

**Corporate social responsibility
behaviour of multinational
corporations in the global information
and communication technology supply
chain in the Philippines**

With case studies on Wistron Infocomm Corp. and Fujitsu
Computer Products Corp. of the Philippines.

**A research project of Philippine Resource
Centre – Manila in cooperation with SOMO**

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Introduction

The production of electronic commodities is a globalized industry that has interlocked national economies of the third world to those of the industrialized states. It is a labor-intensive industry. Multinational corporations, avoiding the high cost of wages in their home economies, previously “outsourced” part of their production from electronic manufacturers in the third world. Eventually these MNCs established their own off-shore manufacturing firms that later on dominated the manufacturing sectors of third world economies and formed these into a global supply chain.

Although many abuses related to human rights, labor, environment and health issues are taking place in this global supply chain, not much attention has been given to address these problems. In response to this, SOMO (Center for Research on Multinational Corporations – The Netherlands) decided to undertake a sector study on the industry focusing on Company Social Responsibility (CSR) issues in the Information and Communication Technology (ICT) sector.

Part of the SOMO research is a case study on the ICT industry in the Philippines and company studies on Philippine-based MNC subsidiaries Acer-Wistron Infocomm Corp. and Fujitsu Computer Products Corp. of the Philippines. These companies have large market shares in Europe, especially in the Netherlands. SOMO engaged the services of the Philippine Resource Centre - Manila (PRC-Manila) to undertake the research in the Philippines. The CSR Frame of Reference¹ and The UN Human Rights Norms for Business² are the instruments used to evaluate the behavior of the identified multinational corporations.

The aims of the Philippine research are the following:

- ❑ To understand the role of Philippine computer manufacturers in the global supply chain and to develop strategies and the capacity to campaign on them.
- ❑ To understand the organization of the supply chains of Fujitsu Computer Products Corp. and Acer-Wistron Infocomm Corp.
- ❑ To increase the information and knowledge base on CSR issues in the ICT sector in the Philippines.
- ❑ To widen the campaign base on the ICT hardware sector in Europe and provide information for campaigns directed on improving conditions in the ICT supply chain.

After consultation with its local partner organizations in the Philippines, PRC-Manila decided to widen the scope of the study to include issues on national development and foreign domination as subjects for investigation. This is in response to the expressed needs of interested parties in the Philippines. Accordingly, while the above-mentioned evaluation instruments – in a broad manner and on the basis of international norms – cover the issues said interested parties want the research to tackle, it became imperative to evaluate the same based on the perspective of the worker’s movement in the country.

As the study covered different firms, their working conditions and product categories, and the aim of the research is to analyze their collective condition, it is unavoidable to extrapolate figures supplied by government data in the analysis. Hence, the quantified conclusions are descriptive not of individual cases but of the collective condition of the commodities, firms and workers analyzed, especially in Part 1. The mathematical formulas used are explained in the endnotes. The monetary amounts in the text are all in Philippine Peso (PhP); however, a table on the average PhP-US\$ exchange rate from 1996-2003 is supplied in Annex B.



We express our deep gratitude to the many individual workers who volunteered their services, served as respondents, and showed us generosity during our field studies. Their stories provided us the strength to persevere in this modest effort. To them, and to all workers, we dedicate this research.

1. Corporate social responsibility behaviour of multinational corporations

The production and export of electronic products is one of the most important sectors of the Philippine economy today. These include the following product categories:³

1. Computers, Computer Peripheral Equipment and Accessories
2. Semi-Conductor Devices and other Electronic Components
3. Apparatus for Telephony and Line Telegraphy
4. Television and Radio Transmitters, Receivers, Sound or Video Recording or Reproduction Apparatus, and Associated Goods
5. Radar Equipment and Radio Remote Control Apparatus
6. Watches and Clocks

The industry began in the Philippines in 1970 (with the production of semiconductor devices) by the Stanford Microsystems, Inc. a company put up by a Filipino graduate of Stanford University. Other Filipino firms followed. Among the most significant were Dynetics Inc. that started operating in 1973, Complex Electronics in 1974, Labtech Manufacturing Industries Inc. in 1976 and Integrated Microelectronics Inc. in 1980.⁴

Simultaneously, foreign multinational corporations started investing in the local industry. Two factors attracted these MNCs to invest in the Philippines. One is their desire to avoid the rising cost of wages in their domestic economies. Two, the then Pres. Marcos, willfully violating the Filipino worker's rights, granted them generous incentives. This is in compliance to the demands of the IMF and the World Bank to mold the Philippine economy towards export-oriented production that relied on foreign market and capital as model for economic development. Through Martial Law (from 1972-1981 under Presidential Decree 1081) Marcos banned workers' strikes and other trade union activities and pegged wages below subsistence levels.

Disregarding the wholesale violation of the rights of Filipino workers for the sake of higher profit, these MNCs began investing by forming joint ventures with the pioneering Filipino firms or building their own off-shore assembly plants. I.D. Dawson A/C Banque General of Europe, for example, invested .95% equity share in Stanford Microsystems in 1970, Musashi Kogyo Ltd.- Masao Iriko of Japan invested 6.8% equity share in Labtech Mfg. Industries in 1976, and M. Takeuchi & Co. Ltd. of Japan joined Soltron Electronics. Intel Manufacturing Phils. Inc., a subsidiary of Intel Corp. USA and Telefunken Semiconductors Inc. a subsidiary of Telefunken Electronic GMBH Germany, set up their plants and started their operations in 1974. National Semiconductors USA followed suit in 1975 by setting up two firms - Dyna Craft International and National Semiconductors (Phils.).

Aside from suppressing human rights to ensure profitability, Marcos granted other incentives to lure more MNCs to invest in the industry. The Export Incentives Act and the Investment Incentives Act granted the MNCs the privilege to directly import their raw material needs. This provided them an opportunity to increase their profits through transfer pricing because they charge a higher import price on raw materials (they buy from their subsidiaries abroad) above their actual production value. The two laws also granted them tax credits on import duties and to deduct their expenses on promotions and shipping costs from their remaining tax accountabilities. Lastly, these granted them the privilege of unrestricted remittance of their profits to their home bases.



The incentives paved the way to the massive influx of MNCs into the Philippine electronic industry. Inversely, many local firms went bankrupt, stopped their operations, and sold their plants and other assets to the multinationals. By 1987, only seven Filipino firms were among the top electronic firms while nineteen were foreign multinational corporations.⁵

2. The State of the Electronics Industry

The electronics industry has become one of the most important sectors in the Philippine economy. According to the 1998 tally provided by government statistics, the number of electronics manufacturers has grown to 544 firms. These comprise 3.5 per cent of the total number of manufacturing firms in the Philippines during the same year.

2.1 Impact on the GDP and GNP

Since its beginning in the 1970s, the manufacture of electronic products has made great and increasing impact on the Philippine economy. As of late 1990s, the total value of locally manufactured electronic products already accounted for 15-22 percent of the total value of output in the manufacturing sector. Its share to the Gross Domestic Product reached 3.4 percent in 1996, 3.8 percent in 1997, and 5 percent in 1998. It also accounted for 3.3 percent of the PhP2,261,339Million GNP in 1996, 3.6 percent of PhP2,528,321Million GNP in 1997, and 4.8 percent of the PhP2,802,132Million GNP in 1998.

Table 1: Impact on the GDP

Year	No. of ICT Firms	Value Added Created (In PhPMillion)	% of the GDP	GDP (In PhPMillion)
1996	464	73,796.571	3.4%	2,171,022
1997	466	91,810.826	3.8%	2,426,743
1998	553	133,136.979	5%	2,665,060

Sources: "Annual Survey of Philippine Establishment," National Statistics Office, Vol.3, 1999
 "Philippine Statistical Yearbook," National Statistical Coordination Board, October 2004

2.2 Impact on Employment

The Philippine economy is increasingly relying on the electronics industry to generate employment for the ever-increasing labor force. Electronic manufacturing firms have caught up with garments and textile manufacturers in terms of creating employment. Electronic firms employed 16.8 percent of the manufacturing industry's total employment in 1996, 17.8 percent in 1997 and 20 percent in 1998. Garments and textile manufacturers, on the other hand, contributed 19.7 percent, 18.9 percent, and 18.2 percent during the same period.⁶

Table 2: Employment in the Electronics Industry

Industry Description	Number of Establishments			Total Employment			Total Compensation (PhP1,000)		
	1996	1997	1998	1996	1997	1998	1996	1997	1998
All Mfg. Industries	13,526	14,734	15,674	1,062,985	1,109,676	1,163,387	90,710,052	101,009,252	112,538,568
Electronics	464	466	533	178,647	196,981	231,672	16,966,021	20,259,791	24,936,113

Source: "Annual Survey of Philippine Establishment," National Statistics Office. Vol.3, 1999

Growth of employment in the electronics industry is faster than the whole manufacturing sector. It grew by 10.3 percent from 1996-1997 and 17.6 percent from 1997-1998 compared to the manufacturing sector's employment growth of only 4.4 percent and 4.8 percent respectively for the same period. Meanwhile, the garments and textile industry's employment figures point to a state of stagnation with a growth of mere .36 percent from 1996-97 and 1 percent from 1997-1998.⁷

The electronics industry also pays the highest gross compensation to workers in the manufacturing sector. In 1996, total employees' compensation paid by the industry was PhP16.966021Billion, it paid a total of PhP20.259791Billion in 1997, and PhP24.936113Billion in 1998. These are respectively equivalent to 18.7 percent, 20.1 percent, and 22.2 percent of the total compensation paid to all workers in the manufacturing sector in 1996,1997, and 1998.⁸

2.3 Foreign Controlled, Export – Oriented and Import – Dependent Industry

Like all Philippine industries, the following features characterize the Philippine electronics industry:

- ❑ Foreign controlled;
- ❑ Export-oriented (i.e. production for the foreign market); and
- ❑ Import-dependent (i.e. reliance on foreign capital and technology)

Foreign multinational firms tightly control the manufacture, raw material flow, and markets for Philippine electronic products. These include the giant MNCs that control the global production and trade of electronics such as Texas Instruments Inc. and Intel Phils. of the United States; Toshiba Corp., Matsushita Communication Industrial Co., Ltd., Hitachi Computer Products (Asia) Corp.; and Fujitsu, Ltd. of Japan; Philips Electronics N.V. and Hitachi Global Storage Technologies, Netherlands B.V. of the Netherlands; and Acer-Wistron Infocomm (Philippines) Corp. of Taiwan.

Electronics exports also largely determine the health of the country's balance of trade. As shown in Table 3, the Philippine economy achieved a trade net surplus of US\$9.91Billion from 1998 to 2001. It had a net deficit of US\$0.164Billion in 1998, net surplus of US\$4.295Billion in 1999, net surplus of US\$6.691Billion in 2000, and US\$0.907Billion net deficit in 2001.

Electronics exports, on the other hand, constantly achieved trade surpluses during the same period – US\$8.654Billion in 1998, US\$11.741Billion in 1999, US\$16.075Billion in 2000, and US\$7.122Billion in 2001.

Table 3: Impact on Philippine Trade (In Million US\$)

Category	Exports				Imports				Balance of Trade			
	1998	1999	2000	2001	1998	1999	2000	2001	1998	1999	2000	2001
All Industries	29,496	35,037	38,078	32,150	29,660	30,742	31,387	33,057	(164)	4,295	6,691	(907)
Electronics Sector	15,245	19,352	22,880	21,614	6,591	7,611	6,805	14,492	8,654	11,741	16,075	7,122

Sources: "Foreign Trade Statistics," National Statistics Office, 1999; "Foreign Trade Statistics," National Statistics Office, 2000; "Foreign Trade Statistics," National Statistics Office, 2001; "Foreign Trade Statistics," National Statistics Office, 2002

The figures in Table 3 show that the country's overall trade balance constantly fluctuates between surplus and deficit, and that there is a huge disparity between the overall trade balance and that of electronics. This trend is a result of the perpetual imbalance between the value of the Philippine's major exports and imports. Philippine exports are dominated by:⁹

1. Partially-processed electronic and garment products.
2. Agricultural commodities like bananas, coconut oil, sugar, woodcrafts and
3. Mineral extracts including cement, gold and other mineral ores.

Imports are dominated by:¹⁰

1. Industrial raw materials and intermediate capital goods for the manufacture of the cited export commodities and commodities for local consumption.
2. Processed metals like iron and steel.
3. Fuel products.
4. Telecommunications equipment; and
5. Processed food products.

The trade balance between the naturally low valued raw materials (i.e. agricultural commodities and mineral ores) exported by the Philippine economy and the naturally high valued capital and consumer good imports, is perpetually disproportionate. Hence, even with the relatively high surplus in the trade of semi-processed electronics, the Philippine economy recurrently incurs trade deficits. This explains why the Philippines – a backward agricultural economy trapped in a monopoly capital global division of labor – is in a state of chronic economic crisis.

Only the production of electronic products is keeping the import-dependent and export-oriented economy afloat. Its share of the Philippines' total exports was 52 percent in 1998, 55.2 percent in 1999, 60.1 percent in 2000 and 67.2% percent in 2001 or an annual average share of nearly 60 percent.

The major buyers of Philippine electronic exports are the same MNCs that own the Philippine-based foreign manufacturing firms.¹¹ The main markets are their subsidiaries and affiliated companies in the U.S., Japan, the Netherlands, Singapore, Taiwan, UK, Hong Kong, Germany, Malaysia, Republic of (South) Korea and Thailand that add additional processing to the Philippine semi-processed parts and components and or distribute the final products to the ultimate consumers.

Table 4: Major Markets for Philippine Electronics Exports (In Million US\$)¹²

Country	1998		1999		2000		2001		2002	
	Export Value	(%) Share	Export Value	(%) Share	Export Value	(%) Share	Export Value	(%) Share	Export Value	(%) Share
US	4,684.54	30.7%	4,902.86	25.3%	6,015.11	26.3%	3,701.82	22.0%	4,830.74	20.0%
Japan	1,572.65	10.3%	1,560.31	8.1%	2,647.68	11.6%	2,256.15	13.3%	3,390.57	14.0%
Netherlands	1,478.06	9.7%	2,064.70	10.7%	2,400.17	10.5%	2,251.66	13.3%	2,792.28	11.5%
Singapore	1,358.14	8.9%	1,869.79	9.7%	2,509.52	11.0%	1,792.00	10.6%	2,120.30	8.7%
Taiwan	1,368.73	9.0%	2,434.65	12.6%	2,365.05	10.3%	1,670.79	9.8%	2,155.47	8.9%
UK	1,226.36	8.0%	993.51	5.1%	1,014.94	4.4%	-	-	-	-
Hong Kong	806.30	5.3%	1,338.43	6.9%	1,289.65	5.6%	1,026.72	6.0%	1,976.25	8.1%
Malaysia	961.38	6.3%	1,235.68	6.4%	1,098.80	4.8%	737.52	4.3%	1,303.77	5.4%
Germany	288.75	1.9%	518.29	2.7%	610.52	2.7%	424.14	2.5%	1,122.82	4.6%
South Korea	268.24	1.8%	685.68	3.5%	-	-	575.89	3.4%	956.70	3.9%
Thailand	-	-	-	-	868.05	3.8%	928.27	5.5%	-	-
Others	1,231.68	8.1%	1,747.86	9.0%	2,054.65	9.0%	1,610.04	9.3%	3,673.00	15.0%

Sources: "Foreign Trade Statistics," National Statistics Office, 1999; "Foreign Trade Statistics," National Statistics Office, 2000; "Foreign Trade Statistics," National Statistics Office, 2001; "Foreign Trade Statistics," National Statistics Office, 2002; "Foreign Trade Statistics," National Statistics Office, 2003

The same MNCs and their subsidiaries in the mentioned countries are also the principal suppliers of industrial raw materials for the local manufacturing firms and consumer electronics for individual consumers in the Philippines. Total electronic imports from them were US\$6.563Billion in 1998, US\$7.35648Billion in 1999; US\$5.911Billion in 2000; US\$12.9643 Billion in 2001; and US\$15.130Billion in 2002.

Table 5: Philippine Suppliers of Raw Materials and Consumer Electronics (In Million US\$)

Country	1998		1999		2000		2001		2002	
	Import Value	(%) Share	Import Value	(%) Share	Import Value	(%) Share	Import Value	(%) Share	Import Value	(%) Share
US	3,438.88	52.2%	3,678.21	48.3%	2,755.44	40.5%	4,468.18	29.8%	5,516.31	32.7%
Japan	961.48	14.6%	1,031.50	13.6%	790.01	11.6%	3,658.09	24.4%	4,382.35	26.0%
Netherlands	29.06	.44%	29.38	.39%	-	-	94.32	.63%	107.20	.63%
Singapore	273.37	4.1%	323.67	4.3%	434.71	6.4%	1,178.92	7.9%	1,177.71	7.0%
Taiwan	350.56	5.3%	348.01	4.6%	493.38	7.3%	899.82	6.0%	723.94	4.3%
UK	46.25	.70%	54.81	.72%	-	-	-	-	-	-
Hong Kong	201.51	3.1%	250.51	3.3%	219.66	3.2%	678.07	4.5%	935.66	5.5%
Malaysia	308.29	4.7%	301.62	4.0%	320.03	4.7%	442.16	2.9%	619.27	3.7%
Germany	243.31	3.7%	109.93	1.4%	-	-	329.78	2.2%	301.72	1.8%
South Korea	710.30	10.8%	1,228.84	16.1%	778.40	11.0%	962.81	6.4%	1,365.73	8.1%
Thailand	-	-	-	-	118.83	1.7%	252.13	1.7%	-	-
Others	28.29	.42%	254.78	3.3%	894.15	13.1%	2,028.13	13.5%	1,743.44	10.3%

Sources: "Foreign Trade Statistics," National Statistics Office, 1999; "Foreign Trade Statistics," National Statistics Office, 2000; "Foreign Trade Statistics," National Statistics Office, 2001; "Foreign Trade Statistics," National Statistics Office, 2002; "Foreign Trade Statistics," National Statistics Office, 2003

2.4 Poverty Level Wages

As previously stated, based on data from the National Statistics Office (NSO), wages in the electronics industry are relatively high. The average wage in the industry is higher than the average wage in the whole manufacturing sector. Electronics workers received an average wage PhP9,053 higher than the average wage of all workers in the manufacturing sector in 1996, PhP10,920 higher in 1997, and PhP9,711 higher in 1998.

Table 6: Annual Compensations in the Electronics Industry¹³ (Compensation in PhP)

Year	All Industries		Electronics Industry	
	Number of Paid Workers	Annual Compensation Per Worker	Number of Paid Workers	Annual Compensation Per Worker
1996	1,051,981	86,000	178,491	95,053
1997	1,097,175	92,000	196,850	102,920
1998	1,153,526	98,000	231,510	107,711

Source: "Annual Survey of Philippine Establishment," National Statistics Office. Vol.3, 1999

The figures in Table 7 suggest the following:¹⁴

- That a worker's average monthly wage in the industry in 1996 was PhP7,311; weekly wage was PhP1,828; and daily wage was PhP305.
- That a worker's average monthly wage in the industry in 1997 was PhP7,917; weekly wage was PhP1,979; and daily wage was PhP330.
- That a worker's monthly wage in the industry in 1998 was PhP8,285; weekly wage was PhP2,071; daily wage was PhP345.

It should be noted though that the cited figures are not the actual amounts received by ordinary employees that compose the overwhelming majority of workers in the industry. The mandated minimum wage for an 8-hour workday in the Southern Tagalog Growth Corridor,¹⁵ where the overwhelming majority of electronic manufacturing firms are located, is only PhP175 in 1997 and PhP188 in 1998.¹⁶ Interviewed workers from Gotoh Philippines Corporation for example say that in 2000 they received between PhP6,800 – PhP7,000 a month for the usual 26-day monthly work with 4 hours daily overtime. This is PhP311 – PhP511 less than the monthly wages reported by the NSO in 1996, PhP917 – PhP1,117 less than the reported wages for 1997 and PhP1,485 – PhP1,285 less than that for 1998.

Even the current wage rates of the highest paid electronic workers today (2004) barely reaches the average wages reported by the NSO for 1997 and 1998. For example, a quality control worker at Fujitsu Computer Products of the Philippines Inc., having worked for the company for more than five years, receives PhP275 or PhP37 above the present PhP238 minimum wage. Her total salary for a 26 day work month with frequent 4-hour overtimes amounted to only PhP7,872 in November 2004. This is PhP45 less than the average wage in 1997 and PhP413 less than the average wage in 1998, cited by the NSO.

The huge discrepancy between the actual wages received by workers and the average compensation figures submitted by electronic firms can be explained by the huge disparity between the wages of ordinary workers and those of the executives. The high wages, bonuses and benefits of executives (especially foreign consultants, CEOs, presidents and vice-presidents) no doubt pulled up the compensation figures reported by the NSO.

The wages of ordinary workers barely afford them and their families to live above the poverty line. Based on the Philippine government's estimate, a family in the Southern Tagalog Growth Corridor in 1997 need at least PhP209 a day to satisfy the nutritional requirements of 2,000 calories a day for each family member.¹⁷ Based on this estimate, working the minimum wage for a regular 8-hour workday will leave electronic workers with a deficit of PhP34 for food alone.

According to the Food and Nutrition Research Institute, at least PhP434 was needed to cover the minimum food requirement of a Filipino family in April 2002. Therefore, the cited PhP275 minimum wage of the highest paid worker in one of the country's biggest ICT firm in 2004 is PhP175 lower than the amount prescribed for food (alone) by the FNRI in 2002.

Though they are reputed to be receiving the highest income in Philippine industry, for electronic workers decent housing, city services, health services, clothing, education, not to mention recreation, are impossible dreams. Majority of them endure 12 hours everyday in the production line but receive an amount that is not even enough for food to give them strength to withstand another 12 hours of slavery the next day.

2.5 Pushing Down Labor Costs to Increase Profits

While generally adhering to Philippine wage laws, electronic manufacturers have devised “creative” ways to push down labor costs. They do this in two ways. First, is the practice of hiring contractual or casual workers. Casual or contractual workers are not entitled to benefits such as 13th month pay and others. These workers are hired for less than six months; a period that would have forced the manufacturers to hire them as regular workers as mandated by law.

Fujitsu Computer Products of the Philippines, a subsidiary of Fujitsu Ltd.-Japan and one of the MNCs investigated in this research, employs the worst kind of this anti-labor practice. It lays-off thousands of regular workers every year through a combination of enticement, harassment and intimidation while continuing to hire new workers. Workers suspect that the company is employing this policy to “weed out” older workers whose bodies, abused by the constant backbreaking work, have passed the peak of their production potentials and, therefore, needs replacement by batches of younger workers hired as contractuales. Gotoh Philippines Corporation, a subsidiary of Mitsubishi, employs a different form of the same anti-labor practice. Whenever production orders are high, mainly due to its practice of subcontracting part of export orders from other Philippine-based MNC subsidiaries, it hires many contractual workers for it and terminates their employment afterwards.

Second, the enforcement of mandatory 4-hour daily overtime enables manufacturers to field only two workshifts instead of three, and yet still able to ensure non-stop operation. Fielding another workshift means hiring another third of the present workforce. While this does not affect the cost of regular wages as overtime wages are paid based on the average rate per hour, it nevertheless enables the manufacturers to avoid paying benefits to (a would had been) additional workforce.

Table 7: Profits¹⁸ in the Electronics Industry (In PhP)

Year	Total Receipts	Total Costs	Profits	
			Amount	Increase
1996	184,921,709,000	131,383,009,000	53,538,706,000	
1997	245,575,611,000	183,600,920,000	61,974,691,000	15.75%
1998	368,277,927	262,034,023,000	106,243,904,000	71.43%

Source: “Annual Survey of Philippine Establishment,” National Statistics Office. Vol.3, 1999

Actual profits are very high and grow geometrically every year. Manufacturers earned combined profits of PhP53.538706Billion in 1996, PhP61.974691Billion in 1997, and PhP106.243904Billion in 1998, with corresponding year on year increases of 15.75 percent and 71.43 respectively for the last two years.

3. The Information and Communication Technology (ICT) Sector

The information and communication technology (ICT) sector, which includes the production of computer units, peripherals and semi-conductors, dominates the Philippine electronics industry. As of today, the sector has already contributed 49.5 percent of the Philippines' total exports and Philippine business leaders are expecting it to grow by 10 percent in 2004.¹⁹ The annual growth of exports has turned the Philippines into a major player in the global ICT supply chain with more or less 12 percent²⁰ of the global supply of semiconductors produced in the Philippines.

Successive Philippine governments have continued to grant generous incentives to ICT investors to strengthen the Philippines' position in this global supply chain. Among these incentives are:

1. Presidential Decree 66 that created the Export Processing Zones.
 - PD 66 grants zone investors priority in the appropriation of foreign exchange, duty-free importation of raw materials, and tax credits on imported capital machinery.
 - Firms operating inside the zones are exempt from import duties and national taxes on imports of capital equipment and raw materials needed for their operations.
 - The Export Processing Zones, located in thousands of hectares of lands enclosed by high fences and tightly guarded by armed men that prevents common people from entering its premises, makes union organising almost impossible. Preliminary union organising has to be conducted secretly in the houses of workers.

At the Carmel Ray Industrial Park in Laguna, where many of the country's biggest ICT firms are located, for instance, a "Martial Law" atmosphere prevails with armed men manning checkpoints scattered throughout the compound. Previous protest actions by workers were held outside the industrial park because the workers were prevented from holding it inside. Local government executives also arrange deals with investors with the former promising the latter that they would ensure that the zones would remain "union-free".²¹ The former Cavite Governor Johnny Remulla, is an infamous enforcer of no-union policy at the Cavite Export Processing Zone.

2. Incentives provided by the Omnibus Investments Code of 1987 (Executive **Order No.226**). This law entitles ICT companies (which are considered pioneer enterprises by the Bureau of Investments) tax and non-tax incentives including:
 - Income tax holiday,
 - Additional deduction for labour expenses,
 - Simplified customs procedures,
 - Employment of foreign nationals,
 - Tax credits for taxes and duties for raw materials used,
 - Exemption from wharfage dues, and
 - Access to bonded manufacturing warehouses scheme, and other non-fiscal incentives that may be applicable.

3. Incentives provided by Republic Act No. 7916 as amended by RA No.8747. This grants a six-year income tax holiday to ICT companies which are considered as pioneer export enterprises registered with the Philippine Export Zone Authority. The PEZA can extend the income tax holiday beyond six years.
4. Incentives provided by the **Philippine Labor Code**. Militant trade union organisations in the Philippines say that the Philippine Labor Code is anti-worker and a protector of the interests of MNCs (*especially ICT firms as the Philippine State consider them as "industries that are indispensable to the national interest"*²²).

They point out that **Title III, Chapter I, paragraph (g) of Article 263** of the Philippine Labour Code practically denies workers the right to strike. It empowers the Secretary of the Department of Labour and Employment to take jurisdiction over labour disputes in "*companies that are indispensable to the national interest*" and command workers to return to work so that operations can immediately resume. The Secretary may seek the assistance of law enforcement agencies to enforce its return-to-work-order on the striking workers. To workers, who are always at the losing end in their relationship with owners of companies, this provision of the law practically takes away from them the right to strike – their only defence against the widespread violations of their rights.

5. Republic Act 6727 or the Wage Rationalization Act ensures that the minimum wage paid to workers remain below subsistence levels to attract foreign investors. Members of wage boards in different regions that determine the minimum wages comes from the government, business groups and "*labor leaders appointed by the DOLE Secretary*". This gives MNCs ways of further decreasing labour costs and increase their profits. Since the enactment of this law, many of them have transferred their operations from Metro Manila (where wages are considerably higher) to the Export Processing Zones in the provinces where wages are much lower.

For three years now trade unions have been demanding President Gloria Macapagal Arroyo to issue an executive order and or for congress to legislate a substantial across-the-board increase of wages nation-wide to alleviate the worsening poverty of the people. However, both the Arroyo government and congress always point to the wage boards as the determining bodies for said demands. Aside from this they constantly insist that it is improper to grant the demand for wage increase, as this would scare foreign investors.

Militant trade unions point out that the circumvention of their basic right to launch strikes to protect themselves against widespread abuse, the threatened use of the armed power of the State to protect the interest of MNCs, and use of RA 6727 to ensure that they remain low paid, clearly makes the Philippine State blatantly anti-people and pro-foreign monopoly capital.

6. **Duty-free imports.** As a participant in the WTO's Information-Technology Agreement, the Philippines imposed zero duties on most information-technology equipment and inputs from January 2000.²³
7. **Export tax exemptions.** Exports are subject to VAT, but the exporter may apply for a tax credit or refund to recover all VAT paid on inputs.²⁴
8. **Foreign loan guarantees.** The Trade and Investment Development Corp of the Philippines (Tidcorp), a government institution, guarantees foreign loans for

developmental purposes granted to any enterprise licensed to do business in the Philippines. It also guarantees and provides insurance cover for investments. Tidcorp's export-credit arm, Philippine Export-Import Credit Agency (Philexim), provides guarantees, insurance, credit and technical assistance to Philippine exporters.

- Under Philexim's Export Credit Insurance, exporters may apply for either of two policies: one covering losses arising from both commercial and political risks, the other covering losses from commercial risks only. Philexim can cover up to 85% of the loss amount. For non-payment by a foreign buyer, it pays a maximum of 85% of the unpaid export receivable.²⁵
9. **Facilitating processing time for exports.** A memorandum of agreement was signed by the Philippine Economic Zone Authority, the Bureau of Customs and the Mactan Export Processing Zone Chamber of Exporters and Manufacturers (MEPZCEM) to expedite exports of semiconductor and electronics products via an integrated electronic system. Processing time for the exports of PEZA-registered firms will be reduced to a matter of seconds from the three hours or more.²⁶
 10. **Proposed trade pact between Japan and Philippines** Japan and the Philippines announced on November 29th 2004 they had agreed in principle the basic terms for a free-trade agreement (FTA). The agreement, Japan's third bilateral trade pact but the first for the Philippines, will eliminate or reduce tariffs within ten years on traded goods. In the first seven months of 2004 Japan overtook the US to become the Philippines' largest export market and Japan is the largest source of imports into the Philippines, last year accounting for 22.2% of the total.²⁷
 11. Trade and Industry Secretary of the Philippines (Cesar V. Purisima) proposed on 21-22 April 2004, to the Association of South East Asian Nations (ASEAN) to remove the tariff for electronics and semiconductor products traded within the region by year 2005. According Purisima, zero tariff on the electronics will enable manufacturers to lower the cost of production making the export of ASEAN electronics and semiconductor products competitive at the same time making the industry attractive for investments.²⁸
 12. The Philippine Economic Zone Authority (PEZA) has issued a Memorandum Circular informing its registered economic zone enterprises that they are exempted from the power distribution franchise tax collected by power distribution utilities pursuant to the provisions of Republic Act No. 7916 (Special Economic Zone Act of 1995) as amended by Republic Act No. 8748, and the National Internal Revenue Code. "Electricity is a major cost component in the operations of many export-oriented firms, among which are the semiconductor and electronics firms. The government has reduced a substantial amount of this cost so that it can be competitive with their ASEAN neighbors," (Trade and Industry Secretary of the Philippines Cesar V. Purisima).²⁹

3.1 Jointly Controlled by Global Manufacturing and Financial Giants

Naturally, foreign multinational corporations control the ICT sector. Lured by the cited incentives, their numbers and value of investments keep growing every year. They are mostly concentrated in the country's export processing zones. According to PEZA (Philippine Export Processing Zone Authority), about 17 percent of total investments in the export processing zones are ICT investments which have grown considerable in the last years.³⁰

The original Philippine ICT MNCs joined the bandwagon of foreign investors that took advantage of President Marcos' declaration of Martial Law, which ensured their peaceful operations and high profitability, at the expense of the Filipino workers' rights. Eleven of these companies are from the United States, two from the United Kingdom, one from the Netherlands, one from Germany, one from Japan, and one Hong Kong-registered US firm. These joined one European and two Japanese companies that, before the influx of ICT MNCs to the country, formed joint venture relations with Filipino firms pioneering the local production of ICT commodities.

Table 8: ICT MNC's Investing in the Philippines During the Marcos Regime 31

Company	Year Set Up	Nationality	Percentage of Equity Share	Parent Company
Advanced Micro Devices (Phils.)	1976	American	100%	Advanced Micro Devices, Inc.
Ami (Phils.), Inc.	1980	American	100%	American Microsystems, Inc.
Analog Devices (Phils.) Inc.*	1981	Dutch*	66%	Analog Devices Holdings B.V.*
Data General Phils., Inc.	1977	American	100%	Data General HK, Ltd.
Dyna Craft International	1975	American	100%	National Semiconductors
Fairchild Semiconductor Ltd.	1979	Hong Kong		Fairchild Semiconductor (HK), Ltd.
Intel Phils. Mfg., Inc.	1974	American	99.99%	Intel Corporation
Mitsumi Phils., Inc.	1980	Japanese	100%	Mitsumi Co. Ltd. (HK)
Motorola Phils., Inc.	1978	British	40%	
National Semiconductor (Phils.)	1975	American	99.99%	National Semiconductor Corp.
Phil. Semiconductor Devices., Inc.	1974	British	40%	Semiconductor Devices, Ltd.
Philips Components (Phils.), Inc.	1981	Dutch	100%	N.V. Philips Gloeilampenfabrieken
Sprague Phils., Inc.	1977	American	60%	Sprague Electronic Co.
TEAM Pacific	1978	American	100%	Signetics Corporation
Texas Instruments (Phils.), Inc.	1979	American	100%	Texas Instruments, Inc.
Telefunken Semiconductor (Phils.), Inc.	1974	German	99.99%	Telefunken Electronics Corp.
Zilog, Inc.	1978	American	99.99%	Zilog, Inc. USA

Sources: Business Day, Corporate Profiles, 1981-86; Financial Statements, 1986; Bureau of Investments

* The ultimate parent of Analog Devices (Phils.) is a US company. Analog Devices Holdings B.V. is only the direct parent.

There are already at least seventy-seven ICT MNCs in the country in 1998-2002.³² These are subsidiaries of MNCs from the US, Japan, Netherlands, Taiwan, Korea, Germany, Singapore, HK-China, British Virgin Islands, Malaysia and Thailand. They own at least 94 local firms with some of them owning multiple subsidiaries. These 94 firms are in the Philippines' top 1000 corporations.³³

These subsidiaries have complete command over the ICT sector; and while they are still relatively quite few, their revenues are increasingly dominating other MNCs and the entire manufacturing sector of the Philippines. Their combined 1998 gross revenues are 37.3 percent of the PhP651.658Billion combined gross revenues of all MNCs³⁴ in the manufacturing sector during the year. In 1999, it is 45 percent of the PhP732.014Billion; in 2000, it is 51.4 percent of the PhP1,039.08Billion; in 2001, it is 46.8 percent of the PhP1,218.528Billion; and in 2002, 46 percent of the PhP1,436.435Billion gross revenues, of the latter.

Table 9: Countries with ICT MNCs in the Philippines' Top 1000 Corporations (Revenues in PhPBillion)

Country	1998		1999		2000		2001		2002	
	Number of Firms	Gross Revenue	Number of Firms	Gross Revenue	Number of Firms	Gross Revenue	Number of Firms	Gross Revenue	Number of Firms	Gross Revenue
US	10	101.457	8	93.515	10	142.980	10	138.951	12	163.691
Japan	18	108.017	23	177.077	23	274.765	32	295.382	38	330.187
Netherlands	4	16.760	2	21.105	2	38.786	4	70.658	4	72.799
Taiwan	1	12.081	1	29.970	5	46.342	7	52.371	5	60.365
Korea	1	.885	3	2.632	3	6.781	3	3.474	8	21.074
Germany	2	2.604	3	4.013	3	14.828	2	3.798	4	9.062
Singapore	0	0	0	0	1	1.213	2	2.333	1	1.541
HK-China	0	0	0	0	1	2.684	2	2.852	1	2.235
British Virgin Islands	0	0	0	0		0	1	.736	0	0
Malaysia	1	1.126	1	1.408	1	1.712	0	0	0	0
Thailand	0	0	0	0	1	3.543	0	0		
TOTAL	37	242.930	41	329.720	49	533.634	64	570.555	74	660.954

Source: Security and Exchange Commission-Business World, "Philippines Top 1000 Corporations", Volumes 13-17, 1999-2003.

Among the parent companies of ICT MNCs in the country are global MNC giants that compose the biggest global suppliers of electronic commodities. They include International Business Machines, Siemens, Hitachi, Hewlett-Packard, Matsushita, Samsung, NEC, Fujitsu, Sumitomo, Royal Philips, Merrill Lynch, Motorola, Fuji, Sanyo, Mitsubishi Shindoh, and Seiko Epson.

Table 10: 2003 Top Global MNCs with ICT (or Electronic) Subsidiaries in the Philippines (Revenues and Profits in USMillion)

Global MNC	Home-base	Global Rank	Global Revenue	Global Profits	Global Employment	Philippine Subsidiaries
IBM³⁵	US	19 th	89,131.0	7,583.0	319,273	Texas Instruments
Siemens	Germany	21 st	80,501.0	2,651.4	417,000	(Siemens, Inc.)
Hitachi	Japan	23 rd	76,423.3	140.6	326,344	Hitachi Global Storage Phils.; Hitachi Computer Products (Asia) Corp.; (Hitachi Cable Phils., Inc.; Taiwan Hitachi (Subic) Inc.)
Hewlett-Packard	US	24 th	73,061.0	2,539.0	142,000	Hewlett-Packard Philippines, Corp.
Matsushita	Japan	31 st	66,218.4	373.1	290,493	Matsushita Comm. Industrial Corp. of the Phils; Kyushu Matsushita Electric Corp. of the Phils; (Matsushita Electric Phils., Corp.)
Samsung	Korea	54 th	54,400.2	5,004.0	94,185	Samsung Electronics Phils. Mfg. Corp.; (Samsung Electro-Mechanics Phils. Corp.; Samsung Electronics Phils. Corp.;)
NEC	Japan	85 th	43,440.2	363.7	143,393	NEC Toppan Circuit Solutions Phils., Inc.; NEC Tokin Electronics (Phil.), Inc.; NEC Manila Project Office; (NEC Technology Phils. Inc.;)
Fujitsu	Japan	90 th	42,201.4	440.0	156,169	Fujitsu Computer Products Of the Phils.; Fujitsu Phils., Inc.; (Fujitsu Ten Corp. of the Phils.; Fujitsu Die-Tech Corp. of the Phils.)
Sumitomo	Japan	103 rd 36	36,913 ³⁷	709.1 ³⁸		San Technology, Inc.; First Sumiden Circuits, Inc.; Calamba Steel Center, Inc.; Nidec Philippines, Corp.;

						Nidec Copal Philippines, Corp.; (International Wiring Systems Phils., Corp.; International Electric Wires Phils., Corp.)
Royal Philips	Holland	124 th	32,863.0	786.6	164,438	Philips Semiconductors Phils., Inc.; (Philips Electronic and Lighting, Inc.)
Intel	US	146 th	30,141.0	5,641.0	79,700	Intel Phils Mfg., Corp.; Intel Philippines Mfg., Inc.; Intel Technology Philippines, Inc.
Merrill Lynch	US	163 rd	27,745.0	3,988.0	48,100	PSi Technologies, Inc.
Motorola	US	171 st	27,058.0	893.0	88,000	Motorola Philippines, Inc.
Fuji	Japan	214 th ³⁹	22,667.2	29,062.3		Fuji Electric Philippines
Sanyo	Japan	225 th	22,203.5	25.3	82,337	Sanyo Semiconductor Mfg. Philippines Corp.; Tottori Sanyo Electric (Phils.) Corp.; Sanyo Capacitor (Philippines) Corp.; Sanyo Denki Phils., Inc.; (Sanyo Phils., Inc.)
Mitsubishi (Shindoh)	Japan	389 ¹	14,116	n.a.	n.a.	Gotoh Philippines, Corp.
Seiko Epson	Japan	435 th	12,511.5	336.7	84,899	Epson Precision (Phils.), Inc.

Sources: Fortune Global 500 – World's Largest Corporations, 2004 and BW-SEC Philippines' Top 1000 Corporations, Vol.17 2003.

The biggest Philippine subsidiaries are owned by Texas Instruments-Dallas, Intel Corp.-USA, Toshiba Corp-Tokyo, Matsushita Comm. Industrial Co., Ltd.-Tokyo, Hitachi Corp.-Tokyo, Philips Electronics, Netherlands N.V, Fujitsu Ltd.-Tokyo, and Wistron Corp-Taiwan. The Philippine subsidiaries of these eight MNCs have constantly hugged the upper bracket of the Philippines' top corporations. The top two ICT MNCs, Texas Instruments and Toshiba Corp are constantly in the top positions for the last five years. Texas Instrument (Philippines), Inc. ranked fifth in 1998, 4th in 1999, 3rd in 2000, 6th in 2001, and 4th in 2002. Toshiba Information Equipment (Philippines), Inc. ranked 15th in 1998, 12th in 1999, 8th in 2000, 4th in 2001, and 2nd in 2002.

¹ Mitsubishi Corp. dropped from 10th to 389th with \$14.116 billion.

The eight subsidiaries practically monopolize the local ICT industry. They have combined gross revenues amounting to PhP169.08Billion in 1998, PhP208.517Billion in 1999, PhP315.88Billion in 2000, PhP372.55Billion in 2001 and PhP449.878Billion in 2002. These, respectively, comprise 68 percent, 63.2 percent, 59.2 percent, 65.3 percent, and 68.1 percent of the combined gross revenues of all ICT MNCs in 1998, 1999, 2000, 2001 and 2002. These also comprise 26 percent, 28.5 percent, 30.4 percent, 30.6 percent and 31.3 percent of the gross revenues of all top MNCs in the manufacturing sector in said years.

Table 11: Top ICT MNCs in the Philippines

Philippine Subsidiary	Parent Global MNC	Nationality	Gross Revenues (in PhPBillion)				
			1998	1999	2000	2001	2002
Texas Instruments (Phils.) Inc.	Texas Instruments	US	56.98 2	61.24 7	94.89 2	98.42 6	121.0 41
Toshiba Information Equipment (Phils.) Inc.	Toshiba Corp.	Japan	25.17 8	28.37 4	53.90 3	91.18 9	129.1 73
Winstro Infocomm (Phils.) Corp – Acer	Wistron Corp.	Taiwan	12.08 1	29.97 0	35.29 9	42.08 9	55.82 9
Hitachi Global Storage Technology Phils. Corp.*	Hitachi Global Storage Technologies, BV*	Netherlands *				34.52 8	37.87 4
Fujitsu Computer Product Corp. of the Philippines	Fujitsu, Ltd.	Japan	39.35 0	49.44 9	58.91 3	40.24 8	34.02 9
Philips Semiconductors Philippines, Inc.	Philips Electronics NV	Netherlands	13.16 7	19.55 4	36.51 4	32.58 8	31.70 2
Matsushita Comm. Industrial Corp., Phils.	Matsushita Comm. Industrial Co., Ltd.	Japan	7.989	14.03 0	21.49 5	19.56 7	26.51 5
Intel Technology Philippines, Inc.	Intel Capital Corp.	US	14.33 3	5.893	14.86 4	13.91 5	13.71 5

Source: SEC-BW, "The Philippines' Top 1000 Corporations." * Direct parent is based in the Netherlands. However, the ultimate parent is the Japanese MNC Hitachi Ltd., Japan.

Foreign business conglomerates have multiple ICT subsidiaries in the country that operate independently from each other. Hitachi Ltd. Japan that produces a wide range of electronic products marketed globally, for instance, owns not only the Philippine subsidiary Hitachi Products (Asia) Corp; it also owns the Netherlands-based Hitachi Global Storage Technologies, BV that owns Hitachi Global Storage Technology Phils Corporation. Both Philippine subsidiaries are among the top corporations in the Philippines. Hitachi Computer Products ranked 19th in 1998, 19th in 1999, 13th in 2000, and 15th in 2001. Hitachi Global Technologies Storage ranked 15th in 2002.

The Sumitomo group, one of Japan's biggest business conglomerates, owns four MNCs that, in turn, own separate local ICT subsidiaries. These four Sumitomo MNCs are Sumitomo Special

Metals Co., Ltd., Sumitomo Electric Industries, Ltd., Nidec Copal Corporation, and Sumitomo Corporation. They respectively own San Technology, Inc., Nidec Philippines, Corp., First Sumiden Circuits, Inc., and Nidec Copal Philippines Corporation, and Calamba Steel Center, Inc.

The NEC group, also of Japan, has three MNCs that own four Philippine ICT subsidiaries. The three are NEC Corp., NEC Tokin Corp., and NEC Toppan Circuits Solutions, Incorporated. NEC Corp. owns the Philippine subsidiaries NEC Manila Project Office that produces semiconductors, and NEC Components Philippines, Incorporated that produces printed wiring boards. NEC Tokin Corp. owns NEC Tokin Electronics Philippines, Inc. which produces semiconductor devices for export. NEC Toppan Circuits Solutions, Inc. owns NEC Toppan Circuits Solutions Phils., Inc. which produces electro-mechanical devices.

Others that have multiple Philippine subsidiaries are Mitsumi Electric Co., Ltd. of Japan with two subsidiaries, Analog Devices Holdings BV of the Netherlands (ultimate parent is a US company) with two, Rohm group of Japan with three, Intel Corp. of the US with three, Matsushita of Japan with two, Amkor Technology, Inc. of the US with two, and Sanyo group of Japan with three subsidiaries.

Meanwhile, there is a merger of global finance and manufacturing capital with the former exerting strong direct and indirect control. Global financial giants like Sumitomo and Merrill Lynch, for example, directly own six Philippine ICT subsidiaries⁴⁰. Available data show that indirect control is more widespread.⁴¹ Global financial institutions exert indirect control through providing loans for expansion of operations.

Interest payments and foreign exchange adjustments paid by manufacturers to global financial creditors eat a very big portion of the profits gained from operations. In times of global financial crisis, foreign exchange losses oftentimes gobble up not only profits from operations but also part of the manufacturer's capital.⁴²

3.2 Different Corporate Strategies

While the ICT sector has enjoyed a general growth trend for the past half-decade or so, growth in revenues, nevertheless, is characterized by marked fluctuations. These are due to the oscillation of export orders, which are highly influenced by the instability of the global ICT market. The growth in revenues in 1999 is 86.8 percent of the total revenues in 1998; in 2000, growth at 62 percent; this declined steeply to 7 percent in 2001; and grew again by 15.8 percent in 2002.⁴³

The MNCs have devised a strategy to take advantage of opportunities for constant growth, even amidst the uncertainties. The defining feature of the strategy is *production and product flexibility*. Variations of production and product flexibility strategy include the following:

- ❑ Shifting production to other ICT products that (currently) are in high demand or in response to the global production strategy of their mother companies.

Many MNCs had shifted their production from one ICT product category to another. During the latter part of the last century, a high majority of ICT MNCs was involved in the production of semiconductors. However, from the year 2000 up to the present, many of them, especially the big ones, have shifted to the production of data processing equipment (DPE) and their component parts.⁴⁴ In fact, while they are still lesser in

number, the combined revenues of those involved in the production of DPE products are now bigger than the combined revenues of semiconductor manufacturers. As of 2003 only four of the big ICT companies (Texas Instruments Philippines, Inc., Philips Semiconductors Philippines Inc., Rohm Electronics Philippines, Inc., and Intel Technology Philippines, Inc) are still manufacturing semiconductors. The rest, mostly the big Japanese firms, have shifted their production to DPE products.

- Setting up subsidiaries in many parts of the world and have the same subsidiaries set up an assembly plant in the Philippines aside from the Philippine subsidiary established by the ultimate parent MNC.

The cited case of Hitachi is a classic example of this strategy. Another case is that of Samsung Electronics Co., Ltd. of Korea. Its Thai subsidiary, Samsung Electro-Mechanics Co., Ltd.-Thailand owns Samsung Electro-Mechanics Phils, Corp. which supplies semiconductor devices to the Thai company and exports its products to other parts of the world. The ultimate parent MNC from Korea has its own direct subsidiary in the Philippines, Samsung Electronics Philippines Manufacturing Corporation that manufactures optical disk drives.

- To respond to periodic spurts of high demand with uncertain duration while avoiding the risk of additional investments to expand operations, the big MNCs resort to outsourcing the required volume that their present capacity cannot produce. This involves their forming subcontracting agreements with smaller MNCs and local companies that manufacture part of their production orders when demands are high.

The local subsidiary of Texas Instruments-Dallas, (the biggest ICT company in the Philippines at present,) and the local subsidiaries of Rohm Fukuoka Co., Ltd., are two of the big MNC firms that employ this strategy.

- The smaller MNCs try increasing their revenues by supplying part of the production requirements of the big Philippine MNC subsidiaries or other MNCs abroad apart from producing commodities for their parent companies.

Among the small companies doing this is Gotoh Philippines Corporation,⁴⁵ an MNC that only entered the league of the Philippines' top corporations in 2003 and owned by the Mitsubishi Shindoh. It exports most of its products to Japan and an unidentified company in Singapore. It also supplies part of the local production requirements of the local subsidiaries of Texas Instruments-Dallas and Rohm Fukuoka Co., Ltd.

3.3 Effects on Labor

The constant and abrupt changes in production patterns borne from the corporate strategies of the MNCs have created further misery in the lives of ICT workers. The most complained policy against is **mandatory overtime**. Often, when export orders are heavy, workers are rotated to work for 6-8 hours even during their days-off. Machines operate 24 hours a day, seven days a week. Mandatory 12-hours workday (that violates the Philippine Labor Code's setting 8 hours as regular work daily) is the norm in ICT firms. There are only two workshifts daily and every worker, whether regular or casual, is required to work for 12 straight hours. Compensation for the 4-hour overtime is based on the regular rate per hour.

Another is the periodic **massive lay-off of workers** undertaken by companies **during times of global slowdown in demand** of ICT commodities. The auditor's report on Fujitsu's financial statement cited this as basis for the thousands of workers laid-off by the company in the past 2 years.⁴⁶ Still another is the **massive lay-off of workers consequent to mergers or formation of partnership between companies**. The case of TDK and Fujitsu forming an alliance for the production in hard disk drives is an example. The management of Fujitsu informed the workforce in mid-2004 that the parent company has bought TDK and with these thousands of them would be terminated from the company and advised to transfer to TDK in the first quarter of 2005⁴⁷.

The second is the policy of **imposing increased production quota from each worker whenever production demands are high**. The third is **hiring contractual workers that violate the right to security of tenure**. When production demands are high, the MNCs hire many contractual workers but immediately end their employment when production demand returns to its normal level. When the high demand lasts more than six months (a period when employers are obliged by the Philippine Labor Code to hire an individual worker as regular) the MNCs merely extend the employment of the contractual workers without forming a new contract and ending it whenever they want.

“Slavery in the Production Line – A Case Study on the Lives of Workers in the ICT Sector”

Robert Mangaoang and Joel Reyes are two ordinary Filipino workers who have experienced what they call slavery under an ICT firm. Robert hails from the province of La Union. He is a son of poor farmers, is married with three children, and went to Southern Luzon to seek employment in the export processing zones. Joel is from the province of Ilocos and still single.

While still working for different companies, they both heard of the higher income earned from working in ICT firms. Hence, before the termination of their respective employment, they separately applied for work at the Gotoh Philippines Corporation, at Lot 16 Rd. 3 Phase II-B, Special Export Processing Zone 1 Carmel Ray Industrial Park, Canlubang Laguna. The company, which produces semiconductors exported to Japan and Singapore, is registered at the Philippine Securities and Exchange Commission as a Japanese firm whose parent company is the MNC Gotoh Mfg. Co., Limited.

Robert and Joel met during the exams held to screen applicants. They both passed and became friends. They were informed during their job interviews that they would receive salaries based on Philippine wage laws but were required to work for 12 hours everyday. They were both happy with the daily 4-hour overtime. Robert was especially elated and planned to increase the amount of money he sends to his family in the province every payday. They underwent a 2-day orientation seminar where they learned about the history of the company, its products, the production processes, and the company's rules and regulations. They also learned that the machinery and raw materials come from Japan and their production outputs are exported back to there and to an unnamed company in Singapore.

They were both given 6-months contracts to work as stamping operators. They decided to share living quarters in a small room and share food expense. Everyday, a company bus transported them to and from the plant to make sure they arrive at their place of work on time. The company provided them free food for lunch or dinner but they had to buy their snacks. They were allowed two 15-minute breaks for snacks everyday and one hour break for meals. The stamping section supervisor directed them to take the day shift during the first week and the night shift on the second. He also set a quota of 30 thousand lead frames for each of them to stamp everyday. The work was backbreaking, as they were not allowed to sit at anytime during work.

The first week went by and they felt that (though difficult as all jobs go) the work was just fine. It was during the second week when they were rotated to take the night shift that they began to feel the effects of

standing 12 hours a day in the production line. They began to feel the effects of short sleeping period, so they had to make adjustments in their daily routine. They decided not to cook meals after work but to buy from the canteen so they can catch up on their sleep. When they observed that buying cooked food for their meals was eating a big portion of their salaries, they decided to buy a lot of instant noodles for food at home.

Conditions became worse on the third week when the supervisor informed them that their section have to increase their production quota due to production orders from Texas Instruments and Rohm Electronics. As the machine runs at constant speed, the only way to increase production was:

- For each worker to move faster during requisition of raw materials from the material controller, and be “more efficient” during start ups, etc. and
- Decrease time spent on down time.⁴⁸

It was during this time that the department supervisor began to minutely scrutinize the production report of each worker and especially checked the volume of outputs and the time spent on start-ups and downtime. Any worker found not working according to the production demand was reprimanded on the first offense, given a first warning on the second, a second warning or a recommendation for the termination of employment on the third. It was also during this time that the Japanese executives made regular spot checks on the production line. They visited the floor without informing even the section supervisor at the most unexpected times of the day. They encouraged the supervisor to be extra watchful and report any worker observed not working hard enough to achieve the production target.

Robert and Joel started to feel worse. They started to suffer from fatigue and back pain. On the third month, all workers on the day shift were ordered to take an 8-hour overtime the following week. This meant that Robert and Joel who were then on the night shift would not be rotated to take the dayshift but had to continue working on the night shift in the forthcoming week. This continued in the succeeding week. They immediately felt its effects. They suffered from dizziness, nausea and chronic fever. They asked for sick leaves but the supervisor demanded that they present a doctor’s certificate the next day. Unable to do so, they were warned.

Twice, due to fatigue, their line leader caught both of them half asleep while at work and reported it to the section supervisor.

After a week, the supervisor reprimanded Robert for spending too much time on downtime. He tried to explain that he was just being careful to avoid wastage of raw materials that may result from sloppy work but the supervisor got irritated. He informed the Japanese executives that Robert slept on the job twice and recommended the termination of his employment. Two days later, the line leader handed him his pay slip and told him not to report to work the next day. He applied in other companies but after two months of failure, he went back to the province. He convinced his parents to sell two of their work animals and used the money to apply for a job in the Middle East. He is presently doing odd jobs while waiting for the approval of his application.

Joel continued to work for another 2 months. After drawing his last salary, he decided to stop working for the company. He felt his body could no longer endure the difficult work demanded by ICT companies. He is presently working for a food company but is also planning to apply for work in the Middle East.

Both said that while the income from working in ICT firms is much higher (due to the demanded 4-hour daily overtime) than other companies in other sectors, the difference is not worth the sacrifice. Robert said that his income was still not enough for the needs of his family. This, despite the near-starvation lifestyle he did while working for the ICT firm. Joel said that he was only able to save a little more than PhP1,000 monthly despite his being single and denying himself of life’s necessities. All his savings were spent during the two months when he was applying for another job.

Informed that work in the Middle East is equally backbreaking they replied: “The pay is higher and everything is provided for in the Middle East – free and sufficient food, free transportation and free lodging. We heard stories from other workers who came home about horrible working conditions there but we do

not believe that is the norm. We have experienced working for an industry reputed to be the Philippines' highest salary payer but it led us to nowhere. We are willing to gamble, we do not see any future here."

3.4 Trade unions issues.

Unions are almost non-existent in the special economic zones. Most unions are in manufacturing. There are seven national labour centres, 159 labour federations that serve about 3 million organised workers and many independent unions unaffiliated with any federation. The largest labour centres and federations are the Federation of Free Workers, the Trade Union Congress of the Philippines (TUCP) and the Kilusang Mayo Uno (KMU or May 1st Movement).⁴⁹

The most important unions for the electronics sector are the TUCP and KMU. Trade unions issues most often cited include harassment of union members, union busting, and violations of labour standards and collective agreements - particularly on wages, overtime pay and allowances, and recognition of trade unions.

3.5 Health Issues

The 12-hour workday is creating many health problems in workers. Their state of health constantly deteriorates due to fatigue and lack of sleep. Forced irregular eating habits and the inability to buy nutritious food due to low salaries are causing widespread undernourishment. Illnesses commonly suffered by workers are chronic cold, back pain, nausea, fever, abnormally long menstrual periods with heavy bleeding, and tuberculosis. Many male respondents say that they often suffer from insomnia despite the fatigue.

Constant fatigue also makes workers invariably unmindful of dangerous production inputs like chemicals, especially in semiconductor firms. A 1985 study revealed that there are at least 55 chemicals used by semiconductor firms that cause harmful effects and 17 actually cause cancer in humans.⁵⁰

3.6 Gender Issues

It is often said, that information and communication technologies, as principal driving forces of the global economy, are slowly erasing the great divide between genders. The utility and production of ICT devices require creativity and skills more than physical strength. Hence, they serve as great equalizers between genders, at least, in terms of employment.

This observation is very accurate indeed. Around 73 percent⁵¹ of ICT workers in the Philippines' four major export processing zones are women. As the production of ICT commodities is, at present, keeping the Philippine economy afloat, the preponderance of women workers in the sector indicates that their labor power is fast catching up with the economic impact of their male counterparts. This is more so, considering that women compose the majority of workers in the garments and textile industry – the Philippines' biggest industrial employer, its second most important export and second biggest dollar earner.

However, to extend the interpretation of these facts, to mean that the ICT sector is slowly leading to the liberation of women, is absurd. The facts absolutely indicate that the ICT sector, (like the garments and textile industry), more than others in the Philippines, taxes workers'

health beyond endurance because of the imposition of 12-hour workday. These mean neither the attainment of equality nor liberation for women. These only adds to their burden as they are expected to cook the family's dinner, take care of the children and other domestic chores when they get home.

Clearly, these mean that conditions in ICT firms where women employment is concentrated greatly contributed to making women workers among the most exploited sectors of the Philippine working class. ICT companies hire women not only to take advantage of their creative skills, but also because of the cultural belief that they are docile and pliant, hence, they make an ideal workforce.

4. Company Studies

This section examines the supply chains and corporate conducts of Fujitsu, one of the world's biggest global ICT MNCs and Wistron, a Taiwanese MNC that has a significant share in the global computer market.

4.1 Case Study 1 – The Fujitsu Supply Chain

The Japan equity-owned Fujitsu supply chain is involved in the worldwide production and trade of electronic products. The chain encompasses a large part of the globe – from Asia to Europe, the United States, and the Middle East up to Africa.

A. Fujitsu Group – Corporate Strategies and Global Affiliates

Fujitsu is one of the world's biggest manufacturers of electronics and computer products worldwide. It is also one of the biggest global multinational corporations. It ranked third behind the US companies International Business Machines and Hewlett-Packard in 2003.⁵² Its global revenues during the year amounted to US\$42.2014 Billion, global profits at US\$.440 Billion, global assets at US\$37.1564 Billion, stockholders' equity at US\$7.9509 Billion and employment numbered 156,169 workers working for its various subsidiaries worldwide. Overall, it ranked 90th in terms of global revenue, 314th in profit, 258th in stockholder's equity, and 75th in employment.⁵³

Fujitsu Ltd.-Japan, the parent company, has established production sites throughout Asia (where wages are comparatively low) and organized these into a single supply chain. Included (but not limited⁵⁴) to these are subsidiaries and or affiliates in the Philippines, Singapore, Hong Kong, Thailand and Vietnam.

To widen its global reach and market base, it has established subsidiaries in major consumer markets, notably in the US. It, likewise, formed joint ventures with, otherwise competitor, MNCs from other industrial states. One of its important joint ventures is with the Netherlands-based Fujitsu Siemens Computers (Holding) B.V., which it equally owns and manages, with Siemens A.G. of Germany.⁵⁵ Through this joint venture, Fujitsu has managed to penetrate the markets of Europe, the Middle East and Africa for products like personal computers, notebooks, mainframes and general system software.⁵⁶ The joint venture has its own subsidiaries throughout the above-mentioned places. These include:

- Fujitsu Computer Ltd.
- Fujitsu Personal Systems Ltd.,
- Siemens Computadores SA in Portugal
- Fujitsu Siemens Computers (Proprietary) Ltd.
- Fujitsu Siemens A/S
- Fujitsu Siemens Computers AB
- Fujitsu Siemens Computers AE
- Fujitsu Siemens Computers AG
- Fujitsu Siemens Computers AS
- Fujitsu Siemens Computers BV
- Fujitsu Siemens Computers BV
- Fujitsu Siemens Computers FZ-LLC
- Fujitsu Siemens Computers GesmbH
- Fujitsu Siemens Computers GmbH
- Fujitsu Siemens Computers Inc.
- Fujitsu Siemens Computers Kft.
- Fujitsu Siemens Computers Ltd.
- Fujitsu Siemens Computers Ltd.
- Fujitsu Siemens Computers OY
- Fujitsu Siemens Computers SA
- Fujitsu Siemens Computers SARL
- Fujitsu Siemens Computers SAS
- Fujitsu Siemens Computers SL
- Fujitsu Siemens Computers SLS
- Fujitsu Siemens Computers SpA
- Fujitsu Siemens Computers Spzoo
- Fujitsu Siemens Computers sro
- Production and Logistics Verwaltungs GmbH
- Siemen PC Systeme Verwaltungs GmbH

These companies are located in Belgium, Denmark, Germany, Finland, Greece, UK, Hungary, Ireland, Italy, Morocco, The Netherlands, Norway, Austria, Poland, Portugal, Spain, Czech Republic, Turkey, United Arab Emirates, USA, South Africa, Sweden and Switzerland.⁵⁷

B. Fujitsu Subsidiaries in the Philippines

Fujitsu owns four subsidiaries in the Philippines. All four are among the Philippines' biggest corporations. These companies are Fujitsu Ten Corporation of the Philippines, Fujitsu Die-Tech Corporation of the Philippines, Fujitsu Philippines Incorporated and Fujitsu Computer Products Corporation of the Philippines.

The first two subsidiaries manufacture electronic commodities other than computer hardware. Fujitsu Ten Corporation of the Philippines manufactures television and radio receivers, sound and video recording or reproducing apparatus and other associated goods.⁵⁸ It ranked 199th from among the Philippines' biggest corporations in 1998, 152nd in 1999, 94th in 2000, 100th in 2001, and 86th in 2002. Fujitsu Die-Tech Corporation of the Philippines produces tools and dies. It has a consistent place in the middle ranks of the country's top corporations.

Fujitsu Philippines Incorporated is involved in the wholesale and retail of Fujitsu products. It is one of the country's biggest trading firms and a consistent member of the Philippines' top corporations. Its trading activities are not limited to the Philippine market. It exports Fujitsu products wholesale to different manufacturing firms and consumer outlets in other parts of the world.

C. Role of Fujitsu Computer Products Corp. of the Philippines in the Fujitsu Global Supply Chain

Fujitsu Computer Products Corporation of the Philippines is the biggest Philippine subsidiary of Fujitsu Ltd.-Japan. It manufactures magnetic hard disk drives. It was incorporated on February 1, 1995 with SEC Number AS095-000940. Mr. Masaaki Nagamine is the present chairman of the board and CEO; Mr. Yukihiro Mori is the chief financial officer. Its registered office address is Special Export Processing Zone II, Carmelray Industrial Park, Canlubang, Calamba, Laguna, Philippines.⁵⁹

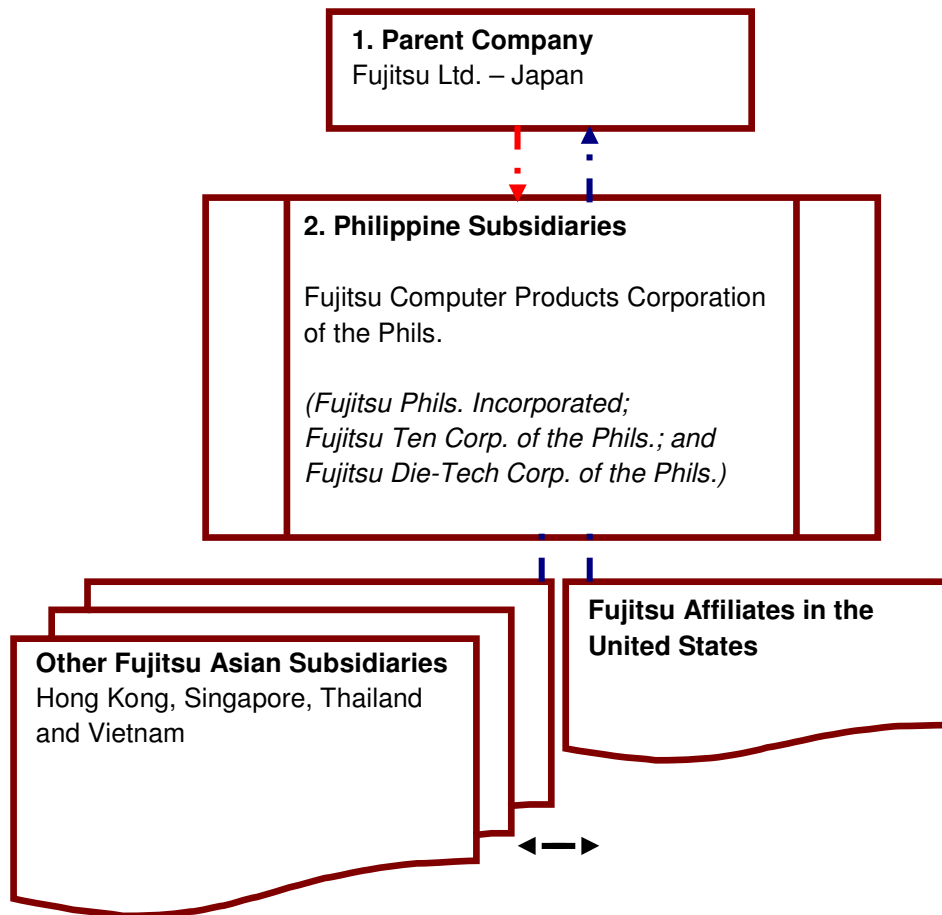


It is a top ICT firm in the country. It is the second biggest in 1998, 1999 and 2000,⁶⁰ 4th in 2001,⁶¹ and 5th in 2002.⁶² It is one of the country's biggest companies in terms of gross revenues. It ranked 8th in 1998, 6th in 1999, 6th in 2000, 12th in 2001, and 18th in 2002. It earned gross revenues of PhP38,775Million; PhP49,449Million; PhP58,913Million; PhP40,248Million; and PhP34,029Million respectively for the same years.⁶³

It is a big employer in the manufacturing industry though the number of its workforce declined for the past three years. According to its financial statements, in 2001, the company had an average employment of 9,538 workers, 7,838 workers in 2002 and 6,545 workers in 2003. Workers in the company also form a significant share of Fujitsu group's total number of workers worldwide. The 6,545 workers employed by the company last year is 4.5 percent of Fujitsu's global workforce for the year.

Recently, it formed an alliance with TDK, another local-based MNC. TDK and Fujitsu decided to ally on hard-disk drive heads in the Philippines. They have agreed to work together on design, development and production of heads for hard-disk drives. The companies will work together on drive head designs. TDK is a major manufacturer of disk drive heads and has expertise in magnetic materials while Fujitsu has strengths in head evaluation technology and high-end server head technology. The alliance will affect the two companies' manufacturing operations in the Philippines, where Fujitsu owns hard-disk drive and drive head manufacturer Fujitsu Computer Products Corp. of the Philippines (FCPC), and TDK owns drive head maker TDK Philippines Corp. (TPC). Under the preliminary plan the drive head operations of FCPC will be merged into TPC and the company will be converted into a joint venture. TDK will hold 66 percent of the new company and Fujitsu will hold the remaining 34 percent. The joint venture will be engaged in drive head production and its entire output will be supplied to FCPC, which will continue to manufacture hard-disk drives.⁶⁴

Figure 1: Structure of the Fujitsu Supply Chain in the Philippines



Sources:

1. Fujitsu Computer Products of the Phils. 2002 and 2003 Financial Statements Flow of raw materials, machinery
2. SEC-BW Philippines' Top Corporations
3. Directory of Philippine Exporters 2002, Central Bank of the Philippines-International Department.

Legend:

tools and equipment - - - -
 flow of ICT finished products - . . -

D. Declining Income Due to Global Slowdown in the Sales of ICT Products

Fujitsu Computer Products of the Philippines purchases raw materials, machinery, equipment and tools from its parent company and certain affiliated companies, and sells finished goods to them according to the company’s financial statements. Records of the Central Bank of the Philippines show that aside from the mother company, the said affiliates where it exports its commodities are located in Hong Kong, Singapore, Thailand, the US and Vietnam.⁶⁵

The slowdown in the electronics and semiconductor industries brought about by the economic developments in the global economy since the middle part of 2001 caused the company’s annual income to decline. Its Statements of Income below show the trend.

Table 12: Fujitsu Computer Products of the Phils. Statements of Income, (In PhP1,000)

Items	2003	2002	2001
Sales	34,012,144	40,229,312	58,900,693
Less: Cost of Goods Sold	(32,242,099)	(37,640,496)	(56,623,857)
Material Cost	25,624,212	29,262,744	47,258,175
Depreciation	3,491,760	4,274,476	4,704,192
Personnel (Salaries, Wages and Benefits)	1,359,180	1,461,813	1,530,120
Factory Supplies	645,860	-	-
Fuel and Oil	398,212	-	-
Repairs and maintenance	107,121	-	-
Others	615,754	2,645,115	3,138,879
Gross Profit	1,770,045	2,588,816	2,276,836
Less: Operating Expenses	(91,600)	(105,172)	(102,266)
Freight and Delivery	64,775	66,100	52,846
Taxes, Licenses etc.	10,706	14,597	20,824
Personnel	4,898	3,652	7,509
Outside Services	4,444	3,347	2,809
Insurance	2,040	5,806	-
Rental	1,350	2,005	-
Depreciation and Amortization	1,160	1,096	-
Others	2,227	8,569	18,278
Income From Operations	1,678,445	2,483,644	2,174,570
Other Income (Charges)			
Equity in Net Earnings of Investee	12,592	13,512	193
Interest Income	4,649	5,625	19,238
Foreign Exchange Loss	(415,944)	(1,260,218)	(2,878,467)
Interest Expense	(133,937)	(375,805)	(614,610)
Retirement/Sale of Property and Equipment	-	(3,561,135)	-
Others	(129,992)	(936,200)	11,619
	(662,632)	(6,114,221)	(3,462,027)
Net Income (Loss)	1,015,813	(3,630,577)	(1,287,457)

Source: Securities and Exchange Commission, Fujitsu Computer Products of the Phils.

G. Shifting Product Lines and Sacrificing Workers to Arrest Declining Income

The company's policy to solve this problem unravels the real essence of product and production flexibility – i.e. shifting product lines, which results in massive lay-offs of workers.

The auditor's report in its 2002 financial statement note that:

*“The sales performance of Fujitsu Group of Companies (the Group) was adversely affected by the slowdown in the electronics and semiconductor industries brought about by the economic developments in the global economy since the middle part of 2001. Prices of electronic products dipped pulling along the price of the Group's component parts. To improve the performance of the Group, the parent company decided to **cease the production of low-end hard disk drives and concentrated on the high-end hard disk drives**. Also, a reorganization of the Group's product lines was undertaken.*

*In line with this mandate, the Company's Board of Directors approved **cessation of the Company's Pico bird hard disk drive series and its media manufacturing operations** on August 15, 2001. The Company **will concentrate primarily in the manufacturing of the Allegro hard disk drive series for the Asian market**. With*

*these, **voluntary separation** payments amounting to PhP101,742 were charged to current operations to recognize benefits to be paid to certain **employees who will be separated as a result of discontinuance**. Also, certain manufacturing equipment and inventories were sold to affiliated companies...the cost were written down to their net realizable value... the loss incurred was recorded as part of other charges in the statements of income."*

The auditor's note in its 2003 financial statement cited the same explanations with the following:
"In January 2003, the company started the manufacture of its Media Level Serve Track (MLSTW) Drives. With the commencement of this new project, the Company is expected to generate sufficient cash flows and income to support its operations."

The strategy worked. It turned the company from a 2-year net loser to a net gainer. In 2003, the company earned a net profit worth PhP1.015813Billion. Lamentably, this is achieved at the expense of the workers. What the audit report called "**voluntary separation**" is in reality massive lay-off of 1,700 workers in 2002 and 1,293 workers in 2003.⁶⁶ The majority of these are regular workers, who, as provided by law, should have security of tenure. While the terminated workers are paid separation pays, the use of the term "**voluntary separation**" hides the fact that the terminations are violations of workers' rights.

E. Labor Conditions⁶⁷

The oppressive conditions including the ever-present threat of the termination of their employment for publicly airing their plight created difficulties in the formal documentation of working conditions in the company. Information used in studying labor conditions was gathered through a focus group discussion with 5 workers. Informal discussions with other Fujitsu workers validated the information gathered from the group. The respondents requested that their names and other personal data be withheld from publication. They are still relatively young; the youngest is 24 and the oldest is 26 years old. All respondents are regular workers and have worked for the company for years; the longest for more than five years and the shortest more than two years. Three work in the production department and two in the quality control department.

Two sets of interviews were undertaken. One was a collective interview for all five respondents for evaluating the CSR conduct of Fujitsu Computer Products of the Philippines Corporation. The other was an individual interview for the research's case study on the social conditions of workers outside the workplace.

Below are the results of the investigation of the working conditions in the company.

About 70-75 percent of the company's workforce are young women aged 18-26 years old. Many are below 18 years old. About 80plus% of the workforce work in the production department. All stated that they receive the legally mandated minimum wage. All regular workers receive 13th month pay but non-regulars do not. The company also provides maternity leaves for two months. Short sick leaves like for a day or two are paid by the company. However, sick leaves that last for months are paid by the SSS. Some who have worked for the company for years receive a little higher than the minimum wage. For example, the two who worked in the quality control department receive PhP275 or PhP37 higher than those from the production department who receive the 2004 PhP238 minimum wage.

The company keeps 4 work shifts daily. There are two 8-hours work shifts – the 7:45AM – 4:45PM dayshift and the 7:45PM – 4:45AM nightshift. Even as workers stay inside the company

premises for nine hours they only receive pay for eight hours. The 30-minute break for meal and 2 15-minute snack breaks are not counted as part of the work shift. There are two 11-hour work shifts – the 7:45AM – 7:45PM dayshift and the 7:45PM – 7:45AM nightshift. Like those in the 8-hour shifts, they stay in the company for twelve hours but the breaks for meals and snacks are not paid. All workers in the production department are forced to do the 11-hour shifts. Those in quality control have lighter schedules; required overtimes for the department have relatively eased-off compared to past years when everybody were also forced to spend 12 straight hours in the company like those in the production department. Overtime pay is based on the hourly rate. However, those who work at night are paid nighttime work differentials.

When production orders are heavy, the company forces the workers to do overtime even during their days-off. Workers say the production managers force them to sign papers stating that they volunteer to do overtime during their days-off. They are forced to do this at least twice a month and sometimes as many as thrice a month. This gives them almost no time to rest their bodies.

Workers can *request* not doing overtime work during their days-off if they had done overtime work during their day-off the previous week. However, they cannot refuse doing it for two consecutive weeks unless they have *valid reasons*. *Valid reasons* include having a sick family member that requires their attention, family emergencies and serious social obligations. They said that they are used to making stories to avoid doing it. But generally, workers in the production department talk among themselves to schedule who gets reprieve from doing day-off overtime and when. They cannot refuse to do overtime work even during their days-off and even if this is against the law because they fear harassment. They cited the cases of the forced retirement of thousands of workers during the last two years to support their fears. The management announcing that many would have to transfer to TDK this year is causing widespread anxiety within their ranks. They said that their refusal to do overtime work may make the company fabricate unjust causes to force their retirement, even for very small mistakes like the company did to many of the 1,700 workers forcefully retired in 2002 and 1,293 workers forcefully retired in 2003.

They said that in 2002, the company lured many to retire voluntarily through a financial package. The company said that the financial package would uplift the workers' financial burdens and that they could find other jobs immediately because they were still young and they have worked for a big MNC. All of them were wary of the company's proposals. Of course, the financial package was attractive but all were afraid of not being able to find another job. In the end, many decided to accept the company's proposals for varied reasons, among which were: They wanted to take advantage of the instant financial windfall and believed that the company was perhaps right that they could find other jobs immediately. Many wanted to seek other employment because they can no longer cope with the constant overtimes.

Contrary to their expectations, finding other jobs proved difficult. Of course, some of them were able to find other jobs (but not after being forced to spend all their savings while out of work) but the majority has been jobless ever since.

They learned from their experiences; on the next wave of retirements, while others were still lured by the company's same line of arguments, many resisted. Those chosen for retirement but resisted were investigated. Some were shown records of their deficiencies – being late for work sometimes and or exceeding their sick leaves and vocation leaves, etc. They were informed that these constitute causes for the termination of their employment. Many others were shown their personal records indicating they were below 18 years old or above 22 years old when they applied, which was contrary to the specified age requirement for job applicants. They were also

informed that those terminated for cause would not be given incentives beyond the legally mandated separation pay. They said the faults were not current, they happened in the past and the company just used it as convenient excuse to enforce its plan at their expense. Besides, slight illnesses and exhaustion from the constant overtimes caused cases of tardiness, especially when they happen to work for twelve straight hours at night.

They suspect that the company forced many of them to retire because it wants to maintain a stable of young workers. The older ones feel abused and betrayed; even while many of them were either enticed or forced to retire, the company to hire younger employees. Announcements of job openings are posted all over the company. New applicants are interviewed inside the canteen almost daily. They witness the interviews during lunch or snacks. Likewise, while the company accused those it wanted to retire of misrepresenting their ages when they applied, it continuously recruits workers who are way below 18 years old. They recruit these underage youngsters from the Sisters of Mary.

They said they were not able to resist because the problem was urgent. They did not fought for their legal rights because arbitration and litigation takes a very long time. The question then was either to take advantage of the offer of the company and hope to find work later on or risk losing all. Until now, all of them are wary of resorting to filing legal cases because of their costs; they cannot afford to pay lawyers' fees and other incidental costs of what may turn out to be a long litigation. Nonetheless, many tried anonymously to expose the anti-worker policies of the company through mass media. Some workers anonymously informed the Philippines' biggest television network ABS-CBN about their plight. ABS-CBN reporters visited the company to investigate but the company's security personnel prevented them from entering the company premises. They remained near the gate and the workers observed them soliciting interviews from workers getting out of the company after their shifts. Workers refused to talk to the reporters in front of the company's security personnel because no one dared to risk earning the wrath of the company by airing its anti-worker policies if one was not among those targeted for termination.

This year (2004), the company has informed the workers that it would end the employment of many and those terminated would be transferred to TDK. Workers said that they would be amenable provided there is an attractive separation package and a legally-binding agreement that they would be hired by TDK as permanent employees working for the same position and the same salaries. They fear that they would be transferred as contractual workers unprotected from dismissal after 6 months. They think that the company is offering the incentives and non-binding promises to avoid resistance from regular workers whose employment it cannot terminate without cause.

Meanwhile, the mandatory 12-hour daily work and the forced work overtime during days-off are causing terrible health problems on workers. Common health problems include chronic cold, back pain, nausea, fever, and abnormally long menstrual periods with heavy bleeding. Those suffering from these illnesses are given by company medicine and then direct them to go back to work. If the illness persist on to the next day, they would not be given free medicine anymore. They have to buy it from the company canteen.

Tuberculosis is rampant. Workers estimate that about 5% of the workforce or 391 of the 7,838 workers in 2002 and 327 of the 6,545 workers in 2003 contracted the disease. They are given 2-months sick leaves paid by the SSS and reinstated after recovery. Then their employment is terminated after some time.

There is no union in the company. When the interviewed workers were contractual workers, they were informed that the employment of those who join a trade union or attempt to form one would be terminated. They were prone to believing everything because they were afraid. When they became regulars, they felt they were lucky and did not ask for more. They did not think about their rights but did their best to satisfy the company because the lives of their families depended on their employment.

The summary of the workers' complaint against the company is below:

1. Forced overtimes. More than 80 percent of the workforce (mainly those working in the production department) are forced to work 12 hours a day. They are also routinely forced to work during their days-off.
2. Low wages that keeps the workers in constant state of indebtedness. Majority of workers live as boarders in cramped quarters with inadequate facilities that provide them no privacy. Workers who have families can only afford to buy the barest amount and lowest quality of food that keep them alive for the arduous work in the company. They are denied other basic needs such as recreation, health and education. Despite their denying themselves and their families life's necessities, they still suffer perpetual indebtedness. They are constantly forced to buy food and other necessities on credit and then secure loans from the Social Security System whenever their debts pile up.
3. The workers suffer from health problems. The above policies make workers suffer constant fatigue and malnutrition. Consequent to working in said physically abusing conditions, workers after 3-4 years become prone to contracting tuberculosis. About 5 percent of the workforce contract the disease annually. They also constantly suffer abnormal heavy bleeding and overly long menstrual periods, colds and headaches, dizziness, flu, and lethargy.
4. The term "*voluntary separations*" used by the company in its financial statements to rationalize the annual massive lay-offs is hypocritical. Said lay-offs are enforced through a combination of enticement, harassment, coercion and intimidation. Last year, the company has once again announced that it will end the employment of many workers; this, even as it continuously hires many new workers. It is clear, that annual massive lay-offs have become a company policy so youngsters constantly replace the older ones.
5. Non-recognition of the right to form a labor union. The lack of a labor union that can represent workers in collective bargaining has allowed the company to arbitrarily impose its blatantly anti-labor policies. Workers allege that the company threatens to terminate the employment of those who form or join a trade union.

F. Violations of CSR Norms and Standards

Fujitsu Computer Products Corporation of the Philippines must be held accountable to violating CSR norms and standards including:

1. On Labor Rights

- ❑ **Conditions:** Workers are made to suffer 12 hours of work everyday, 72 hours every week throughout the year.

Intimidation and coercion are employed to force workers to do overtime work. Workers are made to sign papers indicating that they voluntarily agree to do overtime, especially during their days-off. Not reporting for the stipulated overtime provides the company an unjust cause to mark the service record of an "*offender*" as delinquent. The company

uses said records to force the termination of many workers during periods of massive lay-off.

CSR Frame of Reference:

ILO Convention 1 – *“Compliance with the maximum number of working hours (48+12).”*

The Philippine Labor Code:

Book III – Conditions of Employment, Title I – Working Conditions and Rest Periods, Chapter I – Hours of Work

Article 84 – Normal Hours of Work – *“The normal hours of any employee shall not exceed eight (8) hours a day.”* Exceptions are in Article 89 where employers may require any employee to do overtime work due to emergency cases.

Comment: The exceptions provided by **Article 89** could not be used as justification for the 72 hours work every week throughout the year. As stated by its financial statements, the company is in fact scaling down its production due to developments in the global market. Therefore, the clause *“employers may require any employee to do overtime work due to emergency cases”* does not apply. It is clear that the company is employing the abusive policy to maintain its high profitability at the expense of the workers’ lives.

- **Conditions:** Low wages that starves workers and keep them in constant state of indebtedness.

UN Norms:

D. Rights of Workers #8 – *“Remuneration shall be enough to provide adequate standard of living, with a view to progressive improvement.”*

CSR Frame of Reference:

ILO Conventions 26 and 131 – *“The right to a living wage.”*

2. On Health

Conditions: Maintaining a medical facility inside the company is a mere facade to obscure the company’s irresponsible attitude towards the health of its workforce. Workers who suffer from abnormal heavy bleeding and overly-long menstrual periods, colds and headaches, dizziness, and flu due to malnutrition and fatigue are not given leaves; they are given a tablet once and then required to go back to work. Worse, if the illness persists, workers cannot ask for additional medicine from the company clinic; they have to buy these from the company canteen.

3. The Right to Organize a Trade Union

- **Condition:** Workers say that the company floats rumors warning that the employment of workers who join or form a trade union will be terminated. This threat has kept workers from asserting their right to organize. The absence of a trade union denies workers the right to collective bargaining, which the company has exploited to impose arbitrarily its anti-labor policies. To fight for their rights workers who are threatened with forced termination are secretly organizing a trade union.

UN Norms:

D. Rights of Workers #9 – *“Ensure freedom of association and collective bargaining.”*

CSR Frame of Reference:

ILO Convention 87 and 98, complemented by 135 – *“Freedom of association and the right to collective bargaining.”*

4. Violation of Women’s Rights

Condition: Women workers that comprise 70-75 percent of the company’s workforce are made to work overnight. They are also forced to do overtime during their days-off.

The Philippine Labor Code:

Book III - Conditions of Employment, Title 111 – Working Conditions for Special Groups of Employees, Chapter I – Employment of Women

Article 130 – Nightwork Prohibition – *“No woman regardless of age, shall be employed or permitted or suffered to work with or without compensation: Paragraph (a) – In any industrial undertaking or branch thereof, between ten o’clock at night and six o’clock in the morning of the following day.”*

Exceptions are provided by Article 131 – Exceptions – *“The prohibitions prescribed by the preceding Article shall not apply in any of the following cases: Paragraph (e) Where the nature of the work requires the manual skill and dexterity of women workers and the same cannot be performed with equal efficiency by male workers.”*

Comment: Article 131 should not be made a justification of the oppressive practice of making women suffer 12 hours of backbreaking night time work. See for an interview with one of the workers Annex C.

4.2 Case Study 2 – The Wistron Supply Chain

Wistron is a subsidiary of Acer currently the #1 computer brand of Taiwan. Acer, at present, controls 37 percent of Wistron's equity.⁶⁸ The Wistron group has multiple subsidiaries in different parts of Asia. Wistron Corp. of Taiwan is the flagship of the group. The group produces desktop computers and notebook PCs for Acer, Hewlett Packard, Dell Computer and Gateway; and game consoles for Microsoft Corporation.⁶⁹ The latest additions to its growing global clients include Medion and IBM.⁷⁰

A. Role of Wistron Infocomm Philippines Corporation in the Wistron Global Supply Chain

The Philippine subsidiary, Wistron Infocomm (Philippines) Corporation (formerly Acer Information Products Philippines) is one of the biggest ICT firms in the country today. The company is incorporated in the Philippines on June 15, 1995 with SEC registration AS095-005679.⁷¹ The company's address is at #4 Rizal Highway, Aim High Avenue, Subic Bay Industrial Park Phase 1, Subic Bay Freeport Zone, Olongapo City.⁷²

The company manufactures and distributes desktop and mobile computers, motherboards, and other computer parts and peripherals. It produces for the Mother Company Wistron Corp. of Taiwan, Acer International and other affiliates.⁷³ It also contracts products for IBM of the United States and Hitachi of Japan;⁷⁴ however, according to the company management⁷⁵ all its products are sent to the mother company that does the distribution to different clients. It also sells machinery and equipment to affiliated companies. These affiliates include:⁷⁶

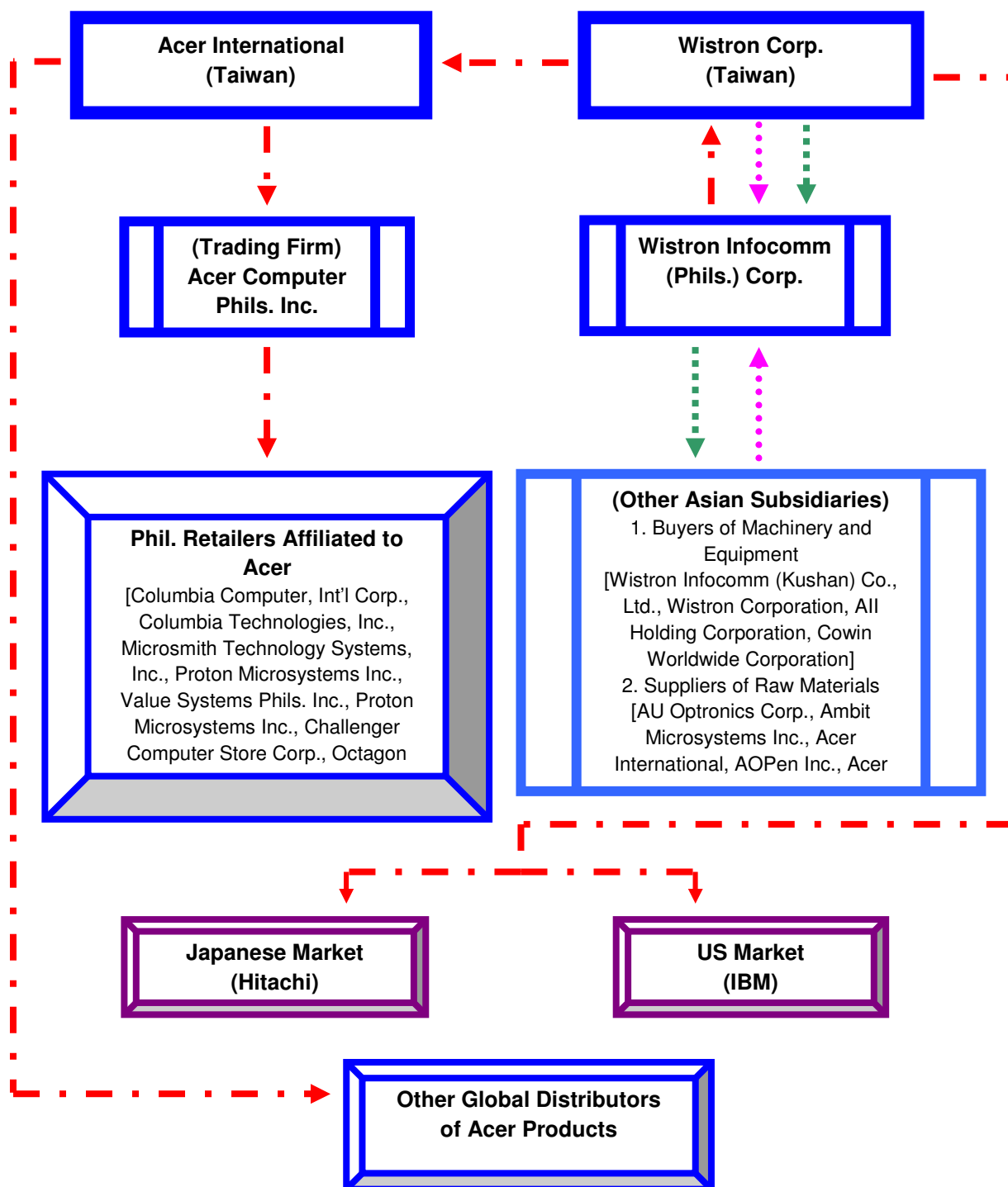
- ❑ Wistron Infocomm (Kushan) Co., Ltd.,
- ❑ All Holding Corporation, and
- ❑ Cowin Worldwide Corporation.

Machinery and equipment are supplied solely by the mother company. Suppliers of its raw material requirements aside from the mother company are affiliates including:⁷⁷

- ❑ AU Optronics Corporation,
- ❑ Ambit Microsystems Inc.,
- ❑ Acer International,
- ❑ AOPen Inc.,
- ❑ Acer Sertek Ltd.,
- ❑ Wistron Infocomm (Kunshan) Co. Ltd.,
- ❑ Darfon Electronics Corp and others.

The company is the 35th biggest Philippine corporation in 1998, 11th in 1999, 15th in 2000, 11th in 2001, and 9th in 2002.⁷⁸ Corresponding revenues for the mentioned years are PhP12.081Billion, PhP29.970Billion, PhP35.299Billion, PhP42.089Billion and PhP51.588Billion. It is one of the country's biggest employers and ranks as number one employer in the Subic Bay Freeport Zone.

Figure 2: Structure of the Wistron Supply Chain in the Philippines



Source: Wistron Infocomm (Phils.) Financial Statement; Acer Computer Phils. Inc. Financial Statement; Computer Weekly, April 12, 2004; and Interview with Wistron’s management.

Legend: Flow of finished computer products — — — — —
 Flow of raw materials
 Flow of equipment and machinery - - - - -

1. Declining Income Due to Foreign Exchange Losses

Wistron suffered declining income from 2001 to 2003. The decline was principally caused by heavy foreign exchange losses. Heavy payments of interests also affected its income performance.

Table 13: Wistron Infocomm Philippines Corporation Statements of Income (In PhP)

Items	2003	2002	2001
Sales	21,877,683,498	51,455,656,870	41,686,292,628
Less: Cost of Goods Sold	22,022,490,745	51,257,945,328	40,894,182,143
Gross Profit	(144,807,247)	197,711,542	792,110,485
Less: Operating Expenses	31,756,123	53,665,678	41,863,910
Income (Loss) from Operations	(176,563,370)	144,045,864	750,246,575
Other Charges (Income)			
Foreign Exchange Loss (Gains)	88,344,394	(118,945,801)	788,718,903
Interest	890,763	156,234,603	436,732,267
Amortization of Deferred Chargers	-	594,694,635	(342,390,744)
Others	(895,830)	(13,168,033)	(60,722,395)
	88,339,327	618,815,404	822,338,031
Loss Before Income Tax	264,902,697	474,769,540	72,091,456
Provision for Income Tax	250,465	-	-
Net Loss	265,153,162	474,769,540	72,091,456

2. Labor Conditions

Several adverse factors affected the study of labor conditions in the company. The company is inside the former Subic Naval Base, former home of the US 7th fleet, now turned into a spawning city catering foreign tourist, distribution hub of MNC operations in Asia and host to many assembly line factories like Wistron. As such, there are no worker communities inside – workers come from towns several hours away from the city and from nearby provinces. This limited the opportunity to interact with workers extensively and intensively. Many of the interactions were through accosting workers while they were going out of the SMBA gate. Their wariness of strangers they just met made them reluctant to talk. Several were contacted through acquaintances of labor organizers in the province. However, these contacts' fear of being quoted as sources of information made them reluctant to serve as respondents to a formal interview despite the research's promises to keep their identities secret. Hence, the interactions were very informal, unstructured and unsystematic.

Despite the limited data gathered from interactions with workers, these nevertheless, were very helpful in constructing the questionnaire for the interview with the company management. Miss Beth Santos (head of the Human Resource Development) and Miss Mildred Escobel (Executive Assistant to the Operations Manager) served as respondents for the company. To beef up the information from the workers' point of view, the management excused one of their workers to serve as respondent.

Below are the findings on the labor condition in the company gathered from the said sources. The company employed 2,341 workers in 2001, 2,358 workers in 2002, and 2,140 workers in 2003. Employment as of April 2004 increased to 2,931 workers. About 75-80% are women. The company operates 24-hours. It employs three work shifts – the 7:00AM-3:30PM dayshift, the 3:30PM-12PM nightshift and the 7:00PM-7:00AM shift.

The company keeps a three-bedroom clinic inside the premises. The clinic has full-time doctors and nurses and a dentist on call 24-hours a day to look after the health needs of the company workforce. In compliance with the law, the company grants workers a month of paid sick leaves every year. For serious cases, the company grants paid extended medical leaves. At present 4 workers are on extended medical leaves that have lasted months. (The nature of their illnesses and whether work conditions caused these were not discovered during the investigation.)

Company officials said that only 20% to 30% of the workforce work for the 12-hour shift. However, workers say that the percentage is higher. Though they cannot give a precise estimate, they said that majority of them work for 12-hours. There are also times when they are required to work during their days-off. The officials are also aware of Philippine law prohibiting women from working beyond 10:00PM. They noted that there were provisions for exemptions but they categorically refused to answer whether the company's operation is covered by the exemption. Working mothers interviewed pointed out that this company policy is affecting their family life, especially on their young children. They said that the lateness of their times-off in the night shift prevents many of them to go home, especially those from far towns. They are forced to spend the night in the houses of their friends outside Subic and then go home early the following morning.

Both workers and company officials said that the company pays its regular workers the mandated 13th month pay. The interviewed officials said that they pay the mandated minimum wage; however, they cannot explain why their data on wages paid annually – based on the minimum wage and even excluding overtimes – do not tally with what should have been paid based on the annual employment figures. For example, minimum wage for an 8-hour workday in Subic in 2003 was PhP224.50. This translates to a weekly wage (for a 6-days work week and 8-hours daily work) amounting to PhP1,347. Annual wages (weekly wages X 52 weeks) including the 13th month pay would translate to an aggregate amount of PhP75,881; monthly wages would be PhP5,837. These figures, except the 13th month, comprise only the basic pay and do not reflect the daily 4-hour overtime and the overtimes during the days-off. However, salaries and wages paid by the company (which is apart from the cost of retirement benefits and plan) amounted to PhP151,078,254 in 2003 for the 2,140 workers employed during the year. Hence, average wage for the year amounted to PhP70,597 or PhP5,284 less than what should have been paid for the workers in an 8-hour workday. The officials interviewed said that they would refer the matter to their bosses. They have not relayed the answer of said bosses despite repeated correspondence through e-mail. Workers interacted with, on the other hand, refused to have their pay slips scrutinized.

The Philippine government estimates that a family in the province needed at least PhP61,596 for food in 2000. The PhP70,597 the company paid annually to every worker in 2003 is PhP9,000 more than the food needs of a family in 2000. This amount includes payment of the mandatory 4-hour daily overtime and the periodic forced overtimes during days-off. This indicate that – factoring annual inflation and the corresponding increase in prices from 2000 to 2003 – company workers, even after working for 12 hours everyday and periodically do overtime work during their days-off, earn wages that barely afford them to sufficiently feed their families. Officials refused to comment on this and claimed that they were just implementing the wage laws enacted by the Philippine government. Nonetheless, they showed concern on the matter; after the interview they asked for recommendations how to alleviate the financial burdens of their workforce through the feasibility of setting-up a workers' cooperative.

Union organizers in the province and all workers interviewed said that there was no union in the company. Company officials initially denied this; they said that there is an existing union in the company. When confronted with data from all registered labor union federations that there is no

union and with data from the Department of Labor's Bureau of Labor Relations (DOLE-BLR), the officials said that they respect the right of workers to form their union. Discussions with union organizers after the interview with company officials belied the company officials' claim. They said that their previous attempts at organizing a union in the company were opposed by officials. They said that their initial contacts were talked to by company officials who "asked them"⁷⁹ to desist from further organizing activities. Interview with an official of the BLR (who asked that her name be withheld) confirmed the absence of a union in the company and there is no previous or extant Collective Bargaining Agreement between the workers and Wistron. The official said that if there is no union in the company registered with the BLR then there is no union there as far as the BLR (that grants a union the authority to serve as bargaining agent in behalf of the company's workforce) is concerned.

The interviewed worker in the company confirmed that forced overtime is indeed a contentious issue in the company. She said that this is due to the fluctuations in the supply of raw materials, which every now and then effects the stability of their daily production. She said that the late arrival of raw materials often force the company to impose forced overtimes during days-off. She said that there was no union in the company.

3. Company Views and Practices on CSR

The Wistron management said that practice of Corporate Social Responsibility is an official company policy. It is already practicing CSR long before the formal adoption of the Norms on Responsibilities of Transnational Corporations and other Business Enterprises with Regard to Human Rights by the UN Commission on Human Rights. Since the start of its operations, it has supported social programs of the Olongapo City local government and the Subic Bay Metropolitan Authority.

This year the company has started to initiate systematic CSR programs on its own. It has set up a Charity Committee, which is now a part of the company's administrative structure; PhP60,000 is allocated for its operations. The committee supervises CSR projects for Indigenous People (Kawawan Tribe) in Morong, Bataan. The projects include education programs (giving IT education to tribal students and providing them with school supplies), feeding activities, teaching the people with modern agricultural techniques and holding holiday celebrations with them. Because it is the biggest Taiwanese company in the (Subic) Freeport, the company is also spearheading a campaign to solicit PhP150,000 from members of Taiwan Chamber of Commerce to set up a school building for the tribal community.

The company strictly complies with environmental laws. Waste segregation is strictly implemented. Interviewed workers confirmed this. Buyers registered and or accredited by the Subic Bay Metropolitan Authority buy all their industrial wastes. BVQI granted the company two recognition for meritorious practice – ISO 9000 and ISO 14000. ISO 9000 is Quality System for Operation and ISO 14000 is for environmental standards compliance.

E. Critique on the Company's CSR View and Conduct

1. CSR is not a question of extending charity to the community; it is about binding rules for businesses to respect the rights of individuals and promote the well being of society. Calling its CSR organization Charity Committee betrays the mindset of the company that CSR is a thing for the company's social conscience rather than a question of its responsibilities toward social, civil, political, economic and other human rights.

2. Responsibility on the health of workers does not begin and end inside the company premises. The company must not only provide good health services during times of work, it must ensure healthy working conditions. Ensuring healthy working conditions is not limited to providing clean and sanitary working environment. It also includes providing workers adequate time for rest.
3. It must also guarantee other working conditions to promote the welfare of its workforce like not too burdensome work schedules, proper payment of wages and making sure that these are sufficient to uplift the economic condition of workers, etc.
4. For all the limitation of the company's perspective on CSR, it should be applauded for its sound and responsible environmental policies.

F. Violations of CSR Norms and Standards

1. On Labor Rights

- **Condition:** More than 30% of workers are made to suffer 12 hours of work everyday, 72 hours every week throughout the year. There are many instances where they are also forced to do overtime work during their days-off due to fluctuations of raw material supply. Workers who live in far places are often forced to stay in houses of their relatives or friends in Olongapo City after the night shift and can only go home at dawn. This affects their family life.

CSR Frame of Reference:

ILO Convention 1 – *“Compliance with the maximum number of working hours (48+12).”*

The Philippine Labor Code:

Book III – Conditions of Employment, Title I – Working Conditions and Rest Periods, Chapter I – Hours of Work

Article 84 – Normal Hours of Work – *“The normal hours of any employee shall not exceed eight (8) hours a day.”* Exceptions are in Article 89 where employers may require any employee to do overtime work due to emergency cases.

Comment: The exceptions provided by **Article 89** could not be used as justification for the 72 hours work every week throughout the year. The emergency cases brought about by fluctuations in the supply of raw materials are problems of the company that it has to solve. It must not pass the problem to its employees by making them work during their days-off to catch on its production requirements.

- **Condition:** Company officials assert that Wistron Infocomm (Philippines) Corporation pays wages based on the provisions of the Philippine Labor Code. Its financial statements indicate otherwise. Likewise, granting that the company is paying the minimum wage, this is still subsistence level wage.

Legally mandated compensation for overtime work is not paid. Overtime pay is computed based on the regular hourly rate.

The Philippine Labor Code:

Book III – Conditions of Employment, Title 1 – Working Conditions and Rest Periods, Chapter I – Hours of Work

Article 86 – Night Shift Differential – “Every employee shall be paid a night shift differential of not less than ten percent (10%) of his/(her) regular wage for each hour of work performed between ten o’clock in the evening and six o’clock in the morning.”

Article 87 – Overtime Work – “Work may be performed beyond eight (8) hours a day provided that the employee is paid for the overtime work, an additional compensation equivalent to his regular wage plus at least twenty five percent (25%) thereof...”

Comment: Annual wages paid to workers reported in the company’s financial statements are less than what should have been paid. For example, in 2003, aggregate annual wage for each worker is more than PhP5,000 less than what is legally mandated; this is only for the minimum basic wage and does not include the reported 4 hours daily overtime.

According to the National Statistics Coordination Board, a person living in Subic in the year 2000, need at least PhP10,266 to avail of at least the basic food requirements of 2,000 calories a day. A family is composed of 6 members on the average. Therefore, a family in Subic in 2000 need at least PhP61,596. These are figures for the year 2000 and have not yet been adjusted to prices in 2003 or to give allowances for increase or decrease of the values due to factors like inflation etc. The PhP70,597 the company paid annually to every worker in 2003 is PhP9,000 more than the food needs of a 6 member family in 2000. The amount, even if prices have remained constant, will not suffice for other necessities including decent shelter, clothing, education, medical needs, city services, etc. Factoring inflation and the corresponding increase in prices from 2001 to 2003 worsens the condition. It is conclusive that the wages the company pays are not living wages but “poverty” wages.

UN Norms:

D. Rights of Workers #8 – “Remuneration shall be enough to provide adequate standard of living, with a view to progressive improvement.”

CSR Frame of Reference:

ILO Conventions 26 and 131 – “The right to a living wage.”

2. On Health

- **Condition:** The 12 hours work (especially during nighttime) deprives them workers’ adequate rest. The wages paid by the company also deprive workers a healthy lifestyle.

Comment: As previously stated, the responsibility of the company towards the health of workers does not begin and end inside the company premises. It must provide workers adequate time for rest. It must provide adequate compensation to improve the lives of workers; this guarantees the maintenance of workers’ health in the long run.

3. The Right to Organize a Trade Union

- **Condition:** Company officials say that “the company respect the rights of workers to form unions and it does not prohibit them from organizing one in the company.” Labor organizers assert otherwise. Interview with an official of the BLR (who asked that her name be withheld) confirmed the absence of a union in the company. The official said that if there is no union in the company registered with the BLR then there is no union there as far as the BLR (that grants a union the authority to serve as bargaining agent in behalf of the company’s workforce) is concerned. She also said that there is no previous or extant Collective Bargaining Agreement between the workers and Wistron.

UN Norms:

D. Rights of Workers #9 – *“Ensure freedom of association and collective bargaining.”*

CSR Frame of Reference:

ILO Convention 87 and 98, complemented by 135 – *“Freedom of association and the right to collective bargaining.”*

4. Violation of Women’s Rights

- **Condition:** Women workers that comprise 75-80 percent of the company’s workforce are made to work overnight or during the 7:00 PM – 7:00 AM work shift.

The Philippine Labor Code:

Book III - Conditions of Employment, Title 11I – Working Conditions for Special Groups of Employees, Chapter I – Employment of Women

Article 130 – Nightwork Prohibition – *“No woman regardless of age, shall be employed or permitted or suffered to work with or without compensation: Paragraph (a) – In any industrial undertaking or branch thereof, between ten o’clock at night and six o’clock in the morning of the following day.”*

Exceptions are provided by Article 131 – Exceptions – *“The prohibitions prescribed by the preceding Article shall not apply in any of the following cases: Paragraph (e) Where the nature of the work requires the manual skill and dexterity of women workers and the same cannot be performed with equal efficiency by male workers.”*

Comment: Article 131 should not be made a justification of the oppressive practice of making women suffer 12 hours of backbreaking night time work. Making women suffer 12 hours of backbreaking night work, depriving them normal sleeping time and adequate rest is oppressive, and unjust.

5. Conclusions

1. **CSR norms and standards, especially labor rights, are routinely violated by ICT MNCs in their constant drive to increase their profits.**

- Violations include the most oppressive forms of anti-labor policies like the mandatory 12-hours work, forced overtime, violation of workers' security of tenure, and unrecognized right to form labor unions.

ICT companies blatantly violate Philippine Labor Law and international norms and standard with their imposition of a mandatory 12-hour daily work. Forcing their workers to work during their days-off is common. This physically abusive condition has created various illnesses among ICT workers. In the most abusive companies like Fujitsu tuberculosis is rampant.

Violations of workers' security of tenure are widespread. The most common is hiring contractual workers and terminating their employment before it reaches 6 months that would force companies to make the contractual workers regular as required by Philippine law. The worst is forcing regular workers to retire while continuously recruiting new contractual workers as in the case of Fujitsu.

Trade unions are almost non-existent in ICT companies. But even the presence of trade unions does not prevent the violation of workers' rights. Violations of trade union rights include harassment of union members, union busting, and violations of labour standards and collective agreements - particularly on wages, overtime pay and allowances, and recognition of trade unions.

- Workers suffer increasing poverty, miserable lives and lack of educational opportunities.

Unmarried workers live like canned sardines in cramped and dilapidated boarding houses. These boarding houses provide them with no privacy and lack decent living facilities. Their meager salaries barely afford them to avail of other basic necessities. They eat the cheapest foods like instant noodles and canned sardines and eat a better fare only once in a while.

Married workers suffer more. The additional financial burden – required by the need for privacy that forces them to rent a house of their own, additional mouth to feed when they bear children, high cost of city services and other family expenses – pushes them to live in a state of greater poverty. They totally forego social activities they used to enjoy when they were still single, they forego better clothing and other personal needs, and they forego medical attention even for their children etc. They are constantly in debt.

- There are cases of coercion, intimidation and harassment in varying degrees employed by MNCs to impose their exploitative policies over the workers.

2. The policies of ICT MNCs oppress women workers.

- ❑ Women compose more than 75 percent of ICT firm employees. As ICT exports principally determine the state of the country's balance of trade, it is clear that the labor power of these women workers is keeping the Philippine economy afloat.
- ❑ Ironically, their very productive skills have become the principal reason for their increased exploitation and oppression as the ICT manufacturers requires mandatory 12-hour daily work.

3. Successive Philippine governments, from the time of Marcos up to the present, have colluded with ICT MNCs to exploit and oppress the Filipino working people.

- ❑ The grant of every imaginable exemption from payment of income taxes, export and import taxes, tariffs, duties, and unrestricted profit remittance of Philippine subsidiaries to their parent companies practically ensures that the Philippine economy will not benefit from the operations of the latter apart from the paltry wages paid to workers.
- ❑ On the other hand, workers are made to pay increasing tax burdens including withholding tax, value added tax paid for every consumer item bought, among others. Ironically, the taxes squeezed from workers are also utilized by the Philippine government to build the Export Processing Zones, pay armed personnel that *"keep the industrial peace"* in the zones, and finance the *"losses of MNCs that may arise from both commercial and political risks"*.

4. The Philippine government is accountable for circumventing the workers' basic right to strike against the widespread violation of their rights by ICT MNCs.

5. The Philippine government is accountable for setting low wage levels that ensure big profits for the ICT MNCs while the workers and their families live in ever-increasing poverty.

6. Annexes

Annex A - ICT MNCs in the Philippines' Top 1000 Corporation

Philippine Subsidiary	Parent Company	National Origin	Products	Gross Revenues (in PhPBillion)				
				1998	1999	2000	2001	2002
Texas Instruments (Phils.) Inc.	Texas Instruments – Dallas	US	Semiconductors	56.982	61.247	94.892	98.426	121.041
Toshiba Information Equipment (Phils.) Inc.	Toshiba Corp.	Japan	HDD, CD-ROM, PCB	25.178	28.374	53.903	91.189	129.173
Winstro Infocomm (Phils.) Corp – Acer	Wistron Corp.	Taiwan	Desktop, mobile Computers, motherboards, etc.	12.081	29.970	35.299	42.089	55.829
Hitachi Global Storage Technologies Phils. Corp.	Hitachi Global Storage Technologies, Netherlands BV	Netherlands	HDD, HDD component parts				34.528	37.874
Fujitsu Computer Product Corp. of the Philippines	Fujitsu, Ltd.	Japan	Computer products	39.350	49.449	58.913	40.248	34.029
Philips Semiconductors Philippines, Inc.	Philips Electronics NV	Netherlands	Discrete devices and integrated circuits	13.167	19.554	36.514	32.588	31.702
Matsushita Comm. Industrial Corp., Phils.	Matsushita Comm. Industrial Co., Ltd.	Japan	Floppy disk drives, ultra slim drives	7.989	14.030	21.495	19.567	26.515
Rohm Electronics Philippines, Inc.	Rohm Fukuoka Co., Ltd.	Japan	Large-scale integrated circuits	8.620	13.254	16.511	17.864	25.423
Epson Precision (Phils.), Inc.	Seiko Epson Corp.	Japan	Terminal & mini-printers, Power supply boards, etc.			21.739	20.965	23.044
Intel Technology Philippines, Inc.	Intel Capital Corp.	US	Microprocessors	14.333	5.893	14.864	13.915	13.715
Panasonic Communication Corp. of the Philippines	Panasonic Communications Corps.	Japan	CD-ROM, CD-R/RW Drive, DVD Combination Drive					13.506
Amkor Technology Philippines Inc.	Amkor Technology,	US	Semiconductor devices	11.910	15.362	13.269	14.668	12.806

	Inc.							
Samsung Electronics Phils. Mfg. Corp.	Samsung Electronics Co., Ltd.	Korea	Optical disk drives					9.714
Nidec Philippines Corp.	Nidec Corp.	Japan	Spindle motors for hard drives, DC motors for CD drives	4.881	6.559	9.733	9.662	9.039
San Technology, Inc.	Sumitomo Special Metals Co., Ltd.	Japan	Computer components	2.191			6.055	8.052
Sanyo Semiconductor Mfg. Philippines Corp	Sanyo Electric Company	Japan	Ics	2.268	2.113	4.640	5.169	7.423
TDK Philippines Corp.	TDK Corp.	Japan	Magnetic heads & their components		8.010	5.801	6.938	6.802
Vishay (Phils.) Inc.	Vishay Semiconductor GmbH	Germany	Semiconductors and other electronic devices	1.128	2.065	2.873	3.080	3.866
Taiyo Yuden (Phils.) Inc.	Taiyo Yuden Co., Ltd.	Japan	LC compound filters					3.795
Cypress Mfg. Ltd.	Cypress Manufacturing Ltd.	US	Semiconductor devices					3.526
Yong Song Electronic, Inc.	Worldtelecom Co., Ltd.	Korea	PCB					3.199
PSi Technologies, Inc.	Merrill Lynch Global Emerging Partners LP/NJI 2 Investment Fund	US	Voltage regulator and testing of semiconductor devices	1.282	1.970	3.281	2.392	3.087
Cebu Mitsumi, Inc.	Mitsumi Electric Co., Ltd.	Japan	Magnetic tapes (MH), floppy disk drives (EDD), connector (CON)	2.348	4.699	3.465		2.787
NSF-Technologies (Phils.), Inc.	Microtune GmbH and Co. KG	Germany	Multimedia personal computers (PC),					2.504
Tottori Sanyo Electric (Phils.) Corp.	Tottori Sanyo Electric, Ltd.	Japan	Semiconductor devices				1.367	2.384
NEC Toppan Circuit Solutions Phils., Inc.	NEC Toppan Circuits Solutions, Inc.	Japan	Printed wiring board (PWB), electro-mechanical devices					2.293
Sanyo Capacitor (Philippines) Corp.	Sanyo Electronic Components Co., Ltd.	Japan	Semiconductor devices			1.737	1.666	2.265
Analog Devices Gen. Trias, Inc.	Analog Devices Holdings B.V.	Netherlands	Semiconductor devices	1.303	1.551	2.272	2.463	2.237

Fairchild Semiconductor HK (Holdings), Ltd.	Fiarchild Semiconductor HK (Holdings), Ltd.	HK-China	Semiconductor products			2.684	2.054	2.235
Ibiden Philippines, Inc.	Ibiden Co., Ltd.	Japan	IC Chips				1.018	2.131
Sanyo Denki Phils., Inc.	Sanyo Denki Co., Ltd.	Japan	Precision motor for computer cooling system				1.361	2.112
NSG Philippines, Inc.	Nippon Sheet Glass Co., Ltd.	Japan	Glass disk for HDD and other computer memory devices			2.858	3.591	2.085
Nidec Copal Philippines Corp.	Nidec Copal Corp.	Japan	Semiconductor				2.596	2.065
Fujihiro Philippines, Inc.	Fujihiro	Japan	Semiconductor devices		.671	1.496	1.371	2.045
Shin Heung Electro Digital, Inc.	Shin Heung Electro Digital, Inc.	Korea	Semiconductor devices					2.037
Shindengen Philippines Corp.	Shindengen Electric Manufacturing Co., Ltd.	Japan	Semiconductor devices	.735	.774		1.056	1.984
Nanox Philippines, Inc.	Nanox Corporation	Japan	Liquid crystal display (LCD), chip on glass (COG)			.864	1,386	1.928
Dyna Image Corp. Phils.	Lite-On Semiconductor Corp.	Taiwan	Contact image sensors				1.463	1.921
First Sumiden Circuits, Inc.	Sumitomo Electric Industries, Ltd.	Japan	Flexible printed circuits	1.422	1.859	2.177	2.143	1.841
Radix Communication, Inc.	Radix, Inc.	Korea	Printed circuit boards					1.829
SCG Philippines, Inc.	Semiconductor Components Industries LLC	US	Ics and semiconductor devices		5.648	7.267	1.621	1.822
Read-Rite Philippines, Inc.	Sunward Technologies International, Ltd.	US	Semiconductor devices			4.364	.642	1.737
Intel Philippines Mfg., Inc.	Intel Corp.	US	Semiconductor devices	7.810				1.714
Isola Asia Pacific (Philippines), Inc.	Isola AG	Germany	Base materials for multi-layer printed circuit boards					1.707
P. Imes Corp	International Mfg., & Eng'g. Services Co.,	Japan	CD-ROM drives, sub-compact	1.464	1.462	2.162	1.895	1.553

	Ltd.		passbook printers					
Katolec Philippines Corp.	Shikoku Precision Corp.	Japan	Circuit boards		.540	1.628		1.545
Automated Technology (Phils.), Inc.	Infinity Solutions Pte, Ltd.	Singapore	Semiconductor parts			1.213	1.299	1.541
Exas Philippines, Inc.	Aidex Co., Ltd.	Japan	Steel parts for floppy disk drive models	.936		1.407	1.986	1.531
Integrated Device Technology (Phils.), Inc.	Integrated Device Technology, Inc.	US	Integrated circuits, semiconductor devices	.933	1.565	2.255	1,409	1.522
KEC-Astron Philippines, Corp.	Korea Electronics Co., Ltd.	Korea	Semiconductor devices		1.027		1.503	1.507
Daeduck Philippines, Inc.	Daeduck Electronics Co., Ltd. & Radix Communication, Inc.	Korea	Printed circuit boards	.885	1.124	1.529	1.381	1.497
Rohm Apollo Semiconductor Phils., Inc.	Rohm Apollo Co., Ltd.	Japan	Micro-chip transistor and tantalum capacitors					1.413
Fuji Electric Phils.	Fuji Electric Co., Ltd.	Japan	Semiconductor	1.124	1.084	1.327	1.535	1.391
NEC TOKIN Electronics (Phils.), Inc.	NEC Tokin Corp.	Japan	Printed wiring board		11.482			1.325
Allegro Microsystems Philippines, Inc.	Allegro Microsystems, Inc.	US	Semiconductor devices	.772	.972	1.095	1.006	1.207
Orient Semiconductor Electronics Phils., Inc.	Orient Semiconductor Electronics, Ltd., Co.	Taiwan	Ics, conventional and surface mount printed circuit boards			.724	.910	1.159
KSS Philippines, Inc.	Kinseki, Ltd.	Japan	Surface mount device quartz crystals		.487			1.131
Enomoto Philippine Manufacturing, Inc.	Enomoto Co., Ltd.	Japan	Metal mold parts, lead frames Connector parts,			.688	.696	1.009
Analog Devices (Philippines), Inc.	Analog Devices Holdings B.V.	Netherlands	Semiconductor devices					.986
Heraeus Electronic materials Philippines, Inc.	W.C. Heraeus International GbmH	Germany	Bonding wires, semiconductors		.674		.718	.985
PerkinElmer Optoelectronics Phils., Inc.	PerkinElmer Optoelectronics, Inc.	US	Semiconductor			1.693	.986	.818

NEC Manila Project Office	NEC Corp.	Japan	Semiconductor	5.050	1.130	14.951	.822	.785
Acbel Polytech Philippines, Inc.	Acbel Polytech Holdings, Limited	Taiwan	Backpanel assemblies and printed circuit board assemblies			.973	3.470	.758
Nittetsu Micrometal Corp. Philippines	Nippon Micrometal Corp.	Japan	Gold bonding wires					.730
Chan Soong International Subic, Inc.	Golden Unity International Enterprises Ltd.	Taiwan	Computer housing				.607	.698
Juntec Corp.	Honko Seikoshu Co., Ltd.	Japan	Semiconductor				.728	.633
M.A Technology	Litachi Co., Ltd.	Japan	Semiconductor					.627
Itec Corp.	Iida Co., Ltd.	Japan	Molded and pressed products for office automation				.663	.622
Poongsan Microtec Phils., Inc.	Poongsan Microtec Corp.	Korea	Lead frames					.601
Gotoh Philippines Corp.	Misubishi Corp.	US	Semiconductors					.696
Ju-Young Electronics (Philippines), Inc.	Ju-Young Electronics Co., Ltd.	Korea	Semiconductor devices		.481	.610	.590	.690
Rohm Mechatech Phils. Inc.	Rohm Mechatech Co., Ltd.	Japan	Semiconductors	1.012	1.379	1.626	1.120	1.413
Kyushu Matsushita Electric Corp. of the Phils.	Kyushu Matsushita Electric Co., Ltd.	Japan	CD-ROM, CD R?RW Drive DVD Combination Drive			1.039	9.702	
Intel Phils Mfg., Corp.	Intel Corp.	US	Semiconductor Devices			5.139	3.796	
Matsushita Business Machine Corp.	Matsushita Corp.	Japan	Sub-assemblies				4.084	
Analog Devices (Phils.), Inc.	Analog Devices Holdings B.V.	Netherlands	Semiconductor devices	.535			1.079	
Daiho (Phils.) Inc.	Asia Daiho Pte. Ltd.	Singapore	Plastic mouldings				1.034	
Laguna Electronics., Inc.	Tsukiden HK Ltd.	HK-China	Computer peripherals				.798	
Team Pacific	Blue Crescent Development Ltd.	British Virgin Island	Semiconductor devices				.736	
Ase Holding Electronics (Phils.), Inc.	Ase Holding, Ltd.	Taiwan	Semiconductors			.710	.698	
Omron Mechatronics of	Omron Corp.	Japan	Computer				.704	

the Phils. Corp.			peripheral					
Sampo Technology (Phils.), Inc.	Sampo Technology Corp.	Taiwan	Computer/Computer peripheral products			8.636	3.134	
Hitachi Computer Products (Asia) Corp	Hitachi Ltd.	Japan	<i>Hard Disk Drives/HDD component part</i>		23.48	38.120	34.528	
Dae Ryung Ind., Inc. Phils.	Dae Ryung Ind., Inc	Korea	Printed circuit boards			4.642		
Samsung Electro-Mechanics Phils., Corp	Samsung Electro-Mechanics Co., Ltd.	Thailand	Semiconductor devices			3.543		
NEC Components Philippines., Inc	NEC Corp.	Japan	Printed wiring board	1.264	2.067	3.400		
Pricon Microelectronics, Inc.	Yamaichi Electronics. Co., Ltd	Japan	Electronic sub-assemblies	1.283	1.867	2.297	1.707	1.758
Engtek Phils., Inc.	Eng Teknology Holdings Bhd.	Malaysia	Peripheral assemblies	1.126	1.408	1.712		
Microtune RF-Technologies (Phils.), Inc.	Microtune GmbH & Co., KG	Germany	Semiconductor devices			1.668		
Luzon Electronics Technology, Inc.	Denshi Tech Ltd.	Japan	Magnetic heads	.902	1.620	.788		
TEMIC (Phils.) Inc.	Temic Telefunken Hochfrequenz Technik GmbH	Germany	Semiconductors	1.476	1.274	10.287		
Data General Phils., Inc.	Data General Corp.	US	Semiconductors	.818	.858			
JAE Philippines, Inc.	Japan Aviation Electronics Industry, Ltd.	Japan	Semiconductor		.687			
Motorola	Motorola Int'l. Dev't. Corp.	US	Semiconductor devices	5.788				
Hewlett-Packard Philippines, Corp.	Hewlett-Packard International, B.V.	Netherlands	Semiconductors	1.755				
Zilog Electronics Philippines, Inc.	Zilog, Inc.	US	Semiconductors and Ics	.829				
TOTAL	94	77						

Source: Securities and Exchange Commission-Business World, "The Philippines' Top 1000 Corporations," Vol.13, 1999; Vol.14, 2000, Vol.15, 2001;

Annex B - Philippine Pesos (PhP) Per US Dollar (US\$)*

Period	1996	1997	1998	1999	2000	2001	2002	2003
January	26.2116	26.3173	42.6610	38.4043	40.4266	50.9693	51.4097	53.5635
February	26.1588	26.3411	40.4143	38.7799	40.5717	48.2897	51.2817	54.0748
March	26.1957	26.3319	39.0040	38.9108	40.9381	48.4673	51.0661	54.5909
April	26.1897	26.3642	38.4422	38.2417	41.1884	50.1854	50.9872	52.8068
May	26.1759	26.3721	39.2971	37.8385	41.8063	50.5389	49.8383	52.5072
June	26.1944	26.3761	40.3991	37.8993	42.6489	51.4881	50.4065	53.3992
July	26.1995	27.6679	41.7805	38.2798	44.3557	53.2242	50.5963	53.7138
August	26.1994	29.3305	43.0375	39.2610	44.8977	51.9877	51.7931	54.9914
September	26.2356	32.3945	43.7759	40.1738	45.7367	51.2499	52.1292	55.0235
October	26.2693	34.4639	42.8882	40.3150	48.1061	51.7333	52.9070	54.9520
November	26.2658	34.5178	39.9435	40.3409	49.7537	51.9899	53.3082	55.3718
December	26.2925	37.1706	39.0733	40.6232	49.8962	51.7889	53.5195	55.4451
Average	26.2157	29.4707	40.8931	39.0890	44.1938	50.9927	51.6036	54.2033

* Weighted average rate under the Philippine Dealing System (PDS) starting August 4, 1992.

Source: Bangko Sentral ng Pilipinas

Annex C - Social Conditions of Fujitsu Workers outside the Workplace⁸⁰

_____ is 25 years old, married and has two children. She came to the city to find work when she was 19 years old. Her work at Fujitsu is her first job. The company hired her as contractual worker in the production department for 6 months in 1998. She presently works in the quality control (PQ or Product Quality) department and is receiving PhP38 above the minimum wage. Below is the transcript of the interview.

Question: How old are you?

A: Yes.

Answer: I am 25 years old.

Q: Are you married?

Q: Okay. Now, were you accorded benefits when you were still a contractual worker?

A: Yes.

A: What benefits for example?

Q: How many kids do you have?

Q: 13th month pay, paid sick leaves and vocation leaves, etc.?

A: Two.

A: No.

Q: Their ages?

A: The elder is four years old. The baby is 5 months old.

Q: Were you paid the mandated wage when you were still a contractual worker?

Q: What is your educational attainment?

A: Yes.

A: I was about to enroll for my second year in college when I stopped studying.

Q: Let us go back to the discussion on your personal life. When did you start working for the company?

Q: So you came from a middle class family?

A: In 1998.

A: No, I came from a poor family. My parents are poor peasants. Our diocese where I worked as volunteer worker when I was in High School granted me a scholarship.

Q: So you have worked for the company more than five years?

Q: Why did you stop studying?

A: Almost six years.

A: I am the second to the eldest child in our family. When my brother (the eldest) – who had the responsibility of helping to earn money for our family – got married, it became difficult for our aging parents to feed us all. So I had to stop my studies and came here to the city to look for a job.

Q: How old were you when you started working for the company?

A: I was nineteen years old.

Q: Your work at Fujitsu your first job?

Q: You were single then so you must have lived very comfortably.

A: Yes, luckily I was hired immediately as a contractual worker for six months.

A: Not really; but of course I did enjoy some material things I was denied when I was still living with my family in the province. I was able to buy my own toiletries – shampoo, bath soap and feminine napkins for my monthly period, etc. I was also able to buy some beauty products like lipsticks, colognes, powders – all of us young and single women crave for these things you know – the cheap variety of course.

Q: Were you promoted to regular status after 6 months?

Q: How about clothes?

A: Yes, I maintained at least two presentable clothes for my social life during my days-off.

Q: What do you consider as presentable clothes?

A:. Not the fancy or fashionable items. Just plain and simple clothing like pants and blouses. You know the relatively cheap kinds; at least they were new.

Q: Okay, how about savings?

A: No savings at all. I had to live simply so I can help my parents financially.

Q: How much of your salary were you able to send home regularly.

A: About Php500 a month.

Q: What do you mean with your words *“living simply”*.

A: I shared living quarters with 3 of my co-workers to save on rent. We lived collectively; equally shared expense and chores. Anyone who had a day-off was responsible for cleaning our quarters, doing our laundry, ironing our clothes etc. Only after finishing these chores can one enjoy time for social life outside.

Q: You mean an apartment?

A: No. We shared a small room in a 4-room boarding house where everyone shared a common toilet, common living room, and common kitchen cum dining room. We shared a single electric fan in our room. We did not have beds, just a big mat where we slept on every night and a pillow and blanket for each of us.

Q: How about food?

A: Mainly canned foods and instant noodles. We couldn't afford to buy more nutritious foods because we wanted to save. Besides, there wasn't enough time to cook food that took long to prepare; we would rather rest. We were only able to eat a better fare when one of us had a day-off.

Q: How much of your salary went to each item of your needs?

A: I don't know. I did not do any accounting.

Q: How about your social life?

A: I felt enslaved by my work; I learned early that the future is bleak for us workers. Zero probability of advancing in life. The routine – of going to work, eating a fast dinner and taking a bath and then rushing to bed to catch on precious sleep, waking up, eating then going to work again – was depressing. Only the day-off gave me something to look forward to every week. I had to start washing our clothes the minute I came home on the last day of work before my day-off so I can enjoy a longer time for socializing. After I finished doing house chores, usually in the early afternoon, I got out. I watched movies or went someplace with my friends, later with my boyfriend. When I got home, I would enjoy telling my roommates what happened during the day. When I finally went to bed, depression sets in again and I had to steel myself for the backbreaking work on the morrow fervently wishing I wouldn't be required to do overtime work on my next day-off.

Q: You give me the impression that, though you enjoyed things you were denied when you were still a dependent and living with your parents, your job did not really get you out of misery.

A: Yes. Poverty brings with it misery, you know. But it was much better than when I was still with my parents. I live my own life and I enjoy the feeling of helping my family financially instead of being a burden.

Q: It is good you brought up the point on poverty. I myself am confused what is to live in poverty and to live a decent life given the very wide gap between the rich and the poor in our country. Even those belonging to the middle class lacks many of the basic necessities in life enjoyed by the lowest paid workers in industrialized countries who are considered poor there. However, the government seems to be saying otherwise. So let us tackle this point. How much were you earning then?

A: When exactly?

Q: The year you started working. You said 1998 right?

A: Yes. I don't know the exact amount. I did not keep my pay slips.

Q: Okay. Let us base it on your legally mandated salary then. Were you paid the PhP185 legally mandated daily wage for Laguna during that time?

A: I don't remember the exact amount but I am sure I was receiving the legally mandated daily wage.

Q: Okay. So you were receiving a minimum salary of PhP1,098 every week, PhP4,785 every month and a total of PhP61,881 for the whole year including the 13th month pay. You agree with my computation?

A: Yes, except the 13th month pay. I was not entitled to it yet in 1998. Likewise, you did not consider the deductions for income taxes, SSS and Medicare contributions, the Pag-ibig Fund contributions, etc. I also did not receive the computed total salary for the year because I only started working on _____, 1998. (*Pag-ibig Fund contributions are deductions from salaries collected to finance the housing programs of the government.*)

Q: I see. However, let us presume that you started working January that year and grant that you received a minimum aggregate salary of PhP57,096, which excludes the 13 month pay, to simplify things. I said minimum because the amount excludes overtime pay, and perhaps the aggregate deductions were lower than what you should had been paid from overtime work. Okay?

A: Okay.

Q: Now, according to the government's estimate, a worker here in Laguna needed to earn at least PhP70,020 to keep his/her family of six members above the threshold of poverty. Therefore a person here needed about PhP11,670 to live on the mentioned poverty threshold. Now in your case, you said, and I believe, you lived a lifestyle of someone living in poverty. Multiplying the PhP500 you sent to your family every

month by 12 means you would have sent them a total of PhP6,000. If you add that to the PhP11,670, which the government said you needed to live a lifestyle you said you practiced then, would amount to an annual expense costing you PhP17,670. The difference between the PhP57,096 you would have received as minimum salary and the PhP17,670 computed expense is PhP39,426 which represents the minimum amount you should have saved. Now, this is the minimum amount because it precludes the overtime pay. However, you said you have not saved a single cent. Why?

A: That's absurd! My goodness, I have not even experienced riding in a plane on my vacations to the province during the Holy Week; I rode on the deck of a stinking ship. The only luxurious thing (if you call it luxurious) I have indulged myself in during my six years stay in this city are the two-days stay my husband and I spent in a third rate motel during our honeymoon and the less than ten times I rode in a taxi.

I have worked for more than five years and I would settle for the stated minimum annual savings; I have lived in a state of poverty since 1998, actually it becomes worse every year, so that entitles me a saving 5 times of that amount at least. Maybe I should collect it from the government huh?

Q: I understand your derision, but please clarify your point.

A: You say the government says a person living here in 1998 needed at least PhP11,670 to live above the poverty threshold right?

Q: Yes.

A: Now, for lodging in that cramped room alone I paid PhP600 a month or a total of PhP7,200 a year. For transportation, I rode three times daily from my place to work or a total of six rides back and forth. The fare then was PhP3.50 per ride so total fare daily was PhP21. Let us say I did not do overtime work during my days-off so I worked for 26 days a month or 312 days for

the whole year. Therefore, the aggregate fare I paid for the whole year was PhP6,552. Now the PhP7,200 I paid for lodging plus the PhP6,552 I paid for fare amounts to PhP13,752. So for lodging and fare alone I would have incurred a deficit of PhP2,082, which means that I would have worked the whole year, did not eat a single meal and did not clothe myself and yet I owed PhP2,082 at year's end. That's ridiculous.

Q: Meaning?

A: The government's figures are erroneous if not outright lies. Perhaps the government wants us to live in a state of constant starvation.

Q: When did you marry?

A: In 2001.

Q: Your husband has a regular job?

A: He used to own a tricycle he drove for fare when we were still without child.

Q: You said, "*he used to own*"; what happened to the tricycle?

A: He sold it to his brother when we were desperate for money after the birth of our elder kid.

Q: He is without a regular job now?

A: Yes. We decided after my maternity leave that since I had a regular job and he had already sold our tricycle that he will look after our kid and the house instead of looking for a job and me staying at home.

Q: He has no income of his own?

A: Since he sold our tricycle, yes.

Q: You own this house?

A: No we are renting it.

Q: Kindly describe it to me.

A: My husband, our two children and me live in an old and small house in a private low-cost housing community. It has one bedroom, a small living room that extends to a small kitchen cum dining room. We have put up a plastic clothes cabinet as divider between the living room and kitchen

cum dining room. The house also has a small toilet that we also use as bathroom.

Q: How about appliances?

A: We have a small TV set, a plastic sofa and two plastic chairs in the living room; an electric fan and a wooden double bed in the bedroom where my husband, our baby and me sleeps; the elder child sleeps in the living room. We cook our food in a LPG-fed (*liquefied petroleum gas*) stove.

Q: How much do you pay for house rent?

A: We pay PhP2,000 monthly.

Q: How much do you pay for city services?

A: What are city services?

Q: Payments for light and water?

A: About PhP850 a month.

Q: How about for the LPG, do you consume 1 tank every month?

A: Yes we consume a high amount because of constant boiling of water used to sterilize our baby's feeding bottles.

Q: A tank of LPG costs PhP412 in Metro Manila, you pay the same price here?

A: Yes.

Q: Do you breast-feed your baby?

A: I stopped breast-feeding after my maternity leave.

Q: You use formula milk to feed the baby?

A: No, formula milk is too costly. We use regular commercial milk.

Q: How much does it cost you every month?

A: Let me compute. Our baby consumes the contents of the milk box we buy in 3 days so that makes it 10 milk boxes in a month. A milk box costs PhP88 so expenses for our baby's milk is PhP880 a month.

Q: How about regular pediatric check-ups and vitamins for the baby?

A: We don't have money for that.

Q: Okay, how about diapers?

A: Our baby uses disposable diapers at night. Our baby uses the same diapers made of cloth, which we bought when our first kid was born, during the day. A disposable diaper costs PhP4.50 each so diapers cost a total of PhP135 a month.

Q: How much do you spend for food?

A: I can not estimate the precise amount. It varies; when we have money especially during paydays we eat better meals. After 2 days its back to the normal fare.

Q: What is a better meal and a what is normal meal?

A: A better meal, which we rarely enjoy, is rice with either pork or fish we stew with vegetables for viand. Normal meals are rice with instant noodles or canned fish or dried fish for viand.

Q: You eat three times a day?

A: Yes but we eat PhP15 of bread during breakfast and coffee. I don't eat at home at least one mealtime a day. I eat in the factory.

Q: So you spend PhP450 for bread every month.

A: That is correct.

Q: How much do you spend for sugar and coffee every month?

A: We consume a 25 grams pack of Nescafe instant coffee in 3 days so we consume 10 packs a month. A pack costs PhP14 so we spend PhP140 for coffee every month. Sugar, we consume 1 ½ kilograms a month. A kilogram costs PhP25 so spend PhP37.50 a month for sugar.

Q: Okay. Let us compute your expenses on rice. How many kilograms do you consume every month?

A: We consume a kilogram of rice in two days, so we consume 15 kilograms in a month.

Q: A kilogram of regular rice costs PhP20. So if you consume 15 kilograms a month

then expense for rice is PhP300 per month right?

A: Yes.

Q: How much do you spend for cooking oil?

A: About PhP20 a week. So we spend PhP80 a month for it.

Q: Okay. You say you eat what you call a better meal at least 4 times a month because you have 2 paydays every month – the 15th and the 30th, right?

A: Correct.

Q: You buy pork and fish alternately for the better meal?

A: Not always but we may assume.

Q: How many kilograms of pork or kilograms of fish do you buy for the said 2 days of special meals?

A: A kilogram each day or two kilograms for the 2 days?

Q: The three of you can consume a kilogram of pork or fish in a day?

A: Generally, yes. At any rate, we only taste such kind of foods 4 days in a month. Leftovers if any are consumed the following day.

Q: Okay. A kilogram of pork cost PhP150 so you spend PhP300 for pork every month. A kilogram of fish costs PhP100 so you spend PhP200 for it every month correct?

A: Yes.

Q: How about the vegetables mixed with the pork and fish?

A: About PhP60 for the two days. So that makes it PhP120 for the whole month.

Q: Okay. Let us compute for the viands you eat for you normal fare? How many times each do you serve viand of instant noodles, dried fish and canned fish every month.

A: Let us say we served them alternately.

Q: Okay. For 26 days you serve instant noodles for viand for let us say 9 days,

canned fish for 9 days and dried fish in 8 days. Is this a fair estimate?

A: Yes.

Q: How many packs of instant noodles do you prepare for a meal.

A: Say 2 packs.

Q: A pack of instant noodles cost PhP5.50. So if you serve it twice a day for 9 days your expense for it would cost PhP99. Correct?

A: That's right.

Q: Now how many kilograms of dried fish can you consume in 9 days?

A: We consume $\frac{1}{4}$ kilograms of dried fish in 3 meals. There are 18 mealtimes in nine days so we consume 1.5 kilograms in nine days.

Q: Okay. Dried fish costs PhP100 a kilogram, so you spend PhP150 for it in nine days.

A: Yes.

Q: How many cans of canned fish do you consume in nine days?

A: About 3 canned fish for the two meals in a day so 27 cans in nine days.

Q: That makes you spend PhP270 for it because a can costs PhP10 each.

A: Yes.

Q: How about salt, vinegar and other condiments. How much do you spend for it?

A: About PhP200.

Q: How about expenses for toiletries?

A: We use 4 bath soaps worth PhP15 each so the total cost is PhP60; 1 100ml tube of toothpaste worth PhP44; a 150ml shampoo worth PhP49; and sanitary napkin for me at PhP52 for a 2 8pc.-pack. So we spend around PhP205 for toiletries every month.

Q: How about laundry soap?

A: 1 bar of laundry soap worth PhP14.50 and 1 box of powder detergent worth PhP25 or a total of PhP39.50 a month.

Q: Expenses for snacks?

A: No snacks, we just drink coffee. Our 4-year old child eats whatever is left of the bread bought for breakfast. However, I give my husband PhP20 everyday for cigarette.

Q: So you spend PhP600 every month for cigarettes?

A: Unfortunately, yes. It is his only vice though.

Q: How about beauty products?

A: I have totally stopped using them after the birth of our first child to save on expenses.

Q: How about medical expenses?

A: We use my Medicare insurance for serious illnesses.

Q: How about dental expenses?

A: We do not go to the dentist.

Q: How about medical check-ups for non-serious illnesses?

A: We don't go to the doctor unless we feel serious physical illness.

Q: How about medicine for said non-serious illnesses?

A: I don't know how much money we spend for that. We buy them only when the need arises.

Q: How about entertainment and recreation?

A: Are you serious? We cannot afford that. My husband and I have not gone out even just once since we got married; not even to watch a movie.

Q: How about expenses for clothes, shoes and others?

A: I don't know how much because we don't buy on a regular basis.

Q: Is your salary enough for your needs?

A: Definitely not enough. Don't you agree that our budget we just computed indicate our immense deprivation, especially in terms of food?

Q: Did you live more comfortably when you were single than now?

A: Yes. I had a social life before. I went out whenever I had a day-off, I watched movies, eat meals in a fastfood restaurant once in a while, had better clothes and shoes, wore make-up, etc. I was even able to send money to my parents. The only improvement for me materially today is having our own rented house that provides privacy.

Q: How about savings?

A: Are you kidding? We live in a perpetual state of indebtedness.

Q: To whom are you indebted from?

A: We buy groceries like milk, instant noodles, coffee, sugar, canned sardines, etc. on credit from the neighborhood sari-sari store whenever we run out of money. We pay the debts every payday. We also bought on credit the appliances we have from the Indian usurer. We are still amortizing it. When the debts pile up, I resort to applying for a salary loan from the SSS.

Q: How about education funds for the kids?

A: We don't think in those terms. With our financial state, we don't have a choice, do we? But yes, we definitely dream of providing our kids of a good education. But we will face that reality when we get there.

Q: Okay. I brought with me your pay slips for the months of October and November, which you gave me the other day. Do you mind helping me analyze them?

A: Yes.

Q: The pay slips have almost the same entries so let us limit our analysis for your November 15 and November 30 because they are the latest.

A: Okay.

Q: I see that you worked for 13 days in both pay slips. However, I don't understand what the items REG.OT and REG.OT/ND mean.

A: I think those are for overtime. The ND means night differential I think.

Q: Okay. You worked for the same number of days in both pay slips, but your net pay for November 15 was only PhP3,295 while the November 30 pay slip shows you received a net pay of PhP4,577. Why the discrepancy?

A: Because I paid for three deductible items (withheld tax SSS/Medicare and Pag-ibig fund contribution) in my November 15 pay. In the November 30 pay slip only 2 items (withheld tax and Pag-ibig fund contribution) were deducted. Besides I received a bigger overtime on November 30, which together with the night differential were bigger by PhP726 than that on November 15.

Q: Okay, you mean you only contribute to the SSS and Medicare once a month while you contribute to the Pag-ibig fund twice?

A: Yes.

Q: Okay, thank you for the clarification. I have to look at the law on the Pag-ibig fund to see whether it requires payment of contributions twice a month or only once. I will inform you about my findings.

A: Thank you.

Q: Your four pay slips indicate that you are receiving PhP7,872 monthly. Is this amount your average net monthly pay for the whole year?

A: That's quite big. Actually, we did a lot of overtimes for the months of November and October.

Q: What do you say would be the average?

A: I don't know. I did not keep all my pay slips.

Q: Never mind. Now if you add all the family expenses we computed a while ago, (excluding expenses on medicines, clothing and shoes) it would amount to PhP7,468. So what you are earning, which you say is below the amounts indicated in your October and November salaries, appears to be at par with our computations of your monthly budget. This is of course excluding

the unaccounted expenses on medicine, clothing and other incidentals.

A: I don't agree with your conclusion if you mean that my income is just enough for our needs because definitely it is not enough. I think what it shows is we are trying our very best to live within our means. Still, even as we live a deprived and desperate lifestyle, as of today, our accumulated debt amounts to PhP13,000. Even my expected 13th month pay would not be sufficient to cover it. I have to apply for a salary loan next month to pay it all.

Q: Yes, I believe you. I know from experience that there are many incidental expenses that we cannot keep track of everyday. And yes, it is very obvious that you are living in deep poverty and that you are trying your best to live within your means. Thank you for granting us this interview.

A: Thank you too.

Endnotes

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- ¹ Lists the relevant standards, agreements and operational aspects involved in CSR based on treaties, guidelines and instruments enjoying broad international support and recognition. The “CSR Platform”, a coalition of Dutch Civil Society Organizations promoting CSR, developed the CSR Frame of Reference.
- ² Professor Ayson Warhurst and Katy Cooper, in association with Amnesty International, July 26, 2004
- ³ PSIC Codes 321-333 of the Philippine National Statistics Office
- ⁴ Extracted from Cornelia Aldana “*A Contract For Underdevelopment*,” IBON Databank Phils. pp.130-131
- ⁵ Ibid. The number of firms cited here are those that were included in the Philippines’ top 1000 corporations – not the total number of firms producing electronics in the Philippines – during the mentioned timeframe.
- ⁶ The figures for the garments and textile industry are from the “*Annual Survey of Philippine Establishments*,” National Statistics Office. Vol.3, 1998 – the same document cited as source for the figures in Table 4.
- ⁷ Ibid.
- ⁸ Ibid.
- ⁹ From the “*Foreign Trade Statistics*,” National Statistics Office,
- ¹⁰ Ibid.
- ¹¹ See the structure of Wistron and Fujitsu supply chains in Part III – Company Studies.
- ¹² There is a discrepancy between the total value of exports to the mentioned countries in this table and the total value of electronic exports in Table 3. The difference in the figures can be attributed to other exporters of Philippine electronic products who are minor or not regular trading partners of the Philippines; hence, they were not included under the general category in Table 4.
- ¹³ There is a discrepancy between the actual number of workers and number of paid workers. According to the NSO, unpaid workers include working owners who do not receive regular pay, apprentices and learners without regular pay, and persons working without regular pay for at least one third of the working time normal to the establishment.
- ¹⁴ Formula is:
- a) **monthly wage = annual wage/13**, where 13 represents the 12 months of the year and plus 1 for the 13th month pay.
- b) **weekly wage = annual wage/52**, where 52 represents the number of weeks in a year.
- c) **daily wage = weekly wage/6**, where 6 represents the number of working days in a week.
- d) **rate per hour = daily wage/8**, where 8 represents the number of hours every worker needs to spend in the production line to qualify for the daily wage as provided by Philippine law.
- ¹⁵ The Southern Tagalog Growth Corridor covers the provinces of Laguna, Cavite and Batangas.
- ¹⁶ Philippine Statistical Yearbook, Table 11.7 (11-24) “*Nominal and Real Minimum Wage Rates in the Agricultural and Non-Agricultural Sector*,” National Statistical Coordination Board, 1998; and Philippine Statistical Yearbook, Table 11.7 “*Nominal and Real Minimum Wage Rates in the Agricultural and Non-Agricultural Sector*,” National Statistical Coordination Board, 1999.
- ¹⁷ Philippine Statistical Yearbook, Table 2.10 “*Annual Per Capita Poverty Thresholds and Incidences of Families by Province 1997 and 2000*,” National Statistical Coordination Board, 2003. Average number of a Filipino family is six.
- ¹⁸ Formula is **Profits = Total Receipts – Total Costs**.
- ¹⁹ NSO data cited in Larissa Josephine C. Villa, “*Export Growth Slows*,” Business World Online, Inc., 05 November 2004.
- ²⁰ Ibid.
- ²¹ Very rampant and was public knowledge especially during the Marcos regime. An official of the DOLE-BLR interviewed (she requested that her name be withheld from publication) said that they are aware of the fact and they know that it continues up to the present especially in privately-owned export processing zones. However, she said that they lack evidence and nobody has been able to prove it with indisputable facts. Aside from those controlled by government, privately-owned export processing zones are increasing in the Philippines like the Hacienda Luisita owned by the family of former President Corazon Aquino.
- ²² ICT firms are especially considered as “*industries indispensable to the national interest*” because ICT commodities are the Philippine economy’s number 1 export and foreign exchange earner.
- ²³ The Economic Intelligence Unit Ltd., April 23, 2004
- ²⁴ Ibid.
- ²⁵ Ibid.
- ²⁶ Ibid.
- ²⁷ EIU ViewsWire, December 1, 2004 Wednesday, Japan economy: Japan and Philippines agree trade pact
- ²⁸ Asia Pulse, April 22, 2004 Thursday Philippines to propose zero tariff for electronic in ASEAN.
- ²⁹ Asia Pulse, May 11, 2004 Tuesday Philippine ecozone firms to pay lower electricity bills.
- ³⁰ Philippine Daily Inquirer, November 15, 2004.

- ³¹ ICT MNCs attracted to invest in the Philippines by Marcos' wholesale violation of the Filipino workers' rights during Martial Law from 1972-1981. This makes them accomplices to the crime.
- ³² Security and Exchange Commission – Business World, “*Philippines Top 1000 Corporations*” Vol. 13 1999, pp. 126-128, 158-162 and 167-170; Vol. 14 2000, pp. 124-126, 162-166 and 168-171; Vol. 15 2001, pp.120-123 , 158-163 and 180-184; Vol. 16 2002, pp. 118-121, 142-146 and 150-155; and Vol. 17 2003, pp. 127-129, 150-156 and 158-163. There was discrepancy in the number of firms between those listed as ICT manufacturers in the portion of the documents labeled “*Exporters by Industry*” and “*How Competitors Compare*” that both listed the products the different firms produced. We combined the data from both sources using the International NACE Codes for Sector Definition to classify the entries and come up with the exact number of ICT producers.
- ³³ See complete list of ICT MNCs in the Annex.
- ³⁴ Limited to those belonging to the Philippines' top 1000 corporations.
- ³⁵ Texas Instrument-Dallas is the registered mother company of Texas Instrument (Phils.) but supplies the ICT commodities produced in the Philippines to IBM.
- ³⁶ Limited to just one of the Sumitomo group's global MNCs – Life Insurance.
- ³⁷ Ibid.
- ³⁸ Ibid.
- ³⁹ Limited to just one of Fuji group's global MNCs – Fuji Photo Film.
- ⁴⁰ See table 12.
- ⁴¹ Data available from Philippine sources does not reflect what relationships the ultimate parent companies (of Philippine ICT firms) have with global financial institutions. Therefore, the conclusion that global financial institutions exercise indirect control more than direct control over the Philippine ICT industry does not discount the probability that it is otherwise.
- ⁴² For example, Sumitomo-Japan (one of the world's largest banks) in the operations of Acer-Wistron. 2) Fujitsu Computer Products also depend on external financial support and its financial statements show how much of its profits from operations go to payment of interests and foreign exchange losses. However, available data does not provide the identity of the company's financial creditors.
- ⁴³ Comparison of revenues showed in table 11.
- ⁴⁴ Ibid.
- ⁴⁵ Based on interviews with Robert Mangaoang and Joel Reyes cited in endnote 12.
- ⁴⁶ See the quoted auditor's notes on the FS of Fujitsu Computer Products of the Philippines in Part III – Company Studies.
- ⁴⁷ See labor conditions at Fujitsu Computer Products of the Philippines in Part III – Company Studies.
- ⁴⁸ The time spent on re-feeding the stamping machine with another lead coil after the machine has consumed the first. This also involves cleaning the stamping machine before re-feeding it with the next lead coil.
- ⁴⁹ EIU RiskWire, December 29, 2004 Wednesday, Philippines risk: Labour market risk.
- ⁵⁰ Thomas Gassert, “*Health Hazards in Electronics: A Handbook*,” Asia Resource Center: Hongkong, 1985. Cited in C. Aldana p.177.
- ⁵¹ Jeanne Frances Illo, “*Gender Dimensions of the Financial and Economic Crisis in the Philippines*,” Philippine Labor Review, Vol. XXIII No.2, July-December 1999, p.61
- ⁵² Fortune Global 500 – World's Largest Corporations, 2004.
- ⁵³ Ibid.
- ⁵⁴ Most probably, there are others, which the PRC was not able to include due to limited sources of data in the Philippines.
- ⁵⁵ Fujitsu Siemens Computers (Holding) BV. Extracted from LexisNexis Benelux bv, a division of Reed Elsevier, Dutch Information Company, Copyright 2004.
- ⁵⁶ Ibid.
- ⁵⁷ Ibid.
- ⁵⁸ Loc. cit. endnote 32.
- ⁵⁹ Audit report of Sycip Gorres & Velayo on the 2001 Financial Statement of Fujitsu Computer Products Corporation of the Philippines filed to the Securities and Exchange Commission, March 31, 2002. p.7.
- ⁶⁰ BW-SEC Philippines' Top 1000 Corporations. Ranked second behind Texas Instruments Phils.
- ⁶¹ Ibid. It was behind Toshiba Information Equipment (Phils.), Inc.; Texas Instruments Phils.; and Wistron Infocomm (Phils.), Corp.
- ⁶² Ibid. It was behind the above-mentioned 3 MNCs and Hitachi Global Storage Technologies Philippines, Corporation.
- ⁶³ Ibid.
- ⁶⁴ “TDK, Fujitsu to ally on hard-disk drive heads,” IDG News Service 7/29/04, <http://storage.itworld.com/4650/040729tdkfujitsu/pfindex.html>
- ⁶⁵ Bangko Sentral ng Pilipinas, International Operations Department, Directory of Philippine Exporters 2002.
- ⁶⁶ Employment figures in the text of audit report.
- ⁶⁷ The company management refused to answer the allegations raised by the workers. An interview with a company official was previously sought by the research and an interview appointment was set for December 13, 2004. However, the company official who would have served as respondent failed to keep the appointment. Subsequent

communications with the company officer to grant an electronic interview through a set of e-mailed questionnaire were unheeded.

⁶⁸ Asia Computer Weekly, April 12, 2004.

⁶⁹ CENS Taipei, February 4, 2004

⁷⁰ Ibid.

⁷¹ Wistron's Financial Statements.

⁷² Ibid.

⁷³ Ibid.

⁷⁴ Loc. cit. endnote 70.

⁷⁵ Based on an interview with Miss Beth Santos and Mildred Escobel (HRD head and Executive Assistant to the Manager of Wistron Infocomm (Phils.) Corporation.)

⁷⁶ Loc. cit. endnote 70.

⁷⁷ Ibid.

⁷⁸ Loc. cit. endnote 32.

⁷⁹ In Filipino culture, *asking* a subordinate to desist from undertaking anything is a diplomatic way of giving warning.

⁸⁰ Separate interview with one of the workers in the focus group.