

The following is a response sent to the CCC by Mikasa to a report published by the Thai Labour Campaign (TLC) regarding working conditions at a Mikasa factory in Thailand. Mikasa's comments are followed by remarks from the TLC and the Mikasa Labour Union.

Mikasa response to the report "The Life of Football Factory Workers in Thailand"
Issued by Thai Labour Campaign and the CCC on June 30, 2006

Mikasa: On June 30, the Thai Labour Campaign (TLC) and the Clean Clothes Campaign (CCC) published on the internet a short report entitled "The Life of Football Factory Workers in Thailand" with reference to Mikasa Thailand and to another company.

TLC/Union: TLC (the author and publisher of the report) and CCC (which distributed the report and called for public attention to the issues highlighted in the report) welcome a response from Mikasa on the important issue of working conditions at their supplier. CCC has compiled a reaction to Mikasa's comments from TLC and the union. For further discussion on the situation at this workplace, we encourage Mikasa to directly engage in a dialogue with the union representatives at this factory.

Mikasa: Reading this report one gains the impression of a Dickensian world of "satanic mills", however it should be regrettably pointed out that the authors did not contact the factory directly but rather relied on information obtained from a small number of disgruntled workers and union representatives. Below, after explaining the false claims in the report we make some general comments on the report in so far as it refers to Mikasa Thailand.

TLC/Union: We disagree with what this comment implies – that interviewing workers and union representatives about the reality of their working conditions is less valuable than contacting factory management. Input from management representatives cannot be considered sufficient evidence of the reality in a workplace. Input from workers is crucial for putting together a realistic picture of the working conditions they face each day; indeed management often fear the repercussions of workers speaking freely about workplace realities. It is commonly known that management at factories in Thailand prepare workers for workplace visits and coach them on what to say, under threat of losing their jobs. Workers who take the risk of speaking up about their working conditions should not be belittled, but instead their concerns should be taken seriously, investigated and followed-up. Buyers sourcing from factories where labour rights violations are alleged should take immediate steps to establish the nature of the problem and address the root causes and play a role in developing sustainable solutions.

The TLC report focuses on two important issues: wages and freedom of association.

In their response Mikasa states that they pay new workers about 210 baht per day and that the average wage for regular workers is 246 baht per day, with an average basic salary of 5,435 baht per month (see Mikasa statement below); the TLC report states that wages for workers employed for two years is 5,300 baht per month without overtime.

The method used to calculate daily wages by Mikasa is not the standard method to calculate wages according to the law in Thailand. Mikasa contracts its workers on a monthly basis, with a base minimum monthly wage of 4,650 baht. If this figure is converted into a daily rate, it is equivalent to 4,650 baht/30 days (according to the legal method for calculating wages in Thailand), or a mere 155 baht per day, which is only the legal minimum wage, not the 210 baht per day that Mikasa claims. Mikasa does not pay wages that are higher than other factories in the industrial area of the eastern region of the country. In fact, it pays lower wages than most other factories in this area. As such, Mikasa is making greatly exaggerated claims regarding the wages it pays. Indeed, when contacted for their input regarding wage levels at the Mikasa factory the union was elated to hear the figure 210 baht per day that was mentioned in Mikasa's statement, and would be extremely content if Mikasa were in fact to raise its minimum wage for all workers to this more appropriate level.

We stand by the workers' assertion that wages at this facility are not a "living wage." Wages are low and do not enable workers to cover basic necessities; as a result workers must work extensive overtime. Workers must live in shared living accommodation with only minimal facilities, getting sick or having children is not an option. Relaxing after a hard 10-hour day of work with the family and watching TV or listening to music is not an option. A CD-player is a luxury item for a Mikasa Thailand worker and having a child is usually not a part of their daily life: if they have children workers' financial circumstances force them to send their kids to live with relatives hundreds of kilometers away and see them only a few days a year. If Mikasa believes that their Thai workers live a life of "comfort and dignity" on these wages, we challenge them to travel to Thailand and try out the 5,453 baht that Mikasa maintains their workers receive per month and is beyond sufficient.

On the issue of freedom of association, we believe a limited number of outside interviews are likely to provide a more credible picture of reality than many interviews carried out with management representatives or workers within the factory.

Mikasa: Explanations of specific false claims

"There were approximately 200 regular workers and 200 subcontracted workers at Mikasa Thailand at the time of the interviews, about two months ago. The union committee reported that a number of workers cannot tolerate pressure under new management team and resigned starting since early this year, only in the last two months 30 or 40 workers resigned. The current numbers seem to be closer to just 160 regular workers and 200 subcontracted."

Mikasa's comment: The actual current numbers as of the date of this response are 238 regular workers and 195 subcontracted workers. At no stage has the number of subcontracted workers exceeded that of regular workers. Mikasa's policy is to increase the ratio of regular workers to subcontract workers. The company wishes to have a contented, stable and long-term workforce.

TLC/Union: According to the Mikasa union, regular workers engaged in production number only a little more than 160, and that at present, the estimated number of subcontracted workers has risen to around 300. In reporting the number of regular

workers at 238, Mikasa might be adding in the number of workers employed in administration, who are not involved in production.

Mikasa: “The Union Makes a Difference”

Reading this section of the report, one could be forgiven for gaining the impression that all improvements in workers conditions at the factory are the result of grudging concessions by Mikasa in response to pressure from the labour union. However it should be pointed out that of the matters listed in the table entitled “Welfare and Benefits at Mikasa”, only the bonus and the wage increase for 2006 were negotiated with the union, which was only established in December 2004. Since the time of opening of the factory in 2001 working conditions have been considerably above the standards required by Thai law, and improvements have been the result of decision of the company on the basis of discussions with managers and workers.

TLC/Union: Mikasa is merely quibbling when it states that only the bonus and the wage increase in 2006 were the result of having a union. Since its establishment in 2004, the labor union has demanded increased benefits in various areas, many of which represent benefits that workers never had before. This is especially the case for the rent subsidy, the increase in food subsidy, the demand to increase target money to up to double the original, the establishment of a providence fund, the payment of chief’s work for the first time in 2005, the agreement on a wage structure that increases every year, and the payment of monetary compensation for unused annual holidays. These various items are all benefits gained through the demands of the labor union over the last two years since its establishment.

Mikasa: [Quoting TLC report] “...the union committee and strong members are facing serious union busting retaliation. After the company failed to win court approval to sack the union president, she was isolated from other employees in a corner behind a partition. A cardboard sign says ‘No entry without permission.’”

Mikasa’s response: The company never sought court approval to sack the president. The company merely sought court approval to issue a warning to her for wearing inappropriate footwear. Such court approval is required under Thai labour law where the company seeks to discipline a member of an employees’ committee. It is misleading to say that she was isolated: she was merely assigned to research and development work which must be kept confidential, hence the screen and the sign “No entry without permission.”

TLC/Union:

Regarding the sacking of union president, Ms Waraporn Rakthai – Seeking court approval to issue a warning, as Mikasa did in this case, is a well-known tactic used by management in Thailand to facilitate the legal dismissal of union leaders. Mikasa’s policy is to dismiss workers without compensation after giving them two written warnings therefore the significance of issuing the union president with a warning is quite clear.

Obviously if someone is moved from a workstation where they are accessible to co-workers and is placed in a spot where they are not accessible to co-workers, as was done in this case, they are indeed ISOLATED.

The union reports that Mikasa has continued its attempts to dismiss the union's leaders, most recently with a warning issued to Jansuda Paopuek, the secretary of the union and the same worker who suffered a miscarriage as detailed in the TLC report. Jansuda suffered a miscarriage and heavy bleeding in the factory. Management refused twice to take her to a hospital, and she was left bleeding for four hours. Nearly unconscious, she was finally taken to a hospital by a friend after working hours.

Jansuda resigned at the end of August 2006 due to management pressure. She was not allowed to work overtime for over a year, which created economic pressure for her as well. On 23 December 2006, Jansuda filed a legal case against the Mikasa seeking compensation. The Thai Labour Campaign is providing legal assistance to Jansuda.

Commenting on Mikasa's union-busting techniques, the union informs us that all union leaders have had their wages reduced by 50% (due to a cut in the amount of overtime they are assigned) since they took up their union activities. The economic pressure they have been placed under has been enormous, for themselves and their families. Management continues to assign union leaders to other departments to isolate them from the union's members.

Mikasa: [quoting TLC report] "Additionally, during the whole months of May, she including three union committee and two members was under management orders to take leave with pay."

Mikasa's comment: All workers in that area were ordered to leave with pay during the period of changing of the layout of the production line.

TLC/Union:

It is strange that change in the layout of the production line focused on areas where three main union committee members and two other leading members (five persons in total) were working. The union reports that the three main union leaders plus two union committee members were ordered to leave, with just basic salary for one and a half months, which has caused them in great financial difficulty because all other benefits were not given to them at this time of forced leave.

Under constant pressure from Mikasa management, the vice president of the union resigned in June 2006.

Mikasa:

"The union has also filed court cases regarding at least 11 workers who were dismissed for organizing (including a number of subcontract workers)."

Mikasa's comment: This is impossible – "organizing" is not a ground of dismissal under Thai law.

TLC/Union: Eleven workers filed complaints with the [Committee on Labor Relations] and the National Human Rights Commission on the grounds of unfair leave demanded of three union committee and eight union members and workers.

Legal cases involving Mikasa

No.	Date	Court	Plaintiff/ Defendant	Lawsuit	Court procedure	Results
1	1-Nov	Labour (Region 2)	Mikasa Co./ Mr.Kanit Hattarak, a worker committee	The company asked for authorization to issue a written warning to a workers' committee member, charging her of duty leave without proper reason and violate the company's regulations.	Court interrogation 1 Dec 2005	The court allows the company to issue a warning against the worker.
2	3-Nov	Labour (Region 2)	Mikasa Co./ Mrs. Waraporn Rakthai, a worker committee	The company asked for an authorization to have an oral warning against the worker committee member as she violated the regulations on uniform and safety tools.	Court interrogation 13 Mar 2006	The company dropped the case as the committee member accepted that the violation was committed.
3	10-Apr	Labour (Region 2)	Miss Siriporn Seesuay/ NLN Service Co.=1 st defendant Mikasa Co.=2 nd defendant	The worker sued for wages, overtime and severance payment on unfair dismissal and violation of the employment contract.	Court interrogation 2 May 2006	The 1 st defendant/Mikasa Co, paid wages, overtime and severance payment at total amount of THB 16,604.38.
4	Aug-06	Labour (Region 2)	Mikasa Co./ Mrs.Junsuda Paopuek, a worker committee	The company asked for authorization to issue a written warning to a worker committee by charging her with disobeying a supervisor's order.	Court interrogation appointed on 16 Aug 2006 was postponed to 24 Aug and 5 Sep 2006.	The court allows the company to issue a warning to the worker.
5	22- Aug-06	Labour (Region 2)	Mikasa Co./ Mrs. Waraporn Rakthai a worker committee	The company asked for authorization to dismiss a worker committee member by charging her with seriously violating a regulation and intention to cause damage and defame the company.	Courted interrogation appointed on 18 Oct 2006 was postponed to 25 Jan 2007.	
6	4-Sep- 06	Labour (Region 2)	Mikasa Co./ Mrs.Waraporn Rakthai = 1 st defendant, Mrs. Junsuda Silchai = 2 nd defendant, Miss Panarat Tiratrum – 3 rd defendant	The company sued four workers, charging them with publicizing a message that is not true and defamatory until the company gets damage. The company sued them to place announcement of apology in newspapers.	Court interrogation 29 Jan.	

7	23 Dec 06	Labour (Region 2)	Jansuda Silchai/ Mikasa Co. = 1 st defendant, Suwaree Kaewrungruang	Jansuda is suing the company for compensation for damages.	2 March 2007- conciliation meeting and 9 March 2007, 1 st court hearing
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Mikasa:

“The management has given each union member union resignation forms, pressuring them to withdraw from the union. Many have reared for their jobs, and under pressure, have resigned from the union.”

Mikasa’s comment: This is not true. Workers who resigned from the union did so of their own free will, without any pressure from the company. The reasons cited for resignation from the union were dissatisfaction with the selfishness of the union bosses, their lack of professionalism and the suspicion that they were misusing union funds entrusted to them.

TLC/Union: The union has clear evidence, both hard copy evidence and workers’ testimony, that the registration form was not the union’s form. Though the form was printed in the same format as the union’s form. Fifty resignation forms were submitted to the union committee, many signed the same day, not by the members themselves but by Mr. Jatuporn Juncharoen, the production manager.

Regarding Mikasa’s suggestion of misconduct on the part of union management, the union says they take such accusations is very serious and the union would like the company to clarify what their accusations.

The Mikasa Union’s financial report was properly recorded by the union’s treasurer, and audited by a legally-recognized accountant according to proper accounting practices. This audited report was dated 31 December 2005. The accounting report has been giving to the union members and also to the Ministry of Labour.

Mikasa:

“One of the strongest members, a 28-year-old pregnant woman, with heavy work despite her condition. She suffered a miscarriage and heavy bleeding in the factory. Management refused twice to take her to a hospital, and she was left bleeding for four hours. Nearly unconscious, she was finally taken to a hospital by a friend after working hours.

Mikasa’s comment: The woman in question was assigned to light duties as soon as the company became aware that she was pregnant, in accordance with company policy. According to the infirmary records, on December 23, 2005 she reported having a sore throat in the morning and at 2 p.m. reported that she had a stomach ache. She slept in the infirmary until 4:45 p.m. and in fact she refused the offer of transportation by company vehicle to a hospital. Witnesses report that she participated in a demonstration outside the company that same evening!

TLC/Union: We strongly disagree with this account of the events surrounding the miscarriage suffered by the Mikasa union representative. As stated in the report: Management twice refused to take this woman to the hospital despite the doctor's suggestion that they do so. For further details we refer you to the testimony to be given by Junsuda in court.

Mikasa: The report sets out various figures for worker salaries. The current minimum wage in Rayong, where the factory is located, is 155 baht per day. At Mikasa the rate for new workers is equivalent to 210.56 baht per day,¹ and the average wage for regular workers is 246 baht per day, based on an average basic salary of 5,435 baht per month.

Both regular and subcontract workers are also eligible to receive the following benefits, which are all in excess of the statutory requirements:

- Free meal at lunchtime and during overtime in company canteen
- Target (productivity) allowance of 300-800 baht per month (up to approx. 400 baht in the case of subcontract workers)
- Free transportation to and from work
- Shift allowance (60 baht per night)
- Holiday work pay of 1.5 times the legal requirement

Regular workers are eligible to receive the following benefits:

- Life and medical insurance
- Diligence allowance (for perfect attendance and punctuality) of 400 baht per month
- Housing allowance (700 baht per month)
- Uniform
- Congratulatory and consolatory money

The report closes by urging us to “meet the call from Thai workers and from international partners like CCC, Oxfam and Global Unions: pay workers a wage that allows them to live in dignity.” We consider that our workers are able to live in comfort and dignity given the wages and other benefits that we provide, which are well in excess of the statutory requirements and considerably better than those provided by most local companies. It goes without saying that we will continue to further improve our workers' situations step by step in the future.

TLC/Union: Please see above regarding the inadequacy of the wages being paid to Mikasa Thailand workers. The TLC and CCC are pleased to hear that Mikasa will continue to improve the situation for their workers but would like to receive more concrete plans on how Mikasa will address the concerns on wages and freedom of association raised in the TLC report.

*[These comments compiled by the CCC International Secretariat; January 2007.
For further clarification, please contact TLC and the Mikasa Labour Union]*

¹ Mikasa actually pays a monthly salary, with the starting salary being 4,650 baht per month – daily rate is calculated as follows: $4,650 \times 12 / (252 + 13)$, with 252 being the number of actual working days per year and 13 the number of national legal holidays.