal workers—to collectively challenge workplace discrimination, exploitation, and abuse, as seen in union-led efforts to secure maternity rights, equal pay, and protections against harassment. In many countries, unionised workplaces are more likely to comply with labour laws than non-unionised ones, as unions play a key role in monitoring conditions and exposing violations.

Without union support, individual workers struggle to hold management accountable. Active unions, therefore, play a crucial role in preventing workplace abuses—from sounding the alarm on overdue wages to enforcing overtime limits and averting avoidable disasters like factory explosions. This makes unions crucial for achieving lasting improvements in working conditions across global value chains.

## **State Duties and corporate responsibilities**

For trade unions to function effectively, they must not only be allowed to exist but also be free to carry out their role without interference. Freedom of association and collective bargaining are both negative and positive rights.<sup>5</sup>

As a negative right, the state must not obstruct workers from organising—this means no harassment, arrests, or violence against those who seek to form or join unions. However, non-interference alone is not enough.

As a positive right, the state has an active duty to ensure workers can organise without fear of retaliation, violence, or job loss. This includes enforcing laws that prevent employers from punishing union members and ensuring the availability of dissuasive sanctions or remedies in cases of violations. It also requires creating institutions that support collective bargaining and fair conflict resolution.<sup>6</sup> Without these safeguards, the right to organise remains an empty promise rather than a fundamental guarantee.

While governments play a key role, corporations also have a direct responsibility to respect these rights within their operations and supply chains. Workers have a

fundamental right to organise and bargain collectively, and businesses must uphold these rights even if the state fails to do. This entails not only refraining from anti-union practices—such as surveillance, intimidation, dismissal, and blacklisting—but also creating an enabling environment for the exercise of trade union rights and ensuring good-faith engagement in collective bargaining through transparent and meaningful negotiations.<sup>7</sup>

Against this backdrop, this report identifies and analyses nine key barriers that hinder freedom of association and collective bargaining in the electronics industry. These barriers, whether legal, institutional, or employer-driven, create a working environment where precarity, exploitation, and unsafe conditions persist. By systematically restricting workers' ability to organise, they undermine fundamental principles of decent work and violate internationally recognised labour standards.

Except for Chapter 1, which offers a broad analysis of the industry and the structural conditions that enable the suppression of trade union rights, and Chapter 9, which explores corporate hypocrisy—where companies publicly endorse freedom of association while failing to uphold it—the remaining chapters adopt a country-specific approach, each highlighting a key barrier to unionisation and collective bargaining.

However, these barriers are not confined to individual countries. Rather, they reflect systemic trends that extend across the global electronics supply chain. Workers in diverse regions routinely encounter multiple overlapping restrictions on their right to organise and bargain collectively, underscoring the deeply embedded nature of these challenges within the industry as a whole.

The report adopts this structure to highlight the significant role that national labour governance frameworks play in shaping workers' rights. While global capital moves fluidly across borders and supply chains operate on a global scale, production remains deeply embedded in specific locations, governed by national laws, industrial relations systems, and enforcement mechanisms, which shape the conditions under which workers produce, and corporations extract, value.

Labour is inherently tied to place. At the end of a long shift, workers return home—whether to private residences or factory dormitories—to rest before another day on the job. The ability of workers to exercise their rights is therefore shaped not only by corporate practices but also by the legal and institutional structures that regulate employment relations at the national level. Beyond formal legal structures, cultural norms and historical patterns of worker mobilisation also shape the reality of labour rights in practice.

Workers seeking to form or join trade unions must often navigate a landscape of legal restrictions, anti-union discrimination, and structural barriers that limit their ability to engage in meaningful social dialogue. This emphasises that while national contexts

influence the specific challenges faced by workers, these barriers are not isolated occurrences.

They are part of a broader, systemic pattern of labour rights violations that prioritises corporate profit over fundamental workers' rights. Tackling these challenges requires coordinated action across multiple levels—workplace, national, and global—through stronger legal protections, effective enforcement, transnational solidarity, and greater corporate accountability for labour rights throughout supply chains.

## **Note on methodology**

This report is informed by a multi-method research approach, incorporating qualitative interviews, workshop discussions, and an extensive literature review. A total of 30 labour rights practitioners and advocates with expertise in the electronics industry were interviewed through virtual and in-person engagements across key locations, including Hong Kong, Jakarta, Batam, Manila, Hanoi, Kuala Lumpur, Brussels and Amsterdam. The interviewees represented international and national trade unions and labour rights NGOs. Participants were selected based on their expertise in labour rights within the electronics sector, ensuring a diverse and informed range of perspectives.

In addition to primary data collection, the study draws on findings from three thematic workshops on freedom of association and collective bargaining, jointly organised by GoodElectronics and IndustriALL. These workshops, held in Hanoi (May 2023), Jakarta (November 2023), and Kuala Lumpur (June 2024), brought together more than 80 trade unionists and labour rights advocates to exchange experiences and analyse sector-specific and country-specific challenges.

Furthermore, the report is grounded in an extensive review of academic and grey literature, supplemented by case law from the International Labour Organization's (ILO) Committee on Freedom of Association (CFA), which provides jurisprudential insights into violations of freedom of association globally. Additional sources include the U.S. State Department's annual Country Reports on Human Rights Practices, the International Trade Union Confederation's (ITUC) Global Rights Index, and regional risk assessments conducted by Electronics Watch.

Each country-specific chapter has been reviewed by country experts and multiple labour rights specialists, including academics, from the respective countries, both within and beyond the GoodElectronics Network, to ensure accuracy and contextual relevance.

# Chapter outline

## 1. The global value chain as barrier to organising and collective bargaining

The first barrier, as outlined in Chapter 1, is the global structure of the electronics industry. This system, dominated by lead firms and supported by high-tech component suppliers and contract manufacturers, forms vast global production networks that shape the industry's operations. As the chapter reveals, while the majority of electronics industry workers are based in Asian countries, most of the profits remain concentrated in US-based companies. After a mapping of the industry, the chapter examines how offshoring, outsourcing, and global production networks (GPNs) fragment manufacturing processes and create hidden workforces. These practices exacerbate inequality, as high-value activities concentrate profits among powerful corporations, while workers endure the pressures of cost-cutting. Despite these challenges, the chapter also identifies opportunities for worker organisation and solidarity across borders, illustrating how interconnected production networks can be harnessed to improve labour conditions.

## 2. United States: Silicon Valley's anti-union model as a global blueprint

The United States, the birthplace of the modern electronics industry, is also where the industry's aggressive anti-union strategies first took root, undermining workers' rights to organise. The Silicon Valley anti-union playbook strips workers of their fundamental human rights to organise and present the second barrier. As high-tech manufacturing expanded from Silicon Valley to other parts of the world, these tactics became deeply ingrained in a global industrial model defined by production relocation, job outsourcing, worker intimidation and insecure employment practices. For a small group of highly skilled technicians, R&D engineers, and scientists, this model also deliberately sidelined unions through substitution strategies—such as offering high wages to elite employees or promoting mechanisms that mimic worker participation but remain fully under managerial control.

## 3. China: outlawing independent unions

Government action to outlaw independent unions constitutes a third barrier. Key electronics-producing nations like China or Vietnam maintain a monopoly on trade union rights, imposing stringent restrictions on political and civil liberties. This creates an environment where individuals are unable to freely associate with organisations

of their choosing without prior authorisation, as outlined in Article 2 of ILO C87. This chapter examines the state of trade unions in China, home to the largest share of global electronics manufacturing. The government-enforced monopoly of the All-China Federation of Trade Unions (ACFTU) ensures that all labour representation serves state interests. Independent unions are prohibited, leaving workers without a genuine voice. Wildcat strikes are frequently suppressed, and factory-level unions, controlled by management, consistently fail to represent workers' needs. This system effectively silences labour grievances and perpetuates exploitative practices.

#### **4. Malaysia: persistent state interference**

A fourth barrier is the persistent state interference in the right to organise. Unlike countries such as China and Vietnam, where independent unions are outright prohibited, there is a group of nations that formally – at least to some extent - recognise workers' rights to organise but fail to enforce them, rendering these rights largely symbolic. In such cases, workers may have the theoretical ability to organise and engage in collective bargaining, but without robust legal protections or effective state oversight, these rights remain meaningless and fall short of the standards set by ILO Conventions on fundamental labour rights. Malaysia provides a notable example, with its free trade zones hosting electronics factories since the early 1970s. For decades, Malaysian authorities have suppressed and obstructed the growth of trade unions. Multinational corporations have taken advantage of legal loopholes, while government inaction has left workers vulnerable to employer interference and union discrimination.

#### **5. The Philippines: union repression and state-sanctioned violence**

Fear of employer retaliation and state-sanctioned anti-union violence constitutes a fifth barrier that discourages workers from exercising their organisational rights. Many are hesitant to join or support unions due to widespread discrimination, including threats of demotion, harassment, dismissal, blacklisting, violence, and even murder. Such violence creates a climate of fear that deters workers from organising or participating in collective bargaining. This chapter focuses on the Philippines, where union leaders face harassment, red-tagging as terrorists, and even extrajudicial killings. Special economic zones enforce a "no union, no strike" culture, prioritising corporate and state interests over workers' rights. Fear of retaliation leaves many workers too intimidated to organise, perpetuating a climate of silence and oppression. The Nexperia Philippines Inc. Workers Union, one of the few bastions of union resilience in the electronics sector, has endured relentless anti-union assaults. These have included targeted layoffs, aggressive house-to-house intimidation campaigns, and systematic efforts to undermine its legitimacy and operation.

## 6. Mexico: fake unions substitute genuine worker representation

The sixth barrier to the right to organise is the proliferation of pseudo-unions or puppet unions—entities that mimic legitimate workers' organisations but are structured to safeguard employer interests. This practice is prevalent in many production countries but is particularly institutionalised in Mexico, where “protection unions” prioritise the agendas of employers over the rights of workers. These entities frequently negotiate and sign collective agreements without the knowledge or consent of workers, effectively undermining democratic processes and eroding protections related to wages and working conditions. While recent labour law reforms in Mexico signal progress towards compliance with international standards, entrenched corruption continues to impede genuine and effective implementation.

## 7. Indonesia: how precarious work undermines unions

Job insecurity presents a seventh roadblock. Across many electronics-producing countries, millions of workers face insecure conditions, reduced protections, and limited opportunities to unionise. This chapter shows that labour flexibility in Indonesia has normalised precarious work, with temporary and outsourced employees, especially women, facing discrimination, low wages, and job insecurity. Legal loopholes enable employers to sidestep worker protections, while fear of losing contracts silences many workers, further undermining collective efforts. The chapter explores union strategies to combat precarious work, strengthen worker protections, and challenge exploitative employment practices.

## 8. Taiwan: barriers migrant workers face regarding the right to organise

The eighth barrier concerns the challenges migrant workers face in exercising their right to organise. Across many countries, the electronics sector relies heavily on migrant labour, yet these workers remain acutely vulnerable. Some countries, Thailand for instance, exclude migrant workers from exercising the right to organise. Migrant workers are often subjected to exploitative recruitment practices, passport confiscation, and debt bondage, which highlight the precarious nature of their employment. Meanwhile, employers use threats of destitution and deportation to suppress dissent. These systemic issues frequently leave them trapped in “unfree labour” conditions, where exercising their right to organise becomes nearly impossible. Far from being an isolated occurrence, such practices are pervasive within segments of the electronics supply chain, highlighting a broader failure to uphold international

labour standards. As this chapter explores, Taiwan's reliance on migrant workers creates systemic barriers to unionisation, with language barriers, debt bondage, and employer dependency leaving workers vulnerable. Although they have the legal right to organise, bureaucratic obstacles, employer interference, and restrictive policies make it difficult to exercise. Some, like Filipino workers at ASUS, have managed to form unions despite immense pressure, but such victories remain rare and precarious.

## 9. Brand hypocrisy: CSR and the right to organise

Finally, the ninth barrier to exercise the right to organise is the role lead firms play in undermining labour rights, particularly freedom of association and collective bargaining. Dominating global value chains, these firms prioritise profit and flexibility over worker protections. Many electronics brands publicly endorse union rights, yet their supply chains remain hostile to organising. The Responsible Business Alliance (RBA), the industry's leading corporate responsibility initiative, excludes unions from governance and relies on weak, business-funded audits that routinely overlook labour violations. Genuine change demands enforceable commitments, transparency, and direct engagement with unions.

## Footnotes

- 1 All three components of the International Bill of Human Rights, namely the Universal Declaration of Human Rights (Article 23), the International Covenant on Civil and Political Rights (Article 22), and the International Covenant on Economic, Social and Cultural Rights (Article 8), explicitly include the right of workers to form or join trade unions. Additionally, the ILO Declaration on Fundamental Principles and Rights at Work (1998) outlines certain rights that must be upheld, promoted, and achieved by all member states of the ILO, even if they have not ratified the corresponding ILO conventions. These rights encompass freedom of association and the acknowledgment of collective bargaining as effective practices.
- 2 Convention on the Elimination of All Forms of Discrimination against Women New York, 18 December 1979.
- 3 Lévesque, C., & Murray, G. (2002). *Local versus global: Activating local union power in the global economy*. *Labor Studies Journal*, 27(3), 39–65.
- 4 Hammer, T. H. (1998). *Industrial democracy*. In M. Poole & M. Warner (Eds.), *The handbook of human resource management* (pp. 143–152). London: International Thomson Business Press.
- 5 Compa, L. (2003). Assessing assessments: A survey of efforts to measure countries' compliance with freedom of association standards. *Comparative Labour Law and Policy Journal*, 24, 283–320.
- 6 ILO (2008) *Freedom of association in practice: Lessons learned. Global Report under the follow-up to the ILO Declaration on Fundamental Principles and Rights at Work*. International Labour Conference, 97th Session 2008, Report I (B), ILO, Geneva.
- 7 ITUC, IndustriALL, UNI, Clean Clothes Campaign (2012) *The UN Guiding Principles on Business and Human Rights and the human rights of workers to form or join trade unions and to bargain collectively*, p.16. Retrieved from [https://www.ituc-csi.org/IMG/pdf/12-11-22\\_ituc-industriall-ccc-uni\\_paper\\_on\\_due\\_diligence\\_and\\_foa.pdf](https://www.ituc-csi.org/IMG/pdf/12-11-22_ituc-industriall-ccc-uni_paper_on_due_diligence_and_foa.pdf)

# 1. The supply chain as barrier to worker organising

# 1. The supply chain as barrier to worker organising

Workers in the countries examined in this report—The United States, China, Malaysia, the Philippines, Mexico, Indonesia, and Taiwan—encounter many challenges in exercising their rights to freedom of association and collective bargaining. The ability to exercise these rights is shaped by three key factors. First, the social dynamics within individual workplaces play a critical role. Second, national legal frameworks and enforcement mechanisms not only define the scope of these rights but also determine their practical application. Finally, these challenges must be understood not only within the context of specific workplaces or national jurisdictions but also against the backdrop of the broader global system of electronics production.

The electronics industry operates as a complex, interconnected, and transnational production network. This structure, driven by offshoring and outsourcing, makes it difficult to enforce workers' rights, as responsibilities often stretch across multiple borders. While later chapters—apart from the final one—focus on specific barriers to freedom of association and collective bargaining in individual countries, this chapter provides a broader, global perspective on the industry's operations. It is crucial to dispel the notion that barriers to workers exercising their right to organise and engage in collective bargaining stem solely from state failures to protect these rights and/or employers' refusal to uphold them. While both play an important role, this chapter highlights the powerful influence of global forces in shaping these conditions.

We begin by examining employment patterns in the electronics sector before identifying the most powerful corporations and their key stakeholders. We then explore the emergence of global production networks (GPNs), which have fragmented manufacturing processes, created a “hidden workforce,” and deepened systemic inequalities. These networks reveal how high-value activities—such as research, design, and branding—allow a small group of corporations to capture the majority of profits, while workers at the production level remain vulnerable to cost-cutting pressures and exploitation. We conclude the chapter by exploring opportunities for worker organising within these constraints, highlighting how the interconnected nature of production networks can be leveraged to advocate for better working conditions and stronger rights.

## Most employment in Asia

The International Labour Organization (ILO) estimates that the electronics industry employed approximately 17.4 million workers globally in 2023, accounting for 3.5% of

the world's manufacturing workforce.<sup>1</sup> The majority of these workers, slightly over 78% or roughly 13.5 million, are based in Asia. Figure 1 shows that China leads the industry, employing 7.7 million workers, followed by Taiwan with 1.2 million and Vietnam with 0.9 million.<sup>2</sup> The United States and Japan account for both for 0.7 million workers. South Korea, the Philippines, Malaysia, and Thailand each have workforces ranging from 0.5 to 0.9 million, while Mexico and Indonesia employ between 0.3 and 0.4 million workers. Meanwhile, employment in Europe and the Americas in the electronics industry has steadily declined since 1991. On average, the number of workers in these regions decreased by 1% per year in Europe and 1.2% per year in the Americas in the period 1991-2023. Women workers accounted for 55.67% of the industry's workforce, the ILO found.<sup>3</sup> Regions like Asia and the Pacific lead with 60.27% of the workforce being women. Vietnam has the highest percentage of women in the electronics industry, namely 65.52%. In Europe and the Americas, female workers represent less half of the industrial workforce.

### Distribution of global employment in the electronics industry in different global subregions, and in Eastern Asia, 2023 (percentage of total employment in the electronics industry).

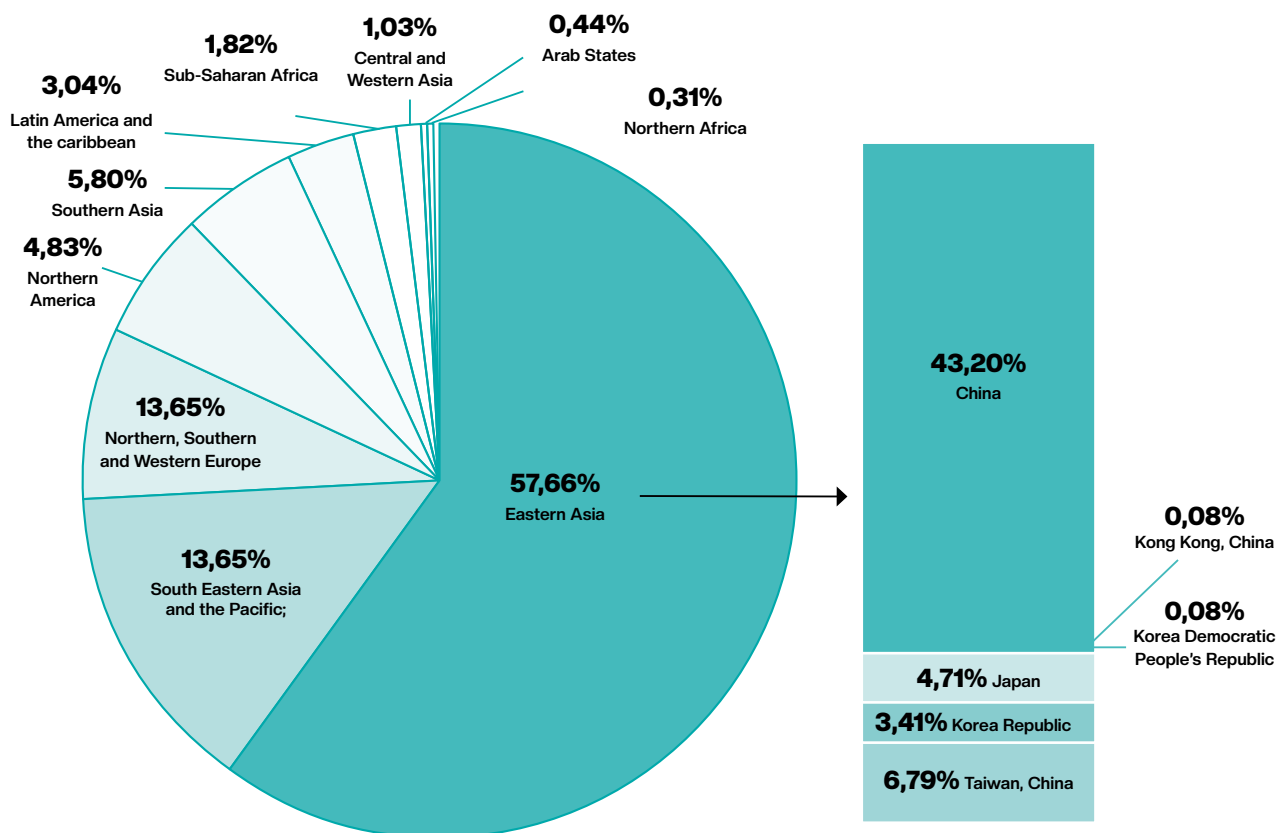


Figure 1. Source, ILO, 2024<sup>4</sup>

## Mapping the industry

The [Forbes Global 2000](#) is an annual ranking of the world's 2000 largest and most powerful publicly listed companies and serves as a key reference for analysing the distribution of economic power. By ranking firms based on metrics like sales, profits, assets, and market value, it reflects the concentration of capital within industries and regions. The list comprises 91 firms categorized under semiconductors or electronics hardware and equipment, representing 14 different countries.

The United States dominates with 37 companies, accounting for the largest share. Taiwan, China, and Europe follow with 13 entries each, while Japan contributes 11, and South Korea completes the list with 4 firms.<sup>5</sup> These 91 firms have combined sales of US\$2.48 trillion, combined profits of US\$269.94 billion, and a combined market value of US\$10.95 trillion.

While all 91 firms occupy dominant positions within the global economic hierarchy, some tower above the rest in terms of economic power, with the 10 largest companies – Apple, Samsung, TSMC, Sony, Broadcom, Intel, NVIDIA, Foxconn, Dell, and Qualcomm – contributing over 50% of total sales, 72% of total profits, and nearly 62% of the combined market value. This reflects a significant market concentration in global electronics, driven by the consolidation of production and dominance of a small number of “vertical monopolists” across key segments such as semiconductors, PCs, mobile handsets, and TVs.

Apple alone represents 15.42% of total sales, 37.19% of total profits, and 26.59% of total market value among the 91 companies analysed. Another perspective on Apple's dominance emerges when compared to its primary supplier, Foxconn, which manufactures most of Apple's hardware. Foxconn is economically successful—as the 8th largest firm in the sector—it reported a profit of \$4.81 billion, equating to just 4.79% of Apple's profit.

**Figure 2** shows that the 37 US-headquartered companies account for 47.4% of sales share, 67.1% of profit share and 72.7% of market value share.<sup>6</sup> In summary, while Asian countries may lead in employment within this sector, US firms remain highly dominant, capturing the majority of the profits. While US firms dominate the industry in terms of profit capture, this does not imply full control over the sector or its value chains. On the contrary, they are heavily reliant on several large Asian companies that command critical segments of the electronics value chain—such as foundries and memory chips (DRAM)—which are monopolised by firms based in Taiwan and South Korea.

## Shares of sales, Profits, and market Value by Region (2024) Based on Forbes Global 2000 (2024)

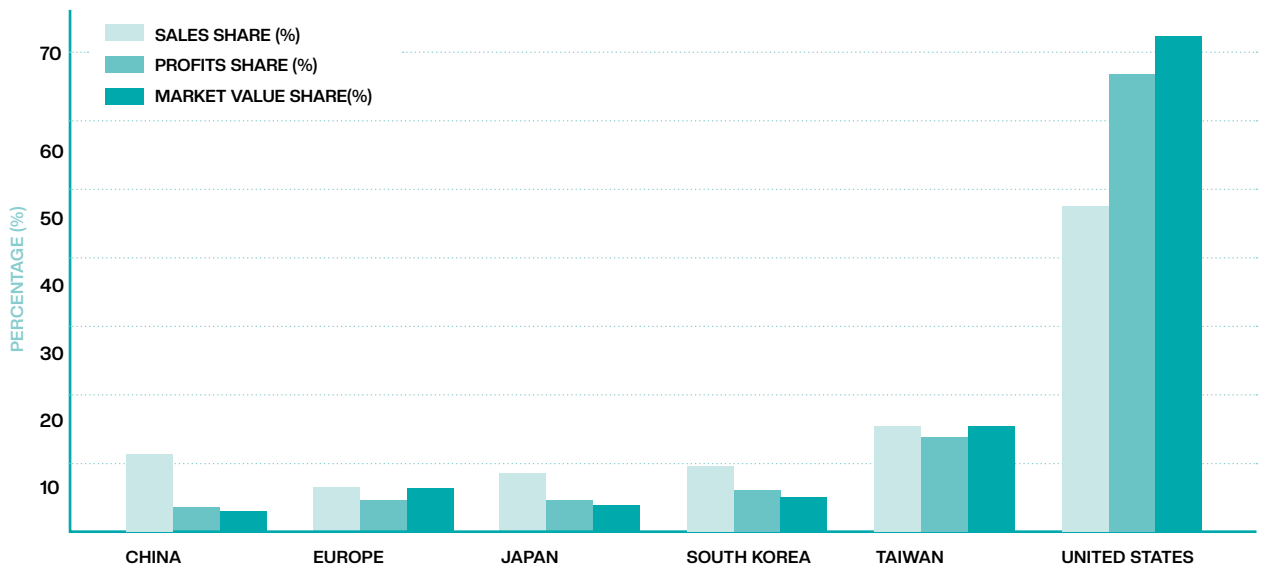


Figure 2. Source Forbes Global 2000 (2024)

The 91 companies on Forbes Global 2000 list can roughly be divided in three broad categories, spread across the electronic supply chain:

- **Brand-name companies** such as Apple, Sony, Dell, HP, Acer, Nokia, Xiaomi, Lenovo, and TCL in hardware (consumer) electronics.<sup>7</sup> Most of these firms have in common that they prioritise innovation, design, and marketing, but often have no or little in-house manufacturing capacity, which they outsource to third parties.<sup>8</sup> Their ability to control intangible assets—such as brands, patents, and trademarks—empowers them to dictate terms across their production networks. For this reason they are often referred to as “lead firms”, who externalise productive activities while maintaining “a level of control ... exercised through contracts and bargaining power”, as the World Investment Report 2011 so aptly describes it.<sup>9</sup> However, there are important exceptions within this brand category, mostly from Asia, such as Samsung, Sony, or Canon, which still produce much of their merchandise in-house.
- **Component manufacturers** include semiconductor component producers, or chip brands, such as Qualcomm, Intel, NVIDIA, which form the most powerful segment of the tech industry. These companies drive innovation in processors, memory, and communication chips, which are the critical components at the heart of modern computers and smartphones, but also barcode scanners, dishwashers, toast roasters or robotic surgery tools and military weaponry.<sup>10</sup> These components are embedded in thousands of products, often hidden within everyday items and unnoticed by their users. Some of these branded corporations are regarded as “platform leaders,” embedding their technologies across a broad array of products

to entrench dependency on their proprietary systems. Examples include NVIDIA's Graphics Processing Units, which dominate AI training, and Intel's processors, enabling these firms to dictate industry standards and exert monopolistic control over critical segments of the semiconductor industry. Additionally, there is a group of less powerful firms producing components like capacitors, castings, displays, or camera modules embedded in electronic products.

- **Contract manufacturers** like the Taiwanese firms Foxconn and Pegatron specialise in mass assembly and work as contract manufacturers for a wide range of well-known brands. In the business literature, they are often referred to as Electronics Manufacturing Services (EMS).<sup>11</sup> These firms serve as counterpoints to brands and chip firms without manufacturing capacity, which is logically consistent since they specialize in the activities that brands have chosen to outsource, each playing specific yet complementary roles within the global value chain. However, it is important to note that the role of Foxconn, or other EMS firms, goes beyond that of operating as a "global foreman" responsible for assembling workers and putting them to work on behalf of the brands.<sup>12</sup> These firms are involved in raw material sourcing, supply chain management, inventory control, engineering, and after-sales services. Additionally, many EMS companies produce their own components, such as printed circuit boards, connectors, and cables, driving a trend towards vertical re-integration since the late 1990s.<sup>13</sup>

## Global production networks

These three broad categories illustrate the structural changes that have reshaped the electronics industry since the 1980s. Until that period, the sector was characterized by the predominance of large, vertically integrated enterprises, such as the US-based IBM and the Dutch multinational Philips. These companies maintained a distinct national identity and directly managed a significant portion of their operations, including the in-house development and production of components, software and microchips.

However, in the following decades, a growing portion of these activities was gradually divested and outsourced to external suppliers operating primarily in Asia. This shift has led to the breakdown of national production systems, reorganising them on a global scale. In this globally integrated production network, brand-name companies like Apple and Dell no longer handle all aspects of production.<sup>14</sup> Instead, they focus on designing, marketing, and selling their products, relying on a diverse range of component suppliers for parts. Final assembly, in turn, is entrusted to a small group of specialised EMS firms.<sup>15</sup>

This model allows leading firms to shift labour-intensive manufacturing to third-party suppliers in the global south, creating an enormous yet largely invisible workforce. As a result, most of the estimated 17.4 million workers in the electronics industry operate within a production system defined by what experts call "neo-Taylorist methods of control."<sup>16</sup> This regime is characterised by the global standardisation of work, rigid

hierarchical oversight, and extreme employment flexibility. It relies heavily on the mass recruitment of rural workers, operates largely without trade unions, and is marked by a lack of basic state-provided social and economic protections.<sup>17</sup>

The scale of this outsourcing is staggering. For instance, while Apple directly employs around 160,000 workers, it relies on a “hidden workforce” of 1.6 to 2.3 million employed by companies like Foxconn, Pegatron etc.<sup>18</sup> However, cost-saving through lower wages is not the sole motivation for relocating production. By outsourcing, these companies can also distance themselves from the regulatory scrutiny and liabilities tied to labour conditions and environmental standards in their home countries. A 2017 Bloomberg article, titled *American Chipmakers Had a Toxic Problem. Then They Outsourced It*,<sup>19</sup> reveals how, 25 years after US tech firms pledged to phase out harmful chemicals linked to subfertility and miscarriages, they shifted production to Asia without ensuring compliance, effectively exporting the problem to less regulated regions.<sup>20</sup>

The outsourcing of manufacturing processes surged in the 1990s, rapidly adopting a transnational dimension. By the early 2000s, the EMS sector underwent a significant transformation. US-based companies such as Solecron, Flextronics, and SCl, which once dominated the industry, were overtaken by Taiwanese competitors, including Foxconn, Quanta Computer, Pegatron, Wistron, and Compal Electronics—all of which have all secured places on the Forbes Global 2000 list. These contractors account for over 95% of global notebook production, up from only 27% in 1995.<sup>21</sup> Among them, Foxconn stands out as the undisputed leader, ranked as the 119th largest company, and responsible of approximately 40% of the EMS segment.

## Profit margins pushed down in manufacturing

Despite their significant role in the electronics industry as employers of large numbers of workers, EMS firms remain excluded from the most lucrative segments of the global value chain. One indication are the razor-thin margins that contract manufacturers operate under, typically between 1-3 percent.<sup>22</sup> They face intense competition and limited opportunities for differentiation, resulting in lower value capture.<sup>23</sup>

Although the Forbes Global 2000 list represents data from only a single year, which limits broader trends or context, the profit margin comparison between EMS firms and branded companies on the 2024 list confirms this disparity. The average profit margin of EMS firms (1.8%) is significantly lower than that of the top nine tech brands (26.8%), underscoring the stark profit disparity between contract manufacturers and industry leaders, who leverage their dominant position to command premium prices for its products. For example, as a “vertical monopolist,” Apple maintains control over crucial stages of its supply chain, including the design of its A-series processors, its proprietary iOS operating system, and software distribution via the App Store, which ensures tight control over innovation and brand identity, which allows Apple to command higher profit margins than its suppliers.

This imbalance in profit margins, one industry expert argues, can be explained by the “oversupply of EMS capacity the desire by EMS providers to secure patronage from leading consumer brands – both to fill their worldwide factories, as well as providing flagship banners to attract further business.”<sup>24</sup> In addition, brand-named companies use strategies like “price masking” to hide pricing terms from third parties, enabling them to pressure suppliers for lower costs while protecting their own margins. Price masking involves negotiating directly with suppliers while withholding the agreed terms from intermediaries, such as EMS providers, to prevent them from leveraging the information for their own advantage or demanding lower prices.<sup>25</sup>

Within this fiercely competitive environment, suppressing the cost of labour power becomes a critical survival strategy as does the obstruction of genuine trade unions. While direct labour costs of the contract manufacturers represent only 2% of the final brands’ selling price, labour costs account for “upwards 40% of the manufacturing costs.”<sup>26</sup> Hence, Harris concludes: “Since around 95% of a smart phone/tablet is material costs, and material suppliers are decided by the Brand Names with strictly controlled prices, a squeeze on manufacturing costs essentially means a squeeze on labour, as well as manufacturing ‘efficiency’.”<sup>27</sup> This suggests that EMS firms may have a strong financial incentive to maximise their workforce’s output by imposing long working hours, offering low wages, and relying on precarious contracts.<sup>28</sup> The figure below summarises the cost and profit margin relationship between brands and EMS firms.

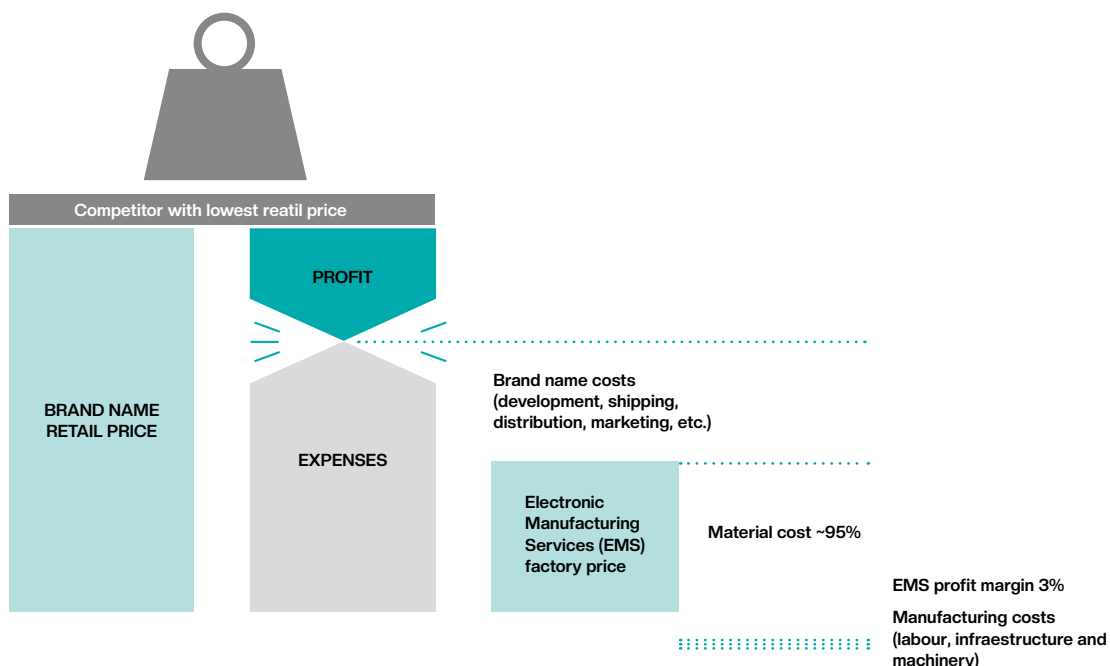


Figure 3. Source Harris, GoodElectronics 2014 <sup>12-23-24</sup>

## Smiling-curve

One way to visualise how value is unevenly distributed across the global electronics industry, favouring a small group of countries—particularly the United States—is through the “smiling curve,” a concept introduced by Stan Shih, the Taiwanese founder of Acer Inc., a prominent Taiwanese brand of laptops and displays.<sup>29</sup> The curve maps a product’s lifecycle—spanning research and development (R&D), design, production, marketing, and sales—along the horizontal axis, while the vertical axis represents the value capture at each stage. When plotted on a graph, this distribution forms a distinctive “smile,” showing that most value is captured during the conceptualisation phases, such as R&D and design, on the left side of the curve, and in the later (post-production) stages of marketing and branding, reflected on the right side of the curve. In contrast, the dip in the middle of the curve reflects the assembly and mass manufacturing stages, which are associated with low profit capture.<sup>30</sup>

In other words, this positioning on the value chain heavily favours companies from countries that dominate knowledge-intensive, high-tech components *and* consumer-oriented brands, which use intellectual property rights, trademarks, technological monopolies and patent systems to consolidate their economic power, while marginalising the contributions of labour-intensive production processes predominantly located in low-wage countries. Control over these intangible assets allows lead firms to capitalize on low wages, reducing costs and achieving surplus profits, especially in situations where they face little competition in the spaces of consumption.<sup>31</sup>

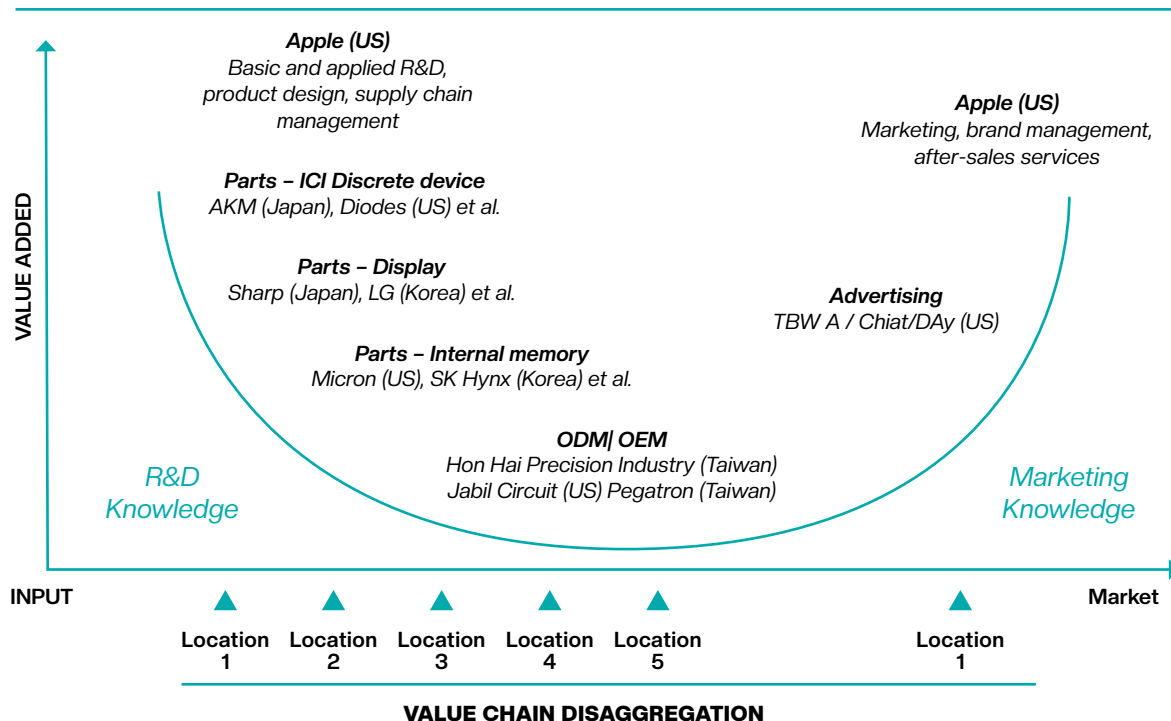


Figure 4. Source: Ruiz, M. F. (2024)<sup>32</sup>

Development economists frequently reference the “smiling curve” to advocate for industrial policies that enhance a nation’s economic position through targeted upgrading. By examining a country’s role within the global value chain, they argue, policymakers can pinpoint opportunities for improvement more effectively. This strategy aims to assist domestic firms in moving into more profitable stages of a product’s lifecycle, rather than remaining confined to labour-intensive phases. South Korea and Taiwan are often celebrated as exemplars of such economic transformation, as they occupy leading positions within segments of the industry. However, these narratives gloss over the decades of “Bloody Taylorist” practices that were imposed on their workforces, which laid the groundwork for the economic success of companies like Samsung, LG, Foxconn and TSMC.<sup>33</sup> They also overlook the low pay and long hours endured by highly skilled engineers, raising doubts about the extent of social upgrading in these countries.<sup>34</sup>

Even when the significant social and environmental costs borne by South Korean and Taiwanese workers during their countries’ economic catch-up are set aside,<sup>35</sup> doubts persist regarding the prospects for later entrants to the electronics industry. The experiences of countries such as Indonesia, Malaysia, Mexico, and the Philippines, as discussed in detail in later chapters, present a more complex and less optimistic reality. Despite decades of involvement in electronics manufacturing, these countries have not consistently achieved the kind of economic upgrading experienced by South Korea and Taiwan, whose firms were early participants in the globalisation process.

## a. Race to the bottom?

Their challenges highlight the structural limitations of today’s electronics value chain, where the outsourcing and offshoring have fragmented production across borders, reinforcing dependence on imported high-tech components and diminishing opportunities for domestic value capture. This is further compounded by the dominance of large transnational EMS corporations, such as Foxconn, which exacerbates this marginalisation by sidelining domestic manufacturers, even in labour-intensive, low-value segments of the “smiling curve” – resulting in a state of “thin industrialisation”.<sup>36</sup>

Consequently, many countries find themselves confined to roles centred on providing low-cost labour power, offering substantial tax incentives, implementing business-friendly regulations, and adopting flexible labour laws – a well-known euphemism for weakening workers’ rights. These nations are further tasked with maintaining industrial harmony, or “labour peace,” to cater to the needs of global capital, often by restricting or outright undermining workers’ rights to freedom of association and collective bargaining.

This aggressive deregulation is propelled by domestic elites and influenced by powerful institutions like the World Bank, alongside foreign corporations that lobby to ease labour protections. For example, following lobbying efforts by Apple and

Foxconn, the southern Indian state of Karnataka amended its labour laws in 2023, extending daily factory shifts from nine to 12 hours and permitting women to work night shifts.<sup>37</sup> The revised law aims to facilitate round-the-clock production at facilities, mirroring practices in China. This underscores that regulatory regimes are far from static; they are actively influenced by dominant firms, which push to weaken labour law standards as a condition for investment in a target country, while portraying themselves as passive “takers of regulation.”<sup>38</sup>

In addition to direct lobbying, companies influence governments and industries in more subtle ways through their investment and procurement strategies. By offering financial incentives or imposing penalties on labour practices they support or oppose, they send a clear message to governments, businesses, and workers. Efforts to improve working conditions at the national level must account for how such changes might affect capital flows into the country. Governments, heavily reliant on economic actors for resources like employment and tax revenues, face significant pressure to create conditions that enable the continued growth of capital.

Figure 5 below illustrates the monthly manufacturing wages (in US dollars) across key electronics producing countries in 2022. The US tops the list with an average wage of \$4,272, followed by Singapore and South Korea. In contrast, Southeast Asian countries such as Vietnam and the Philippines record the lowest wages, highlighting wage disparities.<sup>39</sup> The data show that while wage levels in China are less than half of those in Taiwan, they are double those in India. When it comes to electronics, a monthly wage of US\$500 seems to be the threshold at which electronics contract manufacturers begin exploring cheaper locations, as noted by IndustriALL trade union official Kan Matsuzaki.<sup>40</sup>

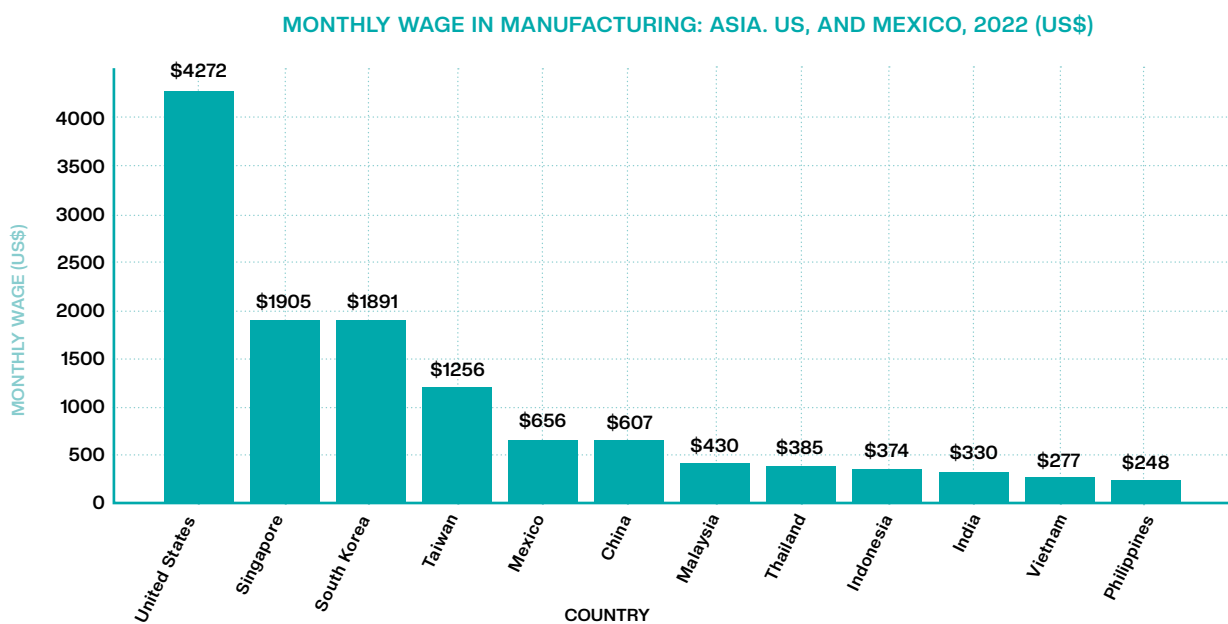


Figure 5. Japan External Trade Organization (JETRO), 2023.<sup>41</sup>

By leveraging inter-state competition, lead firms create rivalries between countries and their workforces, positioning them as competing production hubs - a practice commonly referred to as labour arbitrage.<sup>42</sup> This allows management to pit workers against an unseen, faceless workforce elsewhere, claiming these anonymous counterparts are more productive, less demanding, and willing to work for lower wages.<sup>43</sup> Lead firms, in other words, always retain the option to exit. The mere threat of relocating orders or initiating an "investment strike" may be sufficient to achieve their objectives. In contrast, workers are typically confined to specific locations, resulting in a significant imbalance in power dynamics that benefits capital. However, as discussed below, important counter-tendencies to these dynamics also exist.

Under the competitive pressure imposed by global capital, risks are shifted onto electronics industry workers. Lead firms enforce cost-cutting on EMS manufacturers, who pass these burdens to their workforce through insecure jobs and exploitative practices. As Peter Pawlicki of [Electronics Watch](#) states, "Highly fragmented work organisation, low wages and almost permanent overtime - which very often is the only income opportunity that raises monthly wages above the minimum wage level - are characteristic of the industry."<sup>44</sup> This pressure is a significant factor behind manufacturers' persistent opposition to freedom of association and collective bargaining rights. Proposals to improve working conditions, implement a standard eight-hour working day, or ensure workers receive a living wage are frequently perceived as threats to already fragile profit margins. This leaves little room for negotiating improved wages and working conditions, further entrenching exploitative labour practices.

The pursuit of low-cost labour remains a central feature of global electronics production, with lead firms leveraging inter-state competition to maximise returns and minimise costs. By pitting countries and their workforces against one another, these firms exacerbate labour arbitrage and entrench exploitative practices, leaving workers with limited bargaining power and often subject to precarious conditions. However, while this model thrives on flexibility and mobility, it is not without its constraints or counter-forces. As the following section explores, the structural vulnerabilities of global production networks, coupled with the geographic and economic "stickiness" of investments, offer opportunities for worker organising and collective action. Despite the challenges, there are instances where workers have successfully harnessed their structural power, disrupting supply chains and forcing concessions from powerful firms.

## Not just low-cost labour!

Recognising that lower labour costs appeal to companies due to the potential for higher returns on capital, it is crucial to understand that participation in global electronics production demands more than simply offering cheap labour, which is determined by a broader spectrum of cost-capability relationships. Factors such as regulations—not

only those related to labour but also those concerning taxes, environmental standards, trade, banking, and monetary policies—as well as political stability, and proximity to raw materials and component suppliers influence investment decisions as they could potentially could increase costs.

Beyond low-cost labour, establishing large, modern factories also requires a cadre of highly skilled workers, such as engineers and programmers. For instance, around 2010, an estimated 8,700 industrial engineers were needed to supervise and guide the 200,000 assembly-line workers manufacturing iPhones.<sup>45</sup> Additionally, just-in-time production models demand access to efficient road, rail, and sea transport systems to ensure timely delivery from production sites to final consumer markets. Furthermore, the financial advantages of low wages can be eroded by external challenges, such as tariffs, quotas, anti-dumping measures, and trade disputes—factors outside the host country's control. Collectively, these considerations shape corporate location strategies and emphasise that the broader socio-economic context in which labour power is “put to work” is ultimately decisive.

## **b. Opportunities for worker organising**

The shifting geography of the electronics industry reflects deeper structural challenges that transcend national borders. At its core, the industry's design creates systemic obstacles for workers attempting to organise and defend their rights. The ever-present threat of relocation or investment strikes exerts immense pressure on governments and organised labour, often forcing concessions to capital. Yet this process is not without contradictions—and within these tensions lie opportunities for labour movements.

The relentless pursuit of profit drives companies to expand into new regions, but the financial benefits are often short-lived. Foxconn's shift from China's coastal hubs to inland regions in the early 2010s exemplifies this pattern. At the time, an investment report dismissed it as a mere “band-aid solution” to a deeper structural crisis driven by rising costs and worker resistance.<sup>46</sup> Labour scholars argue that such relocations only defer crises rather than resolve them. Over time, workers in newly targeted regions push back against the same exploitative conditions, exposing the limits of relocation as a long-term strategy.

This dynamic highlights another crucial point: while companies relocate to avoid rising wages or organised labour, their substantial investments in factories, warehouses, worker housing, and recruitment temporarily anchor them to these regions. These assets risk losing value or depreciating before the company fully recoups its costs, effectively locking in capital for a period.

Additionally, the entrenched nature of agglomeration economies—including the concentration of component suppliers, specialised expertise, and skilled labour—creates further resistance to short-term relocation. These economic clusters are deeply interdependent, enabling businesses to benefit from supplier proximity, knowledge-sharing, and access to a well-trained workforce. Disrupting these networks is not only logistically complex but also financially burdensome, making relocation a far less attractive option than it may initially appear.

This anchoring effect can, in turn, shift the balance of power in favour of workers. As businesses become embedded in these production hubs, workers can gain greater bargaining leverage, strengthening collective power and expanding opportunities for trade union organisation. Industries reliant on dense supplier networks and skilled labour pools may find themselves more constrained than they would like to admit—offering a strategic opening for labour movements.

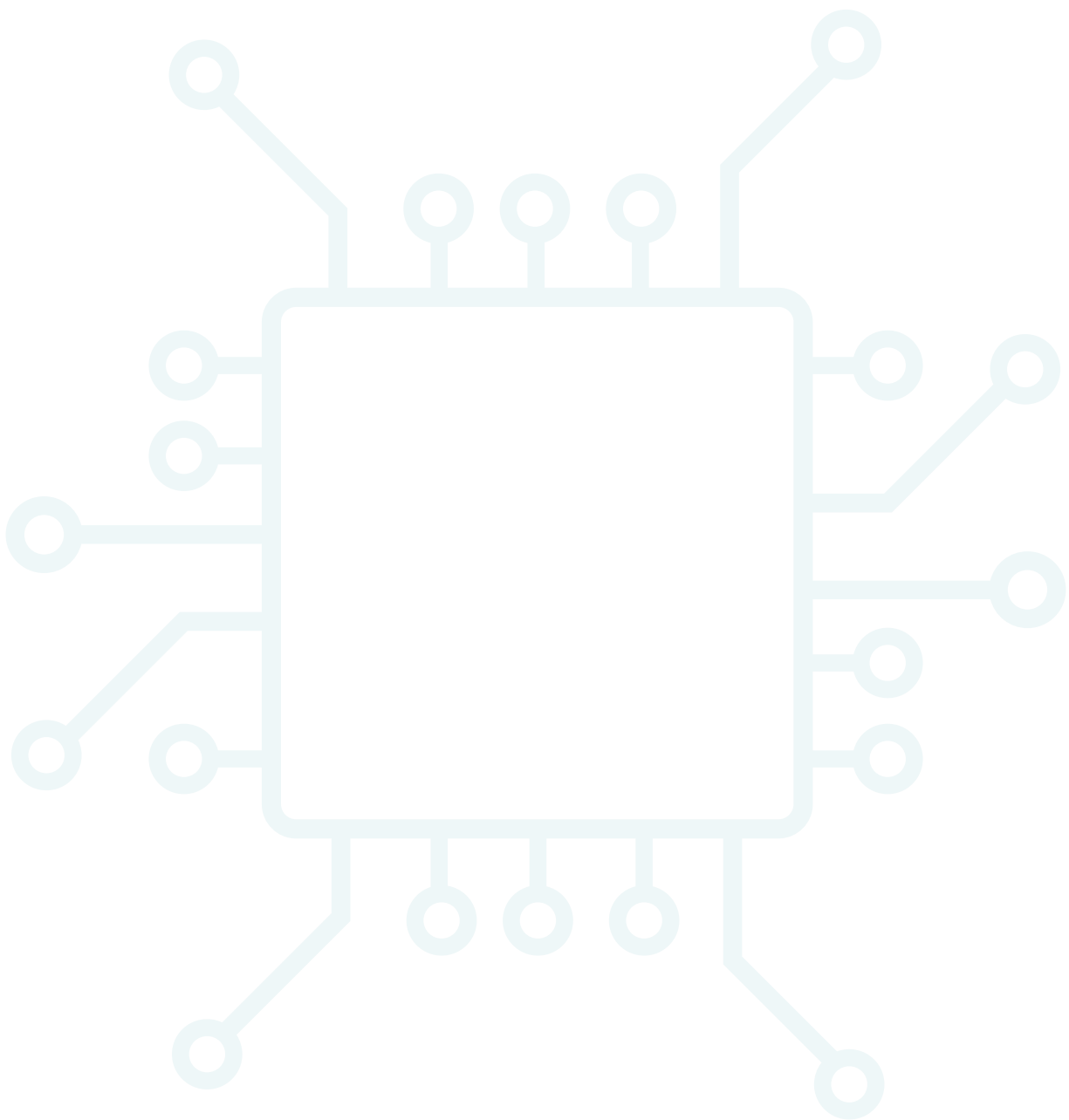
Moreover, the deeply intertwined structure of transnational production networks—where firms rely on complex supply chains involving hundreds of companies—enhances workers' capacity to apply pressure. These networks, reliant on short lead times, are vulnerable to disruption at critical "choke points" in the supply chain. Targeted, short-term strikes can exploit this structural fragility, halting operations and exposing systemic vulnerabilities. A supply chain manager at Tesla summarises this risk aptly: "It takes 2,500 parts to build a car, but only one not to."<sup>47</sup> The challenge for organised labour and its allies lies in channelling this structural power into actionable strategies. This requires harnessing associational power — derived from strong unions, strategic alliances, and community solidarity — to complement structural advantages.

An example illustrating the transformative potential of this approach is the NXP campaign in the Philippines, which highlights the power of international solidarity to challenge corporate practices. NXP, a Dutch company, ranks 551 on the Forbes Global 2000 list. In 2014, NXP Semiconductors fired 24 union leaders amid a contentious bargaining period, sparking local protests and global action. The workers, supported by IndustriALL and the GoodElectronics Network, leveraged their structural power to disrupt production at a key factory supplying Apple's iPhone 6. Marissa Brookes, a scholar of transnational labour alliances, argues that the strike affected Apple's confidence in NXP as a reliable supplier for the iPhone 6, which ultimately influenced NXP's willingness to negotiate with the workers.<sup>48</sup> The campaign secured significant victories, including reinstatements, wage increases, and worker regularisation. It is an example of how transnational solidarity networks offer workers an opportunity to broaden the scope of workplace disputes and pressure lead firms in the industry. In Chapter 5, we revisit the factory, now owned by Nexperia, a Chinese company with partial state ownership. In 2024, the factory enters a new and intense phase of collective bargaining and industrial struggle.

Cross-border labour organising offers a crucial means of challenging corporate power in the electronics industry, allowing workers and activists to confront decision-makers

who shape exploitative supply chains. Genuine reform requires tackling these power imbalances at the transnational level, where policies are set and enforced.<sup>49</sup>

The GoodElectronics Network, with IndustriALL as a key member, targets major electronics brands to demand enforceable labour rights, safer workplaces, and job security. Since 2006, it has exposed abusive conditions, including illegal wages, extreme overtime, and hazardous environments in supplier factories. By pressuring firms to strengthen labour protections, supporting grassroots union efforts, and demanding transparency from corporations, the network pushes for tangible improvements rather than empty corporate commitments.



## Footnotes

- 1 International Labour Office. (2024). *The future of work in the electronics industry: Advancing decent work in more inclusive, sustainable, and resilient electronics supply chains*. Geneva: International Labour Office. [https://www.ilo.org/sites/default/files/2024-11/The%20future%20of%20work%20in%20the%20electronics%20industry\\_WEB\\_Rev.pdf](https://www.ilo.org/sites/default/files/2024-11/The%20future%20of%20work%20in%20the%20electronics%20industry_WEB_Rev.pdf)
- 2 Ibid.
- 3 Ibid.
- 4 Ibid
- 5 This includes LG Display and LG Innotek, both subsidiaries of LG Corporation, but independently listed
- 6 Market value share reflects investor -speculative - perceptions of these companies' current valuation and potential for future accumulation.
- 7 Huawei, the Chinese tech giant, is also a major global player. However, it is not publicly listed, which excludes it from the Forbes Global 2000 rankings.
- 8 There are important exceptions with this brand category, like Samsung, Sony or Canon, that still produce much or their merchandise in-house.
- 9 UNCTAD. (2011). *World investment report 2011: Non-equity modes of international production and development*. United Nations. New York and Geneva, p. 125.
- 10 Within this category, some chipmakers, such as Intel, continue to produce chips in-house. Others, like Qualcomm and NVIDIA, outsource the manufacturing process to third-party companies such as Taiwan's TSMC. These firms are therefore referred to as "fabless." Besides these firms, the *Forbes Global 2000* also lists foundries like the Taiwanese TSMC, semiconductor equipment makers such as the Dutch ASML, and assembly, testing, and packaging firms like the Taiwanese ASE, which play an important role in the semiconductor value chain but are not easily categorised as component producers. For a discussion of the division of labour within the semiconductor industry see: Grinberg, N. (2016). Global commodity chains and the production of surplus-value on a global scale: Bringing back the new international division of labor theory. *Review of International Political Economy*, 22(1), 247–278.
- 11 The academic literature distinguishes two types of contract manufacturers in electronics. EMS firms handle assembly, prototyping, logistics, inventory, and exports, offering clients efficiency benefits. Original Design Manufacturers (ODM), similar to EMS, also collaborate in product design, speeding development. Despite fluid boundaries, firms like Hon Hai often play dual roles, blurring distinctions between EMS and ODM. Here we will just refer to contract manufacturers as EMS.
- 12 For a longer discussion on the role of Taiwanese contract manufacturers in electronics: Merk, J. (2021). *Global foremen: The role of contract manufacturers in ICT hardware production*. In *Human rights risks in the ICT supply chain: A collection of articles by Make ICT Fair*. Retrieved from [https://www.researchgate.net/publication/349427346\\_Global\\_foremen\\_the\\_role\\_of\\_contract\\_manufacturers\\_in\\_ICT\\_hardware\\_production\\_in\\_Human\\_rights\\_risks\\_in\\_the\\_ICT\\_supply\\_chain\\_A\\_collection\\_of\\_articles\\_by\\_Make\\_ICT\\_Fair](https://www.researchgate.net/publication/349427346_Global_foremen_the_role_of_contract_manufacturers_in_ICT_hardware_production_in_Human_rights_risks_in_the_ICT_supply_chain_A_collection_of_articles_by_Make_ICT_Fair)
- 13 Lüthje, B. (2005). The "new economy" from below: Networks of mass production in the IT industry. *Dialectic + Cooperation*, 2(2005), 23–33.
- 14 Yeung, H. W.-C. (2022). *Interconnected Worlds: Innovation and Technology in the World Economy*. Stanford University Press.
- 15 Yeung, H. W.-C. (2022). *Interconnected Worlds: Innovation and Technology in the World Economy*. Stanford University Press.
- 16 Lüthje, B., S., Yat-Sen, P. Pawlicki and M. Sproll (2013) *From Silicon Valley to Shenzhen. Global Production and Work in the IT Industry*, Rowman & Littlefield Publishers, Lanham, p.23
- 17 Ibid., p. 269.
- 18 ITUC. (2016). *Scandal: Inside the global supply chains of 50 top companies*. International Trade Union Confederation. [https://www.ituc-csi.org/IMG/pdf/pdffrontlines\\_scandal\\_en-2.pdf](https://www.ituc-csi.org/IMG/pdf/pdffrontlines_scandal_en-2.pdf) (accessed December 3, 2020).
- 19 Simpson, C. (2017, June 15). *American chipmakers had a toxic problem. Then they outsourced it*. Bloomberg Businessweek. <https://www.bloomberg.com/news/features/2017-06-15/american-chipmakers-had-a-toxic-problem-so-they-outsourced-it?embedded-checkout=true>
- 20 See also: Smith, T. (2009). *Why we are "Challenging the Chip": The challenges of sustainability in electronics*. *International Review of Information Ethics*, 11, 9–15. Retrieved from <https://informationethics.ca/index.php/irrie/article/view/179>
- 21 Yang, D. Y.-R., & Coe, N. M. (2009). The governance of global production networks and regional development: A case study of Taiwanese PC production networks. *Growth and Change*, 40(1), 30–53.
- 22 Hart-Landsberg, M. (2013). *Capitalist globalization: Consequences, resistance, and alternatives*. Monthly Review Press. New York.
- 23 Shin, N., Kraemer, K. L., & Dedrick, J. (2012). Value capture in the global electronics industry: Empirical evidence for the "smiling curve" concept. *Industry and Innovation*, 19(2), 89–107. <https://doi.org/10.1080/13662716.2012.650883>; Merk, J. (2021). *Global foremen: The role of contract manufacturers in ICT hardware production* (in *Human rights risks in the ICT supply chain: A collection of articles by Make ICT Fair*). University of Edinburgh. Available from [https://www.researchgate.net/publication/349427346\\_Global\\_foremen\\_the\\_role\\_of\\_contract\\_manufacturers\\_in\\_ICT\\_hardware\\_production\\_in\\_Human\\_rights\\_risks\\_in\\_the\\_ICT\\_supply\\_chain\\_A\\_collection\\_of\\_articles\\_by\\_Make\\_ICT\\_Fair](https://www.researchgate.net/publication/349427346_Global_foremen_the_role_of_contract_manufacturers_in_ICT_hardware_production_in_Human_rights_risks_in_the_ICT_supply_chain_A_collection_of_articles_by_Make_ICT_Fair)
- 24 Harris, A. (2014) 'Dragging out the best deal: how billion-dollar margins are played out over the backs of electronics workers,' Good Electronics, Amsterdam.

- 25 EE Times. (2003, November 10). Motorola rewrites rules for EMS. Retrieved from <https://www.eetimes.com/motorola-rewrites-rules-for-ems/>
- 26 Harris, A. (2014) 'Dragging out the best deal: how billion-dollar margins are played out over the backs of electronics workers,' Good Electronics, Amsterdam.
- 27 Ibid.
- 28 Müller, W. (2016). Foxconn's labour relations: Any hope of bigger improvements? In J. Drahokoupil, R. Andrijasevic, & D. Sacchetto (Eds.), *Flexible workforces and low profit margins: Electronics assembly between Europe and China* (pp. 21–44). European Trade Union Institute (ETUI).
- 29 In the early 2000s, it was placed prominently on the Forbes Global 2000 list, the firm now holds a more modest position.
- 30 Shin, N., Kraemer, K. L., & Dedrick, J. (2012). Value capture in the global electronics industry: Empirical evidence for the “smiling curve” concept. *Industry and Innovation*, 19(2), 89–107. <https://doi.org/10.1080/13662716.2012.650883>
- 31 While the US-led model dominates the electronics industry, alternative approaches exist. Asian companies such as Samsung remain far more vertically integrated, while emerging Chinese firms like Huawei prioritise gaining market share over maximising value or profit margins.
- 32 Ruiz, M. F. (2024, September 25). Distributed disaggregated: Apple revolutionizing and rethinking the value chain. Eightshields. Retrieved from <https://www.eightsields.com/post/apple-the-value-chain-distributed-disaggregated>
- 33 “Bloody Taylorism”, a term Alain Lipietz (1987) invented to describe competitiveness in transnational production relies not only on the ‘traditional oppression of women but also adds all the modern weapons of anti-labour repression (official unions, absence of civil rights, imprisonment and torture of opponents)’.
- 34 Peter Pawlicki, January 20, 2025, email conversation on file. Source:
- 35 It should also be noted that although these companies are headquartered in South Korea and Taiwan, they have globalised much of their production. As a result, benefits for workers in their home countries are far from guaranteed.
- 36 United Nations Conference on Trade and Development. (2015). *Tracing the value added in global value chains: Product-level case studies in China*. United Nations, New York and Geneva, p. 5.
- 37 Christopher, N. (2023, June 1). *Apple and Foxconn lobbied India to relax its labor laws. Unions are fighting back*. Rest of World. Retrieved from <https://restofworld.org/2023/india-labor-laws-apple-manufacturing/>
- 38 Comment from Peter Pawlicki, email on file.
- 39 These figures are from the JETRO's 2023 Survey on Business Conditions of Japanese Companies in Asia and Oceania, which surveys Japanese firms, though it is reasonable to assume that these wages are similar as those from other international companies. For Mexico and the US alternative sources are used. JETRO: Japan External Trade Organisation, [https://www.jetro.go.jp/ext\\_images/en/reports/survey/pdf/2023/EN\\_Asia\\_and\\_Oceania\\_2023\\_r3.pdf](https://www.jetro.go.jp/ext_images/en/reports/survey/pdf/2023/EN_Asia_and_Oceania_2023_r3.pdf)
- 40 Matsuzaki, K. (2018, December 15). More robots, fewer rights: Labour trends in electronics manufacturing. *Equal Times*. <https://www.equaltimes.org/more-robots-fewer-rights-labour?lang=en#.XdfNNy2Q3BI>
- 41 Except for the United States and Mexico, these figures are from the JETRO's 2023 Survey on Business Conditions of Japanese Companies in Asia and Oceania, which surveys Japanese firms, though it is reasonable to assume that these wages are similar as those from other international companies. Japan External Trade Organisation (JETRO). (2022). *Survey on business conditions of Japanese companies operating overseas (Asia and Oceania)*. P62. [https://www.jetro.go.jp/ext\\_images/en/reports/survey/pdf/2022/EN\\_Asia\\_and\\_Oceania\\_2022.pdf](https://www.jetro.go.jp/ext_images/en/reports/survey/pdf/2022/EN_Asia_and_Oceania_2022.pdf) For Mexico: Mexico wages in manufacturing. Retrieved December 2022, from <https://tradingeconomics.com/mexico/wages-in-manufacturing> Take-Profit.org. (2022). United States: Average hourly wage in manufacturing. Retrieved December 2022, from <https://take-profit.org/en/statistics/wages/united-states>
- 42 Nathan, D. (2018). Imperialism in the twenty-first century: Global value chains and labour arbitrage. *Economic and Political Weekly*, 53(32), 33–39.
- 43 Pellow, D. N., & Park, L. S.-H. (2002). *The Silicon Valley of dreams: Environmental injustice, immigrant workers, and the high-tech global economy*. New York University Press, p.188.
- 44 Pawlicki, P. (2016). Re-focusing and re-shifting – The constant restructuring of global production networks in the electronics industry. In J. Drahokoupil, R. Andrijasevic, & D. Sacchetto (Eds.), *Flexible workforces and low profit margins: Electronics assembly between Europe and China* (pp. 21–44). European Trade Union Institute (ETUI), p. 36.
- 45 Duhigg, C., & Bradsher, K. (2012, January 22). How US lost out on iPhone work. *The New York Times*.
- 46 Thompson, W. (2011, December 1). Hon Hai Precision. Credit Suisse. p. 3.
- 47 Peter Hasenkamp cited in: McGee, P., & Edgecliffe-Johnson, A. (2020, March 8). Companies' supply chains vulnerable to coronavirus shocks. *Financial Times*.
- 48 Brookes, M. (2017). *Labour as a transnational actor: Alliances, activism and the protection of labour rights in the Philippines and Pakistan*. *Development and Change*, 48(5), 922–941. <https://doi.org/10.1111/dech.12330>,
- 49 Thomas, H., & Turnbull, P. (2018). From horizontal to vertical labour governance: The International Labour Organization (ILO) and decent work in global supply chains. *Human Relations*, 71(4), 536–559. <https://doi.org/10.1177/0018726717719994>



GoodElectronics

*Setem*

## **2. United States: Silicon Valley's anti-union model as a global blueprint**

## 2. United States: Silicon Valley's anti-union model: a global blueprint

The Silicon Valley model stands as a second major barrier to the fundamental rights of freedom of association and collective bargaining. A select group of powerful corporations dominates the electronics industry, many headquartered in the United States and operating within the Silicon Valley framework, which is often hailed as a hub of innovation, entrepreneurship and risk-taking. Yet beneath this image lies a system built on exclusion and control. With its entrenched focus on wealth, power, deregulation, venture capital, and traditional masculinity— increasingly associated with “technofeudalism”<sup>1</sup>—the Silicon Valley model has resisted unions from the outset, embedding practices that systematically undermine workers’ ability to organise. This includes relocation and intimidation, a heavy reliance on short-term contracts, a deliberate preference for female and migrant workers—who are more vulnerable to exploitation—and the illusion of worker participation, which ultimately preserves managerial power while suppressing genuine representation.

### US firms on top of many segments of tech supply chain

The global electronics industry is largely dominated by a few dozen major corporations, many of which are headquartered in the US. Although factory work has largely been outsourced to contract manufacturers in Asia, the electronics and semiconductor industry remains one of the largest manufacturing sectors in the US, employing over 700,000 workers, according to ILO estimates<sup>2</sup>—down from 2.3 million in 1993<sup>3</sup>

Companies like Apple, NVIDIA, Dell, Intel, Hewlett-Packard (HP), and Cisco Systems dominate global production networks. Among these, Apple stands out as the United States’ most valuable brand, whose dominance in consumer markets is driven by its ability to connect products with symbolic, emotional, and image-driven qualities. On the production side, Apple sources components from numerous suppliers, relying on contract manufacturers like Foxconn for mass assembly.

In the semiconductor industry, several firms manufacture the chips that end up as components in computers, mobile phones, and other electronic devices. First,

there is a group of mostly US-headquartered companies specialising solely in chip design, innovation, and branding, such as Qualcomm, Broadcom, and NVIDIA. These companies mitigate the financial risks associated with operating in-house foundries by concentrating on intellectual property and chip design rather than manufacturing. With no internal wafer fabrication facilities, they rely entirely on external foundries—often referred to as “fabs”—for production. This operational model has earned them the designation of “fabless” firms. However, it also means that these firms are dependent on (mostly Taiwanese) contract manufacturers like TSMC for their actual chip production. Outsourcing has enabled them to reduce investments in expensive foundries and use retained earnings to generate short-term profits, mainly through “share buybacks”.<sup>4</sup> By the late 2010s, however, the growing reliance on foreign chip supplies was increasingly seen as a strategic vulnerability, exacerbated by narratives of Sinophobia, fear, and warmongering. In response, industrial policies were introduced to strengthen the domestic share of chip production. Central to this effort is the CHIPS for America Act, which allocates \$52.7 billion in government subsidies to boost domestic manufacturing. A key focus of the initiative is the decentralisation of cutting-edge chip manufacturing away from its concentrated presence in Taiwan.

## Anti-union strategies

Despite its size, the electronics industry has maintained its union-free status since its inception in the 1950s.<sup>5</sup> The deep-seated anti-union sentiment within Silicon Valley's corporate culture is illustrated by Intel co-founder Robert Noyce, who once famously remarked, “Remaining non-union is essential for survival for most of our companies”.<sup>6</sup> This perspective is echoed by Charles E. Sporck, hailed as one of the founding fathers of Silicon Valley,<sup>7</sup> who proudly noted Fairchild's success in “keeping unions out”, asserting that unionisation would undermine corporate flexibility and competitiveness.<sup>8</sup>

Former union organiser David Bacon writes that the expanding electronics factories served as “laboratories” for developing workforce management techniques aimed at maintaining “a union-free environment.” These techniques were later employed to weaken unions in other industries, including car factories and steel mills,<sup>9</sup> and were exported globally as US firms expanded overseas. Over the last 60 years US tech firms have employed a wide variety of policies and practices to deter workers from forming or joining trade unions or to evade recognising them.<sup>10</sup> Four key strategies stand out in particular: relocation, intimidation, precariousness, and substitution.

## A. Relocation

One way to undermine the collective power of workers is through relocation. Although semiconductor manufacturing originated in the industrial northeast of the United States, it soon shifted southwards to regions such as Texas and Silicon Valley, with the latter emerging as a key hub for high-tech manufacturing. These areas offered a much weaker union presence, cleaner air, and closer proximity to key customers, who, in the early years, were predominantly arms manufacturers and the Pentagon, as the industry was closely tied to the Cold War's techno-nationalism and military spending.<sup>11</sup> In 1963, Fairchild Semiconductor pioneered the "global assembly line," shipping pre-fabricated silicon wafers to Hong Kong for final assembly into electronic devices, setting a precedent for the industry's globalised production model. These offshore locations, often designated as "union-free zones" with government policies actively discouraging independent union formation (as detailed in the chapters on China, Malaysia, the Philippines, Indonesia, Mexico and Taiwan), offered an abundant supply of cheap labour and minimal worker protections, making union activity rare or easily suppressed. This model—transporting wafers to low-wage regions for assembly, testing, and packaging—remains a cornerstone of the semiconductor industry.

Relocation in the electronics equipment industry emerged somewhat later, gaining significant momentum during the 1980s and 1990s. This period marked the establishment of a model centred on cross-border production networks, or global value chains.<sup>12</sup> As outlined earlier, US lead firms collaborate with independent "partner manufacturers" or EMS firms. These partners handle the procurement of parts and components, as well as oversee the assembly of final products. However, by retaining control over critical areas such as design and marketing, these multinational corporations maintain a firm grip on the entire manufacturing network, ensuring their dominance at every stage of the value chain.

However, the relocation of production processes was not just a means to cut operating costs and evade environmental regulations; it also became a potent rhetorical weapon for Silicon Valley employers, used to deter domestic workers from attempting to organise.<sup>13</sup> The fear of job loss fostered a hostile environment for collective action, amplified by the devastating impact of actual plant closures, such as National Semiconductor's mass-production wafer fabrication lines. These shutdowns hit communities hard, disproportionately affecting immigrant workers—particularly Filipinos—who lost jobs "by the thousands."<sup>14</sup> In some cases, factories were closed down solely to evade union recognition.<sup>15</sup> For instance, in the early 1980s, Atari shut down its local production facilities during a unionisation campaign, opting to move operations abroad. Ten years later, Versatronex—an electronics manufacturer—closed shop after workers filed for a union representation election, showing the lengths to which Silicon Valley's companies will go to undermine unions.<sup>16</sup>

Subcontracting further complicates worker organising by fragmenting the workforce across multiple companies, resulting in a dispersed and disconnected labour pool. This creates a system whereby lead firms can operate on a global basis without committing to specific places, labour forces or societies. While differences among workers based on skills, gender, ethnicity, or position (e.g. “core” workers versus “peripheral” workers) have always posed challenges to achieving collective action, the spatial decentralisation of production intensifies these differences. It also introduces new issues—such as those related to distance, language, tradition, or nationality—that complicate strategies aimed at building collective solidarity and unifying workers around shared concerns. In other words, outsourcing and offshoring create challenges for collective solidarity and weakens workers’ ability to unify around shared concerns. Moreover, the lack of direct employment ties to primary corporations enables lead firms to evade accountability for workers’ rights and conditions.

## B. Intimidation and threatening workers

Despite trade unions securing contracts for janitors and construction workers employed by outside contractors, the production floor remained off-limits to unionisation.<sup>17</sup> When workers attempted to organise during the 1970s, 1980s, and 1990s, companies responded aggressively—and often unlawfully—through “extensive employee surveillance, threats, and discriminatory terminations.”<sup>18</sup> These tactics fostered a climate of fear that effectively discouraged employees from participating in collective action.

At the time, immigrant women, largely from countries such as Mexico, Vietnam, and the Philippines, made up between 68 and 90 per cent of the operative labour force in high-tech manufacturing.<sup>19</sup> In some of the most severe instances, immigrant workers have been warned that their involvement in union activities could lead to deportation, regardless of their legal status.<sup>20</sup> Such fear-mongering preys on the vulnerability of these workers, who often contend with language barriers, economic insecurity, and cultural isolation. This combination effectively stifles any efforts to organise or advocate for better conditions.<sup>21</sup>

This practice is not limited to Silicon Valley. Today, in countries like Thailand, Malaysia, Taiwan, and Hungary, where suppliers to global corporations also rely heavily on migrant labour, workers face systemic intimidation and exploitation. These strategies mirror those used in the US, perpetuating a cycle of fear and compliance that obstructs workers’ ability to organise and claim their fundamental labour rights (see Chapters 4 and 8).

Another form of intimidation commonly employed in the US involves the use of “industrial relations” consultants—professional union-busters whose primary goal is to undermine workers’ attempts to organise and form unions.<sup>22</sup> Under the guise of free speech, these consultants are used to convey to workers that if they decide to join a trade union,

they will face negative consequences, which sometimes include covert threats of plant closure or the relocation of production. This happens during captive-audience meetings, typically held during work hours, where attendance is mandatory, and “workers can be prohibited from asking any questions or making any comments under pain of discipline, including discharge.”<sup>23</sup> This deliberate form of intimidation is designed to instil a profound fear of managerial reprisals—whether real or perceived—ultimately deterring workers from exercising their fundamental right to unionise.

## C. Precarious work

Despite its idealised image of creativity and high-wage jobs, Silicon Valley's high-tech sector is marked by gender, racial and age disparities. Full-time professional roles are predominantly occupied by white and Asian men, while women, people of colour, and older workers face barriers to entry and advancement. The ideal worker to be recruited was, as one study found, “small, foreign, and female,”<sup>24</sup> believed to be more “docile” and less likely to organise. These workers were hired for low-wage, insecure, hazardous, and repetitive jobs with limited opportunities for advancement—a pattern now replicated across the global supply chain.

These strategies are not just about efficiency but are calculated moves to prevent solidarity, exploiting the vulnerability of contingent workers while fostering division within the workforce. Such tactics reflect a deliberate erosion of organised labour's influence.<sup>25</sup> Job insecurity has become entrenched in the global electronics supply chain, where over 50% of workers are often trapped in temporary contracts. These contractual arrangements condemn workers to chronic instability and deny them basic social protections, rendering their livelihoods precarious and their futures uncertain. The widespread fear of job loss acts as a significant deterrent, discouraging workers from exercising their right to organise. The ever-changing workforce further undermines attempts to build lasting and effective labour organisations. High turnover, driven by the prevalence of precarious work, has become a hallmark of today's globalised electronics industry. As many workers view their roles as temporary, there is little incentive to invest time or effort in improving conditions through unionisation, perpetuating a cycle of instability and weak collective action. These challenges are explored further in Chapter 7, with a special focus on Indonesia.

## D. Substitution

A fourth corporate strategy aims to pre-empt unionisation by fostering workplace environments where collective representation seems unnecessary. However, these efforts primarily focus on a select group of “core workers”—highly paid professionals such as skilled scientists, R&D engineers, and marketers—while excluding routine

manufacturing workers, many of whom are migrants or women. Companies like IBM, Intel, Hewlett-Packard and Texas Instruments embody this “union substitution” strategy, offering competitive “above union-rate” wages, generous benefits, and fostering a workplace culture centred on loyalty and individual achievement.<sup>26</sup> Employers promoted the narrative that unions were unnecessary in an innovation-driven industry, fostering a culture of collaboration and “family-like” relations to portray unions as disruptive intermediaries.<sup>27</sup> By promoting strong corporate identities as modern, progressive, and non-union, these firms discourage union organising while avoiding outright hostility to a small fraction of their high-tech workforce. Chapter 8 explores how Taiwan's high-tech industry was modelled after Silicon Valley's union-avoidance strategies, employing teamwork, financial incentives, and personalised labour relations to discourage collective organising among its highly qualified technical, while migrant workers from countries like the Philippines and Vietnam face far harsher conditions.

Key to the union-avoidance approach is the creation of mechanisms that mimic participation, such as suggestion schemes and employee feedback systems, which give the impression of empowerment while maintaining managerial control.<sup>28</sup> This concept of substituting trade unions with employer-dominated alternatives resurfaces in the promotion of “worker voice” within corporate social responsibility initiatives—a topic explored further in Chapter Nine.

## Apple's retail workers

The transnational outsourcing of production has resulted in minimal labour-intensive manufacturing remaining in the US. However, this globalisation strategy does not eliminate labour issues within the country's tech firms, nor has it rendered union struggles obsolete. Instead, labour-intensive challenges have shifted focus to sectors such as software development, warehousing, and retail, where disputes over working conditions and unionisation persist. For example, Apple has faced allegations of engaging in illegal union-busting practices at its retail stores in the US, including coercing employees to attend anti-union meetings, often held daily, establishing a fake union, punishing union members, and terminating union activists. Workers reported being told that unionisation could lead to potential losses in benefits or changes to the existing work culture. “They got aggressive immediately,” said Shea Beckom, an Apple store worker in Short Hills, N.J., who participated in an unsuccessful union election.<sup>29</sup> The National Labor Relations Board (NLRB) issued a cease-and-desist order, instructing Apple to stop coercively interrogating employees about their union activities.<sup>30</sup> Despite these challenges, in June 2022, Apple Store workers in Towson, Maryland, achieved a significant milestone by becoming the first unionised retail tech staff in the US.<sup>31</sup>

✱✱

The Silicon Valley anti-union model has become a significant global barrier to workers' rights, with powerful U.S. tech corporations employing relocation, intimidation, precarious work, and union substitution to suppress unionisation and collective bargaining. While U.S. firms dominate key segments of the electronics supply chain, they have systematically offshored production to lower-cost regions with weaker labour protections, creating a fragmented workforce that struggles to organise. These anti-union tactics, originally developed in Silicon Valley, have been exported worldwide, entrenching precarious employment, deterring union activity, and enabling corporate control over workers across global supply chains.

## Footnotes

- 1 Varoufakis, Y. (2024). *Technofeudalism: What killed capitalism*. Melville House.
- 2 International Labour Office. (2024). *The future of work in the electronics industry: Advancing decent work in more inclusive, sustainable, and resilient electronics supply chains*. Geneva: International Labour Office. Retrieved from [https://www.ilo.org/sites/default/files/2024-11/The%20future%20of%20work%20in%20the%20electronics%20industry\\_WEB\\_Rev.pdf](https://www.ilo.org/sites/default/files/2024-11/The%20future%20of%20work%20in%20the%20electronics%20industry_WEB_Rev.pdf)
- 3 Eisenscher, M. (1993). *Silicon fist in a velvet glove*. Oakland, CA: Michael Eisenscher.
- 4 Lazonick, W., & Hopkins, M. (2021). Why the CHIPS Are Down: Stock Buybacks and Subsidies in the US Semiconductor Industry (Working Paper No. 165). Retrieved from [https://www.ineteconomics.org/uploads/papers/WP\\_165-Lazonick-and-Hopkins.pdf](https://www.ineteconomics.org/uploads/papers/WP_165-Lazonick-and-Hopkins.pdf)
- 5 Eisenscher, M. (1993). *Silicon fist in a velvet glove*. Oakland, CA, unpublished document on file; see also: Bacon, D. (2011). Land of the open shop: The long struggle to organize Silicon Valley. *New Labor Forum*, 20(1), 73–80; Dickson, T., McLachlan, M., Prior, P., & Swales, K. (1988). Big Blue and the union: IBM, individualism and trade union strategy. *Work, Employment and Society*, 2, 506–520; Pellow, D., Matthews, G. (2006) Immigrant Workers in Two Eras: Struggles and Successes in Silicon Valley. In *Challenging the Chip: Labor Rights and Environmental Justice in the Global Electronics Industry*, ed. T. Smith, D. Sonnenfeld and D. Pellow, Philadelphia, Temple University Press; Ferus-Comelo, A. (2008). Mission Impossible?: Raising Labor Standards in the ICT Sector. *Labor Studies Journal*, 33(2), 141–62. <https://doi.org/10.1177/0160449X07302480> ; Devinatz, V. G. (2005). High-tech production workers' fear of unionizing: A Wheeler–McClendon model analysis of a union organizing campaign at a US medical electronics factory. *Employee Responsibilities and Rights Journal*, 17(3), 143–160. <https://doi.org/10.1007/s10672-005-6938-6>
- 6 Cited in: Bacon, D. (2011, March 4). *Up against the open shop – The hidden story of Silicon Valley's high-tech workers*. Truthout. Retrieved from <https://truthout.org>
- 7 Pollack, A. (1991, January 11). Chip industry pioneer to retire. *The New York Times*. The New York Times Company
- 8 Cited in: *Silicon Genesis: Oral Histories of Semiconductor Technology*, Interview with Charlie Sporck, February 21, 2000, Los Alto Hills, California, [file:///Users/jmerk/Downloads/fj299www8737\\_script.htm](file:///Users/jmerk/Downloads/fj299www8737_script.htm)
- 9 Bacon, D. (2011, March 4). *Up against the open shop – The hidden story of Silicon Valley's high-tech workers*. Truthout. <https://truthout.org/articles/up-against-the-open-shop-the-hidden-story-of-silicon-valley-s-high-tech-workers-2/>
- 10 Such anti-union practices and attitudes are rooted in the long-standing power imbalance between employers and workers in the capitalist system, where employers seek to control the effort workers provide in exchange for their wages. See: Gall, G., & Dundon, T. (2013). Anti-unionism: Contextual and thematic issues. In G. Gall & T. Dundon (Eds.), *Global anti-unionism: Nature, dynamics, trajectories and outcomes*. Palgrave Macmillan.
- 11 O'Mara, M. P. (2019). *The code: Silicon Valley and the remaking of America*. Penguin Press.
- 12 Yeung, H. W.-C. (2022). *Interconnected Worlds: Innovation and Technology in the World Economy*. Stanford University Press.

- 13 Hossfeld, K. J. (1994). *Why aren't high-tech workers organized? Lessons in gender, race, and nationality from Silicon Valley*. In P. Ong, E. Bonacich, & L. Cheng (Eds.), *The new Asian immigration in Los Angeles and global restructuring* (pp. 405–429). Temple University Press.
- 14 Romie Manan cited in: Bacon, D. (2011). *Land of the open shop: The long struggle to organize Silicon Valley*. New Labor Forum.
- 15 Bacon, D. (2011). *Land of the open shop: The long struggle to organize Silicon Valley*. New Labor Forum, 20(1): 73–80.
- 16 Ibid.
- 17 Bacon, David (2011) 'Land of the open Shop: The Long Struggle to Organize Silicon Valley', *New Labor Forum* 20(1): 73–80; Dickson, T., McLachlan, M., Prior, P. and Swales, K. (1988). 'Big Blue and the union: IBM, individualism and trade union strategy', *Work, Employment and Society*, 2: 506–20.
- 18 Devinatz, V. G. (2005). High-tech production workers' fear of unionizing: A Wheeler–McClendon model analysis of a union organizing campaign at a US medical electronics factory. *Employee Responsibilities and Rights Journal*, 17(3), 143–160. <https://doi.org/10.1007/s10672-005-6938-6>
- 19 Ibid.
- 20 More recent research also found that high employers exploit migrants' precarious visa status to suppress organising, see: Neely, M. T., Sheehan, P., & Williams, C. L. (2023). Social inequality in high tech: How gender, race, and ethnicity structure the world's most powerful industry. *Annual Review of Sociology*, 49, 319–338. <https://doi.org/10.1146/annurev-soc-031021-034202>
- 21 Hossfeld, K. J. (1994). *Why aren't high-tech workers organized? Lessons in gender, race, and nationality from Silicon Valley*. In P. Ong, E. Bonacich, & L. Cheng (Eds.), *The new Asian immigration in Los Angeles and global restructuring* (pp. 405–429). Temple University Press.
- 22 Moody, K. (2013). Beating the union: Union avoidance in the US. In G. Gall (Ed.), *Global anti-unionism: Nature, dynamics, trajectories* (pp. 143–158). Palgrave Macmillan. p.151–2; Logan, J. (2013). Employer opposition in the US: Anti-union campaigning from the 1950s. In G. Gall (Ed.), *Global anti-unionism: Nature, dynamics, trajectories* (pp. 21–38). Palgrave Macmillan; Compa, L. (2004). *Unfair advantage: Workers' freedom of association in the United States under international human rights standards*. ILR Press.
- 23 Compa, L. (2004). *Unfair advantage: Workers' freedom of association in the United States under international human rights standards*. ILR Press, p.57.
- 24 Hossfeld, K. J. (1994). *Why aren't high-tech workers organized? Lessons in gender, race, and nationality from Silicon Valley*. In P. Ong, E. Bonacich, & L. Cheng (Eds.), *The new Asian immigration in Los Angeles and global restructuring* (pp. 405–429). Temple University Press.
- 25 Eisenscher, M. (1993). *Silicon fist in a velvet glove*. Oakland, CA, unpublished document on file
- 26 Dundon, T., Cullinane, N., & Harney, B. (2006). The ideology of union-busting. *International Union Rights Journal*, 13(2), 5–6; Dunn, B. (2004). *Global restructuring and the power of labour*. Palgrave Macmillan.
- 27 Bacon, D. (2011, March 4). *Up against the open shop – The hidden story of Silicon Valley's high-tech workers*. Truthout. <https://truthout.org/articles/up-against-the-open-shop-the-hidden-story-of-silicon-valley-s-high-tech-workers-2/>; Eisenscher, M. (1993). *Silicon fist in a velvet glove*. Oakland, CA, unpublished document on file.
- 28 Ibid.
- 29 Cited in: Kullgren, I. (2024, July 18). Apple store union movement stalls as tech titan strikes back. *Bloomberg*. <https://www.bloomberg.com>
- 30 Giram, I. (2023, June 22). *Apple found guilty of violating employee rights with union-busting practices in NYC*. Tech Story. Retrieved from <https://tech-story.in/apple-found-guilty-of-violating-employee-rights-with-union-busting-practices-in-nyc/>
- 31 Despite recent progress, unionisation efforts in the tech and retail sectors face new challenges under the Trump administration (January 2025). The dismissal of key labour officials has crippled the National Labor Relations Board, undermining worker protections and threatening fundamental rights such as collective bargaining and fair representation. This shift in labour policy raises serious concerns over the future of worker rights. See: Hsu, A. (2025, January 28). *Trump fires EEOC and labor board officials, setting up legal fight*. NPR. Retrieved from <https://www.npr.org/2025/01/28/nx-s1-5277103/nlr-trump-wilcox-abruzzo-demo-crats-labor>

The background of the entire image is a solid purple color. Overlaid on this background is a complex, white line-art pattern that resembles a printed circuit board (PCB) layout. This pattern consists of numerous interconnected horizontal, vertical, and diagonal lines, with many of these lines terminating in small white circles, mimicking the appearance of solder pads or vias on a circuit board.

 Good Electronics

*Setem*

## 3. China: outlawing independent unions

### 3. China: outlawing independent unions

The third barrier to freedom of association and collective bargaining lies in legal environments that restrict workers from establishing and joining organisations of their choice without prior approval or government interference.

There are few nations where it is nearly impossible for companies to directly violate trade union rights, like in the Nordic countries – Denmark, Finland, Iceland, Norway, and Sweden – which have high trade union density rates, backed by strong legal protections and supportive policies for collective bargaining and workers' rights.<sup>1</sup> However, even in these countries, corporations may try to bypass collective bargaining through indirect methods, such as triangular employment arrangements. There are also only a few countries where trade unions are completely banned, Saudi Arabia is one example.

The third and by far the largest group, which includes countries such as China, Malaysia, Mexico, the Philippines, and Vietnam, occupies a grey area regarding trade union rights. While there may be some legal protections on paper, enforcement is often lax, and oversight is weak. This also leaves the door wide open for companies to engage in anti-union practices with little fear of being held accountable.

Belarus may not be a major player in electronics manufacturing, but it offers a recent example of state repression against independent trade unions. On 18 July 2022, the Supreme Court dissolved the Belarusian Congress of Democratic Trade Unions on questionable charges, leading to the liquidation of its four affiliates. Among them was the Union of Radio and Electrical Workers, which was linked to IndustriALL Global Union. Branded as extremist organisations, their closure left workers without independent representation, forcing them into the state-controlled Federation of Trade Unions of Belarus.<sup>2</sup>

Most electronic production takes place in countries that are part of this third group, where trade union rights are poorly protected, if not under outright attack. As we saw in Chapter 1, an estimated 78% of employment in electronics manufacturing takes place in Asia, specifically in China.

The ILO supervisory bodies have consistently emphasised the inseparable connection between civil liberties and trade union rights, asserting that a genuinely free and independent trade union movement can only flourish in an environment devoid of violence, coercion, and intimidation directed at its leaders and members. "The absence of these civil liberties," as stated in an ILO resolution, "deprives the concept of trade union rights of all meaning."<sup>3</sup> Without such freedoms, trade unions lose their independence and effectiveness, becoming powerless—a reality exemplified by China's state-controlled monopoly over trade unions.

## Factory of the world

Since the late 1990s, but particularly after joining the World Trade Organisation (WTO) in 2001—China has become a key hub for labour-intensive manufacturing, driven by low labour costs, lax environmental and labour regulations, and generous government incentives. Taiwanese contract manufacturers expanded across the Taiwan Strait, establishing large-scale final assembly facilities in mainland China. Initially, their operations were concentrated in coastal hubs like the Pearl River Delta and the Yangtze River Delta, leveraging these regions' robust infrastructure and proximity to global shipping routes. However, since 2010, they have increasingly expanded into interior cities or relocated to countries like Vietnam and India to mitigate rising labour costs in coastal areas.

While China remains a key export hub for labour-intensive final assembly, its technology supply chain has expanded significantly, with strong growth in hardware, components, and semiconductor development. Home to leading brands such as Huawei, Xiaomi, and Lenovo, China continues to strengthen its position in consumer electronics and telecom equipment. However, it still lags in critical areas, including high-end memory chips, advanced logic semiconductors, and wafer fabrication equipment, leaving it heavily dependent on foreign technology for its most sophisticated components. Its national policy ambitiously seeks to catch up and achieve global competitiveness in all areas of chip manufacturing.

Since 2018, China's electronics output has steadily declined due to rising wages and escalating geopolitical tensions that have weaponised the electronics supply chain. However, despite forecasts of further market share contraction, China will remain a crucial hub in global electronics manufacturing, accounting for approximately 25% of all electronics exports and over 43% of sector employment (as detailed in Chapter 1). The industry is also of great domestic importance: in 2023, China's exports of electrical machinery and electronics surpassed \$1.4 trillion, comprising nearly 38% of its total goods exports.<sup>4</sup>

## State-enforced monopoly of trade union organisation

The China Trade Union Law grants workers the right to form and join trade unions, yet Article 13 stipulates that any grassroots union must affiliate with the All-China Federation of Trade Unions (ACFTU)—the only union officially sanctioned by the state. This restriction effectively denies workers the freedom to join unions of their choice, contravening Article 2 of ILO Convention 87, which upholds the right to union diversity. In regions such as Guangdong, workers are permitted to elect their union representatives and engage in shop-floor-level collective bargaining, albeit under the oversight of the ACFTU. However, this system is largely symbolic, as the ACFTU

rarely facilitates genuine collective bargaining and often fails to advocate for workers' interests in disputes with management or the government.<sup>5</sup>

In 1982, China removed the right to strike from its constitution, creating legal ambiguity that effectively discourages the state-controlled ACFTU from supporting industrial action.<sup>6</sup> Consequently, strikes initiated by workers are often deemed “wildcat” actions: spontaneous walkouts sparked by worker grievances and lacking official union backing. These unapproved strikes are a clear signal of grassroots dissatisfaction, often arising from pressing issues on the shop floor. Out of this discontent occasionally emerge labour organizations with a social movement-like character. These informal, proto-unions—such as those formed by disaffected factory workers—lack the autonomy to draft constitutions, undertake activities, or create programmes that might advance workers' collective interests. Worse still, attempts to establish independent avenues for representation are closely monitored by the party-state, which prioritises social stability and can lead to severe repression, including imprisonment.<sup>7</sup> In a case concerning the electronics industry, the ILO's Committee on Freedom of Association asserted that peaceful union activities must be protected under ILO principles. It urged China to avoid actions that may intimidate union members and to uphold fair judicial processes.

## Workplace representation

Workers in China have the formal right to elect representatives and participate in factory-level negotiations with management. However, this autonomy is significantly restricted by a required affiliation with the ACFTU, which prioritises state and enterprise interests over grassroots advocacy.<sup>8</sup> In practice, many union leaders also hold senior roles as company managers or board members, creating a built-in conflict of interest. This setup violates ILO Convention No. 98, which requires unions to operate free from employer influence. As a result, union activities often focus on welfare initiatives, like charity events and social gatherings, rather than addressing pressing labour issues. Although efforts have been made to democratise unions through measures like direct elections and the promotion of collective bargaining, particularly in Guangdong, these initiatives remain limited by “political, structural, and institutional constraints,” as one expert observes.<sup>9</sup> Consequently, collective bargaining in China is underdeveloped, characterised by weak, non-binding, and opaque agreements that unions often fail to share with workers.<sup>10</sup>

A prime example is the Taiwanese firm Hon Hai Precision Industry, better known as Foxconn. As the world's largest contract manufacturer and China's leading private employer, Foxconn maintains a workforce of over 800,000, most of whom are based in China. Foxconn's most important client is Apple, but it also takes orders from dozens of other leading electronics brands including Amazon, Cisco, Dell, IBM, HP, and more. The company exemplifies a manufacturing model driven by a strategy of “low-cost, suppressed labour rights competitiveness,”<sup>11</sup> acting as the “foreman” responsible for

recruiting large workforces and deploying them on behalf of its branded clients in global supply chains.<sup>12</sup>

Workers endure low wages and excessive overtime, and they are housed in dormitories next to their workplaces, which integrate their productive and reproductive spheres. This setup allows employers to exert extensive control over employees' personal lives, subjecting them to strict schedules and rigid routines that extend beyond working hours. This "dormitory labour regime" enables companies to extract maximum value from a workforce that is often temporary, vulnerable, and largely comprised of in-country migrants.<sup>13</sup> Low wages and exhausting working hours create profound hardships, often compelling married workers to leave their children in rural areas under the care of grandparents or other relatives.<sup>14</sup> In this set-up, Foxconn—not unlike other giant suppliers—externalises the cost of social reproduction to (rural) families.

In Chinese society, the government regulates rural-to-urban migration and permanent settlement through the long-established household registration system, known as "hukou." Under this system, individuals who move from rural areas to cities in search of work face significantly restricted access to public education, healthcare, unemployment support, housing, and other essential social services compared to urban residents. Consequently, rural migrant workers are often regarded and treated as second-class citizens.<sup>15</sup> For instance, Foxconn's migrant workers in Shenzhen face mounting struggles to afford rent, as gentrification transforms industrial suburbs into middle-class districts, leaving them confined to overcrowded urban villages due to exclusion from public housing.<sup>16</sup> This entrenches their marginalisation, leaving them vulnerable to exploitation by employers. Even children born to rural migrants in urban areas are excluded from subsidised public services, perpetuating a cycle of inequality.<sup>17</sup>

With few other avenues to express their grievances, workers often voice their discontent by quitting their jobs, or as described, "voting with their feet."<sup>18</sup> This behaviour represents a form of "collective inaction," where workers "seek individualised solutions to their predicaments."<sup>19</sup> Such factory hopping, however, undermines their collective bargaining power and, as Peter Pawlicki from Electronics Watch observes, makes unionisation efforts even more difficult, diminishing the chances of meaningful structural change.<sup>20</sup>

At Foxconn's mega-factories, there is notoriously little space for genuinely representative unions. Jenny Chan and her colleagues, academics who have extensively studied working conditions at Foxconn, documented workers' assessment of the company union as a "political ornament" intended to legitimise management in the eyes of external stakeholders. Chan states: "The chairwoman of the Foxconn union is the special assistant to the CEO, Terry Gou! How can workers have confidence in the company union?"<sup>21</sup> Without a reliable whistle-blowing policy, employees are unlikely to report complaints. Another study found that the union's leadership committee consisted of just two workers and 30 managers, clearly leaving management in full control.<sup>22</sup>

## Wildcat strikes

The absence of representative unions strips workers of a fundamental voice and vital support in disputes with employers. However, the power of collective action extends beyond formal union representation. Workers often assert their agency through covert resistance, subterfuge, and deliberate productivity slowdowns, effectively challenging and renegotiating managerial authority. "Some workers exercise their agency by quitting immediately following payday," Jenny Chan and Mark Selden note, "while others fight collectively for their economic and political rights."<sup>23</sup> Large groups of workers resist management through wildcat actions—spontaneous, unplanned protests without formal union involvement or approval.<sup>24</sup> According to the [China Labour Bulletin](#) (CLB), a Hong Kong-based NGO monitoring labour rights and worker protests in mainland China, at least 33 instances of mass worker actions occurred at Foxconn factories between 2011 and 2020, with nine of these involving over a thousand workers.<sup>25</sup>

Other sources of unrest included excessive overtime, stringent quality control measures, verbal harassment by management, security abuses, unfair dismissals, and disputes over annual leave. While some of these protests have led to small wins, such as wage increases, improved dormitory conditions, or the reversal of unworkable production targets, experts conclude that, so far, the "combined power of the company, the local state, and the unions, however, has prevented breakthroughs in securing the right to strike, to collective bargaining, and the formation of independent unions that might make it possible to extend and sustain workers' rights".<sup>26</sup>

Concurrently, over the last decade, China's government has increasingly restricted civic space, thereby limiting the role of civil society groups that had emerged to support factory workers in their struggles with management.<sup>27</sup> In Hong Kong, several labour rights organisations, including the Hong Kong Confederation of Trade Unions, which supported mainland China's electronics workers, were forced to disband.<sup>28</sup>

## Suicide protests

In 2010, a tragic series of suicides occurred at Foxconn, Apple's largest supplier in China. Eighteen workers attempted to end their lives; 14 died, while 4 survived with severe, life-altering injuries.<sup>29</sup> The victims, aged between 17 and 25, were in the prime of their youth, underscoring the immense pressures faced by employees at the manufacturing giant. Their deaths highlight the restrictive and dehumanising conditions these labourers endured. An anonymous worker's blog captured the haunting reality:

"The use of death is simply to testify that we were ever alive at all and that while we lived, we had only despair."<sup>30</sup>

The translated blog post reflects the profound sense of hopelessness that gripped Foxconn's factory floors, exposing the desperation many workers felt in the face of

intolerable working conditions.<sup>31</sup> While undeniably tragic, the wave of suicides among Foxconn employees cast a global spotlight on the severe human rights violations embedded within Apple's supply chain.

This grim reality sparked a troubling trend: workers at Foxconn and other companies began to wield the threat of mass suicide as a means of pressuring management to address their grievances.<sup>32</sup> Since 2010, CLB has recorded at least six instances where Foxconn workers have collectively threatened to jump from rooftops in protest, highlighting the lengths to which they were willing to go to be heard.<sup>33</sup> For example, workers at Foxconn's Wuhan factory resorted to drastic measures to protest their unbearable working conditions. One of the protesting workers explained, "Because we could not cope, we went on strike. It was not about the money but because we felt we had no options. At first, the managers said anyone who wanted to quit could have one month's pay as compensation, but then they withdrew that offer. So we went to the roof and threatened a mass suicide."<sup>34</sup> After two days, the conflict was eventually resolved peacefully following discussions with Foxconn officials and local government representatives.<sup>35</sup>

As the authors of *Dying for an iPhone* explain, "the threat of mass suicide emerged as a staged performance to force managers to accept immediate negotiations."<sup>36</sup> These "suicide protests"—underscore the extreme desperation of workers, where even the pursuit of basic labour rights forces them to use their bodies—literally—as bargaining tools.<sup>37</sup>

Few examples more starkly illustrate the absence of genuine worker representation and the lengths to which employees must go to have their voices heard. But this crisis is rooted in a broader system that structurally denies workers their rights. By mandating affiliation with the state-controlled ACFTU, the system suppresses authentic worker representation and limits collective action. Nevertheless, or perhaps as a direct consequence of this system, worker unrest is on the rise.<sup>38</sup> In 2024 alone, CLB's strike map recorded 109 factory disputes in the electronics industry, exposing mounting frustration over closures, relocations, and wage suppression tactics, including various protests at Foxconn sites over wage cuts, factory relocations, and lack of compensation.<sup>39</sup>

In one case, CLB writes, workers at Qiao Feng Technology protested as machinery was removed from their factory without notice, fearing abrupt layoffs. The local enterprise union failed to intervene, and instead, workers faced retaliation, with two employees dismissed for "deliberately spreading rumours" at the behest of the enterprise union.<sup>40</sup> It's a clear case of a state-controlled union betraying workers—not only failing to protect them but sometimes worsening their plight. And when management handpicks union "representatives," the outcome is hardly surprising. For unions to play a meaningful role, they must be democratically elected, truly representative, and capable of addressing worker grievances while actively engaging in collective negotiations. This requires a legal framework that safeguards their independence from both the state and employers, ensuring genuine autonomy in their operations. All of which are absent in China.

These disputes over factory closure also highlight a fundamental failing of lead firms: their inability to ensure that electronics workers receive back pay and severance when factories shut down. These companies profit from workers' labour under weak protection regimes and must not be allowed to evade accountability when suppliers withhold legally owed wages and compensation. Rather than turning a blind eye, they should take proactive steps to prevent wage theft and guarantee that workers receive the payments they are entitled to by law. Corporations should also comply with ILO standards on freedom of association and collective bargaining, ensuring that workers have the space to exercise these rights—even when severely constrained by Chinese law.

## Samsung and the challenge of freedom of association in Vietnam's electronics industry

China is well-known for its state-controlled trade union system, and Vietnam's electronics industry mirrors this approach in many ways. However, Vietnam stands at a critical juncture, signalling the potential for meaningful political transformation.

Since the early 2010s, Vietnam has emerged as an appealing alternative for companies seeking options beyond China. Initially, its significantly lower labour costs—less than half of China's—served as a major draw. Over time, the intensifying rivalry between the US and China has further heightened Vietnam's attractiveness by introducing uncertainties and risks to investing in or sourcing from China. Coupled with its active integration into numerous free trade agreements, Vietnam has solidified its place as one of the industry's "winners," particularly in mass assembly. As of 2024, the ILO notes that Vietnam accounting for 5.29% of global electronics manufacturing employment, ranking third after China (43.20%) and Taiwan (6.79%), with women making up the majority of the workforce at 65.52%.<sup>41</sup>

Amid a surge of global tech companies shifting their production to Vietnam, the South Korean giant Samsung stands unrivalled. Since 2008, Samsung has shifted much of its labour-intensive manufacturing to Vietnam. In 2019, it closed its last phone assembly unit in Guangdong, China, consolidating production in Vietnam.<sup>42</sup> The corporation wields immense economic influence, single-handedly accounted for roughly 7.96% of the country's total export turnover in 2023. The company employs 150,000 workers having turned Vietnam into its main export platform for producing mobile phones.

The Vietnam General Confederation of Labour (VGCL), a state-affiliated union, has historically dominated worker representation. Its structure strongly echoes that of China, where unions tend to serve employer and state interests rather than those of workers.<sup>43</sup> Despite this, the VGCL has occasionally displayed flashes of independence, stepping into collective bargaining and standing up for workers during disputes and wildcat strikes. The VGCL is also working in partnership with the ILO and IndustriALL Global Unions.<sup>44</sup>

Vietnam's commitment to labour reform has gained momentum through its trade agreements, notably the EU-Vietnam Free Trade Agreement (EVFTA). As a requirement of the trade agreement, Vietnam ratified key International Labour Organization (ILO) conventions, including Convention 98 on collective bargaining in 2019 and Convention 105 on the abolition of forced labour in 2020. A revised labour code introduced in 2019 also allows for independent Worker Representative Organizations at the enterprise level—a shift from the VGCL's workplace monopoly, even if they cannot operate beyond the enterprise level, engage in national-level policy discussions, or rival the VGCL's state support.<sup>45</sup> However, the ratification of ILO Convention 87—which would guarantee workers the right to establish and join trade unions free from state or employer interference and is a critical component of the EVFTA's labour reform agenda—has been repeatedly announced yet persistently delayed.<sup>46</sup>

As of December 2024, its implementation faces opposition from conservative factions, including corporations, concerned about a potential weakening of state authority.<sup>47</sup> Bang Hyun Woo, a former deputy head of Samsung in Vietnam, recently voiced concerns about the potential consequences of permitting independent unions. In his speech, Bang cautioned that greater union freedom could lead to a "disorderly proliferation of unions" and a "deterioration of industrial relations."<sup>48</sup>

Although Samsung downplayed these remarks as merely reflecting Bang's personal views,<sup>49</sup> they align with a broader corporate culture that has historically been hostile to organised labour. This scepticism is rooted in Samsung's well-documented history of suppressing trade union rights. Samsung's founder, Lee Byung-chul, famously declared that unions would be allowed only "over my dead body."<sup>50</sup>

Over decades, this sentiment has manifested in aggressive—and often illegal—efforts to prevent unions from establishing a foothold, both in South Korea and abroad.<sup>51</sup> This includes a 115-page management instruction manual produced by Samsung, which explicitly outlines methods for identifying and suppressing union activity. The document includes guidance on "how to detect workers who are most likely to attempt to organise, how to monitor them and how to isolate and eventually thwart workers who exercise their rights to form a union".<sup>52</sup> Reportedly, the manual has been used to train managers on implementing an effective "union free" policy across Samsung's production sites in Asia.<sup>53</sup> While Vietnamese unions operate under state control, four members of a production line at Samsung's Bac Ninh factory faced dismissal after protesting against the high intensity of their work. The workers were reportedly terminated when they refused to sign an oath pledging not to protest again.<sup>54</sup>

This unlawful opposition culminated in 2019 when 26 Samsung Electronics executives, including Vice President Kang Kyung-hoon, were convicted and sentenced to prison. They were found guilty of systematically sabotaging the establishment of trade unions within Samsung and its suppliers.<sup>55</sup> These convictions reportedly put an end to Samsung's blatant and unlawful interference in union activities, paving the way for the Federation of Korean Metalworkers' Trade Unions to successfully establish unions within Samsung Electronics.

## Footnotes

- 1 This argument draws on comments made by Dwight Justice, former Policy Advisor at International Trade Union Confederation, during the Clean Clothes Campaign's (2011) *Network Human Rights Seminar: Exploring the Ruggie Framework to Successfully Resolve Freedom of Association Rights Abuses in the Workplace*. The seminar was hosted by Labour Behind the Label, the UK platform of the CCC, and held at Amnesty International's Human Rights Action Centre in London.
- 2 IndustriALL Global Union. (July 22, 2022). *Fighting the dissolution of Belarus independent trade unions*. Retrieved January 27, 2025, from <https://www.industriall-union.org/fighting-the-dissolution-of-belarus-independent-trade-unions>
- 3 International Labour Organization. (2004). *Organizing for social justice: Global report under the follow-up to the ILO declaration on fundamental principles and rights at work*. International Labour Conference, 92nd Session, 2004, Report 1 (B). International Labour Office.
- 4 Investopedia. (2024, September 12). *The U.S. and These Other Countries Are the World's Leading Electronics Producers*. Investopedia. Retrieved from <https://www.investopedia.com/countries-that-produce-most-electronics-8710972>
- 5 Boy Lüthje, Professor at the School of Government at Sun Yat-sen University, email conversation on file.
- 6 This is not to suggest that the Chinese government demonstrated much respect for the right to strike before 1982. While the legal status of strike action remains unclear, Dimitri Kessler, managing director of the Economic Rights Institute, notes that the government, with few exceptions, frequently suppresses strikes without attempting to justify this repression by suggesting that the strike was unauthorized. Such a justification could imply the existence of an approved method of striking—an impression the government likely wishes to avoid. To his knowledge, the Chinese government more commonly suppresses strikes on the grounds that they disrupt production, incite conflict, or cause “trouble.” (email exchange, on file).
- 7 Lee, C.K. (2007) *Against the Law: Labor Protests in China's Rustbelt and Sunbelt*. University of California Press.
- 8 Cooke, F. L. (2020). Unions and alternative forms of worker representation in China in an era of privatisation and globalisation. In B.-H. Lee, S.-H. Ng, & R. D. Lansbury (Eds.), *Trade unions and labour movements in the Asia-Pacific region* (pp. 55–72). Routledge.
- 9 Ibid.
- 10 Lüthje, B. (2013). Why no Fordism in China? Regimes of accumulation and regimes of production in Chinese manufacturing industries. *IFS Working Paper #3*. Frankfurt am Main: Institut für Sozialforschung. Retrieved from <https://ifs.uni-frankfurt.de>
- 11 Chan, J., & Pun, N. (2010). Suicide as protest for the new generation of Chinese migrant workers: Foxconn, global capital, and the state. *The Asia-Pacific Journal*, 37(2), 1-33. Retrieved from <https://apjif.org/wp-content/uploads/2023/11/article-2695.pdf>
- 12 Lynn, B. C. (2005). *End of the line: The rise and coming fall of the global corporation*. Currency-Doubleday.
- 13 Pun, N., & Smith, C. (2007). Putting transnational labour process in its place: The dormitory labour regime in post-socialist China. *Work, Employment and Society*, 21(1), 27-45. <https://doi.org/10.1177/0950017007073611>
- 14 Pun, N. (2007). Gendering the dormitory labor system: Production, reproduction, and migrant labor in South China. *Feminist Economics*, 13(3-4), 239-258. <https://doi.org/10.1080/13545700701439465>
- 15 Schling, H. (2014). Gender, temporality, and the reproduction of labour power: Women migrant workers in South China. *Sozial.Geschichte Online*, 14, 42–61.
- 16 China Labour Bulletin. (2018, July 31). *Foxconn workers are the latest victims of Shenzhen's gentrification*. China Labour Bulletin. <https://www.clb.org.hk/content/foxconn-workers-are-latest-victims-shenzhens-gentrification>
- 17 Martin Hart-landsberg, Professor Emeritus of Economics at Lewis and Clark College, Portland, Oregon, email conversation on file.
- 18 Li, C., & Kuruvilla, S. (2023). Corporate codes of conduct and labour turnover in global apparel supply chains. *British Journal of Industrial Relations*, 61(3), 481–505. <https://doi.org/10.1111/bjir.12705>
- 19 Lee, C. K. (1999). The labor politics of market socialism: Collective inaction and class experiences among state workers in Guangzhou. *Modern China*, 25(1), 3-36.
- 20 Peter Pawlicki, Director of Monitoring at Electronic Watch, email conversation on file.
- 21 Chan, J., with Levinson, M., (2021), “Dreams and defiance in Foxconn city: An interview with Jenny Chan”, *Dissent* (Spring), p. 37. <https://www.dissent-magazine.org/article/dreams-and-defiance-in-foxconn-city-an-interview-with-jenny-chan/>
- 22 Anner, M. (2012). Corporate social responsibility and freedom of association rights: The precarious quest for legitimacy and control in global supply chains. *Politics & Society*, 40(4), 609–644.
- 23 See introduction in: Chan, J., Distelhorst, G., Kessler, D., Lee, J., Martin-Ortega, O., Pawlicki, P., Selden, M., & Selwyn, B. (2022). After the Foxconn suicides in China: A roundtable on labor, the state and civil society in global electronics. *Critical Sociology*, 48(2), 211-233. <https://doi.org/10.1177/08969205211013442>
- 24 Zhang, L. (2021). A ‘race to the bottom’ or variegated work regimes? Industrial relocation, the changing migrant labor regime, and worker agency in China's electronics industry. *Review of International Political Economy*, 28(6), 1061–1085. <https://doi.org/10.1080/09692290.2021.2010789>

- 25 Labour resistance is not confined to Hon Hai factories; CBL has documented 386 labour actions in electronics factories during this period.
- 26 Pun, N., Shen, Y., Guo, Y., Lu, H., Chan, J., & Selden, M. (2016). Apple, Foxconn, and Chinese workers' struggles from a global labor perspective. *Inter-Asia Cultural Studies*, 17(2), 166–185. <https://doi.org/10.1080/014649373.2016.1170961>
- 27 Bieler, A., & Lee, C.-Y. (2017). Exploitation and resistance: A comparative analysis of the Chinese cheap labour electronics and high-value added IT sectors. *Globalizations*, 14(2), 202–215. <https://doi.org/10.1080/14747731.2016.1204698>
- 28 International Labour Organization. (2024). *Interim report - Report No. 405, March 2024: Case No. 3406 (Hong Kong Special Administrative Region) - Complaint date: 17-MAR-21*. ILO. Retrieved From [https://normlex.ilo.org/dyn/normlex/en/f?p=1000:50002:0::NO:50002:P50002\\_COMPLAINT\\_TEXT\\_ID:4396590](https://normlex.ilo.org/dyn/normlex/en/f?p=1000:50002:0::NO:50002:P50002_COMPLAINT_TEXT_ID:4396590)
- 29 Chan, J., & Pun, N. (2010). Suicide as protest for the new generation of Chinese migrant workers: Foxconn, global capital, and the state. *The Asia-Pacific Journal*, 37(2), 1–33. <https://apjif.org/wp-content/uploads/2023/11/article-2695.pdf>
- 30 Cited from Jenny's Chan's presentation at the GoodElectronics Annual Meeting in Bogor, November 20, 2023.
- 31 Economic Rights Institute & Electronics Watch. (2018). The link between employment conditions and suicide: A study of the electronics sector in China. Electronics Watch. [https://electronicswatch.org/the-link-between-employment-conditions-and-suicide-a-study-of-the-electronics-sector-in-china-november-2018\\_2549396.pdf](https://electronicswatch.org/the-link-between-employment-conditions-and-suicide-a-study-of-the-electronics-sector-in-china-november-2018_2549396.pdf)
- 32 Outside the electronics sector, as Dmitry Kessler of the Economic Rights Institute points out, "the use of suicide protests existed long before the Foxconn suicides. In construction, workers were often not paid at all, even after months on the job. This led to moments of intense crisis when workers simply couldn't afford the bare minimum for living expenses, and that, in turn, provoked recurrent suicide protests" (email exchange, on file).
- 33 For a discussion see also: Chan, J., Distelhorst, G., Kessler, D., Lee, J., Martin-Ortega, O., Pawlicki, P., Selden, M., & Selwyn, B. (2022). After the Foxconn suicides in China: A roundtable on labor, the state and civil society in global electronics. *Critical Sociology*, 48(2), 211–233. <https://journals.sagepub.com/doi/10.1177/08969205211013442>
- 34 Moore, M. (2012, January 11). 'Mass suicide' protest at Apple manufacturer Foxconn factory. The Telegraph. Retrieved from <https://www.telegraph.co.uk/news/worldnews/asia/china/9006988/Mass-suicide-protest-at-Apple-manufacturer-Foxconn-factory.html>
- 35 Ibid.
- 36 Chan et al., (2020) op cit. p.181.
- 37 Ibid.
- 38 Han, S., & Song, J. (2024, June 4). The return of strikes in China. *Asian Labour Review*. Retrieved from <https://labourreview.org/strike-wave-china/>
- 39 China Labour Bulletin. (2025, January 29). *China Labour Bulletin Strike Map data analysis: 2024 year in review for workers' rights*. Retrieved from <https://clb.org.hk/en/content/china-labour-bulletin-strike-map-data-analysis-2024-year-review-workers-rights>
- 40 Ibid.
- 41 International Labour Office. (2024). *The future of work in the electronics industry: Advancing decent work in more inclusive, sustainable, and resilient electronics supply chains*. Geneva: International Labour Office. [https://www.ilo.org/sites/default/files/2024-11/The%20future%20of%20work%20in%20the%20electronics%20industry\\_WEB\\_Rev.pdf](https://www.ilo.org/sites/default/files/2024-11/The%20future%20of%20work%20in%20the%20electronics%20industry_WEB_Rev.pdf)  
For the role of women workers in the electronics industry, see: IPEN. (2017). *Stories of women workers in Vietnam's electronics industry*. Hanoi: International Pollutants Elimination Network. Retrieved from [https://ipen.org/sites/default/files/documents/FINAL\\_Stories%20of%20Women%20Workers%20in%20Vietnam%27s%20Electronics%20Industry%20FINAL%20Nov%202017.pdf](https://ipen.org/sites/default/files/documents/FINAL_Stories%20of%20Women%20Workers%20in%20Vietnam%27s%20Electronics%20Industry%20FINAL%20Nov%202017.pdf)
- 42 Huang, H. (2023). *Samsung's reconstruction of its global production networks: From China to Vietnam, from Vietnam to diversification*. New Zealand Asia Institute Briefing Note. University of Auckland Business School. Retrieved from <https://www.auckland.ac.nz/assets/business/nzai-briefing-note-2023.pdf>
- 43 Electronics Watch (2019) 'Regional Risk Assessment: Electronics Industry, Vietnam', Electronics Wach, Amsterdam.
- 44 Chan, A. (2011). Strikes in Vietnam and China in Taiwanese-owned factories: Diverging industrial relations patterns. In A. Chan (Ed.), *Labour in Vietnam* (pp. 211–245). Institute of Southeast Asian Studies; Chan, A. (2020). Vietnam's and China's diverging industrial relations systems: Cases of path dependency. *Journal of Contemporary Asia*, 50(3), 321–340. <https://doi.org/10.1080/00472336.2019.1623907>; Anner, M., & Liu, X. (2016). Harmonious unions and rebellious workers: A study of wildcat strikes in Vietnam. *Industrial & Labor Relations Review*, 69(1), 3–28.
- 45 Buckley, J. (2021). Freedom of association in Vietnam: A heretical view. *Global Labour Journal*, 12(2), 79–94.
- 46 Marslev, K., & Staritz, C. (2024). Labor regimes, global production networks, and state–society relations: Assessing the impact of the EU–Vietnam free trade agreement on labor in Vietnam. *Economic Geography*. <https://doi.org/10.1080/00130095.2024.2433438>
- 47 Ibid.
- 48 Cited in: Guarascio, F. (2024, February 27). Vietnam plans union reform to avert trade woes, risking foreign firms' unease. *Reuters*. <https://www.reuters.com/business/vietnam-plans-union-reform-avert-trade-woes-risking-foreign-firms-unease-2024-02-27/>

- 49 Ibid.
- 50 Cited in: Ock, K. (2019). [Special report- Part IV] Samsung's systematic dismantlement of its first overseas labor union. *Hankyoreh*. Retrieved from [https://english.hani.co.kr/arti/english\\_edition/e\\_international/899283.html](https://english.hani.co.kr/arti/english_edition/e_international/899283.html)
- 51 International Trade Union Confederation & IndustriALL. (2016, October 5). *Global reach of Samsung's "medieval practices" revealed*. Retrieved October 30, 2024, from <https://www.ituc-csi.org/global-reach-of-samsung-s-medieval>; Asia Monitor Resource Centre. (2013). *Labour rights in high tech electronics: Case studies of workers' struggles in Samsung Electronics and its Asian suppliers*. Asia Monitor Resource Centre.  
International Labour Organization (ILO). (2017). [Report No. 381](#): Case No. 3047 (Republic of Korea) - Complaint date: 05-DEC-13 - Follow-up cases closed due to the absence of information from either the complainant or the Government in the last 18 months since the Committee examined the cases.
- 52 International Trade Union Confederation & IndustriALL. (2016, October 5). *Global reach of Samsung's "medieval practices" revealed*. Retrieved October 30, 2024, from <https://www.ituc-csi.org/global-reach-of-samsung-s-medieval>; Asia Monitor Resource Centre. (2013). *Labour rights in high tech electronics: Case studies of workers' struggles in Samsung Electronics and its Asian suppliers*. Asia Monitor Resource Centre; Chang, D.-o. (Ed.). (2006). *Labour in globalising Asian corporations: A portrait of struggle*. Asia Monitor Resource Centre. International Labour Organization (ILO). (2017). [Report No. 381](#): Case No. 3047 (Republic of Korea) - Complaint date: 05-DEC-13 - Follow-up cases closed due to the absence of information from either the complainant or the Government in the last 18 months since the Committee examined the cases.
- 53 Even in Vietnam, where the establishment of the state-controlled VGCL is required by law, Samsung initially tried to prevent its establishment, see: Kakuli, A., & Schipper, I. (2011). *Out of focus: Labour rights in Vietnam's digital camera factories*. SOMO - Centre for Research on Multinational Corporations.
- 54 Ock, K., Kim, W., & Lee, J. (2019, June 26). [Special report- Part V] *Samsung has come under fire worldwide for its union-busting tactics*. *Hankyoreh*, [https://english.hani.co.kr/arti/english\\_edition/e\\_international/899427.html?utm\\_source=chatgpt.com](https://english.hani.co.kr/arti/english_edition/e_international/899427.html?utm_source=chatgpt.com)
- 55 Lee, J., & Yang, H. (December 18, 2019). *Samsung Electronics board chairman jailed on union-busting charge*. Reuters. Retrieved from <https://www.reuters.com/article/business/samsung-electronics-board-chairman-jailed-on-union-busting-charge-idUSKBN1YLOJ/>



GoodElectronics

*Setem*

## 4. Malaysia: persistent state interference

## 4. Malaysia: persistent state interference

Persistent state interference presents a fourth barrier to workers' right to organise. China and Vietnam sit at one extreme, using state-backed monopolies to repress independent unions. But union repression is not unique to them; many other countries deploy measures that hinder or restrict the right to organise and bargain collectively. These include bureaucratic hurdles that delay or prevent union registration and strike actions, as well as a lack of enforcement of labour laws. Malaysia serves as a telling example: while laws formally acknowledge the right to organise and bargain collectively, administrative and legal barriers have long stripped workers—especially in the electronics sector—of any practical ability to exercise these rights.

### Malaysia in the global assembly line

Since the 1970s, Malaysia has become a key hub for electronics manufacturing, particularly in Penang and southern Johor, attracting major foreign assembly firms such as Flex, Jabil, and Celestica, alongside leading semiconductor companies like Western Digital, Intel, Samsung, and Infineon. The country's competitive edge lies in its focus on downstream, labour-intensive processes—such as assembly, testing, and packaging—which collectively account for 7% of global capacity.<sup>1</sup> In 2022, the electronics industry accounted for 39.8% of Malaysia's exports<sup>2</sup> and employed an estimated 640,000 workers.<sup>3</sup> The industry relies heavily on migrant workers from Indonesia, Nepal, India, and Bangladesh, who are often employed temporarily under exploitative conditions with minimal protection from enforcement agencies.

### 50-year union rights struggle in electronics

The New Economic Policy (NEP) of 1971 aimed to alleviate poverty and reform the economy by shifting from import substitution to export-oriented industrialisation, with a focus on attracting foreign direct investment (FDI). It sought to reduce poverty across ethnic communities and establish a Bumiputera Commercial and Industrial Community with at least 30% ownership of private capital.<sup>4</sup> This was to be achieved through affirmative action favouring Malays and indigenous groups, alongside rapid economic growth, export-oriented industrialisation, tax incentives, and public sector expansion. It was also accompanied by labour law amendments that legitimised the shift to a predominantly female workforce and further restricted workers' rights. As part of this strategy, Malaysia positioned itself as a key player in global electronics manufacturing.

Malaysia emerged as a major hub for electronics manufacturing after Texas Instruments established its first semiconductor assembly plant in Kuala Lumpur in 1972.<sup>5</sup> This move triggered an influx of US-based multinational corporations into the country, exploiting it as a low-cost production site. In the same year, the Penang Free Trade Zone was created, becoming one of the first in the world to offer foreign companies like Intel and Texas Instruments unprecedented operational freedom. This offshoring of production tasks accelerated the integration of low-cost labour into global production networks.<sup>6</sup> The zone's generous tax breaks, import duty exemptions and minimal "red tape" transformed it into an affordable offshore hub for labour-intensive semiconductor assembly and testing.<sup>7</sup>

The government labelled the electronics sector as a "pioneer" industry, providing it with protection from unions and setting the stage for decades of anti-union measures, which were vigorously lobbied for by US corporations.<sup>8</sup> These included changes to labour laws that imposed strict conditions on union formation and activities, while weakening existing unions by splitting them.<sup>9</sup> Such laws contradict the ILO principle that workers should decide on the structure and composition of their representative organizations without interference from public authorities. In 1988, amid intense international pressure, Malaysia revised trade union regulations to allow the formation of unions. However, when US companies threatened to relocate, the regulations were amended to restrict unions to in-house representation. This aligned with the government's "Look East" policy aimed at emulating Japan's and South Korea's economic success while maintaining managerial and political control through promoting harmonious relations between management and labour.<sup>10</sup> In-house unions, however, are smaller, possess significantly less bargaining power, and are more susceptible to management influence and control. It is therefore unsurprising that enterprise unions, while offering a temporary compromise, failed to foster the collective strength and industry-wide representation necessary to protect workers' interests effectively.<sup>11</sup>

## Government inference

Prohibiting the establishment of unions on a broader geographical scale violates Article 2 of ILO Convention 87 by restricting workers' right to choose their organisational structure. By 2009, authorities allowed industry unions to register at a regional level, leading to the creation of unions across northern, southern, eastern, and western regions. Unlike other industries in Malaysia, where unions operate freely nationwide, the government confines unions in the electronics sector to four isolated regions.<sup>12</sup> This mandate infringes on workers' fundamental right to form or join federations and confederations.

This fragmentation is a result of the "union apartheid" policy, which intentionally keeps Malaysian unions divided. "You become a political threat if you have one union. So they split the union into four regions," says Saharuddin Adnan, Industrial Relations Officer of the Electronics Industry Employees' Union Western Region.<sup>13</sup>

Meanwhile, government authorities exert extensive control over trade union activities, including their oversight, management, and regulation. The Director-General of Trade Unions (DGTU) has the power to reject union registrations, suspend branches, disqualify union officials, and control union finances and operations.<sup>14</sup> Unions must also seek DGTU approval for international affiliations. These measures infringe on workers' rights to freely form and join organisations without undue interference, as protected by ILO Convention No. 87.

## Union busting

Government interference and legal restrictions have erected major barriers to exercising trade union rights at the factory floor, thus preventing unions from achieving recognition by management and engaging in collective bargaining. These constraints are a major reason why, as of 2024, the nation had only a dozen registered in-house unions with a modest membership of around 12,000 workers across 20 companies—a strikingly low figure, representing just 2% of the approximately 600,000 workers in the country's 365 electronics companies.<sup>15</sup> The limited space that remains for worker organising is further undermined by the government's failure to protect workers from anti-union discrimination by corporations.

K. Suresh, former chairman of the union at Western Digital in the export zone near Georgetown, Penang, cautions union activists to exercise extreme caution when attempting to organise workplaces. The area is a hub for major electronics and semiconductor companies, including Bosch, Osram, ASE, Siemens, Sanmina, Jabil, Intel, and Western Digital. "The first step," he explains, "is to set up a covert, unofficial committee at the worksite—essentially an underground network—that remains hidden from management. It's crucial to establish this while avoiding any actions that might deter potential supporters among the workforce."<sup>16</sup>

The necessity of operating in secrecy underscores the strong opposition from management towards unionisation. A climate of fear and intimidation makes workers hesitant to organise, as they worry about potential repercussions such as retaliation, reduced hours, demotions, or even dismissal. K. Suresh emphasises that the situation is even more precarious for tens of thousands of migrant workers in the sector, whose employment contracts often contain illegal clauses barring them from participating in or joining trade unions.<sup>17</sup>

A 2014 employer survey revealed that 74% of respondent companies prohibited foreign workers from joining trade unions, violating legal regulations.<sup>18</sup> For migrant workers, it is not just their job security at risk; they also face the threat of deportation, which could leave them burdened with crippling debts.<sup>19</sup> This environment of fear, combined with misinformation and language barriers, ensures that most migrant workers remain isolated from the protections that union representation could offer.<sup>20</sup>

If the initial step is successful and workers show strong support for the union, the next phase involves securing formal recognition from management as a collective bargaining partner. However, K. Suresh points out, “this process is equally challenging because employers often use every legal obstacle and delaying tactic available, which can drag the process on for years.”<sup>21</sup>

When an employer challenges a union's right to represent workers—a frequent occurrence—the case undergoes an extended verification process overseen by the Department of Trade Union Affairs. This process involves comprehensive assessments, inquiries, but often encounters administrative obstacles, causing prolonged delays that leave many unions in legal limbo, unable to effectively advocate for their members.

Meanwhile, these stonewalling tactics give employers ample time to undermine unionisation efforts, not least because unions lack financial resources to continue the fights and resist this type of pressure for a long time. Many of these unionisation efforts collapse.

Employers have become increasingly skilled at manipulating the voting process to secure outcomes in their favour. K. Suresh explains, “Management can influence the ballot in several ways. For instance, workers who are off on ballot day must come to the factory specifically to vote, while many foreign workers rely on company-provided transport, which is only available on workdays.”<sup>22</sup> He continues, “We’ve encountered cases where production lines are deliberately shut down to reduce the number of workers who can vote. Those who turn up on their day off are immediately identified as union sympathisers.”<sup>23</sup> Some companies even go so far as to change their name to undermine union representation, forcing the union registration process to restart entirely.

With few exceptions, Malaysian authorities have left the illegal union-busting practices of management unpunished. This outcome sends a troubling message to other companies: they can engage in anti-union activities with little fear of facing meaningful legal repercussions. As Bruno Pereira, a senior trade unionist who established the first union in the industry following the lifting of the union ban in 1988, and who is now the General Secretary of the Electronics Industry Employees Union, Peninsular Malaysia, Western Region (EIEUWR), argues:

“Filing complaints with the authorities over union-busting is nearly impossible. We’ve been fighting against union busting for five years with Renesas Electronics, but we haven’t seen concrete action from the government on the complaint filed by us, which is criminal in its nature. The government is too afraid to make investors feel insecure; they always prioritise the investors’ interests. You can file a complaint with the ILO, but the government doesn’t care about the ILO. Even God cannot make them move.”<sup>24</sup>

Pereira highlights that cases involving the ILO can take so long that they become “cold cases.”<sup>25</sup> This can occur, for instance, when the company against which the complaint was lodged no longer exists due to a merger or bankruptcy. Lengthy legal procedures place an extra obstacle in the path of unions. High staff turnover makes it harder to sustain a majority of members, while union leaders remain at risk of employer discrimination if legal battles drag on. This theme recurs throughout the chapters of this report, with high turnover firmly entrenched as the dominant operational model in electronics manufacturing (see Chapter 7 for a detailed examination of Indonesia).

## 2024: a new era for labour rights in Malaysia?

As of 2024, electronics workers are still denied the right to form a national union, undermining their ability to choose a worker organisation of their own.<sup>26</sup> However, a more promising shift in labour rights appears to be on the horizon with the introduction of the Trade Union (Amendment) Bill. This legislation represents a significant step forward, as it strengthens unions by allowing cross-sector collaboration and removing the director-general's power to block new union registrations.<sup>27</sup>

Although the Bill was passed in 2023, its implementation has been delayed until 15 September 2024. Once enacted, it should lead to greater freedom of association for trade unions and bring Malaysian labour law a step closer to international standards.<sup>28</sup> With the economic momentum driven by the global restructuring of industries—particularly the relocation of operations from China—this creates a transformative window to intertwine economic growth with a meaningful worker voice and social upgrading.

Malaysia's 50-year struggle for union rights in the electronics sector sharply underscores how economic interests have consistently overridden workers' rights, erecting barriers to effective worker organisation. The country exemplifies how export-driven governments often face pressure to weaken or ignore worker protections in pursuit of attracting investment. These challenges are not unique to Malaysia. Many countries grapple with a slow, ineffective, or biased judiciary, sometimes tainted by bribery and corruption. Such weak enforcement of labour laws undermines unions' ability to effectively address industrial disputes and limits workers' access to credible redress.

This underscores a broader point: for freedom of association to be genuinely respected, the state must create an environment where workers can organise freely and engage in collective bargaining without fear of repression, violence, or job loss. Achieving this requires strict enforcement of legal sanctions against employers who undermine union organising, granting unions access to workplaces during anti-union campaigns, and protecting migrant workers from retaliation for supporting unions.<sup>29</sup>

Realising these goals demands comprehensive legislative, administrative, budgetary, and judicial reforms, alongside the establishment of institutions that promote collective bargaining, conflict resolution, and efficient labour administration.<sup>30</sup>

✱✱

The Trade Union (Amendment) Bill, due in September 2024, offers a potential turning point by allowing cross-sector collaboration and limiting state power over union registration. Nevertheless, significant barriers remain to achieving meaningful labour rights. Aligning Malaysia's labour laws with international standards is essential, particularly through ratification of ILO Convention 87 on freedom of association, which remains outstanding. Equally pressing is the challenge of dismantling entrenched anti-union practices by multinational electronics corporations, especially US-based firms, which have shaped Malaysia's union-restrictive landscape since the 1970s. Achieving genuine labour rights will require a dual approach: legislative reform that meets international standards and decisive action to hold corporations accountable for suppressing union activity.

## Footnotes

- 1 Bernama. (2024, September 2). Malaysia taking the lead in Asean's semiconductor chip race investments — Maybank IB. *The Edge Malaysia*.
- 2 Malaysian Investment Development Authority. (n.d.). *Outlook for the E&E industry in Malaysia*. Retrieved from <https://www.mida.gov.my/outlook-for-the-ee-industry-in-malaysia/>; and Malaysian Investment Development Authority. (2023, February 22). *Big demand for skilled workers in E&E sector*. Malaysian Investment Development Authority. Retrieved from <https://www.mida.gov.my/media-events/news/big-demand-for-skilled-workers-in-ee-sector>
- 3 Statista. (2023). *Annual employment in the electrical and electronic products industry in Malaysia from 2015 to 2023*. Statista. <https://www.statista.com/statistics/809680/annual-employment-in-the-electrical-and-electronic-products-industry-malaysia>; for a slightly lower figure see: Malaysian Investment Development Authority. (2023, February 22). *Big demand for skilled workers in E&E sector*. Malaysian Investment Development Authority. Retrieved from <https://www.mida.gov.my/media-events/news/big-demand-for-skilled-workers-in-ee-sector>
- 4 Peter Wad, Associate professor emeritus at Copenhagen Business School, email conversation, on file.
- 5 Todd, P. & Peetz, D. (2000). *Malaysian industrial relations at century's turn: Vision 2020 or a spectre of the past*. In Research on work, employment and industrial relations 2000.
- 6 For a more in-depth discussion, see Lai (2013), who examines the rise of Samsung Group Malaysia in *Labour Rights in High-Tech Electronics: Case Studies of Workers' Struggles in Samsung Electronics and Its Asian Suppliers* (Asia Monitor Resource Centre, pp. 161–180).
- 7 As of 2024, Malaysia continues to function primarily as an export platform for foreign companies. Rasiah (2017) critiques the country's electronics industry for reinforcing dependency on foreign investment and low-skilled labour, thereby limiting technological innovation and domestic value creation. He argues that Malaysia has largely failed to move beyond its role as a low-cost manufacturing hub. See: Rasiah, R. (2017). The industrial policy experience of the electronics industry in Malaysia. In J. Page & F. Tarp (Eds.), *The practice of industrial policy: Government–business coordination in Africa and East Asia* (pp. 123–144). Oxford University Press.
- 8 Wad, P. (2012). Revitalizing the Malaysian trade union movement: The case of the electronics industry. *Journal of Industrial Relations*, 54(4), 494–509. <https://doi.org/10.1177/0022185612449135>; Mansaray, H. E. (2022). The Impact of Multinationals on Labour Relations in Developing Countries: A Literature Review. *Konfrontasi Journal: Culture, Economy and Social Changes*, 9(1), 70–80.
- 9 Peetz, D., & Todd, P. (2000). *Malaysian industrial relations at century's turn: Vision 2020 or a spectre of the past*. In Research on work, employment and industrial relations 2000, p.g ;

- Lüthje, B., S., Yat-Sen, P. Pawlicki and M. Sproll (2013) *From Silicon Valley to Shenzhen. Global Production and Work in the IT Industry*, Rowman & Littlefield Publishers, Lanham, p.181-3.
- 10 Peter Wad, Associate professor emeritus at Copenhagen Business School, email conversation, on file.
- 11 Wad, P. (2018). *Malaysian trade unions in the 21st century: Failed revitalisation in a market economy*. In B.-H. Lee, S.-H. Ng, & R. D. Lansbury (Eds.), *Trade unions and labour movements in the Asia-Pacific region* (pp. 131–147). Routledge.
- 12 In the past, textile and garments unions were also split into region-based unions.
- 13 Mohd Bin Ahmad Salleh, cited at the Steering Committee Meeting on ICT, Electrical & Electronics, 10–11 June 2024, Kuala Lumpur, Malaysia.
- 14 U.S. Department of State, Bureau of Democracy, Human Rights, and Labor. (2023). *Malaysia 2023 human rights report*, <https://www.state.gov/reports/2023-country-reports-on-human-rights-practices/malaysia/>
- 15 Mansaray, H. E. (2022). The Impact of Multinationals on Labour Relations in Developing Countries: A Literature Review. *Konfrontasi Journal: Culture, Economy and Social Changes*, 9(1), 70–80.
- 16 Interview with Suresh Kuppusamy, former chairman of Western Digital, 20 June 2024, Georgetown, Malaysia.
- 17 U.S. Department of State (2022) 2021 Country Reports on Human Rights Practices: Malaysia.
- 18 Malaysian Employers Federation. (2014). *Practical guidelines for employers on the recruitment, placement and employment of foreign workers in Malaysia*, p.2. [https://www.mef.org.my/Attachments/MEFReport\\_PGERPERFWM.pdf](https://www.mef.org.my/Attachments/MEFReport_PGERPERFWM.pdf)
- 19 Danwatch. (2019, June 28). *How the global electronics industry came to rely on forced labour and debt bondage*. Danwatch. Retrieved from <https://danwatch.dk/en/how-the-global-electronics-industry-came-to-rely-on-forced-labour-and-debt-bondage/>
- 20 Bormann, S., Krishnan, P., & Neuner, M. E. (2010). *Migration in a digital age: Migrant workers in the Malaysian electronics industry: Case studies on Jabil Circuit and Flextronics*. WEED – World Economy, Ecology and Development.
- 21 Interview with Suresh K., former chairman of Western Digital, 20 June 2024, Georgetown, Malaysia
- 22 Ibid.
- 23 Ibid.
- 24 Bruno Periera, General Secretary of the Electronics Industry Employees Union (Western Region) in Malaysia, cited at the IndustriALL-Goodelectronics meeting, 12 June 2024, Kuala Lumpur.
- 25 Ibid.
- 26 Ng, Y. H. (2021, May 4). Whither labour law reform in Malaysia? *New Mandala*. Retrieved from <https://www.newmandala.org/whither-labour-law-reform-in-malaysia/> ; Ng, Y. H. (2023, May 24). A labour agenda for Malaysia. *Asian Labour Review*. Retrieved from <https://labourreview.org/a-labour-agenda/>
- 27 While these are important steps forward, significant gaps in labour legislation remain. For further discussion see: Labour Law Reform Coalition. (2023, March 19). *LLRC calls on the government to deepen labour law reforms*. Retrieved from <https://tradeunion.org.my/llrc-calls-on-the-government-to-deepen-labour-law-reforms/>
- 28 IndustriALL Global Union. (2024, November 28). *Malaysian unions demand stronger labour law reforms to boost organizing*. Retrieved from <https://www.industriall-union.org/malaysian-unions-demand-stronger-labour-law-reforms-to-boost-organizing>
- 29 Ibid.
- 30 ILO (2008) Freedom of association in practice: Lessons learned. Global Report under the follow-up to the ILO Declaration on Fundamental Principles and Rights at Work', International Labour Conference, 97th Session 2008, Report I (B), ILO, Geneva.



GoodElectronics

*Setem*

## **5. The Philippines: union repression and state-sanctioned violence**

## 5. The Philippines: union repression and state-sanctioned violence

Fear of employer retaliation and state repression presents a fifth barrier that deters workers from exercising their organisational rights. Many workers hesitate to join or support unions, or to serve as elected worker representatives, due to the risk of discrimination—including threats of demotion, harassment, dismissal, blacklisting, violence, and, in extreme cases, even murder. These tactics create a climate of fear that stifles unionisation and undermines workers' ability to advocate for better conditions, wages, and job security. Such actions send a powerful and intimidating message to non-unionised workers, discouraging them from organising or supporting union efforts. ILO Convention 98 explicitly prohibits anti-union discrimination and mandates that governments protect workers' rights and provide effective remedies.

"The rights of workers' and employers' organizations can only be exercised in a climate that is free from violence, pressure or threats of any kind against the leaders and members of these organizations, and it is for governments to ensure that this principle is respected."<sup>1</sup>

However, many states fall short of these obligations, often through weak enforcement, leaving workers exposed to violence and intimidation.<sup>2</sup> Worse still, in some countries, authorities not only turn a blind eye to anti-union practices but also engage in anti-union practices themselves, sometimes in collusion with employers. This union repression can take the form of legal

barriers, biased court rulings, or even deploying state forces to break up strikes and intimidate labour activists. In extreme cases, state actions include arresting, detaining, or targeting union leaders extrajudicially, perpetuating a culture of impunity around labour rights abuses. The Philippines serves as a particular negative example of a country where union activity has been plagued by violence and repression.

### The Philippines' role in electronics production

Since the 1970s, the Philippines has emerged as a major low-cost export hub for electronics and semiconductor manufacturing. The country traded its import-substitution-industrialising strategy for a labour-intensive, export-oriented model,

which favoured foreign investment and repressed labour rights. In response to rising production costs, companies from Japan, the United States, and Europe relocated or outsourced their operations to the Philippines, then under the authoritarian regime of President Ferdinand Marcos, characterised by martial law and heavy suppression of unions.

These firms were drawn by the availability of cheap labour, fiscal incentives, and Special Economic Zones (SEZs) backed by IMF and World Bank loans aimed at promoting export-led industrialisation. Today, the country remains heavily focused on manufacturing labour-intensive, low value-added components, which are predominantly exported for final assembly in countries like China and Vietnam.<sup>3</sup> In 2023, electronics exports accounted for approximately 62.8% of the Philippines' total exports.<sup>4</sup>

Women are often concentrated in lower-wage positions, while men dominate leadership and technical roles, reflecting deep-rooted gender disparities in the workplace.<sup>5</sup> This inequality is further highlighted in SETEM's 2024 report, *["Working Conditions in Philippine Electronics Factories from a Gender Perspective,"](#)* which exposes hazardous conditions and poor labour standards in the industry. Workers endure low wages, long hours, and insufficient rest, with women also shouldering unequal domestic burdens due to patriarchal norms.

## Union-repression

The Philippines is a signatory to ILO Convention No. 87 (Freedom of Association and Protection of the Right to Organise) and ILO Convention No. 98 (Right to Organise and Collective Bargaining), which establish the fundamental principles of workers' rights to organise and engage in collective bargaining. Furthermore, the 1987 Philippine Constitution, crafted in the wake of the anti-dictatorship movement of 1986, explicitly enshrines provisions guaranteeing workers' rights to self-organisation, collective bargaining, and even the right to strike. Despite the recognition of these rights, their consistent enforcement remains a major challenge for labour rights in the country.

The authorities promote an export-led industrialisation strategy centred on attracting foreign investment by highlighting the availability of a low-wage workforce and ensuring "industrial peace"<sup>6</sup> —a euphemism for suppressing strikes, protests, and other expressions of worker dissatisfaction. This approach is epitomised by the unwritten "no union, no strike" policy in Philippine-based special economic zones,<sup>7</sup> which effectively obstructs workers' constitutional right to organise, highlighting the glaring contradiction between formal legal rights and their lack of enforcement.

These walled-in industrial zones—equipped with guards, razor wire, and gates—operate as de facto "independent kingdoms" with little regard for Philippine labour laws, as described by Daisy Arago, executive director of the Center for Trade Union and

Human Rights.<sup>8</sup> According to human rights organisations and trade unions, organising within these zones is virtually impossible, with union representatives routinely denied access. Attempts at unionisation are met with aggressive suppression, further entrenching the marginalisation of workers' voices.<sup>9</sup>

This systemic hostility extends to the legal requirements for union formation, which are fraught with risks for workers. For workers to form a union, they must first register with the Department of Labor, requiring support from 20% of rank-and-file employees. Although companies are officially barred from interfering, the process necessitates submitting a list of union supporters, exposing workers to potential retaliation once the company identifies them.<sup>10</sup>

Employment agencies and factories sometimes openly tell job applicants during orientation that they do not tolerate trade unions.<sup>11</sup> The industry body's promotional materials describe the typical electronics company as "non-unionised".<sup>12</sup> Such explicit discouragement of unionisation reflects a broader pattern in the region's labour practices, where workers face systemic obstacles to asserting their rights. For instance, in the Philippines, the illegal use of short-term contracts is widespread, yet workers rarely challenge these abuses in court due to the lengthy legal battles required, which can take 5–10 years to resolve.<sup>13</sup>

## **Red-tagging and criminalising unionism**

Unions in the Philippines are not just battling workplace repression; they are also targets of government harassment, surveillance, and "red-tagging"—a tactic that falsely labels union members and labour rights defenders as communist insurgents or terrorists.<sup>14</sup> The National Task Force to End Local Communist Armed Conflict (NTF-ELCAC) is the agency behind this, driving the red-tagging efforts and now wielding unchecked power under the Anti-Terrorism Act.

Jerome Adonis, Secretary General of the trade union Kilusang Mayo Uno (KMU), discusses the struggles of Filipino workers under red-tagging.<sup>15</sup> Red-tagging, according to Adonis, is a tactic used by the Philippine government to label labour organisers and activists as terrorists, which makes it very dangerous for workers to exercise their right to organise. In certain regions, being identified as a communist sympathiser can lead to fatal consequences, resulting in harassment or extrajudicial killings.<sup>16</sup> Adonis continues, "The government links you to terrorist organizations...making you prone to arrest, trumped-up charges, and even killing."<sup>17</sup> He emphasises that despite KMU's legal status and affiliations, government-backed harassment continues unabated.

Systematic red-tagging is supported by propaganda disseminated through social media, local radio, and direct actions by police and military forces, fostering a hostile environment that makes union activities perilous. This baseless labelling is intended to

undermine union leaders and intimidate their members, effectively criminalising union activity. Such tactics foster a climate of fear, causing workers to distance themselves from legitimate unions and make it increasingly difficult for unions to effectively advocate for workers' rights.<sup>18</sup>

Julius Carandang, National Coordinator of the Metal Workers' Alliance of the Philippines (MWAP), a national federation representing electronics workers, explains:

"Many Filipino workers are fearful when they hear the term 'union' because of years of black propaganda from management. They're afraid that if management finds out they are organising, they might lose their jobs or face repercussions."<sup>19</sup>

The pervasive climate of psychological and physical intimidation targeting unionists is starkly exemplified by the 78 brutal murders of union leaders and worker activists in the Philippines between 2016 and 2023.<sup>20</sup> Julius Carandang of the MWAP says,

"Red-tagging can quickly turn into a death sentence [...] we've seen it happen all too often to anyone who speaks out about the issues in the Philippines."<sup>21</sup>

These chilling figures are not just statistics—they symbolise lives tragically cut short and movements forcibly silenced. Among the victims was Dandy Miguel, a 35-year-old president of the Strength of the Union of Fuji Electric and a National Council member of the KMU. Miguel led a union of 400 workers at Fuji Electric, which had recently negotiated a collective bargaining agreement to secure wage increases and improved health and safety measures.<sup>22</sup>

On March 28, 2021, Miguel was assassinated—shot eight times while wearing a T-shirt emblazoned with the words, "Sahod. Trabaho. Karapatan. Ipaglaban," translating to "Salary. Work. Rights. Fight for them."<sup>23</sup> His murder followed his vocal condemnation of the March 7 "Bloody Sunday" killings of unarmed activists, a violent campaign spurred by President Duterte's directive to target suspected communists.<sup>24</sup>

This systematic repression is underscored by the ITUC Global Rights Index, which ranks the Philippines among the 10 worst countries for workers' rights. The report highlights how collective labor rights in the country are nearly nonexistent, with a government that fosters an environment of fear and persecution, effectively silencing the collective voice of its workers.

International human rights organisations, including Amnesty International and the ILO, have consistently urged the government to stop misusing the Anti-Terrorism Act to suppress trade union activities. These organisations emphasise the need for the government to address the impunity with which its agencies operate against activists. The reluctance of government agencies to distinguish between lawful trade union activities and insurgent actions has led to a dangerous conflation of legitimate labour organising with anti-state activities, further threatening the rights and safety of activists.

Despite the ILO's High-Level Tripartite Mission in January 2023 to review the Philippines' adherence to ILO convention 87, which highlighted concerns around labour rights violations and issued key recommendations—including the formation of a presidential commission on freedom of association and a stronger framework for labour rights protection—the government's response has been strikingly stagnant.

Adonis laments this unchanged reality: "honest to say, nothing, nothing, nothing has improved."<sup>25</sup> Although the ILO underscored the need to safeguard freedom of association, Executive Order 70—allowing police and military crackdowns on union activities—remains in force. Adonis further highlights that "the government has not presented one roadmap... to make sure freedom of associations is respected," leaving workers vulnerable to intimidation and suppression.<sup>26</sup>

## Nexperia Philippines

Nexperia Philippines, situated in Cabuyao's Light Industry Science Park I, is a 9-hectare semiconductor facility initially established as Philips Semiconductor Philippines in 1981, a subsidiary of the Dutch company Philips. Originally located in southern Manila, it was later moved to the SEZ in Cabuyao, rebranded as NXP, and eventually sold to Wingtech Semiconductor Corp, operating under the name Nexperia, a privately owned Chinese company.

The company focuses on the production and distribution of semiconductor components, including discrete devices, logic ICs, and MOSFETs, which underpin the essential operations of nearly every electronic product.<sup>27</sup> The union reports that clients include Tesla, Bosch, Samsung, Huawei and Xiaomi.

Founded in 1984, the Nexperia Philippines Inc. Workers Union (NPIWU) is the oldest labour union in the electronics industry. Despite corporate ownership changes and anti-union policies, it has remained a steadfast, independent voice for workers for four decades.

The union represents over 1,567 members —most of whom are women—out of 1,829 regular employees. Through collective bargaining, the union has successfully secured various benefits, including educational assistance and salary increases. The union plays a key role in the national labour movement. As of 2024, the union is under the female leadership of Mary Ann Castillo.

Despite its long history and active involvement in negotiating CBAs, the union still faces ongoing anti-union discrimination from both the company and the government. In 2014, when it was still a part of NXP Semiconductors, management dismissed 24 union officials and members during negotiations. The firings were deemed retaliatory, as workers had demanded wage increases and the regularization of 1,500 contract workers. Only after intense protests by NXP workers, backed by unions, workers'

organisations, and significant transnational support, were 12 of them reinstated, while the other 12 received a separation package.<sup>28</sup>

History appears to be repeating itself. On April 5, 2024, Nexperia Philippines Inc. dismissed several employees, including union leaders, in a move that union officials claim violates the existing CBA and undermines ongoing negotiations for a new one.<sup>29</sup> In response, the union filed lawsuits challenging the layoffs and sought support from international organisations, arguing that the management's actions breached the CBA's provisions, which safeguard seniority and mandate a last-in, first-out policy during layoffs.

Following the union's call for a strike, management conceded, and a temporary agreement was reached. However, negotiations have since stalled, with discussions at a deadlock and reports of ongoing harassment from management.

In November 2024, most workers voted to strike, but Labour Secretary Bienvenido Laguesma assumed jurisdiction over the dispute at Nexperia's Cabuyao, Laguna plant, effectively blocking industrial action. His order forces 1,585 unionised workers back to work under threat of police intervention and legal action. As Nexperia does provide essential services, this overreach breaches international labour standards and undermines workers' fundamental rights. Tensions escalated further a week before Christmas when four union officials, including president Mary Ann Castillo, were unlawfully dismissed for allegedly obstructing workplace access.

They also breach Nexperia's own code of conduct, which upholds workers' rights to freedom of association and collective bargaining. Looking ahead to the new year, the union plans to reinstate the notice of strike they had previously withdrawn under the agreement.

As of this report's completion, the dispute remains unresolved.

## **Intimidating union members**

For years, NPIWU union members have faced government harassment and pressure, including being coerced into attending anti-union seminars designed to portray unions as a threat.<sup>30</sup>

Recently, however, these anti-union tactics have escalated through direct and intrusive measures. Between March 2021 and 2022, the NTF-ELCAC conducted 121 house-to-house visits targeting the NPIWU, pressuring 54 union members.<sup>31</sup>

Agents, some in civilian clothing and others in military uniforms, claimed to be conducting "awareness campaigns," but in reality, they coerced union members and officers into abandoning their activities by labelling the organisation as a front for the

Communist Party of the Philippines and its armed wing, the New People's Army.

This “red-tagging” has created a chilling effect, making it increasingly difficult to organise and sustain union activities. Executive Vice President Oliver Muya was subjected to intense harassment, including threats of surveillance and warnings that he would be placed on a watch list if he didn't comply. He stated:

“I fear for my family's safety. Since their first visit, we can barely sleep. We worry about what our neighbours and the community think. Are we seen as criminals because armed police and military often visit us.”<sup>32</sup>

They exerted intense pressure to force NPIWU's disaffiliation from the Kilusang Mayo Uno (KMU), which they denounce as a communist insurgent front. This is despite the organisation's lawful status as a labour union, its official registration with the Department of Labor and Employment, and its membership in IndustriALL Global Union, the international federation representing workers in the manufacturing industries including the electronics sector.

This behaviour constitutes clear state interference with the union, directly violating workers' rights to freely associate— rights that the Philippines is obligated to protect under its international commitments. One unionist expressed frustration:

“The task force claims that its main goal is to eliminate communists and revolutionaries. However, instead of going after insurgents in the mountains, they are targeting progressive unions in the cities, accusing them of being linked to the [...] Communist Party.”<sup>33</sup>

This strategy has instilled fear among workers, who worry not just about their safety but also about potential retaliation from management.

\*\*\*

The struggles of the Nexperia Workers Union highlight a broader struggle for fundamental workers' rights within the country. Despite international conventions and constitutional protections, workers face systemic obstacles that undermine their ability to organise and advocate for fair treatment. By failing to enforce labour laws and protect trade unionists from harassment, violence, and wrongful dismissal, the government perpetuates a culture of fear and impunity.

## Footnotes

- 1 International Labour Organization. (2018). *Freedom of association: Compilation of decisions of the Committee on Freedom of Association* (6th ed.). International Labour Organization. [https://www.ilo.org/sites/default/files/wcmsp5/groups/public/%40ed\\_norm/%40normes/documents/publication/wcms\\_632659.pdf](https://www.ilo.org/sites/default/files/wcmsp5/groups/public/%40ed_norm/%40normes/documents/publication/wcms_632659.pdf)
- 2 For an overview, check out the annual [ITUC Global Rights Index](#).
- 3 Ofreneo, R. (2015, June 18). *Labor in a de-industrialized Philippines: Rebooting manufacturing towards sustainability* [Conference paper]. The Quality of Growth and Employment under the Aquino Administration Forum, Discovery Suites, Ortigas Center, Pasig City, Philippines, retrieved from <https://aer.ph/industrialpolicy/wp-content/uploads/2015/06/Dr.ROfreneo-DRAFT-Labor-in-a-De-Industrialized-Philippines1.pdf>
- 4 Semiconductor and Electronics Industries in the Philippines Foundation, Inc. (SEIPI). (2023, October). *Philippine electronics export performance October 2023*. SEIPI. <https://seipi.org.ph/philippine-electronics-export-performance-october-2023/>
- 5 Sax, J., & Remacle, A.-C. (2024, March). *Working conditions in PHILIPPINE electronics factories from a gender perspective*. SETEM Catalonia. <https://electronicajusta.net/wp-content/uploads/2024/04/24-Informe-Filipines-ang-hr-mod.pdf>
- 6 McKay, S. (2007). The squeaky wheel's dilemma: New forms of labor organizing in the Philippines. *Labor Studies Journal*, 30(4), 41–59.
- 7 Electronics Watch, & CTUHR. (2016). *Regional risk assessment: Semiconductor and electronics industry, Philippines*. [https://electronicswatch.org/en/new-regional-risk-assessments-on-the-electronics-industry-in-china-and-the-philippines\\_2523784](https://electronicswatch.org/en/new-regional-risk-assessments-on-the-electronics-industry-in-china-and-the-philippines_2523784)
- 8 Holdcroft, J. (2009) 'Organising the hi-tech ghettos of globalisation', *International Journal of Labour Research* Vol.1 (1), pp.97-105.
- 9 Interview with Julius Carandang, National Coordinator of the Metal Workers' Alliance of the Philippines (MWAP) June 12, 2024, Kuala Lumpur.
- 10 Ibid.
- 11 Electronics Watch, & CTUHR (2016). <https://seipi.org.ph/about-the-industry/>
- 12 International Labour Organization. (2023). *Joint report of trade union to the ILO high level tripartite mission, 23 January 2023, Philippines* (p. 44).
- 14 Human Rights Watch. (2023, October 16). *Philippines: Killings of unionists go unchecked*. Human Rights Watch. <https://www.hrw.org/news/2023/10/16/philippines-killings-unionists-go-unchecked>
- 15 Jerome Adonis, Secretary-General of KMU, October 24, 2024, Interview, Amsterdam.
- 16 <https://www.industrial-union.org/trade-unionist-killed-in-the-philippines>
- 17 <https://www.industrial-union.org/trade-unionist-killed-in-the-philippines>
- 18 Council of Global Unions (CGU) - Pilipinas. (2023, January 23). *Joint report of trade unions to the ILO high level tripartite mission*. [Report]. On file.
- 19 Cited in: Human Rights Watch, 2023.
- 20 Council of Global Unions (CGU) - Pilipinas. (2023, January 23). *Joint report of trade unions to the ILO high level tripartite mission*. [Report]. On file.
- 21 Interview with Julius Carandang, National Coordinator of the Metal Workers' Alliance of the Philippines (MWAP), June 12, 2024, Kuala Lumpur.
- 22 Electronics Watch (nd). Electronics watch condemns the killing of Dandy Miguel, [https://electronicswatch.org/en/electronics-watch-condemns-the-killing-of-dandy-miguel\\_2589937](https://electronicswatch.org/en/electronics-watch-condemns-the-killing-of-dandy-miguel_2589937)
- 23 Patag, K. J. (2021, March 29). *No doubt that Dandy Miguel was killed for fighting for workers, supporters say*. Philstar.com. <https://www.philstar.com/headlines/2021/03/29/2087827/no-doubt-dandy-miguel-was-killed-fighting-workers-supporters-say>
- 24 IndustriALL. (2021, March 31). *Trade unionist killed in the Philippines*. Retrieved from <https://www.industrial-union.org/trade-unionist-killed-in-the-philippines>
- 25 Jerome Adonis, Secretary-General of KMU, October 24, 2024, Interview, Amsterdam.
- 26 Ibid.
- 27 Nexperia. (n.d.). About. Nexperia. Retrieved August 14, 2024, from <https://www.nexperia.com/about>
- 28 Remmers, M., & Schipper, I. (2015). *Research on labour disputes at NXP*. NXP. Goodelectronics. <https://goodelectronics.org/unable-to-connect/>
- 29 IndustriALL Global Union (2024, April 5) Workers' right under attack at Nexperia Philippines. <https://www.industrial-union.org/workers-right-under-attack-at-nexperia-philippines>
- 30 Center for Trade Union and Human Rights (2020), Nexperia company profile, unpublished research on file.
- 31 Council of Global Unions (CGU) - Pilipinas. (2023, January 23). *Joint report of trade unions to the ILO high level tripartite mission*. [Report]. On file.
- 32 Cited in: Center for Trade Union and Human Rights (2022, February 21). Unwanted visits threaten lives of unionists. Retrieved from <https://ctuhr.org/feature-story/unwanted-visits-threaten-lives-of-unionists/>
- 33 Interview with Julius Carandang, National Coordinator of the Metal Workers' Alliance of the Philippines (MWAP), June 12, 2024, Kuala Lumpur.



GoodElectronics

*Setem*

## 6. Mexico: protection unions undermine labour rights

## 6. Mexico: protection unions undermine labour rights

A sixth strategy for obstructing the right to organise is the creation of a pseudo-union or puppet-union, which mirrors the structure of a legitimate workers' organisation but functions to protect employer interests. These fake unions are known by various names depending on the context. They are sometimes referred to as "yellow" unions, "sweetheart" unions, "puppet" unions, or "ghost" unions. However, they all share one defining characteristic: they fail to democratically represent the workforce, typically existing as a result of undue employer interference.

In doing so, employers use these unions to dilute the power of genuine labour organisations, weakening their bargaining position and maintaining control over working conditions and wages. The ILO explicitly prohibits employer interference in workers' organisations, as outlined in Article 2 of ILO Convention 98.

However, this principle is frequently disregarded in many countries, with Mexico standing out as a striking example where employer-controlled unions have become deeply entrenched and institutionalised.<sup>1</sup> Rather than simply serving as extensions of corporate interests, these organisations have evolved into formidable political and economic forces, severely limiting the emergence of genuine trade unions. Although the 2019 legal reforms introduced under former President López Obrador offer a glimmer of hope for democratising labour relations and fostering independent unionism, significant barriers continue to pose challenges.

### Mexico's electronics manufacturing industry

In 2023, electronics and electrical equipment accounted for 17.4% of Mexico's exports, totaling \$103.4 billion out of \$593 billion.<sup>2</sup> Maquiladoras are assembly plants that import parts and supplies duty-free into Mexico and export their production, primarily to the United States, with duty paid only on the value added in Mexico. These maquiladoras, typically operated by major foreign manufacturers such as Foxconn, Flextronics, and Jabil, employ a workforce of roughly 600,000 people, predominantly women.<sup>3</sup>

The proximity to the US market, coupled with duty-free import laws and low wages, make Mexico an attractive location for electronics manufacturing. The country is also often mentioned in conversations about nearshoring semiconductor production or the manufacturing of sensitive products such as high-end servers. Although the

country is unlikely to engage in advanced front-end chip manufacturing, it is expected to leverage its geographical proximity to the US to specialise in the more labour-intensive assembling, testing and packaging phase.

Mexico's trade liberalisation began in 1986 with its accession to the General Agreement on Tariffs and Trade (GATT), a process that gained momentum in 1994 with the enactment of the North American Free Trade Agreement (NAFTA). By eliminating tariffs between the United States, Canada, and Mexico, NAFTA spurred a migration of jobs to Mexico, drawn by the country's lower labour costs.

Yet, these cost advantages have come under fire for their human toll, with critics pointing to weak labour protections and routine violations of workers' rights.<sup>4</sup> Although these practices contravene Mexican labour laws, economic necessity compels women to endure poor working conditions. Employers exploit this vulnerability, implementing paternalistic and authoritarian management structures.<sup>5</sup>

## The widespread use of protection contracts

Mexico's ratification of ILO Conventions 87 and 98 reflects its formal commitment to upholding labour rights, including the right to organise and collective bargaining. However, the reality for many workers, particularly in the electronics sector, remains bleak.

The widespread use of protection contracts is a significant factor in this disconnect. Protection contracts,<sup>6</sup> or *contratos de protección*, are concluded by unauthorised or illegitimate parties, without the knowledge and democratic involvement of the workers they are meant to represent.<sup>7</sup> They are sometimes referred to as "ghost unions" (*sindicatos fantasmas*) as workers are "represented" by leaders they neither voted for, met, nor know.<sup>8</sup> They exist in legal terms, but there are no assemblies, elections, or any indication that the union is active.

As a result, these so-called union "representatives" fail to uphold accountability to members, offering neither regular communication nor organisational transparency. In some instances, companies deduct union fees directly from workers' wages without their consent or knowledge.<sup>9</sup> In other cases, employers bypass workers entirely and instead pay the individuals behind the "ghost union" directly, without collecting any dues from employees.

The ILO Committee on Freedom of Association (CFA) has repeatedly urged Mexico's government, employers, and unions to address protection contracts and enact essential reforms.<sup>10</sup> These contracts violate Article 2 of Convention 87 by preventing the formation of independent unions and infringe on Article 4 of Convention 98 by obstructing genuine collective bargaining, with employers unilaterally controlling union representation.

By imposing protection contracts, businesses can repress wages and working conditions while creating a facade of harmonious labour relations, an approach that appeals to foreign investors by reducing the likelihood of strikes.

Meanwhile, for inattentive social auditors working on behalf of big-name brands, these protection unions may provide a veneer of compliance for suppliers while effectively violating the right to organise and doing nothing to drive real improvements in labour standards. However, even if social audits uncovered these violations, serious doubts remain as to whether many well-known brands would take meaningful remedial action to address them (see chapters 2 and 9).

Although management's use of fake unions is notorious among labour movements in many electronics-producing countries, in Mexico it has become deeply institutionalised. In 2021, the Mexican Ministry of Labour estimated that 85% of the country's 139,000 registered CBAs were protection contracts,<sup>11</sup> with labour rights advocates estimating it could be as high as 90%, reflecting widespread exploitation and corruption.<sup>12</sup>

Protection contracts are often established even before a company hires its first employee. In such cases, corporate lawyers register unions with which employers subsequently negotiate, leaving future employees with no opportunity to choose their own representation.

One particularly notorious figure, Enrique Torres Ibarra, was found to have signed protection contracts with 466 companies, underscoring the pervasive and systemic nature of these fraudulent practices.<sup>13</sup> These ghost unions exist only on paper, with no real presence on the shop floor—depriving workers of the ability to hold union officials accountable or to advocate for internal democracy.<sup>14</sup>

The prevalence of protection contracts is closely linked to Mexico's corporatist labour system, which has historically favoured employer-dominated unions. The majority of "protection contracts" in Mexico are signed by the *Confederación de Trabajadores de México* (CTM), a union confederation with strong ties to the *Partido Revolucionario Institucional* (PRI), the country's dominant political force for much of the 20th century (1929–2000) and again from 2012 to 2018.

This system effectively granted these unions de facto near-exclusive authority to represent workers, creating administrative and legal barriers that makes the formation of independent unions almost impossible.

Corruption within local authorities exacerbates this issue, allowing companies to perpetuate these sham agreements. Such fraudulent practices not only worsen working conditions but also weaken genuine organising efforts by spreading the perception among workers that unions are "synonymous with criminal activities."<sup>15</sup>

## Advocating workplace justice: labour rights NGO CEREAL

labour rights advocates at the Centro de Reflexión y Acción Laboral (CEREAL), of the Center for Labor Action and Studies, in Guadalajara, Jalisco, are tackling workplace injustices in one of Mexico's leading electronics manufacturing hubs. This region hosts contract manufacturers such as Flex, Jabil, and Foxconn, alongside lead firms like Samsung, LG, HP, and Intel, which have established major production facilities.

A cornerstone of CEREAL's mission is to train and educate workers about their right to organise—an effort that is particularly challenging given the pervasive misunderstanding and mistrust surrounding unions. As Hugo Mendoza, director of CEREAL, explains, "In Mexico, unions are often associated with corruption. Workers think, 'Why would I want to be part of a corrupt organisation?'"<sup>16</sup>

This stigma, rooted in the prevalence of employer-dominated puppet unions and their fraudulent practices, has cultivated a deep-seated skepticism towards unions. To combat this, Hugo Mendoza emphasises the need to inform and train workers about what unions should genuinely represent: a collective force advocating for their rights. Otherwise, the distrust will persist.

Besides the lack of knowledge, Hugo Mendoza emphasises that fear of dismissal is one of the most significant obstacles to union formation in Mexico. He explained, "If you try to form a union, you get dismissed. And of course, workers don't want to get dismissed."<sup>17</sup> Employers often fabricate reasons for termination, citing issues like tardiness or misconduct to justify their actions. Legal protections, he argues, falls short and typically fail to recognise employer misconduct. "There has to be legal protections for workers who try to form unions, or they simply won't organise."<sup>18</sup>

A striking example of this unfolded at Foxconn's Ciudad Juarez plant in Chihuahua, where workers, producing components for cable and satellite televisions for companies like Technicolor, Brocade, and Cisco, discovered a protection contract only after attempting to organise for better wages and working conditions.<sup>19</sup> Despite claims from the company of an existing CBA, workers had neither seen their union representatives nor engaged in any union activities—clear signs of a "protection union."<sup>20</sup>

In 2015, when workers began advocating for their rights, Foxconn responded by dismissing over 100 employees and filing three legal actions against the protest's leader, Carlos Octavio Serrano. These included a civil case for property damage, a labour case for organising a union while being an exempt supervisor, and a criminal case for protesting at the facility's gates.<sup>21</sup>

Serrano described the company's behaviour: "They wanted me to sign a formal administrative letter. I asked for a lawyer, but they refused and then fired me." Foxconn

later issued an internal letter dismissing the protests as a small group of unhappy workers.<sup>22</sup> However, according to a female worker on social media, “Most of us are discontent, but we do not speak because we fear retaliation.”<sup>23</sup>

After rejecting a 50,000-peso (approximately \$2,500 USD at the time) resignation offer—equivalent to around 10 months’ wages for a production line worker—Serrano was dismissed without severance.

The case illustrates the difficulties workers face when attempting to resist or challenge entrenched power structures at the workplace. The widespread use of protection contracts, coupled with the fear of employer reprisals, leaves Hugo Mendoza unable to identify any independent unions within the electronics industry—except for Panasonic, which is discussed below.<sup>24</sup>

## 2019 legal reforms: a path to change?

Protection contracts present a façade of collective bargaining, trapping workers in a corrupt network controlled by employer-dominated unions that prioritise corporate profits over worker welfare. Mexico’s corporatist labour system has historically favoured the interests of capital, enforcing anti-union policies that have systematically eroded workers’ capacity to organise. However, this entrenched malpractice may now be reaching a critical turning point.

President Enrique Peña Nieto (PRI) set the stage for a major overhaul of Mexico’s labour system, introducing constitutional reforms designed to strengthen independent unions. Domestic calls for democratisation, championed by independent unions, labour experts, and opposition parties, found renewed momentum under President Andrés Manuel López Obrador’s administration.<sup>25</sup>

This domestic drive for reform converged with growing international pressures to bolster workers’ control over unions and collective bargaining.<sup>26</sup> These pressures were intensified by Donald Trump’s 2016 campaign promises to combat social dumping and renegotiate NAFTA, pledges that resonated strongly with voters in the Rust Belt.<sup>27</sup>

The negotiation process was further shaped by lobbying from Democrats and US unions, who championed stronger labour chapter provisions, higher wages, and freedom of association. These intersecting forces culminated in significant changes, including amendments to Mexico’s Federal Labour Law in 2019 and the creation of the United States-Mexico-Canada Agreement (USMCA). Replacing NAFTA, the USMCA incorporated robust labour protections and took effect on 1 July 2020.<sup>28</sup>

Together, these changes signalled a turning point in Mexico’s labour landscape, setting the stage for dismantling the entrenched system of protection contracts and paving the way for genuine, democratic worker representation to take hold.<sup>29</sup> A new Federal

Centre for Conciliation and Labor Registration was established aiming to oversee fairer labour processes.<sup>30</sup>

One of the most impactful changes is the mandate that unions demonstrate their representativeness before entering into collective bargaining, preventing employers from imposing protection contracts without worker consent.<sup>31</sup>

Moreover, the new law required existing CBAs to be legitimised through direct, free, and secret worker voting by July 31, 2023, offering the option for workers to reject them. In factories without union presence, CBAs were automatically terminated because no vote was held.

However, despite these legal advancements, the practical implementation of the reforms has faced significant challenges. Hugo Mendoza identifies two key issues.

First, he highlights that the Labour Department is severely understaffed, stating: "You know, in Jalisco, it's ridiculous—there are only 60 labour inspectors to cover 360,000 economic units, mostly small but also many big businesses. And nationwide? We've got fewer than 600 inspectors for the whole country. How are they supposed to oversee the verification process?"<sup>32</sup>

Second a core element of the reform mandate was that unions would organise the legitimisation vote, which is problematic as it gave protection unions a possibility to influence the voting process.

This is particularly concerning, as Mendoza's colleague Elias Garcia points out, because Labour Department officials are often absent during these votes, leaving the process unmonitored and vulnerable to manipulation. To a large extent, he argues, the legitimisation process has become a mere formality, reinforcing the status quo of protection unions and preserving existing protection contracts rather than driving meaningful improvements in workers' conditions.<sup>33</sup>

Despite being overseen by entrenched, unrepresentative parties and influenced by employer pressure on workers' voting decisions, this process still represents a significant step forward. Workers now have the right to vote by secret ballot on both initial CBAs and any subsequent revisions. This development opens the door to future challenges to CBAs that fail to adequately represent workers.

Hugo Mendoza cites further evidence of manipulation by examining workers' pay slips in factories that have undergone legitimisation votes. "You can tell because workers' pay slips don't even show union fee deductions, which suggests that employers are paying the unions directly." He argues that this is a strong indicator the factory unions are not genuinely representative. "When workers pay fees directly, they're more likely to ask important questions—like who the union is, who its leaders are, and what it's doing on their behalf. Without that financial connection, the accountability just isn't there."<sup>34</sup>

Echoing these concerns, researchers Mark Anner, Matthew Fischer-Daly, and Cirila Quintero Ramírez argue that recent reforms have done too little to challenge the power of incumbent unions. These unions were allowed to organise the legitimisation voting, select their own notary to oversee the process, and report the results.<sup>35</sup> This level of control, they contend, has led to manipulated outcomes, or “sham votes”, that favour employer-aligned contracts.<sup>36</sup>

## Rapid response labour mechanism

Anticipating potential challenges in implementing labour reforms, the USMCA introduced an enforcement tool called the Rapid Response Labour Mechanism (RRLM) in July 2020. It recognises the deep integration of Mexican businesses into extensive supply chains closely connected to US firms and markets. This mechanism is designed to address violations of workers' rights, particularly in cases involving freedom of association and collective bargaining, within specific facilities in Mexico or the United States. It enables swift investigations and enforcement actions if violations are found.

Hailed by the US Department of Labor as “the strongest and most far-reaching labor provision in any trade agreement,” the RRLM empowers one country to take action if it believes workers in another country are being denied their rights to unionise or bargain collectively.<sup>37</sup> It not only permits investigations into such but also grants the power to suspend the final determination of goods from the facility under scrutiny, giving the mechanism tangible economic leverage and enforcement capabilities.

According to Sandra Polaski, former Deputy Director-General for Policy at the ILO, this firm-level focus “shifts the liability for labour rights violations directly onto the firm where the denial of rights occurs,” meaning that “it is the firm that will bear the consequences of its denial of workers' rights,” such as losing tariff benefits or, in cases of repeated violations, being denied access to US or Canadian markets.<sup>38</sup> Polaski argues that this “can change the firm's calculation of the cost of violations and thus better align the incentives facing the firm with the public interest in respect for workers' rights.”<sup>39</sup>

By holding individual firms directly accountable, the RRLM sets itself apart from other labour provisions in trade agreements that rely on slow, non-binding, and ineffective state-to-state dispute resolution mechanisms, which is why they are rarely utilised by labour rights advocates.<sup>40</sup>

Between 2021 and September 2024, the US invoked the USMCA's RRLM 27 times across various industries – including automotive, garments, mining, and food manufacturing in Mexico, benefiting over 36,000 workers.<sup>41</sup> Outcomes include \$6 million in backpay, reinstatement of wrongly terminated employees, and free, fair union elections. Of the cases, 21 led to remediation plans or resolutions, 14 included

backpay, 11 reinstatements, and 11 secured independent union representation. Many also achieved wage increases, workers' rights training, and improved workplace policies.

This demonstrates the RRLM's far greater effectiveness compared to the voluntary CSR measures of the Responsible Business Alliance, discussed in Chapter 9, an electronics industry initiative that has failed to prevent labour rights abuses in supply chains. The Panasonic case exemplifies the transformative potential of the RRLM.

## Panasonic

The Panasonic Automotive Systems factory in Reynosa, Tamaulipas, produces electronic components, in-car audio systems, and display modules for major automotive brands. Although officially classified as an automotive facility, Panasonic is part of one of Japan's largest electronics firms.

The factory reflects a wider trend: electronics now account for up to 40% of a vehicle's production cost, highlighting the increasingly close relationship between the automotive and electronics sectors. Although the Panasonic Group has publicly committed to upholding human rights in accordance with the United Nations Guiding Principles (UNGPs) and OECD Guidelines—and requires its suppliers to endorse its Code of Ethics and Human Rights and Labor Policy—an incident on 7 April 2022 raised concerns about the company's own alignment with these principles.<sup>42</sup>

On that day, workers protested a secret collective agreement between Panasonic and the Autonomous Industrial Union (Siamarm). This agreement was widely seen as an attempt to prevent workers from electing the Independent National Union (SNITIS) in an upcoming vote on 21-22 April, prompting accusations that Siamarm had imposed a union and collected dues without consent.<sup>43</sup>

Following the protest, Panasonic allegedly retaliated by firing workers and interfering in the union election process. SNITIS filed a complaint under the USMCA's Rapid Response Labour Mechanism (RRLM) on 18 May 2022. The company was accused of signing a CBA without lawful union representation and failing to protect independent union leaders from attacks by the corporatist CTM union. This intervention proved effective, leading Panasonic to terminate the collective bargaining agreement it had signed with a union lacking legal bargaining authority and to reimburse workers for the dues previously deducted from their wages.

Despite threats and harassment, SNITIS won the election allowing them to negotiate a new labour contract with Panasonic, which led to a 9.5% pay rise, increased benefits, and reinstatement of 26 wrongfully dismissed workers as SNITIS delegates.<sup>44</sup> This case illustrates how the RRLM empowered workers to secure fair representation and improved labour conditions through targeted intervention and remediation.

Yet, as Alexander Ivanou of IndustriALL observes, “the sheer scale of reform, with so many protection agreements and the complexities of transforming the existing industrial relations culture, means that we are looking at years of struggle.”<sup>45</sup>

Hugo Mendoza argues that the RRLM is more effective in industrial sectors where powerful unions operate on the US side of the border, whereas in electronics, as discussed in Chapter 2, such union allies are rare. However, as Polaski highlights,<sup>46</sup> there also exist cases where Mexican unions have successfully filed petitions under the RRLM without US union involvement, demonstrating that progress remains possible.<sup>47</sup>



The sixth barrier to exercising freedom of association and collective bargaining is the proliferation of employer-dominated unions. Although this phenomenon is global, it is particularly entrenched and institutionalised in Mexico.

These unions, which exist solely to protect employer interests, fail to represent workers democratically and are instrumental in suppressing wages and working conditions. Estimates suggest that 85% of collective bargaining agreements in Mexico are protection contracts signed without workers' knowledge or consent, violating core principles of ILO Conventions 87 and 98.

While Mexico's Democratic Labour Reform marks an important moment in the country's push to modernise its labour practices and empower workers, which brings labour standards more in line with global norms, implementation remains flawed due to limited oversight, corruption, manipulation of voting processes, and lack of grassroots participation.

The USMCA's Rapid Response Labour Mechanism has achieved notable successes, exemplified by the Panasonic case, where worker protests led to fair representation and better conditions. In line with these reforms, lead firms should actively uphold workers' rights to organise as part of their human rights due diligence, helping to create transparent and ethical workplaces across Mexico's industrial sectors.<sup>48</sup> This entails robust policies on freedom of association, accessible grievance mechanisms, and strong safeguards against retaliation within their supply chains. Brands should provide training on labour rights, and adopt a strictly neutral stance on union issues, supporting a fair and equitable work environment.<sup>49</sup>

## Footnotes

- 1 This practice is extensively documented, see for instance: Kagan, J. M. (2005). Workers' rights in the Mexican maquiladora sector: Collective bargaining, women's rights, and general human rights: Law, norms, and practice. *Journal of Transnational Law & Policy*, 15(1), 153–180; Lüthje, B., Yat-Sen, S., Pawlicki, P., & Sproll, M. (2013). *From Silicon Valley to Shenzhen: Global production and work in the IT industry*. Rowman & Littlefield.
- 2 World's Top Exports. (2023). *Mexico's top exports*. World's Top Exports. [https://www.worldstopexports.com/mexicos-top-exports/?utm\\_content=cmp-true](https://www.worldstopexports.com/mexicos-top-exports/?utm_content=cmp-true)
- 3 Coalición de Extrabajadoras(es) y Trabajadoras(es) de la Industria Electrónica Nacional (CETIEN). (2022). *Ensamblando tecnología, desensamblando derechos: Informe 2020-2022*, p.73. Retrieved from <https://cetiennmexico.wordpress.com/wp-content/uploads/2022/07/ensamblando-tecnologia-des-ensamblando-derechos-esp-ing.pdf>
- 4 Lüthje et al., p.164.
- 5 Ibid., p.165.
- 6 For the avoidance of doubt, these contract protect the interests of employers not workers
- 7 International Labour Organization (ILO). (2015). Part II: Report of the Committee on the Application of Standards. Individual cases: Mexico. In *International Labour Conference: 104th Session, Geneva, 2015. Conference Committee on the Application of Standards. Extracts from the Record of Proceedings* (p. 14, Part II/74). International Labour Office. [http://www.ilo.org/wcmsp5/groups/public/---ed\\_norm/---normes/documents/publication/wcms\\_412826.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---normes/documents/publication/wcms_412826.pdf) (accessed September 27, 2024).
- 8 Salazar Salame, H. (2011). *Worker rights protection in Mexico's Silicon Valley: Confronting low-road labour practices in high-tech manufacturing through antagonistic collaboration* (Master's thesis). Massachusetts Institute of Technology, Department of Urban Studies and Planning. Retrieved from <https://dspace.mit.edu/handle/1721.1/69456>
- 9 Linares, P. A. R. (2015). Centro de Reflexión y Acción Laboral: Defending electronics workers in Mexico. In R. Maxwell (Ed.), *The Routledge companion to labour and media* (pp. 327–342). Routledge.
- 10 See:
  - International Labour Organization. (2004). *CFA Case No. 2393 (Mexico)*.
  - International Labour Organization. (2006). *CFA Case No. 2478 (Mexico)*.
  - International Labour Organization. (2010). *CFA Case No. 2774 (Mexico)*.
- 11 Secretaría del Trabajo y Previsión Social. (2023, January 20). *100 días para concluir el plazo de legitimación de contratos colectivos* [Press release] <https://www.gob.mx/stps/prensa/100-dias-para-concluir-el-plazo-de-legitimacion-de-contratos-colectivos?idiom=es>
- 12 CEREAL. (2016). *Beyond voluntary codes and audits: A challenge for the electronic industry: Seventh report on working conditions in the Mexican electronics industry*. CEREAL.
- 13 Maquila Solidarity Network (November 5, 2013) 'Protection contracts wide spread in Mexico's electronics sector', available at: <https://en.archive.maquilasolidarity.org/node/1159> ; Linares, Pedro Antonio Reyes (2015) Centro De Reflexión Y Acción Laboral: Defending Electronics Workers in Mexico', in: R. Maxwell (Ed.), *The Routledge companion to labor and media* (pp. 327-342). New York & Abingdon: Routledge.
- 14 Salazar, 2011. op cit.
- 15 David Foust, Professor at Universidad Jesuita de Guadalajara, interview, November 20, 2023, Bogor, Indonesia.
- 16 Interview, Hugo Mendoza, Director of CEREAL, November 29, 2024. Online. [in Spanish, Translation by David Foust].
- 17 Ibid.
- 18 Ibid.
- 19 GoodElectronics Network. (2015, November 3). *Fear of increasing reprisals against Foxconn workers in Ciudad Juarez, Mexico*. Retrieved from <https://goodelectronics.org/fear-of-increasing-reprisals-against-foxconn-workers-in-ciudad-juarez-mexico>
- 20 CEREAL, 2016, op cit.
- 21 Kramer, K., Frias, D., Scott, R., Gonzalez, L., Diaz, C., Mora, A., & Costa, C. (2015). *Maquiladora workers rising in Ciudad Juarez*. San Francisco Living Wage Coalition. <https://www.livingwage-sf.org/fair-trade/maquiladora-workers-rising-in-ciudad-juarez/>
- 22 CEREAL. op cit. p.24.
- 23 Ibid.
- 24 Interview, Hugo Mendoza, Director of CEREAL, November 29, 2024. Online. [in Spanish, Translation by David Foust].
- 25 Bensusán, G., & Middlebrook, K. J. (2020). *Democratic labor reform in Mexico*. Wilson Centre, Retrieved from <https://www.wilsoncenter.org/sites/default/files/media/uploads/documents/Bensusan%20%26%20Middlebrook%20-%20Democratic%20Labor%20Reform%20in%20Mexico.pdf>
- 26 For more background see: Polaski, S. (2023). *USMCA and the Rapid Response Labor Mechanism: A new approach to cross-border governance of labor rights* [Preprint]. Global Economic Governance Initiative, Boston University. Available at <https://www.researchgate.net/publication/375774940>
- 27 Covarrubias Valdenebro, A. (2020). Mexican competitive advantage in NAFTA: A case of social dumping? A view from the automotive industry. *International Journal of Automotive Technology and Management*, 20(3), 239–257.

- 28 For a longer discussion: Myant, M. (2022). *Labour rights in trade agreements: Five new stories*. European Trade Union Institute.
- 29 Bensusán, G., & Carrillo, J. (2021). The social responsibility of multinational enterprises vis-à-vis the State: The case of the automotive and television industries in Mexico. In G. Delautre, E. Echeverría Manrique, & C. Fenwick (Eds.), *Decent work in a globalized economy: Lessons from public and private initiatives* (pp. 211-242). International Labour Office. (p.218-9).
- 30 It replaced the tripartite "Coniliation and Arbitration Boards", made up of representatives of business, executive branches of federal or state governments, and unions (usually the corrupt union centrals). Comment from Bob Jeffcott, email conversation on file.
- 31 Bensusán, G. (2023). Labour reforms in Mexico and international trade negotiations: From the North American Free Trade Agreement to the United States–Mexico–Canada Agreement. In M. Corley-Coulibaly, F. C. Ebert, & P. Sekerler Richiardi (Eds.), *Integrating trade and decent work: Volume 2: The potential of trade and investment policies to address labour market issues in supply chains* (pp. 143-174). International Labour Office.
- 32 Interview, Hugo Mendoza, director of CEREAL. November 29, 2024. Online. [in Spanish, Translation by David Foust].
- 33 Elias Garcia, interview, July 10, 2024, via zoom.
- 34 Interview, Hugo Mendoza, Director of CEREAL, November 29, 2024. Online. [in Spanish, Translation by David Foust].
- 35 Anner, M., Fischer-Daly, M., & Quintero Ramírez, C. (2024). Between labour control and worker empowerment: Authoritarian innovations and democratic reforms in Mexico. *Journal of Industrial Relations*, 66(4), 578–603. <https://doi.org/10.1177/00221856241278989>
- 36 Ibid.
- 37 U.S. Department of Labor. (n.d.). *Labor rights in the USMCA*. Retrieved from <https://www.dol.gov/agencies/ilab/our-work/trade/labor-rights-usmca>
- 38 Polaski, 2023, op cit.
- 39 Ibid.
- 40 For an evaluation of NAFTA's social clause: Compa, L., & Brooks, T. (2019). *NAFTA and NAALC: Twenty-five years of North American trade*. Philadelphia, PA: Kluwer Law International.
- 41 Office of the United States Trade Representative. (2024, September). *Fact sheet: USMCA rapid response mechanism delivers for workers*. Retrieved from <https://ustr.gov/about-us/policy-offices/press-office/fact-sheets/2024/september/fact-sheet-usmca-rapid-response-mechanism-delivers-workers>
- 42 Panasonic Holdings Corporation. (2023). *Sustainability data book 2023: Human rights*. [https://holdings.panasonic/global/corporate/sustainability/pdf/sd-b2023e-human\\_rights.pdf](https://holdings.panasonic/global/corporate/sustainability/pdf/sd-b2023e-human_rights.pdf)
- 43 Anner, M., & Fischer-Daly, M., with contributions from Amita, S., Maich, K., Okyere, S., & Yint, Y. (2023, December 19). *Worker voice: What it is, what it is not, and why it matters*. Center for Global Workers' Rights, The Pennsylvania State University; ICF Macro, Inc.; The Pennsylvania State University Center for Global Workers' Rights. United States Department of Labor, Bureau of International Labor Affairs. [https://ler.la.psu.edu/wp-content/uploads/sites/4/2024/04/Penn-State-Worker-Voice-Report-Dec.-19-Final\\_amended\\_mfd\\_23March2024-2.pdf](https://ler.la.psu.edu/wp-content/uploads/sites/4/2024/04/Penn-State-Worker-Voice-Report-Dec.-19-Final_amended_mfd_23March2024-2.pdf)
- 44 Bown, C. P., & Claussen, K. (2023). *The rapid response labor mechanism of the US-Mexico-Canada agreement* (Working Paper No. 23-9). Peterson Institute for International Economics. <https://www.piie.com>
- 45 Interview March 6, 2024, Alexander Ivanou, Materials industries and ICT, electrical and electronics director, zoom.
- 46 Comment Sandra Polaski, Email conversation on file.
- 47 Comment Sandra Polaski, Email conversation on file.
- 48 For a detailed guidance for what companies should to adhere to international standards of freedom of association and collective bargaining: Americas Group: Mexico Committee. (2024, June). *Employer guidance: Ensuring respect for freedom of association and the right to bargain collectively*. Retrieved from [https://www.maquilasolidarity.org/sites/default/files/resource/FOA\\_Employer\\_Guide\\_Mexico\\_June\\_2024\\_0.pdf](https://www.maquilasolidarity.org/sites/default/files/resource/FOA_Employer_Guide_Mexico_June_2024_0.pdf)
- 49 Ibid.



GoodElectronics

*Setem*

## **7. Indonesia: how job insecurity undermines unions**

## 7. Indonesia: how job insecurity undermines unions

The seventh barrier to workers' right to organise is job insecurity.<sup>1</sup> Millions of electronics workers are trapped in temporary, part-time, internship, and contract positions, leaving their employment uncertain and insecure, as risks are shifted from employers to employees.<sup>2</sup> These workers often lack social benefits and legal protections, a situation that is prevalent in major electronics-producing countries such as China,<sup>3</sup> Indonesia, Malaysia, Mexico, the Philippines, and Thailand.

Except for police and military forces, the ILO affirms that all workers, irrespective of their contract type, have the right to unionise, engage in collective bargaining, and strike. However, in practice, this ideal often falls short. Employers use workplace informalisation and precarious employment conditions to reduce costs, maintain operational flexibility, and deter union participation and representation.<sup>4</sup>

Due to their unstable job status, temporary workers face higher rates of layoffs, underpayment, and limited access to social and health services, as well as greater health risks. ILO research suggests that the accident rate among temporary and agency workers is up to 2.5 times higher than that of regular workers.<sup>5</sup>

This creates a workplace regime that treats workers as disposable commodities, easily available for overwork during production peaks and discarded during periods of low demand. This reduction of people to economic units is dehumanising and ignores the social dimension of work.

In some countries, like for example Vietnam or the Philippines, temporary or outsourced workers are barred from joining a union.<sup>6</sup> Agency workers are sometimes restricted to bargaining only with their immediate employer, not the principal company, which weakens their collective bargaining power and leaves them vulnerable to employer retaliation, blacklisting, and precarious working conditions.<sup>7</sup> High labour turnover further undermine collective worker organisation.

Women and migrant workers are especially vulnerable, often viewed as expendable and subjected to multiple forms of discrimination and exploitation.<sup>8</sup> They are disproportionately represented in low-wage, low-skill jobs, such as machine operators. Even in countries that, at least on paper, provide strong constitutional protections for freedom of association, labour flexibility policies have weakened union rights and reduced membership, as demonstrated by the case of Indonesia.

## Role Indonesia in the electronics industry

Until the mid-1980s, Indonesia's electronics industry primarily catered to its substantial domestic market, with major players such as Panasonic, Grundig, ITT, and Philips dominating the sector. However, in 1986, the Suharto regime shifted its industrial strategy from import substitution to an export-oriented model. This policy shift aimed to attract foreign investment by establishing special economic zones and the introduction of favourable tax laws.

The government sought to emulate the industrialisation successes of the so-called Asian Tigers by drawing in labour-intensive industries. Initially, this strategy appeared to bear fruit. By the late 1980s and into the 1990s, an increasing number of electronics firms—particularly from Japan, South Korea, and Singapore—began relocating parts of their labour-intensive operations to Indonesia. The country subsequently became integrated into global production networks, positioning itself as a low-cost export hub.

However, this growth slowed after Indonesia's transition to democracy in 1998, compounded by the Asian Financial Crisis in the same year and the rapid emergence of China as the world's electronics manufacturing powerhouse in the early 2000s.

Since 2010, the export value of Indonesia's electronics industry has actually declined, and several Japanese factories have shuttered operations due to rising competition from China.<sup>9</sup> In recent years, the Indonesian government sought to counter this trend and selected electronics as one of six sectors to be prioritised for industrial development. Electronics represents 4.6 % of Indonesia's total exports.

## Reformasi: a new dawn for labour?

The evolution of trade unions in Indonesia reflects the nation's shift from authoritarianism to democracy. Under Suharto's New Order regime (1967–1998), unions faced stringent controls within a corporatist framework, akin to those in China and Vietnam.<sup>10</sup>

The late 1980s witnessed a surge in foreign investment, particularly from Japan, South Korea, and Singapore, attracted by Indonesia's low labour costs and vast workforce. Batam Island, strategically located near the Strait of Malacca and a mere 20 kilometres from Singapore, became a focal point for this investment, offering a cost-effective alternative to Singapore's constrained land.<sup>11</sup>

The new industrial zones specialised in labour-intensive assembly, especially in consumer and industrial electronics, integrating Indonesia into global production networks as a hub for low-cost electronics exports. Today, Indonesia plays an expanding role in the global nickel supply chain, which is essential for lithium batteries powering everything from smartphones to the burgeoning electric vehicle market.

The fall of Suharto in 1998 marked Indonesia's democratic transition, known as Reformasi, and initiated significant reforms in labour laws. A major shift occurred with the dismantling of the state-controlled union monopoly and Indonesia's ratification of ILO Convention 87, granting workers the freedom to associate and organise, paving the way for the establishment of multiple unions.

The post-Suharto era saw a revitalised labour movement, enthusiastically embraced by workers in labour-intensive sectors such as electronics, footwear, and garments.<sup>12</sup> Thousands of new enterprise unions and federations emerged, accelerating the transformation.

Despite limited resources, Indonesia expert Michele Ford observes that these unions have “punched above their weight,” using their mobilization power to achieve labour rights gains, including minimum wage increases (notably between 2009 and 2014) and enhanced political influence.<sup>13</sup>

Even with advancements in legal frameworks protecting the right to organise, significant challenges undermine workers' ability to exercise it effectively. These include:

**Understaffed Labour Inspection System:** Indonesia has just one inspector per 11,228 companies, severely limiting oversight.<sup>14</sup> Corruption further erodes trust as inspectors often accept bribes.

**Flawed Dispute Resolution:** Mechanisms for resolving industrial disputes are viewed as biased and ineffective, with employers frequently refusing to recognise unions or unlawfully dismissing union activists.<sup>15</sup>

**Violence and Intimidation:** Union leaders and activists face threats and violence from paramilitary groups and gangs, instilling a climate of fear.<sup>16</sup>

**Restricted Demonstrations:** Laws limiting public protests in industrial areas deemed “national vital objects” hinder unions from organising strikes or advocating effectively, reflecting state interference.

## Labour market flexibility

Beyond these critical enforcement challenges, an even greater threat exacerbates the struggle for workers' rights: the structural shift in labour regulations that prioritised labour market flexibility over employee safeguards, heavily influenced by neoliberal economic policies.

The 2003 Manpower Act, intended to limit outsourcing to peripheral services like security and catering, in practice “companies have gone well beyond the provisions

for outsourcing," as studies show.<sup>17</sup> This has allowed companies to hire and fire workers with ease, bypassing key protections such as severance pay, and collective bargaining rights.

Another related problem is that recruitment processes for contract workers in industries such as electronics manufacturing are often dominated by local intermediaries or labour brokers. These include local officials, strongmen, or even factory supervisors and managers, who play an important role in hiring.<sup>18</sup>

Frequently, they demand informal fees or bribes, colloquially known in Bahasa as "pejorative Marlan" (mafia application), from workers in exchange for introducing job applicants to the factory. This practice not only creates financially challenging conditions for contract employees but these powerful intermediaries also discourage workers from joining unions due to fears of retaliation.<sup>19</sup>

These changes have fundamentally reshaped the nature of employment. Many workers now find themselves in precarious jobs, lacking essential benefits like sick pay, holiday entitlements, and job security. This has created a dual (two-tier) labour market where temporary workers, often employed through third-party agencies, earn less and have fewer rights than permanent staff, despite doing the same work.<sup>20</sup>

The surge of temporary employment has stoked widespread worker discontent, with many outsourced workers fearing that joining a union could result in their contracts being terminated or not renewed, further diminishing their ability to advocate for their rights.<sup>21</sup>

## Omnibus law

Despite the extensive fallout from these structural changes, recent legislative reforms have further exacerbated the precariousness of workers' rights. The controversial Omnibus Law (2020), formally known as the *Job Creation Bill*, further undermined workers' rights by limiting outsourced workers' ability to engage in collective bargaining.<sup>22</sup>

The bill, introduced under Joko Widodo's administration as a pro-business reform to consolidate and streamline various legislative areas to attract foreign investment. It basically seeks to attract foreign investment by eroding workers' rights and cutting corporate income taxes. Critics contend that Indonesia's Omnibus Law significantly weakens labour protections established under the 2003 Manpower Act,<sup>23</sup> jeopardising workers' rights and job security.<sup>24</sup>

A key concern is the removal of Article 59, which previously restricted temporary work contracts to two years, with a possible one-year extension. As some observers fear, the elimination of this clause "will open up space for employers to hire workers

under certain time employment agreements indefinitely.”<sup>25</sup> This extreme flexibilisation further undermines job stability and exposes workers to exploitative practices, as employers can now rely on temporary contracts without providing long-term benefits or protections. Indonesian unions are challenging the Omnibus law at the Supreme Court level, with at least some success.<sup>26</sup> As a result, the full implications of the law remain unclear.

## The rise of FSPMI-SPEE

Let us now look at the role of *Federasi Serikat Pekerja Metal Indonesia* (FSPMI), or the Federation of Indonesian Metalworkers Unions, and their opposition to labour market flexibilization.

Founded in 1999, FSPMI has grown into one of Indonesia's most influential trade unions.<sup>27</sup> It represents workers across key industries, including metal, shipbuilding, automotive, and electronics, and has demonstrated a strong ability to mobilise its members—a crucial foundation for establishing substantial political influence.<sup>28</sup>

A key branch of the union, the *Serikat Pekerja Elektrik Elektronik* (SPEE), which translates as the Electronics and Electrical Workers Union, represents workers in the electronics sector and advocates for their rights.<sup>29</sup>

Younger leaders, free from the corporatist influences of the New Order regime, have revitalised the union's approach, focusing on organisational culture, data-driven strategies, and forging international partnerships.

In Batam and the Riau Islands, a major hub for Indonesia's electronics industry, the union has successfully established branches in 34 factories. It has also secured CBAs in 19 of them, covering over 15,000 workers, two-thirds of whom are women.<sup>30</sup> These agreements often include provisions for full-time union organisers, allowing them to dedicate their efforts to representing workers and supporting union activities.

## Female membership

Prihanani Boenadi, Vice President of the Federation of Indonesia Metalworkers Union (FSPMI) and a leading advocate in Indonesia's labour movement, highlighted a significant rise in SPEE's membership within the electronics sector. Between 2021 and 2024, membership expanded from 52,000 to 60,640, now accounting for over 17% of the nation's electronics workforce, which the National Statistics Office estimates at around 345,000.<sup>31</sup> Overall union membership in the electronics sector is slightly below 30%, but consistently higher than in manufacturing and the broader economy.

Notably, the proportion of female contract workers who are union members is considerably higher than that of their male counterparts. Female contract workers represent 41.46% of the total FSPMI-SPEE's female membership, for male contract workers is that only 11.51%.<sup>32</sup> Women are often contracted in lower-paying assembly line roles, which are more prone to precarious conditions, including exposure to hazardous materials, than the higher-paying management and technical positions typically dominated by men.

In the past, female activists in FSPMI-SPEE established separate structures at national, branch, and plant levels to amplify women's concerns, address gender-specific workplace issues, and push for greater representation in union leadership.<sup>33</sup> This ensures that issues disproportionately affecting women, such as sexual harassment, maternity leave, and childcare support, are not sidelined during collective bargaining.

Significant progress has been achieved over the years, including the establishment of a Women's Directorate and amendments to union statutes to guarantee 30% female representation at all levels, including collective bargaining committees.<sup>34</sup> Looking ahead, a proposal for the 2026 congress aims to increase this target, mandating that at least 40% of leadership positions to be held by women.<sup>35</sup>

These measures aim to confront the persistent gender divide within trade unions, where men traditionally occupy more prominent and strategic roles, while women are often confined to less visible positions, such as community organisers or event coordinators. The union has also set up a dedicated task force and a "hotline contact" specifically to support women facing violations related to the ILO Convention C190, which focuses on eradicating violence and harassment in the workplace, promoting dignity and equality for all employees.<sup>36</sup>

## Factory raids

After years of unsuccessful campaigning by FSPMI for tighter controls to address the illegal use of precarious labour, "street-level" worker struggles erupted in 2012 in the form of factory raids, known in Bahasa as *grebek pabrik*.<sup>37</sup> These occupations emerged as a bold and militant strategy deployed by the FSPMI to challenge outsourcing and precarious contract employment.<sup>38</sup>

Backed by other labour unions, these actions took place in Bekasi, an industrial district on the outskirts of Jakarta. Striking workers, supported by thousands of their peers from neighbouring factories, occupied workplaces in a show of solidarity until management conceded to demands for permanent employment.

The targeted factories, including Samsung, were accused of violating laws on contract worker regularization, highlighting a broader legal dispute over the misuse of fixed-term contracts.<sup>39</sup>

Activist researchers Fahmi Panimbang and Abu Mufakhir described these events as akin to a “workers’ celebration or festivity” (*hajatan buruh*).<sup>40</sup> The raids involved coordinated mass marches, moving from one factory to another, with occupations that often stretched on for days or even weeks.

These actions proved remarkably effective. Over 100 factories—including those in the electronics sector—were targeted during the campaign, leading to the regularisation of nearly 100,000 contract workers as permanent employees.<sup>41</sup> Worker activists hailed these actions as a provisional form of law enforcement, taken in response to the state’s failure to control the illegal use of precarious labour. For FSPMI, these actions became a powerful organising tool, connecting the union with non-unionised workers and dramatically increasing membership.

Over time, however, the momentum behind this form of associational power waned. Employers adapted by delaying negotiations, deploying police, military, and private security forces – including *preman* (hired thugs) – to disrupt strikes, and filing criminal charges against union leaders.<sup>42</sup>

Meanwhile, the government intensified its crackdown with restrictive measures like the National Vital Objects Regulation, which authorises police intervention in industrial zones, and Special Economic Zone rules designed to undermine union influence.<sup>43</sup>

## Unionising contract workers

The eroding nature of the employment relation has been of great concerns for FSPMI-SPEE, as well as many other Indonesian unions. They are increasingly haunted by fears of declining membership due to corporations’ growing reliance on short-term contract labour, which in turn may trigger a rollback of labour rights protections in factories.

Union leaders in major industrial districts like Bekasi and Batam claim that short-term contract labour now accounts for more than half of the workforce in these regions, a situation further worsened by the growing use of interns.<sup>44</sup>

Short-term contracts foster fear and insecurity, deterring workers from exercising their right to join or form a trade union. Earlier research shows that while most union members enjoy permanent employment, contract and outsourced workers often avoid joining unions, fearing it could jeopardise their chances of contract renewal or lead to termination.<sup>45</sup>

While some unions limit their focus to directly employed workers and exclude agency workers— thus reinforcing workplace segmentation — Boenadi stresses that FSPMI-SPEE has made a concerted effort to represent the entire workforce, and the fight against precarious work has long been a central pillar of the union’s strategy. She argues that unions in the electronics industry face a dual challenge: defending the

rights of permanent workers while organising and advocating for a growing number of contract workers.<sup>46</sup>

She also acknowledges the discrimination contract workers face compared to permanent employees. "Contract workers are paid less, often based on output, and lack access to essential benefits like healthcare," Boenadi noted, highlighting the entrenched inequalities within the industry.<sup>47</sup> Women in particular face disproportionate risks in this precarious system, frequently losing contract renewals due to pregnancy or age, further widening the gender pay gap.

This discrimination is worsened by the unequal burden of care work, which overwhelmingly falls on women, adding to their unpaid responsibilities. The structural imbalance and patriarchal norms are especially harmful to married women, who are seen by employers as less productive due to the expectation they will take time off to care for sick relatives.

These systemic issues, particularly the precarious position of contract workers, pose significant challenges for union organisation efforts. As Yoni Mulyo Widodo, a regional union leader in Batam, explained, the atmosphere of intimidation is pervasive: "Management implies, 'If you join the union, we won't renew your contract,' rather than explicitly saying, 'You must not join the union.' That's the general atmosphere."<sup>48</sup> Even permanent employees face threats, such as losing access to overtime opportunities, further complicating unionisation.

At Pegatron's Pegaunihan factory, one of the largest electronics plants in Batam, these dynamics come sharply into focus. As of July 2024, the factory employed 4,816 workers, with 3,000 of them on fixed-term contracts that often lasted only three months before being renewed based on the company's needs. An investigative report by [Taiwan Transnational Corporations Watch](#) (TTCW)—a coalition of seven Taiwan-based organisations advocating for human rights, labour rights, and environmental accountability—exposed troubling practices within the factory.<sup>49</sup>

The research found that approximately 30 workers had their contracts terminated after refusing overtime or Sunday shifts, casting doubts on the supposed voluntary nature of such work. Additionally, rumours from management about non-renewal of contracts were used to stoke fear among employees, deterring them from union involvement and further exposing the vulnerability of the workforce.<sup>50</sup>

Such tactics expose deeper flows within the employment system, where regulatory gaps and exploitative practices undermine workers' rights. Before the adoption of the Omnibus Law in 2020, regulations limited temporary contracts to two years.

However, legal loopholes allowed employers to repeatedly rehire the same workers, effectively extending their employment well beyond the intended duration—especially in lower-tier factories. "Some workers," Yoni added, "have had their contracts renewed

seven or eight times. If they're hired through an agency, they must pay the recruitment fee again when their contract ends, just to keep working."<sup>51</sup> These workers lose out on benefits, sick pay, and holiday entitlements.

The Omnibus Law extended the maximum duration of fixed-term contracts to five years. However, as previously mentioned, in November 2024 the Constitutional Court has ruled that labour regulations must be removed from the Omnibus Law and reintroduced as a separate, standalone law. While this was a significant victory for unions, it remains uncertain—at the time of writing—whether the ruling has led to any meaningful changes in hiring practices.<sup>52</sup>

Adding to these difficulties, contract workers often prioritise immediate survival—such as wages and job retention—over long-term benefits like pensions and healthcare during negotiations, weakening collective bargaining power. Since Indonesia's tripartite system relies on numerical representation, the decline in union membership threatens unions' ability to retain representation within tripartite bodies.<sup>53</sup>

## \*\*

Precarious work presents a critical challenge for unions like FSPMI-SPEE, making it harder to recruit contract workers, sustain funding, and influence national labour policies. As precarious work becomes the norm, unions must adapt their strategies to prevent further erosion of worker rights and ensure all employees, regardless of contract type, have a voice in the workplace. Corporations must not exploit precarious employment arrangements to bypass job security, benefits, or fair wages, nor should they use them to undermine workers' rights to unionise. Instead, they should uphold fair employment practices and limit reliance on temporary contracts.

## Footnotes

- 1 The ILO distinguishes between Non-Standard Employment (NSE) and precarious work. If NSE refers to work arrangements that deviate from the traditional full-time, permanent model, such as part-time, temporary, or agency work. This puts the focus on the type of the employment relationship. In contrast, precarious work is a qualitative concept that focuses on job insecurity, low wages, and poor conditions. As the ILO notes, precarious work involves "inadequate social security and limited rights," which can overlap with NSE but is not synonymous. For instance, part-time work can be secure or precarious, depending on protections. Reference: International Labour Organization. (2016). *Non-standard employment around the world: Understanding challenges, shaping prospects*. International Labour Office. Chapter 1.
- 2 Kalleberg, A. L., & Hewison, K. (2013). Precarious work and the challenge for Asia. *American Behavioral Scientist*, 57(3), 271–288. <https://doi.org/10.1177/0002764212466238>; International Labour Organization. (2016). *Non-standard employment around the world: Understanding challenges, shaping prospects*. Geneva, Switzerland: International Labour Organization, available at: [https://www.ilo.org/sites/default/files/wcmsp5/groups/public/%40dgreports/%40dcomm/%40publ/documents/publication/wcms\\_534326.pdf](https://www.ilo.org/sites/default/files/wcmsp5/groups/public/%40dgreports/%40dcomm/%40publ/documents/publication/wcms_534326.pdf)
- 3 Chan, J., Pun, N., & Selden, M. (2015). Interns or workers? China's student labor regime. *The Asia-Pacific Journal*, 13(36), 2.
- 4 Hewison, K., & Kalleberg, A. L. (2013). Precarious work and flexibilization in South and Southeast Asia. *American Behavioral Scientist*, 57(4), 395–402. <https://doi.org/10.1177/0002764212466235>
- 5 Countouris, N., Deakin, S., Freedland, M., Koukiadaki, A., & Prassl, J. (2016). *Report on temporary employment agencies and temporary agency work: A comparative analysis of the law on temporary work agencies and the social and economic implications of temporary work in 13 European countries*. International Labour Office. [https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@ed\\_dialogue/@ed\\_dialogue\\_msu/documents/publication/wcms\\_541655.pdf](https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@ed_dialogue/@ed_dialogue_msu/documents/publication/wcms_541655.pdf)
- 6 U.S. Department of State, Bureau of Democracy, Human Rights, and Labor. (2023). *Philippines 2023 human rights report*. <https://www.state.gov/reports/2023-country-reports-on-human-rights-practices/philippines/>
- 7 International Labour Organization. (2016). *Non-standard employment around the world: Understanding challenges, shaping prospects*. International Labour Office. Chapter 5.
- 8 Gunawardana, S. J. (2018). Emerging economies, freedom of association and collective bargaining for women workers in export-oriented manufacturing. In A. Wilkinson, T. Dundon, & A. J. Collings (Eds.), *The Routledge companion to employment relations* (Vol. 1, pp. 372–386). Routledge.
- 9 Interview with Denny from SPSI-LEM (All-Indonesia Workers Union – sector of Metal, Electronic, Machine) - 25.10. 2019.
- 10 Hadiz, V.R. (1997) *Workers and the State in New Order Indonesia* (London: Routledge).
- 11 van Grunsven, L., & Hutchinson, F. E. (2017). The evolution of the electronics industry on Batam Island (Riau Islands Province, Indonesia): An evolutionary trajectory contributing to regional resilience? *GeoJournal*, 82(3), 475–492. <https://doi.org/10.1007/s10708-015-9692-9>
- 12 Ford, M. (2008). Organizing within unions in Indonesia. In K. Broadbent (Ed.), *Women and labour organizing in Asia* (pp.15–33). Routledge.
- 13 Ford, M. (2022). Labour activism and state repression in Indonesia. In B. Bringel & G. Pleyers (Eds.), *Social movements and politics during COVID-19: Crisis, solidarity and change in a global pandemic* (pp. 3843)). Bristol: Bristol University Press; see also: Caraway, T. L., & Ford, M. (2020). *Labor and politics in Indonesia*. Cambridge University Press. <https://doi.org/10.1017/9781108777858>
- 14 Nugroho, H., Gultom, S., & Rokhani, E. (2017). *Labour inspection in Indonesia: Case study of the province of Banten and the province of Riau Island*. LabSocio Centre for Sociological Studies, FISIP Universitas Indonesia, in cooperation with CNV and Konfederasi Serikat Buruh Sejahtera Indonesia.
- 15 Tjandra, S. (2010). *Disputing Labour Dispute Settlement: Indonesian Workers' Access to Justice*. 2010(1) Law, Social Justice & Global Development Journal (LGD).
- 16 Electronics Watch & LIPS. (2018, December). *Regional risk assessment: Electronics industry, Indonesia*. LIPS, Indonesia. [https://electronicswatch.org/regional-risk-assessment-electronics-industry-indonesia-december-2018\\_2613076.pdf](https://electronicswatch.org/regional-risk-assessment-electronics-industry-indonesia-december-2018_2613076.pdf)
- 17 Ford, M. (2013). Employer anti-unionism in democratic Indonesia. In G.Gall & T. Dundon (Eds.), *Global anti-unionism: Nature, Dynamics, Trajectories and Outcomes* (pp. 225–240). Palgrave Macmillan p. 237; Juliawan, B.H. (2010) 'Extracting Labor from Its Owner: Private Employment Agencies and Labor Market Flexibility in Indonesia', *Critical Asian Studies*, 42(1): 25–52, p.35; Tjandraningsih, I., & Nugroho, H. (2008). The flexibility regime and organised labour in Indonesia. *Labour and Management in Development*, 9(1), 1–14.
- 18 Juliawan, B. H. (2010). Extracting labor from its owner: Private employment agencies and labor market flexibility in Indonesia. *Critical Asian Studies*, 42(1), 25–52. <https://doi.org/10.1080/14672710903537464>
- 19 Fuad Abdulgani, Lecturer at Universitas Lampung, email exchange on file.

- 20 Nugroho, H. (2009). Social exclusion in a flexible labor market: Workers' conditions in Indonesia's manufacturing industry. In R. E. Ofreneo, L. M. Portus, & M. R. Serrano (Eds.), *Building Social ASEAN: Towards a Caring and Sharing Community* (pp. 79–102). Academe – Civil Society Network/SEA, UNI-Asia Pacific Regional Organization, ASEAN Service Employees Trade Union Council, Fair Trade Alliance, in cooperation with Friedrich Ebert Stiftung.
- 21 Tjandraningsih, Indrasari (2012) 'State-Sponsored Precarious Work in Indonesia' *American Behavioral Scientist*, 57(4) 403–419 (p.413)
- 22 <https://survey.ituc-csi.org/Indonesia.html?lang=en#tabs-2>
- 23 Indonesia's Omnibus Law, which amended 73 laws, weakens labour protections. It reduced severance pay, eased restrictions on outsourcing, and eliminated workers' rights to appeal dismissals in court. See: Ford, M. (2022). Labour activism and state repression in Indonesia. In B. Bringel & G. Pleyers (Eds.), *Social movements and politics during COVID-19: Crisis, solidarity and change in a global pandemic* (pp. 38–43). Bristol University Press. <https://www.jstor.org/stable/j.ctv2qnx5gh.8>
- 24 Nuriskandar, L. H., Muzawir, M., Suarjana, S., & Adnan, I. (2023). Omnibus Law in international human right law perspective (focus on labor right in Indonesia). *Al-Balad: Jurnal Hukum Tata Negara dan Politik Islam*, 3(2), 61–77. <https://ejournal.stisidarussalam.ac.id/index.php/juridar/article/view/81>
- 25 Ibid.
- 26 IndustriALL Global Union. (2024, November 1). *Union win against Indonesia's Omnibus law*. Retrieved from <https://www.industriall-union.org/union-win-against-indonesias-omnibus-law>
- 27 Ford, M. (2020). Bucking the trend: Union renewal in democratic Indonesia. In B.-H. Lee, S.-H. Ng, & R. D. Lansbury (Eds.), *Trade unions and labour movements in the Asia-Pacific region* (pp. 131–147). Routledge.
- 28 Tjandra, S. (2016). *Labour law and development in Indonesia* (Doctoral thesis). Van Vollenhoven Instituut, Faculteit der Rechtsgeleerdheid, Leiden University. Retrieved from <https://hdl.handle.net/1887/37576>
- 29 Abbreviation based on the Indonesian name: Serikat Pekerja Elektronik Elektrik (SPEE)
- 30 Email exchange, Prihanani Boenadi, Vice President of the Federation of Indonesia Metalworkers Union, email November 28, 2024, on file
- 31 Email exchange, Prihanani Boenadi, Vice President of the Federation of Indonesia Metalworkers Union, email November 21, 2024, on file.
- 32 Ibid.
- 33 Ford, M. (2007). Organizing within unions in Indonesia. In K. Broadbent (Ed.), *Women and labour organizing in Asia* (pp.15–33). Routledge.
- 34 Holdcroft, J. (2013) Implications for union work of the trend towards precarization of work. *International Journal of Labour Research*, 5(1), p. 50.
- 35 Email exchange, Prihanani Boenadi, Vice President of the Federation of Indonesia Metalworkers Union, email November 21, 2024, on file.
- 36 Ibid.
- 37 Julawan, B. H. (2011). Street-level politics: Labour protests in post-authoritarian Indonesia. *Journal of Contemporary Asia*, 41(3), 349–370.
- 38 Ford, 2020 M. (2020). Bucking the trend: Union renewal in democratic Indonesia. In B.-H. Lee, S.-H. Ng, & R. D. Lansbury (Eds.), *Trade unions and labour movements in the Asia-Pacific region* (pp. 131–147). Routledge; Nugroho, A. (2018). Labor market flexibility: Advantages for workforce or threat? *Policy & Governance Review*, 2(2), 132–147. <https://doi.org/10.30589/pgr.v2i2.87>; Duncan, D. (2015). *Out of the factory, onto the streets: The Indonesian Metalworkers Union Federation (FSPMI) as a case of union revitalisation in Indonesia* (Bachelor's thesis, Australian National University).
- 39 Under Articles 56–59 of Law No. 13/2003, these contracts (PKWT) are limited to temporary, seasonal, or short-term work, with a maximum duration of 2 years, extendable once for 1 year.
- 40 Panimbang, F., & Mufakhir, A. (2018). Labour strikes in post-authoritarian Indonesia, 1998–2013. In J. Nowak, M. Dutta, & P. Birke (Eds.), *Workers' movements and strikes in the twenty-first century: A global perspective* (pp. 21–34). Rowman & Littlefield International Ltd.
- 41 Ibid.
- 42 Ford, M. (2020). Bucking the trend: Union renewal in democratic Indonesia. In B.-H. Lee, S.-H. Ng, & R. D. Lansbury (Eds.), *Trade unions and labour movements in the Asia-Pacific region* (pp. 131–147). Routledge
- 43 Panimbang, F., & Mufakhir, A. (2018). Labour strikes in post-authoritarian Indonesia, 1998–2013. In J. Nowak, M. Dutta, & P. Birke (Eds.), *Workers' movements and strikes in the twenty-first century: A global perspective* (pp. 21–34). Rowman & Littlefield International Ltd.
- 44 Various interviews, November and December 2020.
- 45 Akatiga, TURC, & Lab Sosio UI. (2006). *Promoting fair labour regulations in Indonesia: A study and advocacy in improving local level investment environment in Tangerang and Pasuruan*. Bandung: Akatiga. Solidarity Center. (2010). *Core labor rights in Indonesia 2010: A survey of violations in the formal sector*. Jakarta: Solidarity Center; Tjandraningsih, I. (2012). State-sponsored precarious work in Indonesia. *American Behavioral Scientist*, 57(4), 403–419.
- 46 Email exchange Prihanani Boenadi, Vice President of the Federation of Indonesia Metalworkers Union, on file.
- 47 Ibid.

- 48 Interview, Yoni Mulyo Widodo, March 2, 2020, Jakarta
- 49 Taiwan Transnational Corporations Watch (2024) Report on the Human Rights and Environmental Impact of Taiwanese Businesses in Indonesia, <https://ttnc-watch.org/publication/report-indonesia/>
- 50 Ibid.
- 51 Interview. Yoni Mulyo Widodo, March 2, 2020, Jakarta.
- 52 Fuad Abdulgani, Lecturer at Universitas Lampung, email exchange on file.
- 53 Juliawan, B.H. (2010) 'Extracting Labor from Its Owner: Private Employment Agencies and Labor Market Flexibility in Indonesia', *Critical Asian Studies*, 42(1): 25-52.

 Good Electronics

*Setem*

## **8. Taiwan: barriers migrant workers face regarding the right to organise**

## 8. Taiwan: barriers migrant workers face regarding the right to organise

An eighth barrier is the difficulty migrant workers often face in exercising their right to organise. Article 2 of ILO Convention 87 states that workers and employers, *without distinction whatsoever*, have the right to establish and join organisations of their own choosing.<sup>1</sup>

This means that distinctions based on occupation, gender, colour, race, creed, nationality, or political opinion are direct violations of this principle.<sup>2</sup> The ILO's legal instruments specific to migrant workers reaffirm the fundamental right of migrants to freely associate and participate in trade unions.<sup>3</sup>

In practice, these rights are often infringed, leaving migrant workers among the most vulnerable due to precarious employment and systemic marginalisation. The ILO highlights key concerns, including restrictive trade union registration, employer interference, anti-union discrimination, violence, arrests, and limited access to justice.<sup>4</sup>

Women migrants are especially vulnerable, often experiencing triple discrimination based on gender, migration status, and employment type. Weak enforcement and legal loopholes further enable employers and authorities to suppress migrant organising with impunity, reinforcing a cycle of exploitation and silencing workers who seek to assert their rights.

This systemic marginalisation is not accidental; it is embedded in the labour strategies of many industries, including electronics manufacturing. Rather than investing in a stable workforce with fair wages and decent working conditions, they typically adopt one of two strategies to address labour shortages: relocating operations to regions with abundant labour reserves—a long-standing practice in this labour-intensive sector—or hiring low-cost migrant workers from overseas to fill local vacancies. These tactics prioritise cost-cutting over worker welfare, perpetuating precarious employment and systemic exploitation.<sup>5</sup>

The ILO estimates that migrants constitute 4.7 per cent of the global labour force, representing 167.7 million workers,<sup>6</sup> and while no specific estimates exist for the electronics industry, countries like Malaysia, Taiwan, and Hungary heavily rely on temporary labour regimes that exploit the vulnerabilities of foreign workers to meet

the demand for inexpensive labour on assembly lines. In China, internal rural-to-urban migrants are often perceived and treated as second-class citizens, as discussed in Chapter 3.

Private employment agencies, recruitment agents, and brokers, which facilitate the transnational movement of migrant workers into assembly lines, often play a contentious role in perpetuating precarious working conditions.<sup>7</sup> Migrants are housed in dormitories near factories and subjected to irregular shift patterns, enabling manufacturers to adapt to fluctuating production demands while minimising costs. Many of these workers face systemic barriers that confine them to conditions akin to forced labour, severely restricting their freedom, mobility, and access to fair working standards.<sup>8</sup>

The electronics industry has been plagued by stories whereby workers had their passports confiscated and had to pay large sums in recruitment fees as well as levies for a work permit, visa, and housing.<sup>9</sup>

Debt bondage compels many workers to remain in their jobs as they struggle to repay their debts, leaving them highly vulnerable to employer abuse and marginalisation. Under such conditions, temporary migrant workers face systemic—and often insurmountable—barriers to exercising their fundamental right to organise.

These challenges are further compounded in some countries, where migrant workers are explicitly barred from forming unions or serving as union officials—a discriminatory practice based on citizenship that violates ILO conventions.<sup>10</sup>

Against this backdrop, this chapter examines these challenges within the context of Taiwan's high-tech industry, exposing the structural barriers migrant workers encounter.

## Taiwan's strategic nexus in the electronics value chain

Taiwan's electronics industry emerged in the 1970s as a product of state-led development, with the government implementing preferential policies to attract foreign capital and integrate the economy into global production networks. These incentives positioned Taiwan as a key outsourcing hub, leveraging its labour force to meet the growing demands of transnational corporations.

By the 1980s and 1990s, the state successfully shifted its industrial strategy towards technological upgrading and innovation, moving beyond low-cost manufacturing. Today, Taiwan plays a central role in the global electronics industry, underpinned by its strengths in semiconductor design, component manufacturing, and high-value assembly.

Electronic components and ICT products account for a staggering 44% of Taiwan's manufacturing production value and represented 53% of total exports in 2021. At the forefront of this sector is the Taiwan Semiconductor Manufacturing Company (TSMC), a global leader and near-monopolist in the production of advanced microchips essential for smartphones, computers, vehicles, and artificial intelligence systems.<sup>11</sup>

In addition to TSMC, Taiwan boasts four other companies ranked among *Forbes'* 2000 largest multinational corporations: MediaTek, ASE Technology Holding, United Microelectronics, and Novatek Microelectronics Corp., further showcasing Taiwan's strong prominence in the semiconductor industry<sup>12</sup>

Electronics now constitute Taiwan's largest industry, employing 1.2 million people. This workforce is the second-largest in the global electronics sector, surpassed only by China.<sup>13</sup>

However, Taiwan's global impact on employment is even greater than this statistic suggests, amplified by the huge overseas operations of major electronic manufacturing services (EMS) manufacturers, such as Foxconn, Pegatron, Quanta Computer, Wistron and Compal Electronics.

Together, these contract manufacturers control approximately 80% share of global hardware assembling. Functioning as "turn-key producers,"<sup>14</sup> they provide comprehensive one-stop-shop services for brand-named companies, which have minimal or no in-house production capacity.<sup>15</sup>

This role positions Taiwanese firms as critical intermediaries in managing vast, decentralised labour networks for industry giants such as Apple, Sony, and Cisco. In other words, they have made tapping into the world's reservoirs of cheap labour power a central business strategy. Their expertise lies in identifying and mobilising specific labour pools based on factors such as wage rates, skill levels, workforce turnover, labour availability, unionisation, and worker militancy.

This dominance is tightly interwoven with China's rise as the "factory of the world." During the late 1990s and early 2000s, Taiwanese manufacturers established expansive factories in China's Pearl River and Yangtze River Delta regions, employing hundreds of thousands of workers.<sup>16</sup>

This move lifted geographical barriers to accessing China's cheap labour force, enabling leading electronics firms to not only to outsource the organisation of mass production but also reduce labour costs by as much as 75%.<sup>17</sup>

In addition to China, Taiwanese firms have expanded production to countries such as Indonesia, Vietnam, Mexico, and Eastern European countries like Hungary, Poland, the Czech Republic and Slovenia,<sup>18</sup> creating a global network that links East Asia's manufacturing expertise to major brand-name companies across Europe and the United States.

Under this production model, contract manufacturers retain their headquarters and research centres in Taiwan while shifting most labour-intensive operations overseas.<sup>19</sup> These host countries primarily serve as export hubs. Despite this, some firms continue to operate production facilities in Taiwan, relying heavily on migrant labourers to sustain domestic manufacturing.

## Industrial relations: from martial law to labour challenges

Taiwan's industrial relations history is marked by a transition from strict authoritarian control to gradual political and labour reform. Between 1949 and 1987, the Kuomintang regime imposed martial law, crushing labour movements to maintain political stability.<sup>20</sup> Backed by US economic aid and Cold War security guarantees, the government placed authoritarian control above workers' rights. Trade unions were closely aligned with state-led industrial policies, focusing on workplace harmony and curbing working class-based advocacy.<sup>21</sup>

The end of martial law in 1987 initiated political liberalisation, enabling independent trade unions to form, albeit with limited powers. Barriers such as restricted strike rights and limited bargaining capabilities persisted, hindering significant progress in labour representation.

Reforms gained momentum with the 2011 Labour Union Act, which redefined unions into corporate, industrial, and professional categories.<sup>22</sup> Taiwan's exclusion from the UN since 1971 prevents it from ratifying ILO conventions. However, its labour laws are partially aligned with ILO Conventions 87 and 98; even though significant restrictions persist, particularly concerning the right to strike and unionisation in the public sector.<sup>23</sup>

Although Taiwan has made strides in labour reforms, the electronics and semiconductor industry remains largely devoid of union representation, indicative of persistent systemic barriers. This lack of unionisation reflects deeper structural challenges embedded in Taiwan's legal and social frameworks, which actively discourage organised labour. For example, in 2023, among 949 companies in three science parks employing over 323,000 workers, only two enterprise unions existed.<sup>24</sup>

"The legal system in Taiwan is not designed to empower workers," said Lennon Ying-Da Wang, a labour activist and director of *Serve the People Association* (SPA), an NGO providing mediation, shelters, and legal support for migrant workers entangled in employer disputes.<sup>25</sup>

Lennon Wang highlights the difficulties faced by non-company unions in achieving the numbers required for meaningful negotiations, describing Taiwanese laws as a significant deterrent to unionization.

Beyond legal barriers, union organisation is further stifled through tactics like relocation, dismissing union members, blacklisting and reassignments,<sup>26</sup> alongside subtler strategies such as offering select workers improved conditions, higher wages, and profit-sharing schemes to undermine collective efforts.<sup>27</sup> "Taiwan's tech giants seldom have unions, and when they do, these unions are often under company influence," Lennon Wang added, emphasising the complex interplay of systemic and corporate resistance to worker organisation.<sup>28</sup>

In addition, Wang argues that workers have little awareness of trade unions and their potential to improve labour conditions, meaning union rights are rarely a priority for them.

The resistance to unionisation within the semiconductor industry reflects the broader ideological position of its corporate leadership. A key figure embodying this stance is TSMC's founder, Morris Chang, who has publicly articulated an anti-union philosophy, reinforcing a top-down ethos that discourages the formation of unions.

Chang's perspective —shaped by his 25-year tenure at the US semiconductor giant Texas Instruments—highlights his belief that unions impede long-term success. In a detailed interview captured in an article titled "*One Key to Success – No Unions*," Chang argued that "good companies should be able to request that workers not form unions."<sup>29</sup>

His position reflects a broader industry ideology, rooted in Silicon Valley's anti-union framework, which prioritises managerial control and capital efficiency over labour organisation and collective bargaining. It underscores the structural resistance to unionisation embedded within the industry's power dynamics.<sup>30</sup>

## Migrant workers

For decades, Taiwan has been struggling with acute labour shortages, a problem worsened by an ageing population and the limited appeal of factory jobs to the local workforce. Since the 1990s, Taiwan has relied on temporary migration programmes to recruit workers from Southeast Asia to work in manufacturing.

At the end of October 2024, the biggest group was from Vietnam, but in the electronics and technology sectors, the Philippines dominated with 76,069 workers, making up 78.1% of the migrant workforce, with a majority being women.<sup>31</sup> In these industries, Filipino workers are often favoured for their English proficiency, which is needed for reading technical manuals.<sup>32</sup>

These workers face widespread exploitation, often amounting to forced labour.<sup>33</sup> Recruitment agencies charge "exorbitantly high fees" of "\$1,300 to \$1,500," trapping workers in debt bondage.<sup>34</sup>

For Vietnamese workers, the costs are far higher. Investigative journalist Peter Bengtsen found that Vietnamese employees at Chin Poon Industrial, one of the world's biggest manufacturers of motherboards and a supplier of car electronics for General Motors, Bosch and Magna, paid recruitment fees as high as \$6,500.<sup>35</sup>

Employees at U.D. Electronics Corp., a supplier for satellite internet provider HughesNet, paid similar amounts.<sup>36</sup> Worker testimonies reveal that many had to take out loans or even mortgage family properties to cover these staggering costs. As one worker grieved, "I almost just arrived, and now they fired us. I haven't even repaid my debt."<sup>37</sup>

High loan repayments, combined with a slew of deductions for food, accommodation, insurance, and monthly fees to Taiwanese labour brokers, push wages below the legal minimum for some workers.<sup>38</sup> Meanwhile, brokers charge employers minimal or no fees, which disproportionately externalise financial responsibility onto migrant workers.<sup>39</sup>

As a result, despite Taiwan's higher minimum wages compared to their home countries, migrant workers often face discriminatory treatment in bonuses, with their Taiwanese colleagues receiving significantly larger amounts, particularly for night shifts and year-end rewards.<sup>40</sup>

The Taiwan government offers employers the possibility of recruiting migrant workers directly through the Direct Hiring Scheme, bypassing intermediaries and reducing recruitment fees.

However, both Peter Bengtsen and Lennon Wang argue that this scheme is scarcely used.<sup>41</sup>

This failure is further compounded by weak enforcement mechanisms and inadequate regulatory oversight. Fines and licence revocations for brokers are inconsistently applied, and recruitment fees abroad remain unregulated.

While many Taiwanese companies and their clients have joined the Responsible Business Alliance (RBA), a business initiative mandating no-fee recruitment in supply chains, the effectiveness of its auditing and enforcement tools remains widely questioned (see Chapter 9). According to Lennon Wang,

"Even with audits from organisations like the RBA, refunds for these unethical fees are uneven and inadequate. Employers and brokers often collude, leaving workers with no real recourse."<sup>42</sup>

Another problem is that migrant workers require employer consent to switch jobs mid-contract, except in abuse cases or business closures. This rule traps many workers in a dependent situations, leaving them vulnerable to abuse.<sup>43</sup>

## Poor working and living conditions

Migrant workers in Taiwan face harsh working conditions marked by excessively long hours, inadequate wages, and unsafe workplaces. Lennon Wang recalls a harrowing case involving a Filipino worker who died after being exposed to toxic chemicals without proper protective equipment.

"She was handling two strong acids, which splashed across her body," Wang recounts. "She was wearing just a small apron that offered minimal protection. She died that same day."<sup>44</sup>

This tragic incident highlights severe safety lapses in some factories, where companies fail to provide even the most basic protective gear despite legal obligations.<sup>45</sup>

Beyond safety concerns, living conditions for many migrant workers are equally troubling. Lennon Wang explains, "Most migrants stay in dormitories, but the quality varies significantly. Some are better, but many are overcrowded and unhygienic."<sup>46</sup> Workers may rent housing outside the dormitories. However, this decision often comes at a high cost, as they are typically still obligated to pay rent for the dormitories.

Female workers face additional challenges, including discrimination tied to pregnancy. Some employers pressure women to leave their jobs if they become pregnant, with certain companies even requiring workers to sign contracts pledging not to conceive.<sup>47</sup> These practices violate Taiwan's Labour Standards Act and Gender Equality Act, yet enforcement remains weak. Moreover, companies frequently fail to offer maternity care or alternative housing arrangements, leaving pregnant workers in vulnerable positions.

Despite being well-educated, many migrant workers are confined to roles as operators or technicians, performing repetitive, precision-based tasks.<sup>48</sup> Strict visa regulations often bar women from advancing to better-paid positions, trapping them in low-wage jobs shaped by gender and racial biases.<sup>49</sup> This structural inequality prevents them from utilising their skills to achieve upward mobility.

## Migrant union

Migrant workers in Taiwan continue to face huge barriers to unionisation. While recent legal reforms allowing migrant workers to join and lead unions have been lauded, their implementation tells a much bleaker story. As Lennon Wang observes,

On paper, migrant workers have the right to organise and even lead unions. But the reality is far more complicated. Language barriers, complex documentation requirements, and a lack of resources make it nearly impossible for them to navigate the system alone.<sup>50</sup>

Union formation in Taiwan requires substantial paperwork, all of which is in Chinese, with no bilingual options. Many migrant workers, primarily from the Philippines, Vietnam, and Indonesia, cannot complete these processes without external assistance. This systemic oversight leaves migrants reliant on NGOs like SPA. In addition, migrants typically work under three-year contracts bound to specific employers, with restricted rights to transfer or negotiate terms, all of which discourage migrant workers from participating in open workplace disputes or union activities.

Despite these entrenched challenges, there have been moments of progress that highlight both the difficulties and the potential of migrant unionisation in Taiwan. In October 2023, Filipino workers at ASUS and its subsidiary Askey staged a rare protest, calling for severance pay or job security in response to the companies' relocation plans.

The protest stemmed from grievances dating back to 2022, when Askey workers filed complaints about excessive dormitory electricity fees and illegal placement charges. Despite fears of retaliation, over 100 workers organised, forming the Askey Labour Union and ASUS Group Labour Union, composed predominantly of Filipino women leaders. Mediation by Taiwan's Ministry of Labour led to partial refunds and showcased the potential for collective bargaining. "This case demonstrates the possibility of change, but migrant unions in Taiwan are still rare," said Lennon Wang.

The future of the union, however, is precarious, as the company is relocating production capacity to Vietnam and India to cut costs. Union membership has declined over time, dropping from 70–80 members at its inception to just 20–30 today, as many workers have either transferred to other locations or completed their contracts.<sup>51</sup>



The systemic barriers preventing migrant workers from organising in Taiwan reflect deeper structural inequalities within the global electronics industry. While recent legal reforms and isolated cases of successful unionisation offer glimpses of progress, meaningful change remains elusive without stronger enforcement mechanisms and greater protections for migrant workers.

# Footnotes

- 1 The only exception mentioned in ILO Convention 87 are the armed forces and the police.
- 2 Tajman, D., & Curtis, K. (2000). *Freedom of association: A user's guide*. International Labour Organization.
- 3 This includes the Migration for Employment Convention (No. 97), which mandates equal trade union rights for lawful migrant workers and the Migrant Workers Convention (No. 143), which requires states to promote equal opportunity in union membership and collective bargaining. Additionally, Convention No. 143 guarantees basic human rights for all migrant workers, including those in irregular situations, aligning with international labour standards.
- 4 International Labour Organization. (2023). Migrant workers' rights to freedom of association and collective bargaining. International Labour Office. Retrieved from [https://www.ilo.org/sites/default/files/wcmsp5/groups/public/%40ed\\_protect/%40protrav/%40migrant/documents/publication/wcms\\_883446.pdf](https://www.ilo.org/sites/default/files/wcmsp5/groups/public/%40ed_protect/%40protrav/%40migrant/documents/publication/wcms_883446.pdf)
- 5 A third option is automation, replacing human labour with technology. This involves adopting advanced machinery and production techniques such as robotics, digitalisation, and 3D printing.
- 6 International Labour Organization. (2024). *ILO global estimates on international migrant workers: International migrants in the labour force (4th ed.)*. International Labour Office. Retrieved from [https://www.ilo.org/sites/default/files/2024-12/MIGRANT%20-%20ILO%20Global%20Estimates%20on%20International%20Migrant%20Workers\\_WEB\\_0.pdf](https://www.ilo.org/sites/default/files/2024-12/MIGRANT%20-%20ILO%20Global%20Estimates%20on%20International%20Migrant%20Workers_WEB_0.pdf)
- 7 Barrientos, S. W. (2011). 'Labour chains': Analysing the role of labour contractors in global production networks (BWPI Working Paper No. 153). Brooks World Poverty Institute, University of Manchester. <http://ssrn.com/abstract=1895292>
- 8 See: International Labour Organization. (n.d.). *Indicators of forced labour: Special action programme to combat forced labour*. International Labour Office. Retrieved from [https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@ed\\_norm/@declaration/documents/publication/wcms\\_203832.pdf](https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@ed_norm/@declaration/documents/publication/wcms_203832.pdf)
- 9 Verité. (2014, September). *Forced labor in the production of electronic goods in Malaysia: A comprehensive study of scope and characteristics*. Retrieved from <https://verite.org/wp-content/uploads/2016/11/VeriteForcedLaborMalaysian-Electronics2014.pdf>; Ness, I. (2021). *Temporary labour and worker exploitation: Southeast Asian migration to Malaysia*. In L. Weber & C. Tazreiter (Eds.), *Handbook of migration and global justice* (pp. 26-48). Edward Elgar Publishing; Andrijasevic, R., & Novitz, T. (2020). Supply chains and unfree labor: Regulatory failure in the case of Samsung Electronics in Slovakia. *Journal of Human Trafficking*, 6(2), 195-208. <https://doi.org/10.1080/23322705.2020.1691817>; Andrijasevic R. and Sacchetto D (2017) "Disappearing workers": Foxconn in Europe and the changing role of temporary work agencies. *Work, Employment and Society* 31(1): 54-70
- 10 Errighi, L., & Bodwell, C. (2016). *Electrical and electronics manufacturing in Thailand: Exploring challenges and good practices in the workplace* (Asia-Pacific Working Paper Series, p. 31). Geneva: International Labour Organization.
- 11 TSMC holds 54% of the foundry market and a 91% share in the production of advanced chips (7 nanometres or smaller), supplying tech giants like Apple, Google, Amazon, Microsoft, and AMD.
- 12 Forbes. (2024). *The Global 2000: The world's largest public companies*. Forbes. <https://www.forbes.com/global2000/>
- 13 International Labour Office. (2024). *The future of work in the electronics industry: Advancing decent work in more inclusive, sustainable, and resilient electronics supply chains*. Geneva: International Labour Office. [https://www.ilo.org/sites/default/files/2024-11/The%20future%20of%20work%20in%20the%20electronics%20industry\\_WEB\\_Rev.pdf](https://www.ilo.org/sites/default/files/2024-11/The%20future%20of%20work%20in%20the%20electronics%20industry_WEB_Rev.pdf)
- 14 Sturgeon, T. J. (1998). Network-Led Development and the Rise of Turn-Key Production Networks: Technological Change and the Outsourcing of Electronics Manufacturing. Massachusetts Institute of Technology. In: G. Gereffi, F. Palpacuer, & A. Parisotto (Eds.), *Global Production and Local Jobs*. International Institute for Labour Studies, Geneva.
- 15 For a longer discussion on the role of Taiwanese contract manufacturers in electronics: Merk, J. (2021). *Global foremen: The role of contract manufacturers in ICT hardware production*. In *Human rights risks in the ICT supply chain: A collection of articles by Make ICT Fair*. Retrieved from [https://www.researchgate.net/publication/349427346\\_Global\\_foremen\\_the\\_role\\_of\\_contract\\_manufacturers\\_in\\_ICT\\_hardware\\_production\\_in\\_Human\\_rights\\_risks\\_in\\_the\\_ICT\\_supply\\_chain\\_A\\_collection\\_of\\_articles\\_by\\_Make\\_ICT\\_Fair](https://www.researchgate.net/publication/349427346_Global_foremen_the_role_of_contract_manufacturers_in_ICT_hardware_production_in_Human_rights_risks_in_the_ICT_supply_chain_A_collection_of_articles_by_Make_ICT_Fair); Raj-Reichert, G. (2018). The changing landscape of contract manufacturers in the electronics industry global value chain. In D. Nathan, M. Tewari, & S. Sarkar (Eds.), *Development with Global Value Chains: Upgrading and Innovation in Asia* (pp. 62-84). Cambridge University Press.
- 16 Without the massive influx of Taiwanese contract manufacturers, China would not have been able to boost its technology exports from just US\$10.1 billion in 1995 to US\$492.4 billion in 2010, representing more than 30% of China's manufactured exports. See: Hamilton, G. G., & Kao, C.-S. (2017). *Making money: How Taiwanese industrialists embraced the global economy*. Stanford University Press.
- 17 Holdcroft, J. (2009). Organizing the high-tech ghettos of globalization. *International Journal of Labour Research*, 1(1), 97-105.
- 18 Radosevic, S. (2004). The electronics industry in Central and Eastern Europe: A new global production location. *Revista de Economia*, 151, 164.
- 19 Gereffi, G. (1999). International trade and industrial upgrading in the apparel commodity chain. *Journal of International Economics*, 48(1), 37-70.

- 20 Lee, Y. (2020). *Militants or partisans: Labor unions and democratic politics in Korea and Taiwan*. Stanford, CA: Stanford University Press.
- 21 Hsiao-Hui, T. (2017). *The transition of trade unions in Taiwan: From paternalistic autonomy to responsibility for collective union and non-union representation* (Doctoral thesis, The London School of Economics and Political Science). London School of Economics and Political Science.
- 22 Ministry of Labor. (2022, November 30). *Labor Union Act CH*. Retrieved from <https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=N0020001>
- 23 Chiu, Y.-F. (2017). The practice and changes of Taiwan's labor dispute regulations act. *Japan Labor Issues*, 1(3), 10–13. Retrieved from <https://www.jil.go.jp/english/jii/documents/2017/003-16.pdf>
- 24 U.S. Department of State, Bureau of Democracy, Human Rights, and Labor. (2023). *Taiwan 2023 human rights report*. Retrieved from <https://www.state.gov/reports/2023-country-reports-on-human-rights-practices/taiwan/>
- 25 Interview with Lennon Ying-Da Wang, Director of Save the People Association, October 7, 2024. Online.
- 26 U.S. Department of State, Bureau of Democracy, Human Rights, and Labor. (2023). *Taiwan 2023 human rights report*. <https://www.state.gov/reports/2023-country-reports-on-human-rights-practices/taiwan/>; Taiwan Association for Victims of Occupational Injuries. (2013). *Taiwan, the upstream manufacturer of the global electronics production chain*. In Asia Monitor Resource Centre (Ed.), *Labour rights in high tech electronics: Case studies of workers' struggles in Samsung Electronics and its Asian suppliers* (pp. 181–194). Asia Monitor Resource Centre, Hong Kong.
- 27 Lin, C.-J. (2015). The reconstructing of industrial relations in Taiwan's high technology industries. *Journal of Contemporary Asia*, 45(2), 294–310. <https://doi.org/10.1080/00472336.2014.967281>
- 28 Interview with Lennon Ying-Da Wang, Director of Save the People Association, October 7, 2024. Online.
- 29 Chen, L.-r. (2016, October 28). *One key to success – No unions*. *CommonWealth Magazine* (Vol. 609). Retrieved from <https://english.cw.com.tw/article/article.action?id=15>
- 30 Examples of Foxconn's and Pegatron's overseas practices are examined in the chapters on China and Indonesia, respectively. But there is a wider literature discussing Taiwanese contract manufacturers, see, e.g.: Wang, H.-Z. (2005). Asian transnational corporations and labor rights: Vietnamese trade unions in Taiwan-invested companies. *Journal of Business Ethics*, 56(1), 43–53; Chan, A. (2011). Strikes in China's export industries in comparative perspective. *The China Journal*, 65(January), 27–51; Lee, J., Gereffi, G., & Lee, S.-H. (2016). Social upgrading in mobile phone GVCs: Firm-level comparisons of working conditions and labour rights. In D. Nathan, M. Tewari, & S. Sarkar (Eds.), *Labour in global value chains in Asia* (pp. 114–139). Cambridge University Press.
- 31 Vietnam follows with 14,716 workers (15.1%), Thailand contributes 4,231 workers (4.3%), and Indonesia accounts for 2,441 workers (2.5%). Source: Work-force Development Agency, Ministry of Labour. (2024). *Table 12-4: Foreign workers in productive industries and social welfare by industry and nationality*. Retrieved from <https://statdb.mol.gov.tw/html/mon/c12040.pdf>
- 32 Dinkelaker, S. (2024). Striving for control over migrant labour and lives: Indonesian factory workers in Taiwan. *Work in the Global Economy*, 4(1), 52–69. <https://doi.org/10.1332/27324176Y2024D000000016>
- 33 Bengtsen, P. (2023, October 31). *Debt bondage in space, and Taiwan*. *The Diplomat*. Retrieved from <https://thediplomat.com/2023/10/debt-bondage-in-space-and-taiwan/>
- 34 United States Department of State. (2024). *Trafficking in Persons Report: Taiwan*. Retrieved from <https://www.state.gov/reports/2024-trafficking-in-persons-report/taiwan/>
- 35 Ibid.
- 36 Ibid.
- 37 Ibid.
- 38 Peter Bengtsen, email conversation, on file.
- 39 Huynh, T. S., & Cheng, W.-C. (2022, January 19). Taiwan's migrant workers versus labour brokerage system. *Taiwan Insight*. Taiwan Research Hub. Retrieved from <https://taiwaninsight.org/2022/01/19/taiwans-migrant-workers-versus-labour-brokerage-system/>
- 40 Peter Bengtsen, email conversation, on file.
- 41 Although official data for more recent years is unavailable, a 2019 document reports that “the proportion of foreign workers recruited through the centre has never exceeded 10%, dropping to 1.13% in 2018Source: Control Yuan. (2019, August 17). Labor Ministry's Direct Hiring Center underperforms, foreign worker hiring rates low, and insufficient employment transition information leads to illegal practices. Recommendations for improvement proposed. [Press release]. Retrieved from [https://www.cyc.gov.tw/News\\_Content.aspx?n=125&s=14182](https://www.cyc.gov.tw/News_Content.aspx?n=125&s=14182) [in Chinese translated with ChatGPT]
- 42 Interview with Lennon Ying-Da Wang, Director of Save the People Association, October 7, 2024. Online.
- 43 United States Department of State. (2024). *Trafficking in Persons Report: Taiwan*. Retrieved from <https://www.state.gov/reports/2024-trafficking-in-persons-report/taiwan/>
- 44 Interview with Lennon Ying-Da Wang, Director of Save the People Association October 7, 2024. Online.
- 45 For a well-known historical case of industrial liability involving the misuse of toxic chemicals that took decades to settle, see: Chen, H.-H. (2011). Professionals, students, and activists in Taiwan mobilize for an unprecedented collective-action lawsuit against a former top American electronics company. *East Asian Science, Technology and Society*:

- An International Journal*, 5(4), 555–565. <https://doi.org/10.1215/18752160-1465833>; Pan, J. (2017, October 28). High Court upholds ruling on ex-RCA worker redress: More defendants: An investigation found that GE took over RCA before selling it, meaning it was in control when the workers said they were exposed to chemicals. *Taipei Times*. <https://www.taipeitimes.com/News/front/archives/2017/10/28/2003681181>
- 46 Interview with Lennon Ying-Da Wang, Director of Save the People Association, October 7, 2024. Online.
- 47 Ibid.
- 48 Chen, T.-C. (2022). *Migrant labor regime and labor market intermediaries in the Taiwanese semiconductor industry* [Doctoral dissertation, University of Greifswald]. University of Greifswald Repository.
- 49 Ibid.
- 50 Interview with Lennon Ying-Da Wang, Director of Save the People Association October 7, 2024. Online.
- 51 Lennon Ying-Da Wang, Director of Save the People Association, email conversation, on file.

 Good Electronics

*Setem*

## 9. Brand hypocrisy: CSR and the right to organise

## 9. Brand hypocrisy: CSR and the right to organise

Corporations have a responsibility to uphold freedom of association and collective bargaining and ensure their implementation throughout their value chains. Not only are these rights protected under two core ILO conventions, but they have also been included in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

This means that companies must refrain from any actions that could discourage or undermine workers' right to organise. This includes avoiding discriminatory practices such as surveillance, unfair treatment, verbal abuse, unjustified dismissals, blacklisting, and anti-union campaigns. These tactics foster a climate of fear, deterring workers from exercising their fundamental rights by making them fear for their livelihoods and the economic security of their families.

In countries where the state protects and promotes the right to organise through strong institutions that support negotiations, mediate disputes, and ensure effective labour administration, workers can generally join and form unions without undue difficulty. When employers discriminate against union members, harass them, or dismiss them, the government can typically be relied upon to act swiftly—addressing anti-union practices, enforcing sanctions, and providing compensation to affected workers.

The real issue, however, lies in the fact that the vast majority of electronics production occurs in countries where these rights are weakly enforced, leaving workers vulnerable and their voices unheard. In such environments, proactive intervention by companies becomes even more critical, as they bear a responsibility to respect human rights standards, even when the state fails to do so.

This leaves corporations with a fundamental choice: exploit weak regulations for their own gain or commit to ethical practices that go beyond inadequate legal requirements.

In many cases, they have the discretion to act responsibly and “do what is right.” For example, while Malaysia's legal system (as discussed in Chapter 4) may allow corporations to prolong court cases to delay union recognition, nothing compels them to do so. Similarly, while laws may permit the indefinite renewal of temporary contracts, companies are not obligated to take advantage of these loopholes—they choose to.

The same holds true in the United States, where, as outlined in Chapter 2, businesses

can legally engage industrial relations “consultants” to discourage unionisation efforts. Yet again, the law does not mandate such actions and companies could also adopt a constructive and collaborative approach towards unions. Countless other examples illustrate the same fundamental truth: genuinely ethical business practices—including responsible purchasing (see Box 2)—require corporations to go beyond legal loopholes and commit to higher standards in respecting workers’ rights.

## Purchasing practices

Purchasing practices play a crucial role in shaping labour conditions across global value chains. How companies plan, negotiate, order, pay, and interact with suppliers directly impacts workers’ rights, access to decent work, and their ability to organise. Yet, in the pursuit of maximising profit margins, lead firms often disregard whether their purchasing decisions support decent and safe working conditions.<sup>1</sup>

By sourcing from countries with weak labour protections while simultaneously demanding unrealistic lead times and rock-bottom costs, these firms fuel precarious employment, unsafe conditions, mistreatment, and excessive working hours. Crucially, they also create an environment where suppliers have a financial incentive to suppress worker organising, undermining unionisation—one of the most powerful tools for securing better wages and working conditions.

KnowTheChain, a corporate accountability initiative that benchmarks efforts to combat forced labour, has identified purchasing practices as the lowest-scoring area, with freedom of association ranking just above it.<sup>2</sup> In other words, tech firms routinely fail to factor in the cost of ensuring fair working conditions when negotiating supplier contracts, prioritising low costs over ethical compliance.

## How are electronics companies performing?

This commitment “to do what is right” is precisely what companies claim to uphold when adopting corporate codes of conduct, publicly pledging to adhere to international human rights principles, including freedom of association and collective bargaining.

Prominent firms such as Apple, Intel, Dell, Cisco Systems, Qualcomm, and Texas Instruments—along with global giants based outside the US, including Sony, TSMC and Foxconn—are members of the [Responsible Business Alliance](#) (RBA). The RBA establishes social and environmental standards for its members and their tier-one suppliers, aiming to promote responsible business practices across industries.<sup>3</sup> The RBA has emerged as the industry’s primary platform for addressing social and environmental concerns.

According to its website, members of the RBA generate a combined annual revenue exceeding US\$5 trillion and employ approximately 9.5 million workers globally, both directly and indirectly through tier-one (or EMS) suppliers.<sup>4</sup>

The voluntary [RBA code of conduct](#) addresses labour rights, safety, environmental impact, ethics, and management. Adopters commit to fair labour, sustainability, and responsible sourcing. These standards are implemented through risk assessment tools, self-assessment questionnaires, reporting mechanisms, and audits conducted by “third parties” – albeit funded by the businesses themselves.

As a business-driven initiative, the RBA's governance board comprises only corporate representatives, including a member from Amazon and Samsung, both widely criticised for their anti-union practices.<sup>5</sup> This lack of non-business representation—particularly from unions—calls into question the scheme's impartiality and reinforces perceptions of regulatory capture.

## Freedom of association in the RBA code

Adopted in 2004,<sup>6</sup> the RBA Code has long been criticised for its vague language on freedom of association and collective bargaining, as well as its omission of key ILO Conventions. While a majority of RBA members previously rejected proposals to incorporate these rights into earlier versions of the code,<sup>7</sup> the latest eighth edition, effective from 1 January 2024, signals a move towards closer alignment with ILO standards. It states that:

Participants shall respect the right of all workers to form and join trade unions of their own choosing, to bargain collectively, and to engage in peaceful assembly as well as respect the right of workers to refrain from such activities. Where the right of freedom of association and collective bargaining is restricted by applicable laws and regulations, workers shall be allowed to elect and join alternate lawful forms of worker representations.<sup>8</sup>

While RBA members publicly endorse union rights—a crucial first step—this report demonstrates numerous instances where their actions contradict these commitments. Chapter Two reveals US tech firms' long-standing history of union avoidance and union suppression, while other chapters document violations by non-US members, including Samsung, Pegatron, Hon Hai, and Nexperia.

Such inconsistencies expose a significant gap between corporate rhetoric and the reality of global supply chains. This raises critical questions: Why would a supplier feel compelled to uphold labour rights when its clients openly undermine those same principles in their own offices, factories, warehouses, and stores? And how likely is it that a lead firm will take freedom of association and collective bargaining seriously—

let alone address violations of these rights throughout its supply chain—when it disregards this fundamental right within its own operations?

## KnowTheChain

The widespread failure to prioritise workers' right to organise goes beyond individual companies and is evident in industry-wide evaluations. The [KnowTheChain](#) benchmark, which evaluates the performance of the 60 largest ICT companies against human rights standards, further highlights these shortcomings. Although primarily designed to assess how companies address forced labour risks, its methodology incorporates ILO core labour standards, offering key insights into how firms engage with unions to support freedom of association across their supply chains.

Alarmingly, the median score among these 60 companies was just 14 out of 100, highlighting a widespread failure to conduct due diligence in identifying and addressing forced labour risks in their supply chains.<sup>9</sup> Even more striking, the average score on the freedom of association indicator was only 1 out of 100. As KnowTheChain aptly concludes, "improvements in this area remain extremely limited."<sup>10</sup>

Hewlett Packard Enterprise stood out as the sole firm to demonstrate active collaboration with unions to improve FoA at a supplier site. None of the companies has signed a global framework agreement with IndustriALL Global Union—a key initiative explored further below. Furthermore, only Apple and Intel were recognised for disclosing data on the proportion of their supply chains covered by collective bargaining agreements, underscoring a pervasive lack of transparency and commitment to workers' rights across the sector.<sup>11</sup> In short, only three companies scored points on the benchmarks directly linked to freedom of association.

KnowTheChain also examines grievance mechanisms, which can amplify worker voices by providing a channel for reporting human rights violations or workplace concerns. However, the findings are equally troubling: while most companies claim to have such mechanisms, only 12% disclose data on the types of grievances workers submit, while just 3% of companies involved workers or their legitimate representatives in designing or evaluating these mechanisms.<sup>12</sup>

For any labour rights protection system to be truly effective, workers and their representatives must be at its core. As those directly affected, they are best positioned to identify and report violations, ensuring that remediation and corrective actions are properly implemented and enforced. Without them, these efforts remain superficial and ineffective.

## Global framework agreements

The failure to involve workers in grievance mechanisms reflects a broader weakness in corporate accountability—labour rights protections often exist on paper but lack meaningful worker participation. Addressing this gap requires stronger, enforceable commitments that empower workers and their representatives. Global Framework Agreements (GFAs) offer a promising path for change.

Voluntarily signed by multinationals and global unions like IndustriALL, these agreements commit companies to upholding ILO core labour standards, including the right to unionise, gender equality, and bans on child and forced labour. While GFAs may not directly drive unionisation, they help create safer conditions for workers to organise without fear of retaliation. By negotiating GFAs, lead firms signal a commitment to structured social dialogue and the protection of labour rights across their global operations.

Crucially, these agreements include a pledge to respect and promote freedom of association throughout supply chains, reinforcing trade unions as essential partners. Over time, they could empower workers to take an active role in monitoring and improving workplace conditions.<sup>13</sup>

Alexander Ivanou, Director of ICT Electrical & Electronics at IndustriALL, stresses the importance of agreements that go beyond mere compliance with ILO conventions, advocating for provisions that address living wages, health and safety, and environmental practices. “We’re not interested in paper agreements. We need enforceable policies that cover supply chains,” he asserted.<sup>14</sup>

Despite this promise, the adoption and implementation of GFAs face significant obstacles. Nowhere is this more evident than in the United States, where no company has yet committed to one.<sup>15</sup> According to Kan Matsuzaki, Assistant General Secretary at IndustriALL, many firms exploit the RBA code of conduct as “an escape route,” avoiding deeper engagement with trade unions and labour rights issues.

He estimates that just 10% of RBA member companies maintain ties with the global union,<sup>16</sup> a statistic that includes not only US-based firms but also rising industry players from South Korea and China. With companies from these union-hostile environments gaining influence, the prospects for meaningful social dialogue and collective bargaining are growing bleaker.

## Silencing worker voices

Given the systemic failure of RBA members to engage with unions in a positive and open manner or to meaningfully address violations of freedom of association and collective bargaining—whether within their own operations or across their supply

chains—the credibility of code monitoring through self-assessments and social audits, supposedly designed to assess labour rights compliance at supplier factories, is highly questionable.

Unlike financial audits, which are governed by strict regulations to ensure auditors can make independent judgments despite being paid by their clients, social auditing lacks meaningful oversight. As a result, auditors have a strong incentive to avoid uncomfortable findings, with little to no consequences for downplaying violations.

The exclusion of trade unions from the RBA's governance board further undermines its credibility. While sectors like garment manufacturing and mining have introduced multi-stakeholder initiatives that incorporate NGOs and trade unions in their governance, no similar framework has gained traction in the electronics industry. Instead, the RBA remains a wholly industry-controlled body, operating without any trade union representation—a glaring omission that weakens its legitimacy and effectiveness.

While multi-stakeholder initiatives are far from perfect, the inclusion of trade unions and other organisations ensures that issues like the right to organise receive serious consideration and, as research shows, strongly impacts the initiative's ability to detect and address violations of freedom of association.<sup>17</sup>

## Substitution

Another concerning trend is that major brands like Apple, Dell, and HP use “worker voice” as a vague proxy for measuring freedom of association in their codes of conduct monitoring. This broad and often undefined term can encompass anything from suggestion boxes to employer-controlled feedback sessions—mechanisms that offer little real empowerment. While these initiatives may create channels for workers to express concerns, they often fall short of genuine collective representation and fail to protect against retaliation.<sup>18</sup>

In some cases, these mechanisms are promoted as a way to replicate or mimic the benefits of an industrial relations system in countries where trade union rights are restricted. However, this approach is problematic for two key reasons:

First, it creates a loophole that allows social auditors to falsely claim that freedom of association is respected—even in countries where governments fail to uphold this right or outright ban independent unions, as seen in China. This perpetuates the illusion that “worker engagement” enables companies to either navigate or sidestep state-imposed restrictions on union rights, all while continuing to source from suppliers in union-suppressing countries.

Secondly, there is a real risk that “workers’ voice” is reduced to the mere existence of a workplace council or committee—even in countries that formally uphold the right to

organise— where their role is confined to matters like health and safety, offering advice, or handling grievances. While these worker committees can be valuable in certain contexts, as they allow workers to voice concerns, they offer a far weaker form of worker representation and may leave employees vulnerable to management retaliation.<sup>19</sup>

These committees must not be used to undermine unions or obstruct their formation, as doing so directly violates ILO Convention No. 135 on Workers' Representatives and weakens authentic worker representation.

Yet, this is precisely what happens when companies say they “prefer workers’ councils instead of unions, as they are more constructive in their communication.”<sup>20</sup> This creates the illusion of worker representation while denying employees real bargaining power—ultimately undermining collective negotiation and workers’ rights.

## Why social audits fail workers

Given the anti-union stance of many RBA members and the systematic exclusion of trade unions, which effectively silences workers in code monitoring and grievance processes, it is no surprise that social audits are deeply flawed and have consistently failed to identify or address serious labour rights violations.

Pre-announced audits give factories ample opportunity to conceal abuses—falsifying records, coaching workers, or temporarily removing those in exploitative conditions. Critics argue that a one- or two-day audit simply cannot provide a comprehensive picture of workplace realities, raising serious questions about its effectiveness in uncovering systemic mistreatment.

This failure to accurately assess labour rights is particularly problematic when evaluating freedom of association and collective bargaining, which remain persistent “blind spots” in social auditing.<sup>21</sup> The challenge lies in the fact that both the presence and absence of a trade union can signal violations by management. In countries where employer-dominated unions are prevalent, such as Mexico, the mere existence of a trade union cannot be taken as proof of compliance, as many so-called “hoax” unions serve to undermine workers’ bargaining power rather than protect it.

Conversely, in nations like China or Vietnam, where only state-controlled unions are allowed, the burden of proof shifts: only in rare cases—when a union demonstrably operates independently, holds free elections, and engages in genuine collective bargaining—can auditors reasonably conclude that workers can exercise their right to organise. In practice, these conditions are seldom met and become even harder to sustain over time.<sup>22</sup>

The absence of a union, on the other hand, could suggest that workers have voluntarily chosen not to organise or engage in collective bargaining. However, it may also point

to a more troubling reality: workers might feel intimidated or actively discouraged from organising due to fear of retaliation or other repercussions. The difficulty of detecting anti-union practices—ranging from subtle signals to outright intimidation—within the brief timeframe of a social audit further undermines the accuracy of these assessments.

This challenge is exacerbated by the fact that auditors rarely interview workers offsite or allocate sufficient time to investigating whether employers actively suppress unionisation efforts.<sup>23</sup>

Even when worker interviews are included in the audit process, Björn Claeson of Electronics Watch argues, it remains highly unlikely that such interviews “achieve a meaningful voice for workers or facilitate access to remedy for problems that workers identify.”<sup>24</sup> Claeson continues: “Indeed, they may have the opposite effect: where workers’ concerns are not recognised in a process that purports to protect them, they can in effect be silenced”.<sup>25</sup> Without proper methodologies it is unlikely that social auditors will “recognise when workers have been coached or intimidated into giving particular responses to audit”.<sup>26</sup>

In other cases, workers might not trust social auditors because they associate them with management; be unaware of what happened to unionised workers as they are in a different section of the workplace or only recently hired; and, lastly, workers who have been dismissed because of their union activities are very unlikely to be included in these auditing processes.

Compounding these challenges is a pervasive lack of transparency, as audit findings are withheld from workers and trade unions, undermining accountability and leaving workers and their representatives unable to monitor or verify remediation efforts.



The RBA presents itself as the industry's leading platform for addressing social and environmental challenges, yet it systematically excludes non-business stakeholders and trade unions, depriving them of any real influence over labour protections. Despite corporate pledges, progress on safeguarding freedom of association and collective bargaining remains minimal. Auditing schemes prioritise corporate interests rather than shaping them.

As one expert put it, “Social auditing in practice involves giving unqualified people inadequate time to pursue an unrealistic objective they have no incentive to achieve.”<sup>27</sup>

Consequently, the RBA code and its audits lack credibility, favour corporate interests over workers' rights, and fail to drive meaningful, long-term improvements—ultimately entrenching the electronics industry's anti-union stance. Genuine progress on labour rights can only be achieved if electronics companies change course and recognise trade unions as legitimate social partners.

## Footnotes

- 1 Locke, R.M., Samel, H. Beyond the Workplace: "Upstream" Business Practices and Labor Standards in the Global Electronics Industry. *Studies in Comparative International Development*, 53, 1-24.
- 2 KnowTheChain. (2022). *2022 ICT benchmark report: Information and communications technology*. KnowTheChain. Retrieved from <https://knowthechain.org/wp-content/uploads/KTC-2022-ICT-Benchmark-Report.pdf>
- 3 RBA makes a distinction between "full Members" which demonstrate the highest level of commitment to RBA's code of conduct, including auditing and reporting and "Regular Members" which support the principles but may not yet fully implement or disclose all requirements. Apple, Intel, Dell, Cisco Systems, Qualcomm are full members, Texas Instruments is a regular member.
- 4 Responsible Business Alliance, website, retrieved from: <http://www.responsiblebusiness.org/about/members/>
- 5 Anner, M. (2012). Corporate social responsibility and freedom of association rights: The precarious quest for legitimacy and control in global supply chains. *Politics & Society*, 40(4), 609-644. <https://journals.sagepub.com/doi/abs/10.1177/0032329212460983>
- 6 It was initially established as the Electronic Industry Code of Conduct (EICC) and later renamed to reflect its broader application across industries.
- 7 The RBA was long divided over freedom of association, with strong resistance from US-based firms, and despite some members, like Hewlett-Packard and Philips, adopting stronger commitments to freedom of association at a much earlier stage.
- 8 Responsible Business Alliance. (2024). *Responsible Business Alliance Code of Conduct* (Version 8.0). Retrieved from <https://www.responsiblebusiness.org/code-of-conduct/>
- 9 KnowTheChain. (2022). *Information and Communications Technology benchmark findings report*. Retrieved from <https://knowthechain.org/benchmark/>
- 10 Ibid.
- 11 Apple's CSR report does not disclose the specific locations of the 580 facilities with unionized workers or the 442 sites with collective bargaining agreements. It is only providing only generalized figures, which means that these suppliers could potentially be located in countries like China, Vietnam, or Mexico, where such agreements often do not reflect genuine negotiations as discussed in Chapter 3 on China and Chapter 6 on Mexico.
- 12 KnowTheChain. (2022). *Information and communications technology benchmark findings report*. Retrieved from <https://knowthechain.org/wp-content/uploads/KTC-2022-ICT-Benchmark-Report.pdf>
- 13 Holdcroft, J. (2009). Organising the hi-tech ghettos of globalisation. *International Journal of Labour Research*, 1(1), 97-105.
- 14 Interview Alexander Ivanou, IndustriALL Global Union, 6 March 2024, online.
- 15 IndustriALL has succeeded in closing three GFAs in the electronics industry: Bosch (2004), Electrolux (2011) and Siemens (2012), which have their headquarters in European countries where trade unions are still represented.
- 16 Matsuzaki, K. (2018) Powerpoint presentation, document on file.
- 17 Anner, M. (2012). Corporate social responsibility and freedom of association rights: The precarious quest for legitimacy and control in global supply chains. *Politics & Society*, 40(4), 609-644. Retrieved from <https://journals.sagepub.com/doi/abs/10.1177/0032329212460983>
- 18 Mark Anner and colleagues define worker voice through six interconnected components: elect, represent, include, protect, enable, and empower. Anner, M., & Fischer-Daly, M. (2023). *Worker voice: What it is, what it is not, and why it matters*. United States Department of Labor, Bureau of International Labor Affairs. Center for Global Workers' Rights, Pennsylvania State University, & ICF Macro, Inc. Retrieved from: <https://www.dol.gov/sites/dolgov/files/ILAB/Worker-Voice-Report-Final-3-6-24.pdf>
- 19 For a longer discussion on how alternative structures are used to undermine unions: Business & Human Rights Resource Centre. (2024). *Just for show: Worker representation in Asia's garment sector & the role of fashion brands & employers*. Business & Human Rights Resource Centre. Retrieved from <https://www.business-humanrights.org/en/from-us/briefings/just-for-show-worker-representation-in-asias-garment-sector-the-role-of-fashion-brands-employers/>
- 20 De Haan, E. (2012). *Freedom of association in the electronics industry*. SOMO Paper. Amsterdam. Retrieved from <https://www.somo.nl/wp-content/uploads/2012/05/Freedom-of-association-in-the-electronics-industry.pdf>
- 21 Egels-Zandén, N., Merk, J. (2014) 'Private Regulation and Trade Union Rights: Why Codes of Conduct Have Limited Impact on Trade Union Rights'. *Journal of Business Ethics* 123, 467; Anner, M. (2018) 'CSR Participation Committees, Wildcat Strikes and the Sourcing Squeeze in Global Supply Chains', BJIR, Vol.56 (1), pp. 75-98.
- 22 Chan, A. (2009). Challenges and possibilities for democratic grassroots union elections in China: A case study of two factory-level elections and their aftermath. *Journal of Labour Studies*, 34(3), 293-317; Zhang, L., & Bartley, T. (2012). Opening the 'black box': Transnational private certification of labor standards in China. *Indiana University Research Center for Chinese Politics and Business*, RCCPB Working Paper #18. Rochester, NY: Indiana University.
- 23 Kuruvilla, S., & Li, C. (2021). Freedom of association and collective bargaining in global supply chains: A research agenda. *Journal of Supply Chain Management*, 57(2), 43-57. <https://ecommons.cornell.edu/server/api/core/bitstreams/b935fccb-e094-4428-adad-9acc89b-68cf0/content>

- 24 Claeson, B. (2019). Making rights effective in public procurement supply chains: lessons from the electronics industry. In: Martin-Ortega, O. & C. Methven O'Brien (eds.). *Public Procurement and Human Rights: Opportunities, Risks and Dilemmas for the State as Buyer*, Edward Elgar, Cheltenham, p.196
- 25 Claeson, B. (2019). Making rights effective in public procurement supply chains: lessons from the electronics industry. In: Martin-Ortega, O. & C. Methven O'Brien (eds.). *Public Procurement and Human Rights: Opportunities, Risks and Dilemmas for the State as Buyer*, Edward Elgar, Cheltenham, p.196
- 26 ITUC, IndustriALL, UNI, Clean Clothes Campaign (2012) *The UN Guiding Principles on Business and Human Rights and the human rights of workers to form or join trade unions and to bargain collectively*, p.16. Retrieved from [https://www.ituc-csi.org/IMG/pdf/12-11-22\\_ituc-industriall-ccc-uni\\_paper\\_on\\_due\\_diligence\\_and\\_foa.pdf](https://www.ituc-csi.org/IMG/pdf/12-11-22_ituc-industriall-ccc-uni_paper_on_due_diligence_and_foa.pdf)
- 27 Nova, S. (2024, April 30). *Statement of Scott Nova, Executive Director of the Worker Rights Consortium. In Factories and fraud in the PRC: How human rights violations make reliable audits impossible* (Joint House and Senate Hearing, 118th Congress). U.S. Government Publishing Office. <https://www.congress.gov/event/118th-congress/joint-event/LC72809/text>

 Good Electronics

*Setem*

# 10. Conclusion: the struggle for trade union rights in the global electronics industry

# 10. Conclusion: the struggle for trade union rights in the global electronics industry

Despite record profits, the global electronics industry continues to suppress workers' rights. Trade unions are essential for securing better wages, safer conditions, and fair treatment, yet workers face relentless opposition from corporations and governments. Many companies shift production to regions with weak labour laws, while corporate-led audits obscure accountability for exploitation.

This report identifies nine key barriers preventing workers from exercising their right to freedom of association and collective bargaining. These include legal restrictions, employer-controlled unions, precarious contracts, systemic discrimination against migrant workers, and gender-based inequalities that disproportionately affect women workers.

Even where laws protect union rights, weak enforcement enables companies to exploit loopholes—stalling union recognition, prolonging temporary contracts, or threatening relocation to suppress worker demands.

## Reversing the trend: actions for governments and corporations

### 1. Governments must enforce workers' rights

States have a duty to protect workers' right to organise by enacting and enforcing robust legal frameworks. Key actions include:

- ✓ **Ratify and implement ILO Conventions** – Urgently ratify and enforce ILO Conventions 87 and 98 to guarantee freedom of association and collective bargaining.
- ✓ **Strengthen enforcement mechanisms** – Prevent employer retaliation against union members and close legal loopholes that allow union suppression.

- ✓ **Enforce binding regulations** – Implement legally binding measures, such as the Corporate Sustainability Due Diligence Directive, to hold corporations accountable.
- ✓ **Integrate labour protections into trade and policy agreements** – Align all trade and investment treaties with international labour standards.
- ✓ **Implement ethical public procurement policies** – Require government suppliers to respect workers' rights and comply with international labour standards.

## 2. Corporations must be held accountable

Electronics companies must end anti-union practices and ensure freedom of association throughout their supply chains. Key actions include:

- ✓ **Right to Organise** – Adopt legally binding commitments to uphold union rights in both direct operations and supply chains.
- ✓ **Union access** – Guarantee unions the right to access workplaces, engage with workers, and support grievance procedures.
- ✓ **Social dialogue & global framework agreements** – Engage in meaningful negotiations with IndustriALL and other global unions to establish binding agreements that uphold international labour standards.
- ✓ **Independent worker training** – Collaborate with trade unions and labour rights NGOs to educate workers and management on their rights.
- ✓ **Incentivise collective bargaining** – Prioritise factories with legitimate Collective Bargaining Agreements (CBAs) by awarding them preferential orders, stable contracts, and financial incentives.

## Worker solidarity: the key to change

Sustained progress hinges on a strong, united labour movement capable of holding corporations and governments to account. The globalisation of supply chains has fragmented the workforce, weakening traditional organising efforts and driving down wages.

Challenging corporate power demands both cross-border solidarity and national-level organising. Trade unions and advocacy groups must exert pressure across supply chains—from factory floors to corporate boardrooms—demanding fair wages, safe working conditions, and the right to organise.

Global trade unions like [IndustriALL](#), along with transnational advocacy networks, such as [GoodElectronics](#) and [ANROEV](#) play a critical role in exposing corporate misconduct, strengthening labour standards, and mobilising pressure on electronics firms. These alliances enable workers to coordinate campaigns, share organising strategies, and amplify demands across borders.

Without bold action —especially women and migrant workers, who face additional barriers to union participation and workplace protections— workers will remain silenced in a system designed to exploit them. But through collective resistance at both national and international levels, alongside global accountability, the fight for trade union rights can be won.



© GoodElectronics

*Setem*