

# MEMO: CODES UPDATE NUMBER 4

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## **Two Independent Reports Confirm that Mexican Nike Workers' Rights Violated**

You likely have already received extensive information on the labour dispute at the Korean-owned Kuk Dong garment factory in Atlixco, Puebla, Mexico. However, since the bulk of information circulating through e-mail on this struggle has been in English, we thought it important to provide a summary in Spanish and so have produced this special issue of our "Codes Update" memo to share with contacts in Latin America.

The dispute is particularly important in the codes of conduct debate because the factory produces Nike sweatshirts for at least 14 major US universities, and is therefore covered by the codes of conduct and licensing agreements of those universities. As well, some of the universities whose licensed apparel is made in the factory are members of the Workers Rights Consortium (WRC), while others are members of the Fair Labor Association. Some are members of both.

Violations of the Kuk Dong workers' right to freedom of association has therefore become a major focus of student mobilization by Students Against Sweatshop groups at university campuses across the US. The dispute has not only become a test of whether Nike and its external monitoring program can ensure that freedom of association is respected in its contract factories, it has also become the first major test as to whether the WRC and/or the FLA can successfully intervene to pressure a university supplier and its contractor to abide by the terms of their codes of conduct.

Just released reports from two independent investigations into the Kuk Dong dispute have

confirmed that supporters of an independent union who participated in a January 9 work stoppage are being denied the right to return to their jobs, and that the workers' right to freedom of association is being violated.

On January 25, a six-member investigative team from the Worker Rights Consortium, representing 67 US universities, released a preliminary report confirming that severe ongoing violations of university codes were taking place, and calling on its member universities to take immediate steps to seek the reinstatement of fired leaders of the independent union and all other workers who have not been able to return to work after the work stoppage and are willing to go back to work.

The WRC report concludes that Kuk Dong violated a legally binding agreement with worker representatives to rehire, without punitive action, all workers who participated in the strike, and that the company violated the workers' right to freedom of association as defined by Mexican labour law, the ILO, and the Nike Code of Conduct. For a copy of the WRC report, in English, see: [www.workersrights.org](http://www.workersrights.org).

On the same day, the International Labor Rights Fund (ILRF) released a report to 149 US universities affiliated to the Fair Labor Association, confirming that the company had failed to reinstate striking workers, and that this would have a negative impact on any subsequent union representation election.

The ILRF report also confirms that workers who attempted to return to work after the work stoppage were not permitted to do so unless they signed statements in support of the Confederacion Revolucionaria de Obreros y Campesinos (CROC), an "official" union affiliated to Mexico's historical ruling party the PRI.

The report calls on Nike to send a representative to the factory with the authority to insist that all workers be reinstated. According to the ILRF, Nike's Latin America compliance office supervisor, Gabriel Llaguno, visited the factory today, and confirmed that the CROC representative was refusing to allow workers who had sought a new union to regain their jobs.

The fact that the ILRF investigation was carried out at Nike's request by Arturo Alcalde, a respected Mexican labour lawyer, will make it difficult for Nike to ignore his recommendations. Both Nike and the ILRF are members of the Fair Labor Association.

The non-profit social auditing firm, Verite, has reportedly been contracted to carry out an investigation and independent audit of the Kuk Dong factory. Verite recently became the first social auditing organization to be accredited under the FLA external monitoring and brand certification program.

The Kuk Dong dispute has been a major blow to Nike, which claims its code of conduct and external monitoring system ensure respect for freedom of association and other worker rights. In March 2000, PricewaterhouseCoopers carried out an audit of the plant and reported that management "has established relations with employees that were both flexible and transparent," and that "workers felt they could air grievances in a fair and effective way."

### **Background:**

On January 9, 800 workers at the Kuk Dong factory staged a work stoppage to protest the illegal firings and forced resignations of 20 workers who had complained about low wages (US\$32 for a 50-hour week) and rotten food served in the factory cafeteria, and had requested a copy of the collective agreement.

The striking workers demanded that the company reinstate the fired workers and respect their right to organize an independent union.

The workers are currently "represented" by the FROC-CROC, a union federation controlled by the historical ruling party of Mexico, the PRI. Workers

complain that the FROC-CROC was brought in by the company without the workers' consent, and that it negotiated a "protection contract" with their employer without their knowledge or approval.

On January 12, 300 state police in full riot gear attacked 300 workers who were guarding the factory. The workers, who put their hands in the air and retreated to the factory gates, were hit, pulled, pushed and insulted by the police.

Fifteen workers ended up in the hospital, and two were kept overnight. One of them was in serious condition from blows to the head. Two strike leaders were violently kidnapped by the police, but were later released.

The police had apparently been ordered to remove the strikers by the PRI state governor. As well, Rene Sanchez Juarez, the local leader of the FROC-CROC, was reportedly at the scene of the police attack, pointing out strike leaders to the police.

Faced with protests by independent unions in Mexico, including the National Workers' Unity, the telephone workers and independent Volkswagen workers' unions, and increasing pressure on Nike from student, labour and solidarity groups in the US, Canada and Europe, Kuk Dong management agreed to allow strikers to return to their jobs with no reprisals.

On January 17, management violated the agreement by refusing entry to the factory to several independent union supporters. Others union supporters who succeeded in entering the plant were picked out by representatives of the "official" union, reported to security guards and told to leave, or told they would have to resign "voluntarily."