

## The Workers and Fujikura

### Workers score second victory over Fujikura's greed

September 17, 2007

After a summer-long clash with their employer, **725 Fujikura** workers in Piedras Negras scored a partial economic victory and a clear moral success when a dispute over their compensation package ended with a compromise.

It was the best possible outcome of a battle marred by management maneuvers and outright harassment used by Fujikura to pressure its workers into accepting a bad bargain. Fujikura had announced plans to lay off its entire workforce, void the collective bargaining agreement, and rehire the same workers under new and less attractive terms. When ownership of the Subaru plant passed to Fujikura in 2005 (it had previously been operated as a joint venture between Alcoa and Fujikura), the company pledged to honor the workforce's existing contract - a pledge it quickly said was too expensive, despite its **strong economic performance overall** and long-term plans to increase its presence in Mexico.

**"The sectional committee leaders feel satisfied because they made their best effort and the rank and file appreciated it despite not achieving 100 percent of our objective."**

The Fujikura workers did not attempt to fight the mass layoffs; instead, they insisted that the buyout offer should include an additional 20 days of salary for each year of seniority. (Alcoa, their former employer, routinely granted the 20 days in the event of layoffs due to workforce reductions.)

The "struggle for the 20 days" was ultimately resolved when the workers accepted Fujikura's offer of 4.5 million pesos in additional compensation (approximately \$400,000), which was roughly the equivalent of 4.5 additional days of wages for each worker, or 22 percent of their original demand. The eventual buyout agreement included the additional 4.5 million pesos on top of other sums that were never in dispute, such as three months of full salary, 12 days for each year of seniority, and pro-rated of vacation time and Christmas bonus, all of which are legally mandated under Mexico's labor code. Fujikura also promised their workforce to rehire all of them.

Throughout this period, the workers stayed united and did not cede any ground. By the end of August the company was so desperate to end the stalemate that it set a deadline for the workers to sign an agreement accepting the \$4.5 million. As the deadline approached, managers, foremen, government officials and union leaders opposed to the demands of the rank and file began literally begging the workers for their signature. One worker said, "in the factory they were almost grabbing our hands for us to sign, and the food was free on the day of the company's deadline."

Just as happened in January when the Fujikura **workers fought successfully for a wage increase of 4.5 percent**, the struggle this summer revealed naked greed and lack of respect by the corporation towards its host community. At the same time, the workers modeled a lesson in human dignity to the government officials and CTM union leaders who, in the name of protecting jobs, defended the company's position at any cost. The CTM, like government officials at all levels, considers that attracting jobs to the maquiladoras is the priority, and are prepared to sacrifice the workers to starvation wages - the equivalent of \$50 a week or less. Similarly, in the case of the CTM, the mantra of "jobs at any cost" even extends to setting aside their own union contracts.

The Fujikura workers, for their part, thought it was fair to expect the 20 additional days of wages in exchange for relinquishing a range of benefits they had acquired through collective bargaining over a period of 18 years. In June 2007 nearly 190 workers had ten or more years of seniority, while only 60 had three years or fewer. A third of the company's 725 workers are 35 or older, considered "old" in the maquiladora economy.

As a result of this compromise, Fujikura, whose Piedras Negras plant manufactures automotive wire harnesses for Subaru's Tribeca; Toyota's Tundra, Camry, and Corolla; and the Jeep Wrangler, among other vehicles, stands to save millions of dollars in labor costs in that location.

Two **general membership meetings on June 10 and 24** were particularly significant. On both occasions, the workers overrode the advice of the secretary general of the city's CTM union, Leocadio Hernandez, and voted almost unanimously to put pressure on the company. In fact, for several days a majority of the 725 workers refused to work overtime or on weekends. Another positive development was that the leaders of the union sectional committee distanced themselves from Hernandez and ultimately broke with him. The secretary general responded by denying the use of the union hall to the rank and file, who subsequently had to conduct their gatherings in the parking lots of the union hall and the municipal building.

Fujikura tried to establish a legal argument of "unprofitability" (or inability to pay for its operations) as a reason for not paying the 20 additional days the workers were demanding. The company's case, however, made no legal sense. Under article 434 of Mexico's labor code, which describes the grounds for termination of employment relations, Fujikura wanted to use the provision that states that "unforeseen circumstances not imputable to the employer, which, as a necessary, immediate, and direct consequence, causes the termination of employment." It is generally understood that "unforeseen circumstances" refers to accidents or acts of God such as a tornado, and cannot really apply to the desire of a business to reduce its labor costs.

The labor board, a government body, expanded two of their hearings to include the plant's sectional committee, despite the fact that the union's secretary general is the only person who is authorized to sign the contract with Fujikura. The hearings went nowhere because Fujikura and the secretary general signed an agreement that reflected the bigger amount of \$4.5 million pesos and together began to pressure the workers to sign.



Membership meeting outside CTM union hall

Some new hires with no seniority began to split from the majority and to sign the new agreement. Other workers brought up that inside the factory "we are breathing uneasiness, because the presence of guards has been reinforced and they are carrying tear gas and handcuffs." Raul Rueda, one of the sectional committee leaders, told the daily *Zocalo* that Fujikura was "harassing and threatening the workers, telling them 'sign because you'll get your check anyway and will be out of here; then nobody will hire you'."

Another hearing on Aug. 24 could not be completed because the union secretary general did not put in an appearance. Meanwhile, 400 angry workers staged a sick-out to protest the agreement's being signed without consulting them. The workers also marched several blocks to the CTM union offices to protest the actions of the secretary general.

On Sept. 3, the final 200 workers who had refused to sign the agreement by the Aug. 31 deadline decided collectively to accept their checks. As many as 400 workers simply walked away from the promise of new jobs. "Fujikura doesn't deserve our work, which is very valuable," said another worker, adding "the sectional committee leaders feel satisfied because they made their best effort and the rank

and file appreciated it despite not achieving 100 percent of our objective."

The next day Fujikura recruiters went to Allende, a small town an hour and a half south of Piedras Negras to offer jobs. The daily *La Voz* reported that "up to 250 jobs are available in Fujikura for the female labor of Allende, the director of Economic Development... announced. He said the qualifications are simple, including being 18 to 30 years old."

The legal case was closed with no explanation given by either the company or the labor authorities. That was no surprise to the workers, who always knew that the alleged "unprofitability" of Fujikura had no merit. The workers were seeing every day how Fujikura's production remained at a high point

#### Fujikura and its workers in Mexico



#### Dialogue defuses war of nerves



#### Fujikura Code of Conduct...



#### Fujikura workers force an increase on wages



Jeep® Wrangler Unlimited Sahara shown in "Rescue Green Metallic"

all summer long.

The real values of **Fujikura** were publicly exposed in Piedras Negras. One worker asked: "Does anyone in the company have the stomach to recite the statements of the **Fujikura Code of Conduct** and assure that the company 'always treats the local community with respect and appreciation'? Or that 'while contributing to the betterment of society, we at Fujikura shall continue to strive to earn societal recognition as a good corporate citizen, and shall not only conduct ourselves in accordance with not only the letter and spirit of all laws, but also act in conformance with the ethics and morals of society at all times and in every situation?'"

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