



# Electronics multinationals and labour rights in Mexico



Second report on working conditions in the Mexican electronics industry  
Centre for Reflection and Action on Labour Issues (CEREAL)  
October 2007

### **Centre for Reflection and Action on Labour Issues (CEREAL)**

CEREAL is a project of Fomento Cultural y Educativo A.C. (Cultural and Educational Promotion A.C.), part of the apostolic works of the Mexican Province of the Company of Jesus, which for the last 35 years has been devoted to educating and organising Mexican popular sectors.

CEREAL provides legal assistance, labour rights training and organisational support for workers' groups; it also carries out research on working conditions in different productive sectors in the country and promotes public awareness campaigns with regard to workers' situation.

# Table of Contents

<b>4</b>	<b>Introduction.</b>
<b>5</b>	<b>Chapter 1. The Electronics Industry in 2006-7</b>
<b>15</b>	<b>Chapter 2. Working Conditions in the Mexican Electronics Industry</b>
16	Outsourcing and labour rights violations
20	Discrimination
27	Constant work instability
33	Unsafe practices: Work-related accidents and illnesses
49	Exposure to toxic materials and work related illnesses
56	Sexual harassment
58	Excessive wage deductions
59	Humiliating treatment and work overloads
63	Lack of Trade Union Freedom
<b>73</b>	<b>Chapter 3. Overall balance</b>
<b>77</b>	<b>Chapter 4. One year later: Collaboration between Canieti and Cereal</b>
<b>83</b>	<b>Recommendations</b>
<b>84</b>	<b>Annexes</b>

## **Introduction.**

This is Cereal's second report on working conditions in the Mexican electronics industry. Being the second report means that its nature has changed slightly. Now, in addition to describing the current situation of workers' rights in this sector, there is a comparison to last year's situation. Also, this report has been drafted within the context of a dialogue between Cereal and the companies, which have pledged to resolve those problems previously raised by Cereal. Therefore, this report also assesses the companies' attempts to improve working conditions in their factories. The outcome of these attempts, as shown in this report, is far from satisfactory. In addition, this report also emerges at a time when Mexican electronics workers are making their first efforts to organise themselves, which is an important development both for Cereal, who should start giving way to the workers, and for the companies, who must learn to negotiate with them. In this year of research (June 2006 - July 2007) Cereal met with almost 2,000 workers; 237 cases were chosen to be documented and 74 of those were selected for

publication. These are the cases described in this report. All cases were forwarded to the companies for consideration and most companies gave a reply in writing. Those replies followed the description of each case. Cereal also met on multiple occasions with representatives from the companies to discuss each situation directly. The outcome of all this coming and going is a piece of research that includes the perspectives of the different parties involved. However, Cereal has not played the role of impartial mediator in this dialogue. Cereal has acted firmly believing that the abuses are serious and that workers' grievances need to be heard. That is why Cereal has made workers' voices the heart of this report. Hopefully, they will also be the main beneficiaries; since in addition to being a report, this document is also an educational resource which will be circulated amongst workers, who will almost certainly see their own situation being portrayed in their colleagues' stories and will learn from their experiences. Cereal would also like to thank the companies for their replies.

# **Chapter 1**

## **The Electronics Industry in 2006-7**

## Global context

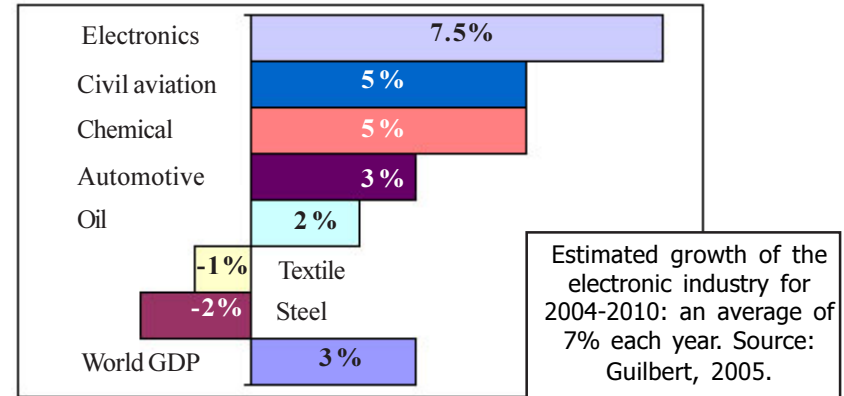
Over the last three decades, the electronics industry has been the most dynamic in the world. Its role in trade between countries has outdistanced that of important sectors such as the automotive or chemical sectors by a wide margin (see table 1). In addition to representing a considerable share of the global economy, the electronics industry growth rate is significantly higher than the overall industrial average. Between 1995 and 2005, global sales of electronic equipment increased at an annual rate of 4.8%, while the global industrial GDP increased by 2.2% per year (see graph 1).

Table 1  
**Global Trade Breakdown (2005)**

Sector	%
Electronics Industry	16.5%
Machinery and equipment	14.0%
Fuel and derivatives	11.7%
Land vehicles, components and accesories	9.8%
Chemicals	9.0%
Food and beverages	7.1%
Iron, steel and their manufactures	5.0%
Textile products	3.6%
Plastics and its manufactures	3.4%
Non-ferrous materials and their manufactures	2.7%
Other industries and products	17.2%
Total	100%

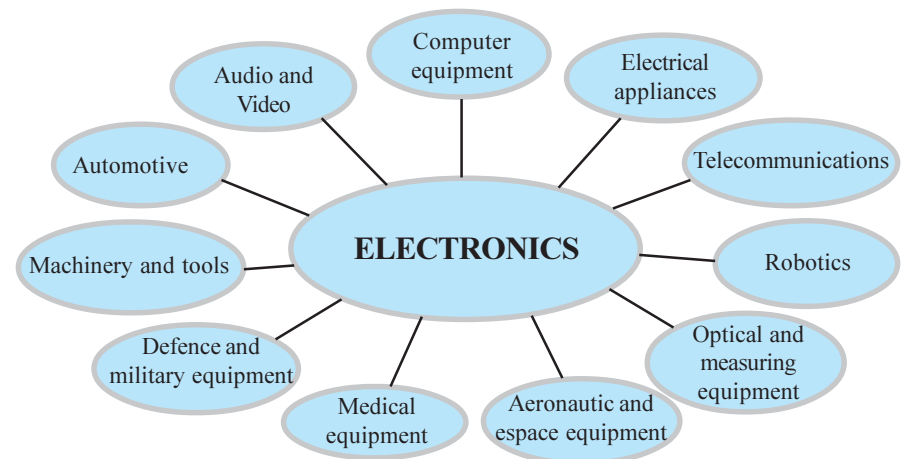
Source: United Nations

Graph 1  
**Average annual production growth , 1978 - 2004**



There are several different branches in the electronics industry. HP alone, to give an example, sells more than 10,000 different products in the electronics and IT sectors. However, the best known element of this industry is the so called 'consumer electronics', i.e. that producing mobile phones, televisions, computers, DVD players, iPods, games consoles, etc. Many consumer brands have become household names.

**Main segments of the electronic industry**



Currently, the main computer manufacturers are DELL, HP, IBM, Fujitsu, Siemens, Toshiba, NEC, Apple, Lenovo and Gateway. Sharp, Sony, Samsung, Philips and Panasonic are leading companies in television manufacturing. Nokia is at the top of the list in mobile phone manufacturing, followed by Motorola, Cisco, Ericsson and NEC.

<b>Big names in consumer electronics</b>			
<b>Computers</b>	<b>TV</b>	<b>Cell phones</b>	
<b>DELL</b>	<b>Toshiba</b>	<b>Sharp</b>	<b>Nokia</b>
<b>HP</b>	<b>NEC</b>	<b>Sony</b>	<b>Motorola</b>
<b>IBM</b>	<b>Apple</b>	<b>Samsumg</b>	<b>Cisco</b>
<b>Fujitsu</b>	<b>Lenovo</b>	<b>Philips</b>	<b>Ericsson</b>
<b>Siemens</b>	<b>Gateway</b>	<b>Panasonic</b>	<b>NEC</b>

### Restructuring of the Electronics Industry

In the 1980s, the global electronics industry began relocating to third world countries in search of cheaper labour. This brought about a series of structural changes that resulted in the geographical break-up and relocation of its manufacturing processes. Currently, many well-known brand products are manufactured by external companies, hired for that purpose. These companies are known as Electronic Manufacturing Services (EMS) and they are spread all over the world.

Nowadays, even product design can be outsourced. Companies that sell both the design and manufacture of new products are known as Original Design Manufacturers (ODM). In recent years, these companies have expanded considerably and are literally "one-stop-shops", as they are capable of producing a piece of equipment from the original idea to the finished product. These companies are also spread around the world and it is common practice to share out equipment production among several factories.

### Top Providers of Electronics Manufacturing Services Profits in 2006 (USD Million)

Rank	Company	Profits
1	Foxconn	\$39,253
2	Flextronics:	\$17,773
3	Solectron:	\$11,103
4	Jabil Circuit	\$11,087
5	Sanmina SCI	\$10,872
6	Celestica.	\$8,811
7	Elcoteq	\$5,139
8	Benchmark	\$2,907
9	Venture	\$1,971
10	Universal Scientific (USI)	\$1,676
	Top 10 Total	\$110,592

### Top Original Design Manufacturers Profits in 2006 (USD Million)

Rank	Company	Profits
1	Asustek	\$17,348
2	Quanta Computer	\$14,170
3	Compal Electronics	\$9,410
4	TPV Technology	\$7,238
5	Inventec	\$7,167
6	Wistron	\$6,603
7	Lite On Technology	\$5,048
8	Inventec Appliance	\$3,389
9	High Tech Computer	\$3,295
10	Mitac International	\$2,540
	Top 10 ODM Total	\$76,208

There are some major brands that do not own any manufacturing facilities, only offices (these brands are known as 'fabless'). Therefore, many people are unaware that the electronic equipment they buy in a department store or a specialised shop has been manufactured in a developing country and, very likely, by a little known company. These companies have a huge influence over the everyday lives of electronics workers worldwide, but in contrast to the brands they have almost no profile among consumers.

## The supply chain

Although very few brands dominate the market (no more than twenty), an electronic product travels through a wide network of factories and companies before it can reach the market. This network is known as "the supply chain".

A computer, for example, is manufactured in parts at several companies and in different parts of the world. Then it is finally assembled in a factory where it is packed and shipped to a specific market. The same applies to printers, mobile phones and TVs.

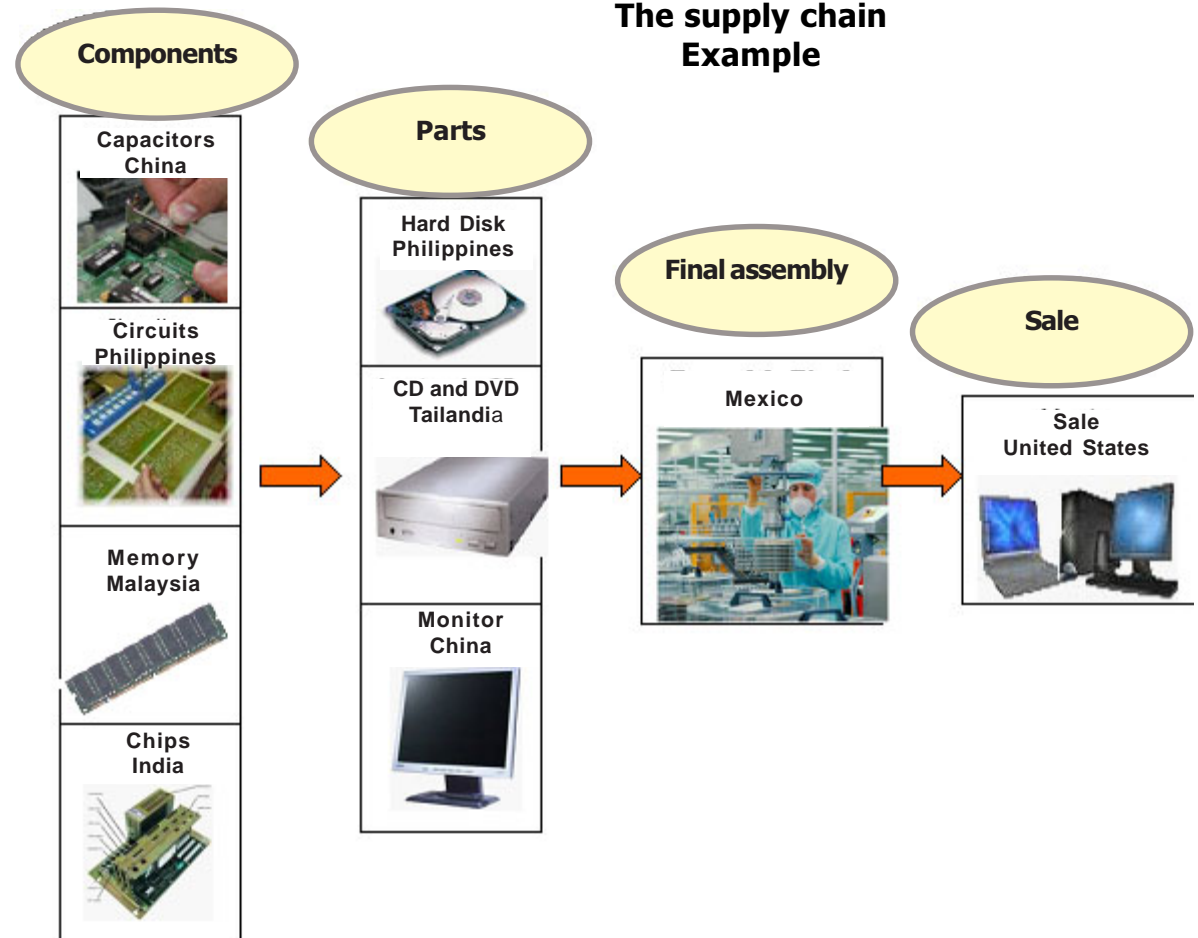
### Rich companies in poor countries

In several parts of the planet, in the so called 'low-cost areas', there are thousands of factories of the global electronics industry. Mexico, India, China, Brazil, Malaysia and Philippines are part of that low-cost production chain, which takes on millions of workers from different and varied cultural backgrounds. This army of the humble strives day in day out to manufacture modern equipment to satisfy increasing world demand.

These nations, like a club, have seen themselves forced to compete against each other to attract the considerable resources of the electronics industry. As is well known, China is an example, in terms of low tax costs and cheap labour. Ironically, some of these poor nations, where vast amounts of capital are invested in electronic equipment manufacturing, have a very little access to digital technology;

thus widening the gap between poor and rich countries.

At present, electronics exports take up the first places in several developing countries' trade balance; but many of the workers manufacturing computers have never used a computer and virtually none of them have one at home.





## The 2002 crisis

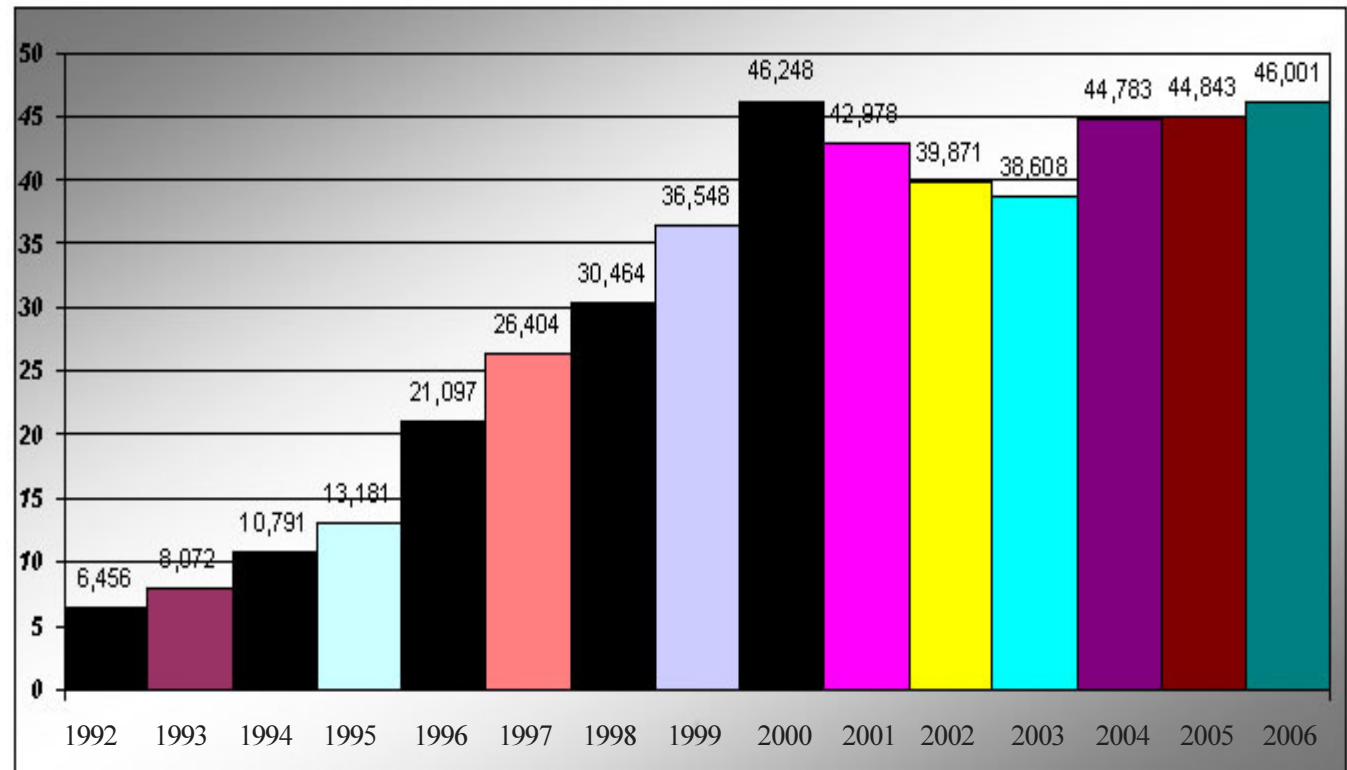
During 2001-2002 the global economy experienced a widespread crisis. There was a slowdown in international trade and global production plummeted. Hundreds of factories closed down and thousands of people lost their jobs. Electronics companies were the most affected. Many of them cancelled projects or moved them to China, where low labour costs allowed for higher profit margins. Some experts agree that the 2002 crisis was 'led' by the electronics industry, i.e. that it started within this industry and then spread to the rest of the world. Macroeconomic data supports this explanation, since while sales of products and services overall fell by 2% in 2002, sales of electronic products fell by 13.9%.

The above can be explained by the fact that many shareholders, eager for profits, invested increasingly in the electronics industry until investment exceeded consumer purchasing ability. This resulted in equipment being stock-piled in warehouses and in a slowdown in trade and production. One expert gave another explanation: "The 2001-2002 crisis was generated by capital over-accumulation and a fall in business profitability, accelerated by the burst of an enormous stock market bubble focused on the IT sector".<sup>1</sup>

## The Electronics Industry in Mexico in 2006-7

The Mexican electronics industry has gradually recovered from the severe blow that hit it after the global economic crisis of 2002. Five years later, in 2007, its main financial indicators are back to levels similar to those prior to the crisis. In 2006, annual exports reached US\$ 46 billion and in the first quarter of 2007 there were around 400,000 workers in the Mexican electronics industry. Currently, Sanmina

**Total exports of the Mexican electronics industry  
(MDD USD)**



SCI employs approximately 14,000 workers in Mexico, Flextronics 12,500 and Solectron employs approximately 7,000.

However, this recovery did not happen automatically. Mexican businessmen, concerned with the exodus of their projects to other countries (particularly China), were forced to take a more proactive approach. In 2003, these businessmen took on the task of attracting new projects, but unlike previously, they focused their attention on projects with more added value, i.e., projects that could yield them higher profit margins.

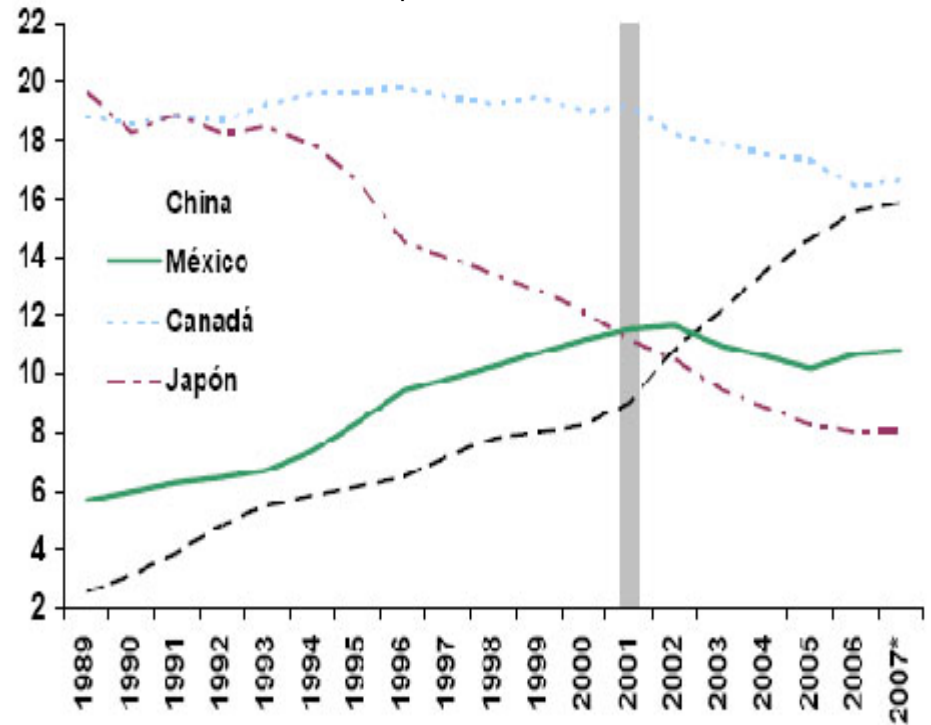
This strategy did not bring about a drastic change in the type of equipment previously produced by the Mexican electronics industry (TVs, computers, mobile phones, etc.); it was instead a change in the internal complexity of the equipment. In 2004, that equipment became more technologically advanced, more expensive and more exclusive, therefore smaller quantities were produced. This production formula is called 'high-mix, low-volume manufacturing'.

This strategy proved successful in the medium term. The Mexican electronics industry's added value exceeded 15bn pesos (US\$1.39bn) in 2002 and 33bn pesos (US\$3.05bn) in 2006, a 103% increase. In fact, in 2006 the electronics industry alone represented 34% of the country's added value, which positioned it (again) as the largest industrial sector in Mexico.<sup>2</sup>

What remained unchanged after the crisis was the exporting nature of this industry. Mexico is the world's 10th largest global exporter and in 2006, its main export was electronic equipment. That year electronics exports amounted to almost 20% of the country's total exports<sup>3</sup> and the annual variation rate regained a steady growth.

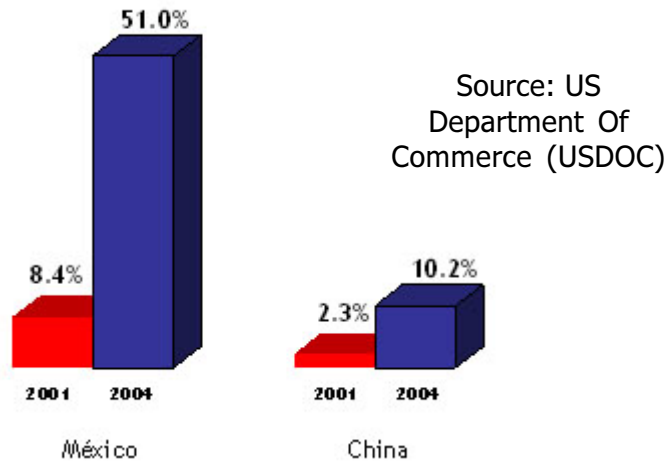
Mexico, as is well known, is in close competition with China for the first place in electronics exports to the US. Mexico had traditionally held this position, but China took over after 2005.

Graph 2  
**Origin of imports to the US %**  
 Source: US Department of Commerce



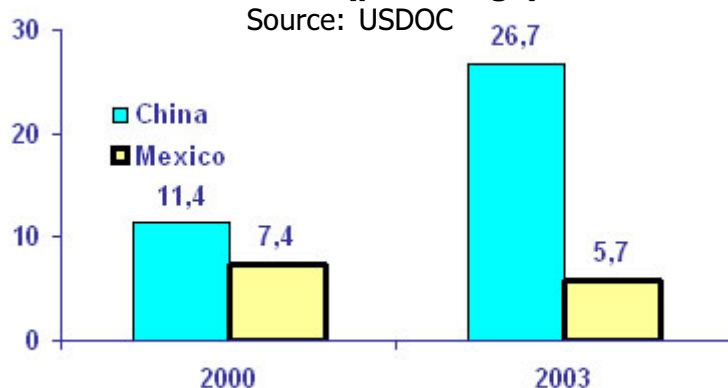
Although, overall, China sells more electronic products to the US than Mexico, in some areas Mexico is still further ahead than its competitor. This is, for example, the case with televisions. As a result of the strategy adopted by Mexican entrepreneurs to manufacture higher value added products, in 2004 Mexico started mass-producing LCD and plasma TVs. Soon, Mexico became the main supplier of high-tech TVs to the US, and also remained the main global manufacturer of TVs (of all kinds). Each year, Mexico exports US\$ 5 billion in televisions, in contrast to the US\$ 260 million currently being exported by China.

Graph 3  
**Mexico and China**  
**Share in the total of US imports of high-tech TVs**



In the case of computers, the situation is exactly the opposite. In recent years, China surpassed Mexican computer sales in the US, and while China's exports are on the increase, Mexican exports are decreasing.

Graph 4  
**Mexico and China**  
**Share in the total of US imports of computer parts and accessories (percentage)**



However, not all Mexican electronics sales are directly correlated to Chinese sales. China has increased production of a lot of equipment without affecting Mexican production, and many projects that used to be based in Mexico have closed down and not moved to China. Each country has its own specific market niche although, of course, there is always competition to attract certain projects.

According to the Mexican Foreign Trade Bank (Bancomext), TVs are the main export of the Mexican electronics industry (30%), followed by computer equipment (20%). Telecom equipment is in third place (8%) and audio and video equipment in fourth (6%). TV manufacture is concentrated in the cities of Tijuana (70%) and Chihuahua (18%), and IT equipment in the city of Guadalajara (70%).

### The Global Position of the Mexican Electronics Industry

Mexico is the 10th largest exporter of electronic equipment in the world. Exports in this area amounted to over US\$46 billion in 2006.

Mexico's main attraction for foreign investment is its closeness to the US, the world's largest market. Currently, 94% of Mexican electronics exports are destined for that country. Mexico's second attraction is cheap and young labour. The average wage of an electronics worker is 100 pesos (US\$ 9.25) per day and the average age of the Mexican labour force is 22. Finally, a third attraction is Mexico's network of trade agreements. Mexico has signed the highest number of trade agreements in the world, the most prominent being the North American Free Trade Agreement it signed with the US and Canada. There are also some government programmes, such as PITEX, aimed at attracting foreign investment. These programmes allow companies to temporarily import consumables, with a preferential tariff, or no tariff, and then export them as finished products. All that makes Mexico one of the preferred destinations for foreign direct investment (FDI).

According to CEPAL, in 2006 the main FDI recipients in Latin America were Mexico (US\$ 18.94bn) and Brazil (US\$18.78bn). This makes Mexico the main FDI recipient in Latin America and the fourth in the world (only surpassed by China, the US and the Russian Federation).

In August 2007, the Mexican government announced that Mexico had achieved a historical record in attracting FDI, capturing over US\$ 13.24 bn in the first half of 2007, an increase of 53.37% over the same period in 2006. This news has created a sense of optimism amongst Mexican entrepreneurs, including those in the electronics industry, who have forecasted growth for the coming years. Local governments (such as Chihuahua, Jalisco, Monterrey, Reynosa and Tijuana) have also implemented specific programmes to strengthen the electronics industry in their jurisdictions. The Federal Government has also recently implemented several programmes to encourage investment in different areas in the electronics industry (software, TVs, IT, components and design), in the hope that these will maintain the growth regained after several difficult years during the crisis.

### **The workers: In the eye of the storm**

This competition to gain markets and increase profits hits workers in the industry hard. Currently, due to its nature, electronic equipment manufacturing is labour intensive, which has created a 'global rush' to reduce labour costs. This has encouraged the emergence of a series of practices described as 'new working methods' or 'flexible work', which are no more than personnel management methods that violate workers' rights. These practices include the excessive use of employment agencies; indiscriminate temporary hiring; pressuring workers to sign resignation letters; the express prohibition of enrolling in a trade union; and the effective abandonment of historically established social benefits such as annual leave, severance payment, maternity benefits, profit sharing, etc. These practices are aimed at lowering labour costs and are widespread in the whole of the electronics industry, regardless of whether it is in Mexico, China, Malaysia, Thailand, India or the Philippines.

Mexico, in particular, has several features that make flexible and controlled labour ideal for exploitation. Mexican Labour Law allows unrepresentative trade unions, and the labour authority (which is directly under the jurisdiction of the president of the republic and not under the judicial system) allows a series of excesses by the companies, such as the unregulated use of outsourcing and temporary hiring; collective protection agreements or unfair dismissals without fair severance pay. This, obviously, translates into lower costs for the companies and a deterioration in conditions for the workers.

Unfortunately, deterioration in working conditions is not limited to financial issues, it also compromises workers' dignity. By considering workers only as a part of a business, companies frequently treat them inhumanely, submitting them to humiliating practices, such as discrimination, sexual harassment, excessive workloads, exposure to toxic substances and unequal treatment. These kinds of abuses



**With low wages and pitiful labor conditions, the workers carry the economic globalization on their backs**

and 'new working methods' are precisely the drive behind the production of this report. As the reader will be able to see in the following pages, these are deep-rooted abuses that started with the arrival of the electronics industry in Mexico and have prevailed ever since. This proves that these are not isolated cases, but practices that are part of the operating logistics of an industry which, driven by fierce competition, places the heaviest load on the workers' shoulders.

## Footnotes

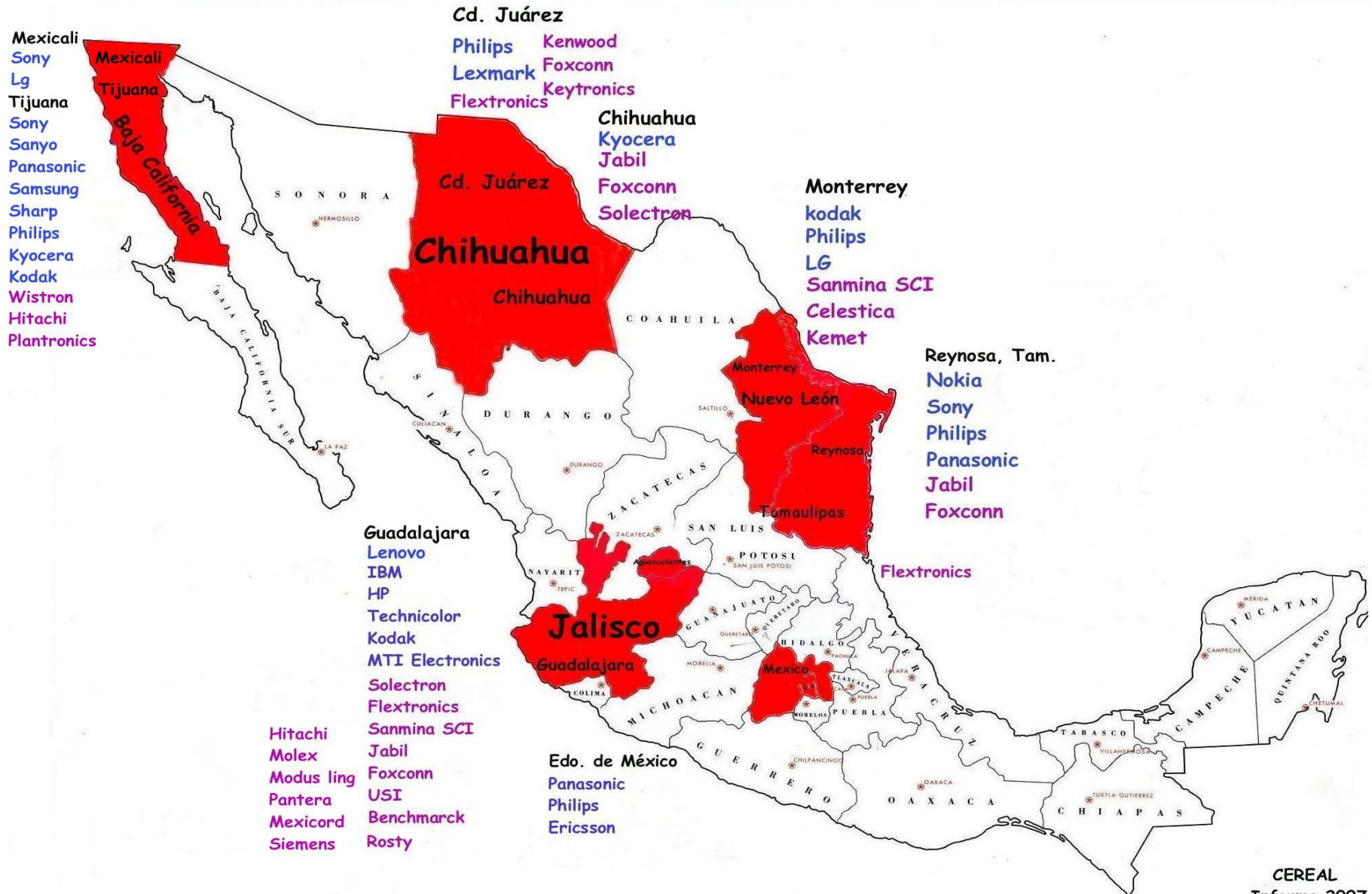
1 Ordóñez Sergio. "Crisis y reestructuración de la industria electrónica mundial". (*Crisis and restructuration of the global electronics industry*) Comercio Exterior Magazine . July 2006

2 "El Financiero" Newspaper. 18 July 2007

3 In 2006, total Mexican exports exceeded US\$250bn.

Source: Mexican Treasury.

# Geographical location of the main electronics industry companies



## **Chapter 2**

# **Working Conditions in the Mexican Electronics Industry**

## 2.1. Outsourcing and labour rights violations

Personnel outsourcing via recruitment agencies is still a widespread practice in the Mexican electronics industry. It is also one of the main causes of labour rights violations. Research carried out by Cereal in June 2007 showed that currently at least 62 different recruitment agencies provide outsourcing services for the Mexican electronics industry<sup>1</sup>. They select, hire and manage around 60% of the workers in the sector. In reality, outsourcing creates many problems for Mexican electronics workers and, in that sense, can be linked to most of the cases mentioned in this report. The most visible of these problems is the unequal treatment of outsourced workers by the companies. Direct employees enjoy most of the labour rights under Mexican Law,

however, in many cases, outsourced workers operate under working conditions that do not comply with the minimum legal requirements set out in such law. Workers employed through agencies miss out financially and are disadvantaged when it comes to other benefits. Mexican Labour Law states that outsourced workers must have exactly the same rights as those who have been hired directly<sup>2</sup>, therefore such unequal treatment has no legal basis. The same law states that both employers, the agency and the company, must be equally responsible for their workers' rights. The following testimonial by Blanca, a Foxconn worker in the Chihuahua plant, where Motorola and Nokia mobile phones are manufactured, illustrates what being an outsourced worker means:



### Foxconn: unequal treatment

"My name is Blanca. I work in Foxconn. I'm outsourced via an agency called Manpower. I earn 110 pesos (U\$10.17) per day. Outsourced workers don't get any profit shares, and we only get an annual bonus. This year we received a bonus of 300 pesos (U\$27.75). Outsourced workers do not have a right to annual leave because we are under temporary contracts. Also, we are paid-off every year, which means we are fired and then re-hired. Every year they pay-off all Manpower employees, around 5,000 of us. The only hope of improving we have is when we are assessed to see if we can become Foxconn employees; because Foxconn employees have the right to profit shares and annual leave."

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**"Outsourced workers do not have a right to annual leave because we are under temporary contracts."**

Blanca, Foxconn's Worker



**"We are paid-off every year, which means we are fired and then re-hired. Every year they pay-off all Manpower employees, around 5,000 of us."**

Blanca. Foxconn's Worker

As can be seen from Blanca's testimonial, she refers to *Foxconn's workers* and *Manpower's workers* as if they belonged to two different companies. From a legal perspective there is no such difference, however, as a result of the unequal treatment by the companies, many electronics workers live with that confusion.

Some companies even treat outsourced employees as if they were not their employees at all.<sup>3</sup> In Foxconn's factory in Chihuahua, workers frequently complain about a daily reminder of the fact that they are not company employees. Ernesto (below) talks about this illegal situation, which was identified in the previous Cereal report and is still happening:



*"My name is Ernesto. I work in Foxconn. There are around 6,500 workers in the factory. Foxconn hires around 1,500 workers and Manpower around 5,000. I am from Manpower and my badge has a caption saying: 'This ID does not prove that the bearer is an employee of Foxconn Mexico Precision Industrial Co. S.A de C.V.'"*

This is not just a temporary measure: Ernesto has been working in Foxconn for a year. Blanca has worked there for two years. They still wear the same badges and both of them believe that they are Manpower and not Foxconn employees. According to Mexican Law,<sup>4</sup> Ernesto and Blanca are employees of both Foxconn and Manpower. They could prove their working relationship with Foxconn simply by showing their payslips to the labour authority; however, here the important issue is highlighting the unequal treatment that Blanca and Ernesto, as well as their colleagues, receive from Foxconn. Foxconn's factory in Chihuahua manufactures Motorola mobile phones and fascias for Nokia mobile phones. In July 2007, Cereal met with Nokia and Foxconn to discuss the above mentioned cases. In August, Cereal received two written replies in which the companies point out:

**Nokia's response:** *"Nokia has spoken with all of its suppliers mentioned in the report, and each has confirmed that they are looking into the matters raised by the CEREAL report and will provide detailed responses to CEREAL."*

*Nokia will review these responses and take action if required."*

**Foxconn's response:** *"Due to our production volume fluctuation (...) we have the need to hire services from a temporary employment agency in order to face the variable volumes. With this strategy we have been able to offer many jobs to our community. Nevertheless, since the starting of this flexible workforce system, we took some actions to ensure that all rights, equal treatment, and same labour conditions of our plant are provided to the employees hired through the temporary agencies. In Foxconn Chihuahua, we are and will continue working to improve our Social Responsibility System. That is a part of the way we want to do business. Regarding the cases the report mentioned about our Foxconn Chihuahua Plant, there are some actions that we are taking (...) to ensure the immediate correction and prevention of any issue."*

Motorola received a copy of this report, but did not give any response.

## Flextronics: Confusion

Lack of acknowledgment of outsourced workers as company employees is not exclusive to one factory. Having two employers (the agency and the company) creates confusion among workers; many do not really know who their employer is. This confusion makes it more difficult for workers to access and enjoy their basic rights. In May 2007, Graciela, a Flextronics worker in Guadalajara, tried to exercise her maternity rights, but she could not do it because she did not know exactly who her employer was:

*"I work in Flextronics assembling HP printers. I came to work via an agency called Azanza, but later I was transferred to an agency called Dinamitec. I am pregnant and my concern is that now neither the company nor the agencies want to pay me my maternity leave. Azanza tells me that Dinamitec should pay me, and Dinamitec tells me that it should be Azanza. Flextronics told me that there was no problem, that they were going to pay me, but no one has paid me so far. The Social Security told me they can't pay my*

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**"I am pregnant and my concern is that now neither the company nor the agencies want to pay me my maternity leave"**

Graciela. Flextronics' Worker

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*maternity benefit either because I haven't made enough contributions. This is worrying, who is going to pay my maternity benefit then?"*

Under Mexican Law, when a worker, like Graciela, has not made enough contributions to Social Security, maternity benefit should be paid directly by her employer<sup>5</sup>. However, Graciela did not know who her employer was, therefore she did not know who should pay her. According to the law there is no doubt that her employer is Flextronics. However, she had to seek external advice and wait for over thirty days to have her problem resolved.

In June 2007, Cereal contacted a Flextronics representative to discuss Graciela's case. Soon after, Dinamitec finally paid her maternity benefit.

After learning of the above case, the companies replied to Cereal in writing. In those replies, among other things, they point out:

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### Azanza's response

*"This dissent was manifested by the worker affected before CEREAL in the month of May, however, from April 11, as confirmed in the email received by Flextronics, Azanza, Dinamitec and Flextronics knew the situation."*

*"It is lamentable that Dinamitec had not done anything to resolve this, on time and form, required by our Client Flextronics."*

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### Flextronics' response

*"Flextronics was contacted by Cereal and informed of this situation."*

*"The immediate response was to assist with the case and have Graciela's maternity benefits paid right away. Flextronics involved the corresponding agencies and since Dinamitec is her current employer they covered her maternity benefits."*



### HP's response

*"HP is committed to ensuring that our own outsourcing suppliers' hiring practices are meeting our standards."*

*"As part of our monitoring and continual improvement process with our outsourcing agencies, in May 2007, HP requested 5 agencies to conduct their 2<sup>nd</sup> annual worker satisfaction survey and to provide HP with their corrective action plans based on the worker feedback and results. Overall, workers gave the agencies over 70% satisfaction rating. The top concerns workers have across all the agencies are: lack of incentives program based on employee performance and*

*expertise; agencies do not provide incentives that rewards the effort when objectives are exceeded; agencies do not provide enough feedback about performance to their employees; no system in place to review payment increases and benefit changes causing high levels of rotation and absenteeism of production workers due to low wages and benefits; no program or training available for professional development so personnel can be qualified to be promoted to different positions; not enough training for agencies' HR coordinators so they can respond appropriately and immediately to personnel issues. HP will follow up with all labor agencies to ensure improvements in the processes are made based on the workers' feedback."*

Electronics companies in Mexico use employment agencies mainly for three reasons:

1. *To streamline the companies operations, leaving to third parties those activities considered less profitable, including personnel management.*
2. *To adapt to production peaks, hiring temporary workers through employment agencies.*

3. *To save costs, by avoiding payment of outsourced workers' benefits.*

The previous Cereal report, published in June 2006, indicated that 60% of electronics workers in Mexico were outsourced through an employment agency. One year later and that proportion remains exactly the same, without major changes, although with considerable difference between one company and another. Jabil, for example, hires all its employees directly and does not use any employment agency. Hitachi, on the other hand, uses the services of three different employment agencies and outsources 90% of its workforce. In Mexico, like in many other countries, outsourcing is legal. Although Cereal believes that it would be better to hire workers directly to avoid confusion, it also believes that the most pressing issue right now is that companies ensure a fair and equal treatment for all their workers, irrespective of the way in which they have been hired.

Respect for outsourced workers' full rights must be a priority in Mexican electronics companies' improvement plans.

**Percentage of outsourced personnel in the Mexican electronics industry. Data by company**

Company and location	Total number of workers	Outsourced workers
<b>Foxconn</b> (Chihuahua and Guadalajara)	7,000	50-70% (variable)
<b>Sanmina SCI</b> (5 factories in Guadalajara)	14,300	60%
<b>Solectron</b> (Chihuahua and Guadalajara)	7,000	20-40% (variable)
<b>Jabil</b> (Chihuahua and Guadalajara)	5,000	0%
<b>Flextronics</b> (Guadalajara)	12,500	60%
<b>Kodak</b> (Guadalajara)	8,000	80%
<b>Philips</b> (Cd. Juarez)	4,000	0%
<b>Panasonic</b> (Tijuana)	4,000	0%
<b>Sony</b> (Tijuana)	5,000	0%
<b>Nokia</b> (Reynosa)	4,300	40%
<b>Benchmark</b> (Guadalajara)	1,000	90%
<b>USI</b> (Guadalajara)	700	0%
<b>Samsung</b> (Tijuana)	1,000	0%
<b>Hitachi</b> (Chihuahua and Gdl)	5,000	90%

Source: First hand, based on workers testimonials and checked by the companies.



**Hitachi workers protesting against outsourcing**

## 2.2 DISCRIMINATION

Tackling discrimination is a stated priority of the electronics industry but discrimination is still being practiced by both electronics companies and employment agencies in Mexico. Although Cereal noted a significant reduction in discrimination cases in the period between 2005 and the first half of 2006, Cereal did not see a further decrease in the subsequent twelve months. During the second half of 2006 and the first half of 2007, CEREAL identified one company and one employment agency that had satisfactorily improved their recruitment processes in order to avoid discriminating between applicants. However Cereal identified 12 different companies and employment agencies that were still carrying out a series of discriminatory practices. It appears that either internal systems are not working or companies are not exercising effective control over the agencies that they use.

### **Solectron. Lawyers and trade unionists**

Solectron's factory in Chihuahua repairs printed circuit boards for several brands including Nokia, Lucent, Seagate, Ecostar, Intel, Dell, and Apple. It has 1,500 workers on site. Solectron's plant in Chihuahua was mentioned in Cereal's previous report because of the discriminatory practices carried out by one of its agencies, Kelly Services, which asked prospective employees about family ties with lawyers and trade unionists. In this new survey (2006-2007), Cereal identified that the same practice is still being carried out in Solectron Chihuahua by the same agency, Kelly. Maricela told us about it: *"My name is Maricela, I'm 30. I started working in Solectron Chihuahua on 10 August 2006. I earn 95 pesos (U\$ 8.79) per day. I was hired through Kelly. Using a questionnaire they asked*

*"Using a questionnaire they asked me if I was related to any lawyer or trade unionist."*

Maricela. Solectron's Worker



**Kelly, an employment agency in Chihuahua, asked recruits if they have relatives who are lawyers or trade unionists**

*me if I was related to any lawyer or trade unionist. We repair Nokia, Lucent, Intel, Dell, Seagate, Apple... printed circuit boards and mobile phones in the factory. I work in Ecostar repairing dishes."*

As a result of the comments made to Solectron last year, the company showed Cereal's representatives some letters in which employment agencies providing their services pledged to eliminate discriminatory questions in the personnel selection process. One of the

letters was written by Kelly. Cereal believes that it was obvious that Kelly did not take the commitment made in 2006 seriously and calls on Solectron to take appropriate action. In August 2007, Solectron sent Cereal a new reply:

### **Solectron's response**

*"We believe our agency partners are sincere in their commitments to conform their candidate sourcing practices to Solectron's expectations, including our*

*specific prohibitions on selection questions dealing with personal attributes and affiliations unrelated to the nature of the work to be performed. Our staffing partners are routinely being monitored in this area by Solectron, and understand that their business and employment practices are scrutinized alongside Solectron's during EICC and related external audits. Additionally, Solectron has reserved approval authority over the agencies' employment applications and other documents related to the candidate sourcing and selection processes. However, as a result of the draft CEREAL report (2007), Solectron recognizes a need to expand its monitoring activities."*

*"In the current draft report, we read that at least one candidate for a temporary assignment in our Chihuahua facility had recently been asked prohibited questions about 'lawyers and trade unionists' during an interview with an agency recruiter. These questions, even if asked only once, represent a violation of a written agreement between Solectron and its agency partners supporting the Chihuahua facility."*

## **Foxconn and Manpower. Tattooed people and trade unionists.**

The Foxconn factory in the city of Chihuahua assembles Motorola mobile phones and manufactures plastic fascias for Nokia mobile phones. The only agency recruiting outsourced personnel for Foxconn is Manpower. In fact, more than 50% of the almost 7,000 workers in Foxconn are outsourced by Manpower. This agency, one of the largest in Mexico, carries out two of the most common discriminatory practices in the Mexican electronics industry: the exclusion of tattooed people and trade unionists. Two Foxconn workers describe this situation:

*"My name is Alejandro, I am 22 years old. I started working in Foxconn on 9 November 2006. I earn 80 pesos (U\$ 7.40) per day. I work in the warehouse. I was hired through Manpower. I sign contracts every fortnight. When I started I had to take medical and psychometric tests, I also had to take the antidoping test, in the application they asked me if I was a member of a trade union."*

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## **"During the recruitment process I was asked if I had any tattoos, I was also asked if I was a member of a trade union, I said no."**

Elena. Foxconn's Worker

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*"My name is Elena, I'm 23 years old. I started working in Foxconn on 24 August 2006 and I work on the fourth floor in Nokia plastics. I earn 70 pesos (U\$ 6.47) per day. I was hired through Manpower."*

*"During the recruitment process I was asked if I had any tattoos, I was also asked if I was a member of a trade union, I said no."*

Cereal sent Foxconn a copy of the case. Foxconn provided the following reply in writing:

## **Foxconn's response**

*"By this report we learned that during the recruitment process the candidates were asked if they have tattoos, and been part of a union, even though the outcome of those questions were just for general information. We have reviewed the process with our suppliers to eliminate any question or practice that can be seen as discrimination."*

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## **"in the application they asked me if I was a member of a trade union."**

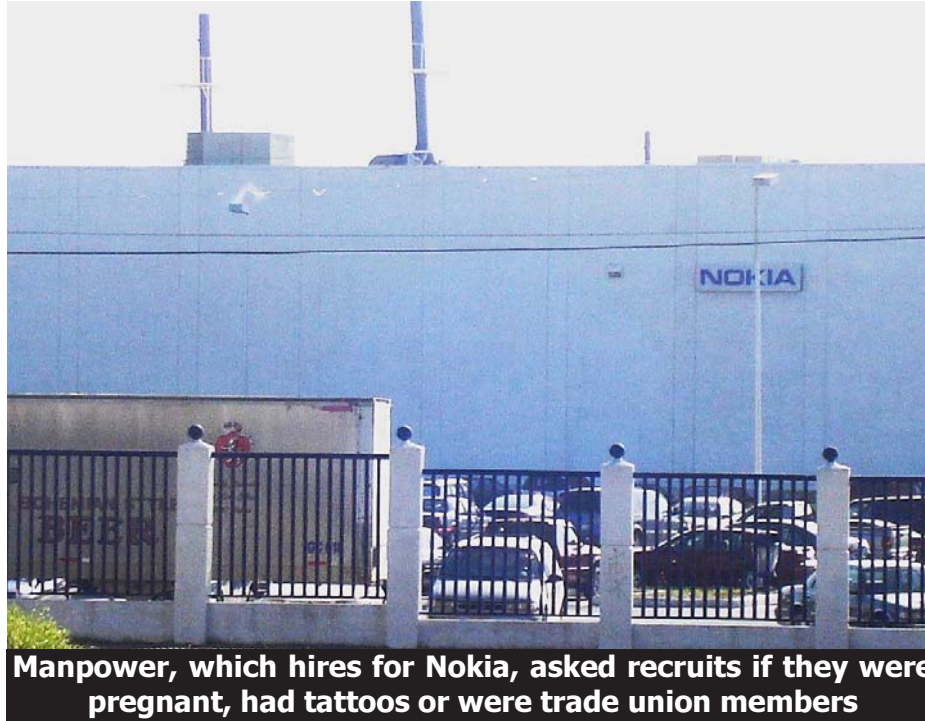
Alejandro. Foxconn's Worker



**Manpower, hiring for Foxconn, asked discriminatory questions about tattoos and trade union membership**

## Manpower and Nokia: Sexual life, tattoos and trade unionists.

In another city, Reynosa, the same agency, Manpower, applies a similar discriminatory selection process. In this case, candidates are recruited for one of the two Nokia factories in the city of Reynosa. These two plants employ around 4,300 workers and they are jointly the main mobile phone production centre in Mexico. Andrea, a 35 year old worker, describes how she was questioned during the admission tests:



**“There were questions such as are you pregnant? Which contraceptive method do you use? How often do you have sexual relations? Have you had a sexually transmitted disease? I was asked if I had any tattoos”**

Andrea. Nokia Worker



### Andrea's story

“My name is Andrea, I am 35, married and I have three children. I started working in Nokia's plant 1 on 6 January 2006; I work in the fourth shift and earn 850 pesos (U\$ 78.62) per week. I was hired through Manpower, in the application form there were several general questions, such as: sex, age, marital status. I had to take urine, blood, psychometric and

eye tests. There were questions such as are you pregnant? Which contraceptive method do you use? How often do you have sexual relations? Have you had a sexually transmitted disease? I was asked if I had any tattoos. Men are asked to take their shirts off and pull up their trousers to show their legs.”

### Nokia's response

Cereal met with Nokia representatives to discuss the details of the above case. On 7 August 07, Nokia gave Cereal the following reply in writing: *“Nokia has reviewed the complaint with Manpower and agreed that these questions should not be included. It has requested that Manpower and its other recruiters not use these questions and will check compliance with this request.”*

## **Foxconn, HP and Spyga: Tattooed people.**

Foxconn also replicates, or at least allows, discriminatory practices in different Mexican cities. In Guadalajara, Foxconn has a factory where it mainly produces equipment for Hewlett Packard (HP). In December 2006, Norma approached an agency called Spyga, which recruits workers for Foxconn, to apply for a job. She pointed out:

*"I was asked if I had tattoos and I said no. They asked me if I was willing to undergo a medical examination and I said yes."*

Cereal informed Foxconn and HP about Spyga's practice of asking candidates whether they have tattoos. HP and Foxconn gave Cereal the following replies in writing:

### **HP's response**

*"HP has reviewed SPYGA's non-discrimination policy and is requesting that SPYGA adds Freedom of Association and tattoos to the policy."*



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***"I was asked if I had  
tattoos and I said no"***

Norma. Foxconn Worker

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### **Foxconn's response**

*"We have reviewed the recruitment process and forcing Labor supplier to eliminate discriminatory questions such as tattoos and [are] promoting constant EICC training with recruiters to avoid cases against our policies and EICC rules."*

## **Hewlett Packard and recruitment agencies**

*(text provided by HP)*

"HP takes the issue of discriminatory hiring practices with labour agencies very seriously. HP is recommending several approaches for 2007/2008 to address these issues:

- Consideration of reduced usage of agencies, longer term contracts and/or transference of workers to permanent positions.
- Increased monitoring of labour agency hiring and pay practices to ensure conformance with the EICC standards.
- Increased training and certification of specific recruiters to provide better assurance of proper qualifications and hiring behaviours.

HP met with Foxconn and CEREAL on August 1, 2007 to discuss an action plan to ensure discriminatory hiring practices are not used, as well as address other labor management concerns. During the meeting, Foxconn, CEREAL and HP agreed to hold monthly meetings with workers and the labor agency representatives. Workers will also receive training on EICC provisions. The first training will be on Freedom of Association, the next will cover pay bonus and clarification about their legal contracts, and the 3<sup>rd</sup> will cover hiring practices and discrimination."



**Spyga, hiring for Foxconn, asked new recruits if they had tattoos and got them to sign resignation letters**

## Flextronics: Contrasts

Taking the commitment the electronics industry has made to tackle discrimination seriously, means that the companies must monitor all their recruitment agencies to make sure that the minimum required standards are met at all times. Cereal observed that in Flextronics Guadalajara one agency (Dinamitec) was no longer asking discriminatory questions in the selection process; however, other two agencies (Damsa and Azanza) were still asking applicants if they had tattoos.

In October 2006, Lucero went to Damsa to apply for a job. *"I had to do a urine and an eye test, I was asked if I had tattoos, they checked down to my knees and uncovered my arms. I had to take a psychometric test, and then I signed a one-month contract. I work in Motorola, in building 1. I earn 76 pesos (U\$7.02) per day."*

Sonia also applied for a job in Flextronics Guadalajara, but she did it through Azanza:

*"On 28 December 2006, I went to Azanza to apply for a job. I*

*had to have a medical exam and I had to answer the following questions: Do you drink? Do you smoke? Do you have any tattoos? Do you suffer from any illness? After passing all those tests I didn't have any problems getting a job in Flextronics."*

Cecilia, 24, married, also works for Flextronics. She started working there on 30 October 2006. That was the fourth time Cecilia worked for Flextronics, and coincidentally, the previous times she had also done so through Dinamitec.

*"The fourth time I got a job in Flextronics through Dinamitec, on 30 October 2006. I went to see the doctor, he asked me if I had had any contagious or skin disease, this time he did not ask me if I had tattoos; previously they asked, not anymore. They did not ask me anything about trade unions or about my private life either."*

Cereal welcomes the reforms made by Dinamitec. However, Flextronics must improve its monitoring mechanisms for the rest of the employment agencies

they use, particularly Damsa and Azanza.

## Flextronics' response

In reply to the above case, Foxconn gave Cereal the following response:

*"Flextronics will reinforce training provided to Agencies regarding all administrative processes they are responsible for. Recruitment and Selection are included in these processes. Agencies will be periodically certified and recertified in the EICC code of conduct standards."*



**Some of the agencies hiring for Flextronics Guadalajara use discriminatory questions about tattoos**

**"I was asked if I had tattoos, they checked down to my knees and uncovered my arms. I work in Motorola, in building 1. I earn 76.35 pesos (U\$7.06) per day."**

Lucero. Flextronics Worker



## Direct discrimination practices

Discriminatory questions in the selection process are not exclusive to employment agencies. Companies hiring their workers directly also use these practices. During our research we identified two companies that ask discriminatory questions to prospective employees. These are Hitachi and Philips. The Hitachi factory investigated is located in the city of Tijuana and Philips' factory is located in Ciudad Juarez.

### Hitachi: Trade Unionists

The Hitachi factory in Tijuana manufactures Hitachi high definition televisions. There, prospective employees are asked if they are members of a trade union: *"My name is Adriana, I am 18 years old. I started working in Hitachi, Tijuana, on 24 July 2006. I earn 78 pesos (U\$ 17.38) per day. My hours are from 7.00 am to 5.00 pm. I was hired directly, we were given the application form there. In the application there were some questions regarding health. I was also asked if I was a member of a trade union."*

### Philips: Tattooed people and pregnant women

There are around 4,000 workers in the Philips factory in Ciudad Juarez. Philips plasma and LCD televisions are manufactured there. Recruitment is done directly and during the selection process they try to identify people with tattoos and pregnant women. Two workers, one male and one female, describe the process:

*"My name is Adriana, I am 21 years old. I started working in Philips on 23 May 2006. I earn 45 pesos (U\$ 4.16) plus benefits. I was hired directly, I had a pregnancy test, an eye test, and I was asked questions about my health."*

*"My name is Martin, I am 40 years old, I started working in Philips in April 2007, and I earn 80 pesos (U\$7.39) per day. I was hired directly, they gave us the application form here and we were interviewed by a nurse. I signed a three-month contract. I had a urine and a blood test. In the interview I was asked if I had tattoos and to remove my T-shirt to check if I had tattoos on my back, I was also asked to turn up my trousers."*



### In Philips, women have to take a pregnancy test

### Philips' response

Cereal met with a representative from Philips to discuss the above cases. Later, in August, Philips sent Cereal a reply pointing out, among other things, the following:

*"Philips does not tolerate any discriminatory practises. (In Philips) Blood Testing is not a practice. As for Urine Test, there is the practice of random testing to all employees, given that our company is BASC (Anti-Drugs, Anti-Terrorism) certified, requiring these random urine tests. There is no request to New Hires during*

*medical exploration, to remove their clothing; it is however requested to turn up their trousers for preventive medical reasons (presence of varicose veins). During the New Hires Process, the medical exploration includes questions related to pregnancy for preventive medical purposes."*

After receiving this reply, Cereal asked new workers again about the company's recruitment process. They confirmed that all the above mentioned questions and examinations are still being applied. This new evidence has been sent to Philips.

## Hitachi: Undesirables

Discrimination is not restricted to the selection processes used by employment agencies and companies; it also takes place inside the factories.

This kind of discrimination is directed particularly against people deemed 'undesirable'. Usually, these people are not even hired, but when someone has already been hired, the solution for the company is to simply fire them. That was the case of Estela, a former Hitachi Guadalajara worker.

## Estela's story

*"My name is Estela, I started working in Hitachi, in Guadalajara, in June 2005. I was fired on 26 February 2007, using the argument that I was studying law and advising my colleagues. I never told anyone in Hitachi that I was studying law, I wanted it to be a secret, but it was not possible to keep it secret because it was impossible to ignore the violations to our rights in the plant. That is why I was fired."*

## Hitachi's response

In reply to the above case, Hitachi gave Cereal the following response:

*"To Hitachi GST one of the most important topics are our non-discrimination practices. The only situation of this type we have had was with an employee named Estela, who started working for Caspem on June of 2005 and who was separated on February 27 2007. The reason for the separation was that the employee was using work time to counsel co-workers about personal matters that were unrelated to*



*the workplace. This was an inappropriate use of the employer's time. The dismissal was not because she was studying law, given the fact that the company encourages workers to study."*

Following receipt of this reply, Cereal made further enquiries into the case. From this new enquiry Cereal could establish that the facts, as described by Estela, were irrefutable. Mr Efraín Camacho, Caspem's (the agency that hires Hitachi workers) HR representative, fired Estela, and it was he who personally explained to her that she was being fired for being a law student and giving advice to her colleagues. Cereal urges Hitachi to review the procedures used by Caspem and make sure that its recruitment agencies act in accordance with the company's social responsibility policies.

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**"I was fired using the argument that I was studying law and advising my colleagues"**

Estela. Hitachi's Worker

## Two positive cases

At the beginning of this section we mentioned that Cereal had identified an employment agency and an electronics company that removed discriminatory questions from their personnel selection processes in 2007. The agency concerned is Dinamitec, whose case was described above, and the company is Sony, in Tijuana, where Cereal's researchers could corroborate that workers are no longer asked about their religion, trade union membership or sexual life, and they are no longer asked to remove their clothes to check for tattoos. Cereal wants to highlight these two positive cases because they show that it is possible for both agencies and companies to eliminate discriminatory practices. However as shown above, most companies and agencies still need to change their recruitment procedures to avoid discrimination. The first cases of discrimination in the Mexican electronics industry documented by Cereal and circulated amongst the companies date back to 2001. Cereal believes it is unacceptable that now, several years later, new cases of discrimination are still arising.

## 2.3 Constant work instability

### Temporary contracts

Another widespread problem in the Mexican electronics industry is the use of temporary employment contracts, which translates into work instability for thousands of workers. Temporary contracts are applied in series, one after another, which is forbidden by Mexican labour law.<sup>6</sup> However, despite being forbidden, they are still used with astonishing frequency.

**"I was surprised the contract was only valid for that same month, because we have to sign a contract every fortnight."**

Eduardo. Foxconn's Worker



**Despite being illegal, serialised temporary contracts are widespread in the electronics industry**

#### **Foxconn: 15-day contracts**

Foxconn is also a good example of this; the company asks its employees to sign temporary contracts lasting merely a fortnight. Eduardo, 22, a Foxconn worker in Chihuahua, said about this:

*"My name is Eduardo. I started working in Foxconn on 9 November 2006. I earn 80 pesos (US\$ 7.40) per day. I work in the warehouse. I was hired through Manpower and I sign a contract every fortnight. The factory only manufactures mobile phones. We*

*manufacture Motorola mobile phones and also fascias for Nokia phones."*

Ernesto, 26, is even more explicit when talking about this issue:

*"I started working in Foxconn on 9 November 2006, I work the nightshift. I work in the warehouse area and earn 80 pesos (US\$ 7.40) per day. When I started work I was given a contract to sign; however, I was surprised the contract was only valid for that same month, because we have to sign a contract every fortnight."*

#### **Foxconn's response**

*"The nature of our business forces us to face volume fluctuations. Every effort is made to keep our workforce as stable as possible, however at times it is very difficult. All the employees that are hired through an Outsourced agency knows that the contracts are given for 15 days period, and it depends on the season we are, during high season we are able to offer contracts for 1 or 2 months. The employees are told from the beginning of the contract with us the conditions of the*

*employment. Foxconn Chihuahua also believes that it would be better to hire all workers directly; unfortunately our variable manufacturing volumes do not allow us to do it. However regardless of the reasons to hire services from temporary employment agency, we have the commitment of ensuring fair and equal treatment for all, independently of which way they have been hired."*

Motorola and Nokia also received a copy of the above case. Only Nokia gave Cereal a reply (See p. 17).

## Jabil. 286 dismissed

Fluctuations in the global electronics market mean the opening and closing down of projects in the factories, which is why most companies prefer to hire employees under temporary contracts. For workers this means living with the uncertainty of whether they will have a job from one day to the next. Angelica, a former Jabil worker at the Chihuahua plant, told us how an employee can just be dismissed at any time:

## Angelica's story

"I was working in HP's line 1. There we were making printers for HP. During the thirteen months I worked for Jabil I signed contracts every 45 days. However, on 4 December 2006, the supervisor came to tell us there wasn't going to be any more work, that we were going to be fired. He just said 'the clients are gone and there is not going to be any more work.'"



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**"During the thirteen months I worked for Jabil I signed contracts every 45 days."**

Angelica. Jabil's Worker

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## Jabil's response

Cereal showed Jabil a copy of the above case. The company sent the following reply in writing to Cereal:

*"Jabil confirmed the reduction in December of 2006 was 286 workers. Potential for general factory work force reduction was communicated to all employees in advance. Severance pay was more than law requested. Jabil Chihuahua does not allow temporary workers to have contracts for more than 1 year, if it happens, employee will receive a permanent contract immediately."*

Angelica, like other 286 workers, was dismissed and given severance pay in accordance with the law and did not need to turn to the labour authorities. Her problem, however, was the unexpected dismissal she had to face, following more than a year of insecurity caused by repeated short-term contracts.

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**"The supervisor came to tell us that we were going to be fired. He just said 'the clients are gone and there is not going to be any more work'"**

As can be observed in Angelica's testimony and in Jabil's response, the 286 fired workers were notified of their dismissal and dismissed within the same month, December 2006.

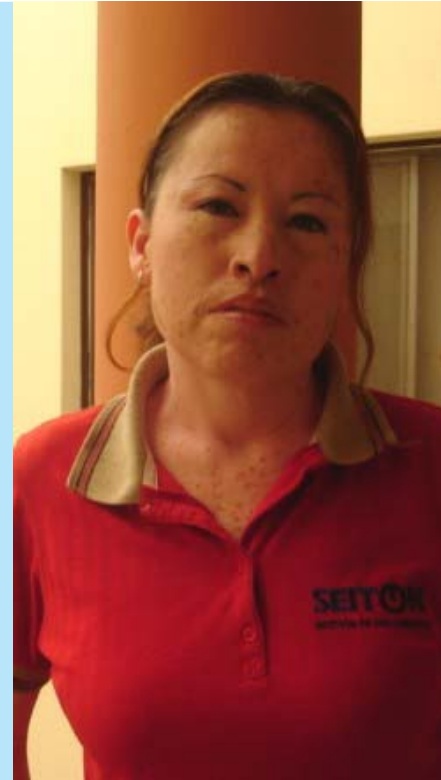


**An electronics worker can be fired at any time, as happened in Jabil, Chihuahua**

## Sanmina SCI: Dismissals under deception.

Having a good performance record can prove pointless when staff cuts are carried out indiscriminately. Barbara, 39, who was an excellent worker in plant 16 in Sanmina SCI, Guadalajara, told us how one day it was 'her turn' to be fired, her dismissal being done in a rather strange way. She told us:

"I worked in plant 6 in Sanmina SCI, inspecting circuit boards; I checked them to make sure no faults, shortcircuits, etc. were carried forward. On Friday 7 July 2006, the supervisor told me to go to Damsa's office at 6.00 am; but then he told me that there had been a mistake, that they were looking for another Barbara, so I relaxed. Then someone from Damsa came to me and told me that the company needed to cut down on staff and that this time it had to be me and to go with her to hand back my stuff. I handed in everything: badge, lab coat, bracelet, heelpiece, face mask, brush, and work tools. When I had handed in everything, she gave me two sheets to sign, but one of them was folded in half, hiding the heading 'voluntary resignation'. I told her I was not going to sign that sheet, then she told me that if I didn't sign they were going to 'put me in the bulletin\*' and it wasn't going to be easy for me to find a job. She also told me that it was compulsory to sign the sheet in order to leave the company, so I told her 'if you want I can stay here in the company and sue you for kidnapping, only then she let me out."



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**"She gave me two sheets to sign, but one of them was folded in half, hiding the heading 'voluntary resignation'.**

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\*The bulletin is a blacklist of staff which is shared between employment agencies in Guadalajara.

**"She told me that if I didn't sign they were going to 'put me in the bulletin\*' and it wasn't going to be easy for me to find a job."**

Cereal filed a legal suit to try to resolve Barbara's case, and at the same time, got in touch with Sanmina SCI in an attempt to find a solution by putting the facts of the case directly to the company. Four months later, Barbara received her severance pay in accordance with the law.



Sanmina Sci



Damsa's offices

## Advanced resignations

Another, more insidious way in which companies try to control the number of employees, is forcing people to sign a resignation letter every so often. In that way, the employment agency is ready to get rid of a certain number of employees at any time, without having to go through the hassle of firing them, since they have already signed a 'resignation letter.'

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**"Now they want me to sign a voluntary resignation letter. I'm not asking for anything, I only want what is mine, what is fair, the time I've already worked."**

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## Sanmina SCI: Resigning and then going back to work

Zafira, a former worker in Sanmina SCI's plant 45 in Guadalajara, went to Cereal's offices on 15 March 2007 to ask for advice. She had been working for Sanmina through an agency called Cosea:

*"The reason why I'm here is that the people from the agency want me to sign a voluntary resignation letter. They said that if I do it I can have 4 days off and after those days I can go back to my job. The truth is I don't want to sign anything. When I signed my contract I was told it was for an indefinite period of time and now they say that I have to sign a resignation letter in exchange for some annual leave. I work in a project called Tellabs, we manufacture printed circuit boards for telecommunication networks. I earn 105 pesos (U\$ 9.71) per day. Tellabs is the largest project in the plant and the circuit boards are the most expensive in the factory. Tellabs is Sanmina's main client and now they're saying there is no work. Besides, they are still doing the kind of work I did, it hasn't stopped, and the thing is they*



*don't want me to accumulate working time. Three different people talked to me and told me: if you want to keep working here sign, it's an internal requirement. Of course I've refused to sign, I think it's an abuse; I've never missed a day's work, I was punctual, I do my job well and now they want me to sign a voluntary resignation letter. I'm not asking for anything, I only want what is mine, what is fair, the time I've already worked."*

Zafira's case illustrates the pressure put on electronics workers to try to make them sign away their rights. Cereal spoke with a Sanmina representative regarding Cosea's practice of forcing employees to sign a resignation letter. Subsequently, the company sent the following reply in writing to Cereal:

## Sanmina SCI's response

*"Sanmina SCI's HR staff has had several meetings with all of our Agencies. In these meetings, we have discussed 'best practices' in managing outsourced labor. These meetings are aimed at establishing practices that accommodate Sanmina SCI's increase and decrease in workload based on customer requirements as the work flow changes."*

*"Finally, we are investigating CEREAL's claim that our agencies have the unfair practice of asking employees to sign an advanced resignation notice."*

*"Working with agencies gives us the flexibility we need in our industry and we will continue using them for this flexibility. Sanmina SCI employs more than 6,400 temporary employees (48% ratio population) and 7,000 regular employees (52%) as of July 2007. This flexibility gives Sanmina SCI the chance to be competitive and continue to give jobs to more than 13,400 employees and their families."*

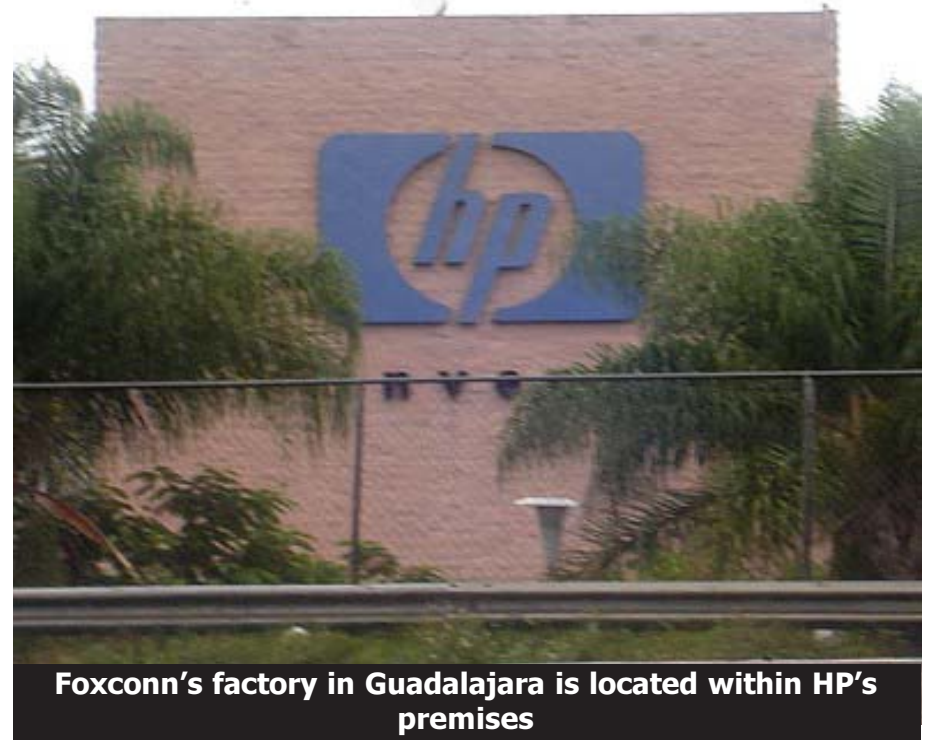
## Advanced resignations: HP and Foxconn

In Guadalajara, Foxconn has a factory where it mainly produces equipment for Hewlett Packard (HP). In December 2006, Norma approached an agency called Spyga, which recruits workers for Foxconn, to apply for a job. She describes what happened when she was hired:

"I signed a 15-day contract and at the same time I signed my resignation. They told me I was signing a 15-day contract but that could last longer or less time depending on the project, and that is why I had to sign a resignation letter."

**"I signed a 15-day contract and at the same time I signed my resignation."**

Norma. Exrabajadora de Foxconn



Forcing workers to sign an advanced resignation letter, usually undated, is one of the most serious abuses in Mexico. With that document in hand, the company can fire workers whenever it wants to, without a fair severance payment and without the need to justify the dismissal. In reality, when workers sign a document of this nature

they are renouncing several of their most basic rights; most importantly, they are giving up their right to access to labour justice, since the sole existence of a signed resignation letter prevents workers from taking legal action in the industrial tribunals. Foxconn and HP gave Cereal the following written responses in relation to this case:

### HP's response

*"HP was unaware of the practice of advanced resignation letters and agrees with CEREAL that it should not be occurring and has learned that SPYGA has stopped this practice. HP expects that our first tier suppliers monitor their suppliers to ensure they are meeting the EICC requirements."*

### Foxconn's response

*"The labor agency has been requested to eliminate advance resignation letter as part of the recruitment process and this step was eliminated as of July 2007, where agency signed a letter as a compromise to EICC regulations."*

### **Withholding annual leave: The Solectron case**

Another right violated by work instability is the right to annual leave. According to Mexican law, for every year worked in a company, the amount of annual leave for an employee increases.<sup>7</sup> However, since so many electronics workers only have temporary contracts their annual leave never increases.

Furthermore, companies give annual leave when it is convenient for them and not when the employee asks for it.

Finally, annual leave is given to workers in blocks of few days at a time and not all in one go, as it should be under Mexican law<sup>8</sup>.

This means that workers may have little control over the few days of holiday that they are entitled to take.

"My name is Salome, I'm 23 and married; I studied IT and work in Solectron, Chihuahua, in the Intel project. I earn 104.50 pesos (U\$ 9.67) per day. I'm an operator. I test the finished circuit boards. I asked for my annual leave on 2 December 2006, I was entitled to eight days, but was only allowed three. Solectron gives us annual leave at their pleasure. I was told that the problem was that everyone was booking them for the same time, but that is not true, because I had booked them way in advance, still they didn't want to give them to me."

In October 2006, Gerardo, an engineer also working for Solectron but in the Guadalajara plant, pointed out something similar to what happens with his colleagues in Chihuahua:

"I work repairing faults in equipment that clients send back. Nortel Calgary, Lucent, IBM... I earn 188 pesos (U\$ 17.38) per day."

"When I asked for some annual leave they got upset, I think they wanted to give me some sort of lesson because they want people to take some days here and there and not all in one go; they wanted me to take one day a month; also they question you when you ask for more than three consecutive days, they

want to know what you want them for."

### **Solectron's response**

*"It makes clear sense that Solectron would have difficulties granting every vacation request submitted by its many employees. Production requirements, seasonal demand, and other employee time off requests are all valid considerations when approving or denying an annual leave request. Solectron understands all of the implications in this area and has proper mechanisms in place to ensure workers receive the time off they are entitled to."*

Intel also received the report, but it did not give any reply.

In the previous Cereal report, companies claimed that temporary contracts were a response to the frequent fluctuations in production, which forces them to have a percentage of temporary workers. In fact Mexican electronics companies hire most of their workforce under temporary contracts. In 2006, around 60% of employees in the

Mexican electronics industry were under temporary contracts. In 2007, that figure remains basically unchanged. As the cases above illustrate, the costs of this flexibility are carried by the workers. They experience job insecurity, are unable to take the leave that they have earned when they want and receive repeated short-term contracts so that they don't build up holiday

entitlements. Shockingly, workers are even being pressured to sign resignation letters and give up those rights which they do have under Mexican law. Last year CEREAL welcomed pledges by several companies to give permanent contracts to a greater number of workers. Among these were IBM and Sanmina SCI, who intended to cut down the percentage of their

temporary workers to 40%. In the same report, Solectron also talked about a programme implemented in 2005, which had allowed it to increase the percentage of permanent workers to 60%. According to their own data, 48% of Sanmina SCI's workers are now on temporary contracts. For Solectron the proportion of permanent workers is 60%.



## 2.4 Lack of safety. Work-related accidents and illnesses

The issue of work-related accidents and illnesses is one of the lengthiest in this report. In contrast to last year, workers complained more insistently about unsafe working conditions affecting their health during the period covered by this report. Some of these workers approached representatives from their companies directly to demand a solution, but in most cases they did not get a reply. This year's report also includes detailed accounts of three accidents because of their extremely serious nature. Amongst the workers' complaints, the most frequent one was the amount of time they have to work on their feet. This happens in several factories and in different cities, as described below.

**"They force us to stand up, they simply say that we have to stand up"**

Rocio, Solectron's Worker



**In Solectron, Chihuahua, employees work on their feet 8 hours per day**

### **Solectron (Intel- Dell): Forced to work on their feet.**

"My job is to test circuit boards for Intel/Dell computers. I'm always on my feet, sometimes although we could be sitting down, we are not allowed; a lot of the time we have to be on our feet even if we don't have anything to do, they force us to stand up, they force us to be on our feet."

Those were the words of Rocio, 40, mother of four, a Solectron Chihuahua worker. In the period covered by this report, 2006-2007, Cereal came across dozens of workers whose complaint was being on their feet for too long, sometimes the whole of a twelve-hour shift, without taking into account overtime. Ana, 30, who also works in Solectron Chihuahua, pointed out:

"I started working in Solectron on 10 August 2006 and I earn 95 pesos (U\$ 8.78) per day. I am just a normal operator and I work on my feet. Only pregnant women are given chairs, although the rest of us have anti-fatigue mats. In the factory, we carry out repairs for circuit

boards and mobile phones for Nokia, Lucent, Intel, Dell, Seagate, Apple... In general, working conditions are good, but I don't think it is right to have to stand up for so long."

In the second half of 2006, complaints about standing up for long periods became a major issue for workers in Solectron's two factories in Mexico:

"My name is Edith, I'm 30, I am married. I started working in Solectron Chihuahua on 8 July 2004; I work on the Intel project from 6.00 am to 3.30 pm. I earn 115 pesos (U\$ 10.63) per day. I carry out the functional tests on the circuit boards. In my area, we work standing up, we are very tired, the technicians and repairers work sitting down; but not us, we are always on our feet. We have anti-fatigue mats, but they don't make us less tired. The only protection equipment I have is a lab coat. The factory carries out repairs for brands such as Dell, Intel and some others I can't remember. There are ten Intel production lines. There are around 60 people in my line and around 1,200 workers in the whole plant."

## Lean manufacturing

"My name is Maria, I'm 19, married, and I have a daughter. I started working in Solectron Chihuahua on 13 March 2005; I work on the Intel project from 6.00 am to 3.30 pm. I earn 780 pesos (U\$ 72.14) per week. I am a universal operator, this means I test the functionality of the parts. I work on my feet all the time, we have anti-fatigue mats, but we are very tired still. The protection equipment I get includes gloves, goggles and a lab coat. Solectron carries out repairs and manufactures CPUs. About a month ago we were divided into working cells, groups of 5 people each. We only work for Intel in this area, but the factory has several other projects like Maxtor, Ecostar, Dell and others. There are around 130 people in my line and around 1,500 workers in the whole plant."

Like Maria, all Solectron's workers who approached Cereal for advice established a link between the sudden demand to work on their feet and the introduction of a system known as Lean Manufacturing. This is a globally well-known production system, which is made up of a series of

principles and no set rules. In fact, each company tailors it according to its own needs. Therefore, Lean Manufacturing does not specifically state anywhere that workers must do their job standing up. However, in the case of Solectron this seems to have become a general policy that was implemented in both its Mexican factories.

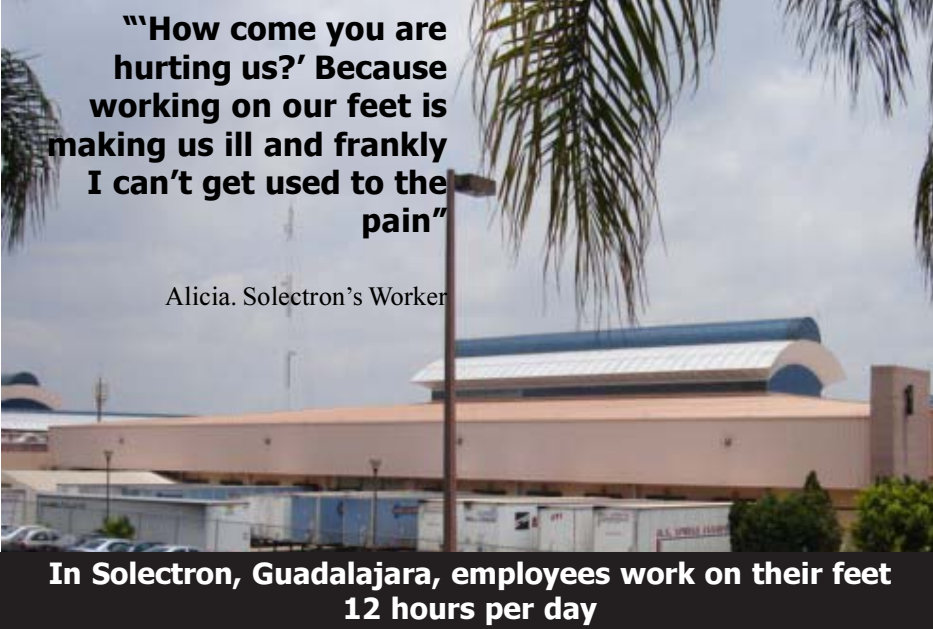
## Twelve hours on their feet

"My name is Alicia, I'm 42, married and I have 6 children. I work in Solectron Guadalajara. I work on the Calgary project (circuit board repairs), I do the 4x3 shift, from 7.00 am to 7.00 pm Thursday to Sunday. I earn 99.50 pesos (U\$ 9.20) per day."

"Lean manufacturing was implemented a year ago, meaning we have been working on our feet ever since. In my area, the chairs were taken away only two months ago. Having to stand up for 12 hours a day has made me very tired. I started developing varicose veins. Before, if we were asked to do overtime I would double my hours, sometimes staying for up to 24 hours; but now that I work on my feet I feel ill, my feet ache

badly, I am in a bad mood and that's why I haven't increased production. That's why I went to talk to the Employee Relations manager. He told me I'll get used to it, but I have already told him 'how come you are hurting us?' Because working on our feet is making us ill and frankly I can't get used to the pain. A few months ago I made an anonymous call to the labour authorities and some people came to inspect the factory. However, at the end of the inspection they said everything was fine. Despite that, I am not happy working on my feet, so

I've gone back to talk to the Employee Relations manager, but he keeps telling me that those are the orders from above and there is nothing he can do. I told him he should try working standing up to have an idea of how we feel, but he told me that he doesn't have to prove anything to me. After all this, I found myself a chair and hid it, I take it out every day and sit down to do my job. I have already been told off for having a chair, of course; they said they were going to report me, but I didn't pay attention to it. Obviously, I wouldn't like to be



**"How come you are hurting us?' Because working on our feet is making us ill and frankly I can't get used to the pain"**

Alicia. Solectron's Worker

**In Solectron, Guadalajara, employees work on their feet 12 hours per day**

reported, but my health comes first. Besides, I'm not the only one who's not pleased; we are all upset with this new working system."

"I have challenged Human Resources on several occasions. They told me we have to stand up so we don't fall asleep, 'so you are more active and production increases."

As Alicia pointed out, she is not the only discontented worker. On 30 October 2006, a group of Solectron workers went to Cereal's offices asking for help regarding this matter. Rogelio, one of them, pointed out:

"We have been complaining for a while because we have to spend twelve hours on our feet and that is very tiring. We have asked for chairs, but our request has been denied. The guy from Employee Relations told me that they were going to have a meeting with us to discuss it, but up until now we haven't seen any change."

After this meeting, Cereal contacted Solectron's HR Department to make them aware of the workers' complaints. Some

days later, Alicia told us she had been allowed to use a chair. However, the rest of the workers are still waiting for a reply from Solectron.

### **Solectron's response**

In reply to the above case, Solectron gave Cereal the following response in writing:

*"Solectron has implemented a proprietary production system that incorporates, in part, the well-established principles of Lean Manufacturing. The CEREAL report suggests that re-engineering operations to include standing work stations - such as Solectron has done - is arbitrary and lacking clear purpose. The issues presented in the draft CEREAL report (2007) related to the physical impact of stand-up production cells are not new to Solectron, although the Company is pleased to report that only a small (and manageable) percentage of its workforce has actually experienced trouble adapting."*

*"Prior to transitioning to stand up cells, Solectron realized that altering the way work would be performed in this manner would*

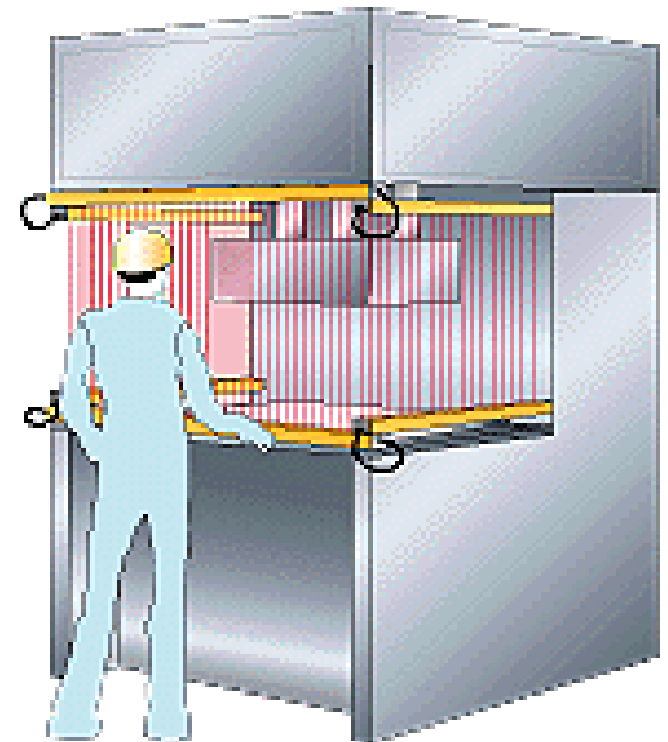
*require a certain degree of change management. The efforts put forth by Company management, site management, and the site HR allowed for a majority of the employees to make the shift to stand up cells without difficulty. Today, every worker assigned a role in the transformed production environment attends mandatory training on Lean manufacturing, and is provided with ergonomic additions to their work cells to aid them in their work."*

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**"We have been complaining for a while because we have to spend twelve hours on our feet and that is very tiring. We have asked for chairs, but our request has been denied."**

Rogelio. Solectron's Worker

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## Standing up: The Jabil case

Workers in Jabil, in Guadalajara, also complain about this. Here there is also a direct link between being forced to work standing up and the introduction of Lean Manufacturing.

"My name is Lorena, I am 35 and a single mother. I started working in Jabil on 24 August 2004. I earn 95 pesos (US\$ 8.78) per day. I work on the Cisco project from 2.00 to 9.30 pm. Currently I am in manual assembly. I work 7½ hours on my feet because our chairs were taken away when Lean Manufacturing was introduced. There are 4 production lines in Cisco, each one has about 15 people and there are around 3,000 people in the whole factory. The working environment is tough, because we have to stand up all the time. I am six months pregnant and I have to be on my feet all the time. Whenever I tell them I need to sit down they ignore me. On Thursday I felt dizzy and I couldn't stand up, I sat down for a while and then went to the infirmary. I had to go down three floors and walk a long way to get there. When I got to the infirmary I was given some oxygen because I couldn't breathe. That day I got better,



but the same thing happened to me again yesterday and I was sent to casualty. Then they told me I was going to be moved to another post, but that hasn't happened yet. Although HR knows that I'm pregnant, they still haven't done anything. Since I've been working on my feet I've developed varicose veins, my feet hurt and swell up badly. I think that working conditions are very tough. Furthermore, engineers treat us badly, they are very arrogant."

Jabil sent Cereal a series of clarifications regarding this case. Lorena read them and made her own comments.

JABIL'S CLARIFICATIONS	LORENA'S CLARIFICATIONS
<i>The facility only has two floors. The employee stated three floors.</i>	<i>The building has three floors: ground floor, first floor and second floor.</i>
<i>There is a lift in the same location as the stairs, which she did not mention. She could have used the lift for her convenience.</i>	<i>I used the lift, but still had to walk quite a long way.</i>
<i>The employee pointed out that she was sent to casualty (hospital). There is no record of that in Jabil.</i>	<i>I never said I was sent to hospital. I was seen in the factory. The attending physician was Dr. Alejandro Renteria, from Jabil.</i>
<i>The operation that appears to correlate with case requires the operator to stand up due to product dimensions.</i>	<i>The problem is not that the nature of the job requires for the operator to stand up, but that I was pregnant and working seven and a half hours on my feet.</i>

After reading both Jabil's and Lorena's clarifications, Cereal believes that there is no excuse for pregnant women to continue working on their feet for long periods of time. Cereal calls on Jabil to improve its treatment of pregnant women. Cereal has also put Lorena in touch with Jabil.



**Jabil Guadalajara**

## **Standing up: The Flextronics case**

Workers in the Flextronics factory in Guadalajara also complain they have to stand up over long periods. There the sitting down ban has forced workers to look for 'other alternatives' and in doing so they are exposing themselves to even more danger. In February 2007, Adela, 24, explained what happens in Flextronics because of the lack of chairs. "I work in Flextronics and I earn 76.35 pesos (U\$ 7.06) per day. I work on the Sun Microsystems project, we manufacture computer modems that are exported to Japan. Being on my feet all the time is very tiring, only the supervisor has a chair. When we have the chance to sit down, we sit on the

rubbish bins. Those are red medium-size pedal bins. We use them to throw away waste paper drenched in paste or isopropilic alcohol. There are two bins in my production line, and when we are very tired we cover each other so we can sit down for a while. Sometimes we feel under a lot of pressure because we have to make many circuit boards. Sometimes my knees hurt badly and that is why I have to look for a place to sit down. I have varicose veins as a result of being on my feet for so long. We don't have anti-fatigue mats, I used to have one in the other factory; they are useless anyway. There are around 8,000 workers in the factory."

Jose, 22, also a Flextronics worker on the Whirlpool project

confirmed what his colleague said. He earns 600 pesos (U\$ 55.49) per week. He told us:

"When I receive the circuit board, I have to check it isn't damaged or that it doesn't have a part wrongly installed. I have to stand up to do my job, there is no chance of sitting down; but in some stations, although workers can sit down they are not allowed, so they sit wherever they can. We are currently having a problem with the chairs, colleagues are chaining them to the work stations because otherwise someone comes and takes them away. When there are no available chairs and they want to sit down, they do so on the rubbish bins and carry on working. The problem is obvious, because of the lack of chairs."

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**"We sit on the tables or on the rubbish bins. We use them to throw away waste paper drenched in paste or isopropilic alcohol."**

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## **Flextronics' response**

*"Flextronics is working on a definition towards this issue. We are currently performing an analysis on each specific position in order to determine if a chair is required or not. Workers with special conditions will be addressed depending on their needs. A revised policy with the corresponding changes including ergonomic concerns will be submitted before the end of 2<sup>nd</sup> Qtr. FY'08 (Sept.'07)."*

## **Sun Microsystems' reply.**

In relation to the above case, Sun Microsystems gave Cereal the following reply:

*"Sun attended the EICC conference in Guadalajara with Cereal and met with several suppliers while in Guadalajara to discuss the findings presented by*

*Cereal. The supplier identified as not providing a place for workers on their lines to sit down is conducting an in depth study of the requirements of different positions in their facility to ensure that anti-fatigue mats or chairs are provided as appropriate."*

*"Regardless of where or with whom we do business, Sun*

*requires that all of our suppliers meet our high standards for environmental practices and business conduct. We work closely with them to address and remedy practices that do not meet Sun's requirements."*

*"Sun requires that all suppliers adhere to the Sun Code of Conduct, which was developed in*

*accordance with the Electronic Industry Code of Conduct (EICC). The EICC is an industry consortium that works to maintain a standards-based approach for monitoring suppliers' performance across several areas of social responsibility, including labor practices, health and safety, ethics, and environmental protection."*

## Standing up: Sanmina SCI

Some workers acknowledge the need to stand up in order to do their job, but there are circumstances in which the idea of keeping workers on their feet is seemingly just a whim. The problem is that rebelling against that whim can cost a worker his/her job. Julieta who used to work for Sanmina SCI in Guadalajara, pointed out:

*"I was working on my feet all the time when I was pregnant. My colleagues would hand me a chair, but the mobiles' supervisor used to come and take it away. She said that sitting wasn't allowed. I didn't even have anti-fatigue mats. On 10 December 2006, I told her my back was aching, then, on the 19<sup>th</sup>, I told her I was going to the doctor. The next day I went to see my GP. I went back to work on the 21<sup>st</sup> and I had a sick note; however, I wasn't allowed in the plant anymore. I went to HR and I was told I had been dismissed. To be honest, I couldn't understand the situation, I told them I was unwell and handed in my sick note, so I couldn't understand."*



**"I was working on my feet all the time when I was pregnant. My colleagues would hand me a chair, but the mobiles' supervisor used to come and take it away. She said that sitting wasn't allowed"**

### Sanmina-SCI response:

*"Many of the job positions within Sanmina-SCI require the employee to stand up. It is not possible to have chairs for every position. However, there are positions within the company that we provide chairs for based on job requirements. In situations in Guadalajara where we are notified that we have pregnant employees, we automatically provide them a new job position which will help prevent risk to the pregnant employee."*

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The situations described above refer to the unsafe working conditions which need an immediate solution from each of the concerned companies. All companies have a duty to protect their workers' health and safety, to listen to their employees' concerns and to implement the necessary preventive measures in their factories. On several occasions, electronics companies have said that workers' health and safety is a priority, but obviously they have not adopted the necessary standards to ensure a healthy and safe working environment. Cereal believes it is paramount that companies implement better preventive measures before the consequences become more serious. Unfortunately, accidents resulting from unsafe conditions are already happening in the Mexican electronics industry. Sadly, these took on special significance during 2006 and 2007.

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## Special cases

Due to their seriousness, Cereal wants to present the following three cases individually. They demonstrate how the lives of electronics workers can be literally destroyed by negligence.

### Case Study 1: In-depth analysis

## Silvia's story

On Sunday 27 August 2006 at 6.30 am, Silvia Martinez arrived at Solectron's plant in Guadalajara in an SUV from a personnel transportation company called Busmen. After getting out along with her colleagues, Silvia started walking through the car park on the way to her post. Suddenly, another bus, also belonging to Busmen, driving along the carpark hit her from the front and threw her to the floor. Silvia did not have time to react. One of the bus' wheels ran over her leg. Araceli Cuevas, 18, Silvia's niece and also a Solectron worker, witnessed the event.

*"We all arrived together and saw everything; we were waiting for her to come out of the SUV. It wasn't her fault, maybe what happened was that the SUV's*

*driver couldn't see her because she was wearing black clothes, it was still a bit dark and the rear-view mirror must have been misted up, because it was raining and it was around 6.30 am. Some people, who weren't even there, said that she had headphones on; but that isn't true, she, like us, came out of the SUV, walked a few steps and the SUV ran her over."*

Silvia was taken immediately to Arboledas Hospital, a private hospital, to receive medical attention. Fernando Vasquez, the SUV driver who took her to hospital, told us his version of the events:

*"Silvia's accident was really an accident. The truth is I don't know how it happened, the only*



**Silvia in hospital**

*thing I can remember is Silvia screaming in pain, which was what made me run to see what had happened. That was when I saw her under the SUV, her leg badly injured. I and other colleagues helped her, I remember the night nurse was there because she hadn't finished her shift yet and she came out to help us. But I don't*

*think she was exactly a nurse because it was obvious she didn't know what to do, she even brought out a wheelchair and wanted us to get Silvia on it, but Aida, Silvia's cousin, said no. However, the so called nurse kept trying to get her on it, then Aida shouted at her "Can't you see she can't get on the chair?" and I told her to have a look at her*

*leg, that was when they rushed to get a stretcher. When the stretcher arrived we got her on the SUV and I had to drive."*

Aida, Silvia's cousin, also a Solectron worker, described how Silvia was taken to hospital.

*"Neither the Green Cross nor the Red Cross came, we think they weren't even called, she was taken in an SUV. She was in bad pain. The driver was jumping traffic lights, he was very nervous too. She was screaming in pain, especially when going through speed bumps, she was only on a stretcher in the SUV. We arrived at Arboledas Hospital at around 7.00 am and she didn't go into the operating theatre until midday."*

When Silvia arrived in the hospital she was in danger of losing her leg. In the following days an infection in Silvia's wound developed complications and Busmen's insurance company stopped paying for treatment.

On 23 September, Silvia was moved to the *Centro Medico de Occidente* (Western Medical Centre), a hospital within the Mexican social security system,



**An bus similar to the one that ran Silvia over**

but she was not taken in because the infection was too advanced. So, she was transferred to Clinic 89, another public hospital, where she died on 22 October of the same year. Silvia was just 24 and she was the single mother of an eight-year-old girl.

### **What caused the accident?**

As with most accidents, in Silvia's case it is difficult to establish the exact causes. However, Fernando, the driver who took Silvia to hospital and who works regularly as a driver for Busmen,

gave his expert opinion on the safety conditions in Solectron's car park at the time. Fernando pointed out:

*"Many vehicles come into the company's premises. We all come in and out at the same time, that's why all SUVs crowd together and since there are no signs the situation is very dangerous for workers who have to cross the car park to get from one place to another. There are 25 Busmen SUVs in the car park, maybe more, plus 12 from another company and some others parked there. To be*

*honest, there are a lot of SUVs in the car park, and workers have to dodge them all the time."*

### **Busmen's reactions**

When Silvia was still in Arboledas Hospital, a representative from Busmen's insurance company went to talk to her. Aida, Silvia's cousin, recalled that moment:

*"ABBA insurance told us not to contact the Public Prosecutor's Office<sup>9</sup> so we didn't. However, later people from the Public Prosecutor's Office turned up of their own accord. They gave me all of Silvia's belongings, her handbag, her clothes, and they asked me to give a statement. We gave a statement and signed it."*

This was the first in a series of events that made Silvia's family suspicious of Busmen's intentions. Silvia's sister, Rocio, 26, looked after her and also took charge of talks with the companies. She explained the way in which Busmen dealt with Silvia's case.

*"I remember that on the day of the accident Mr Adan Magaña, Busmen's owner, told us not to worry, that everything was going*





**Solectron Guadalajara: the place where the accident happened**

*to be fine, that they were going to take responsibility and would never abandon her. However, after only a few days he sent his solicitors to ask me to sign a withdrawal of the claim, which of course we refused to do."*

*"Then, things at Arboledas Hospital got increasingly worse. Doctors said they weren't going to treat Silvia anymore because Busmen no longer wanted to transfer money for medical expenses."*

*"Also, Busmen representatives were trying to trick me into signing*

*the withdrawal of the claim; they kept telling me that it was only a requirement for the insurance to pay all the expenses."*

*"They also told me she was going to be moved to the Medical Centre because she had already been accepted in the tissue bank to have skin grafts. My surprise was when we arrived at the Medical Centre and the doctors told us she couldn't be admitted because she had a severe infection in her leg. I told the person who was saying all this 'listen, I don't understand why you are telling me this, I have*

*already been told that she was ready for a skin graft, that she was already in the tissue bank register; then she told me there was no such a thing as a tissue bank. That was when I realised I had been lied to."*

### **The consequences.**

Cereal found out about Silvia's case a few days after the accident. Two members of Cereal's staff contacted Silvia, her family and Busmen and Solectron representatives immediately.

While Silvia was still alive, Cereal took on the legal representation of her case, but after her death it was necessary to set up a negotiating table in order to find a solution agreed in consensus. Negotiations between Silvia's family, Solectron and Busmen were very tense; however a final solution was agreed by all three parties. Silvia's family agreed to grant Busmen legal pardon in exchange for 280,000 pesos (U\$ 25,897), the maximum possible amount of compensation for occupational death under Mexican law.

Also, Solectron paid 120,000 pesos (U\$ 11,098) from a life

insurance policy that Solectron had on its entire workforce. Finally, Adan Magaña, Busmen's owner, voluntarily gave Silvia's family a further 50,000 pesos (U\$ 4,624), in a gesture acknowledging his company's social responsibility.

Cereal also helped Silvia's family to process an orphan's benefit for Silvia's daughter, which she is legally entitled to until she reaches 18 years of age.

Other positive changes were also made after Silvia's death. Silvia's nephew, Jose Luis Cuevas, 26, also a Solectron worker described those changes:

*"Some good things have happened since Silvia's death. Before, there wasn't any lighting in the car park, there is now. There weren't any signs, vehicles went all over the place and people had to dodge them; now they have built up a ramp, SUVs turn there and if you walk behind one of them you can be reported. Now, there is a place to park, SUVs can't go beyond a designated space. Now there are signals for pedestrians, there weren't any before, they look after us better. All this, of course, was done after the accident."*

## Solectron's response

Cereal sent a draft of the case study to Solectron for the company to comment on. In its written reply, Solectron points out that *"Solectron and all its employees were deeply affected by this incident, and were especially stunned and dismayed by Silvia's death weeks after the accident."* Solectron also gives some details of how the accident happened and makes its position regarding the treatment Silvia and her family received from the company clear. Those details did not modify substantially the original account given by Cereal,



nevertheless, they were included in the final report in order to have a clearer picture. In its reply, Solectron argues that *"the description as written by CEREAL is very inaccurate. Details dealing with how the accident occurred, the area and the conditions where the accident occurred, who rendered aid and what corrective actions Solectron later took are all incorrect. Additionally, the role of CEREAL (in relationship to Solectron) and the nature of the Solectron's dealings with Silvia's family after the accident have been unfairly misstated."* In spite of Solectron's opinion, the account of the case has been reviewed (and approved) by

Silvia's family, members of Cereal and some first-hand witnesses. Finally, Solectron adds *"This incident was truly an accident with tragic significance that Solectron will keep close in mind and heart, and learn from in any way possible. But, this unusual and solitary incident is not an example of unsafe working conditions in the electronics industry, the focus of the CEREAL report, and is therefore misplaced among the other issues raised by CEREAL."* Cereal disagrees with this view and believes that all companies should guarantee their workers' safety from the moment they get on the personnel transport vehicles to go to work.

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**"Cereal believes that all companies should guarantee their workers' safety from the moment they get on the personnel transport vehicles to go to work"**

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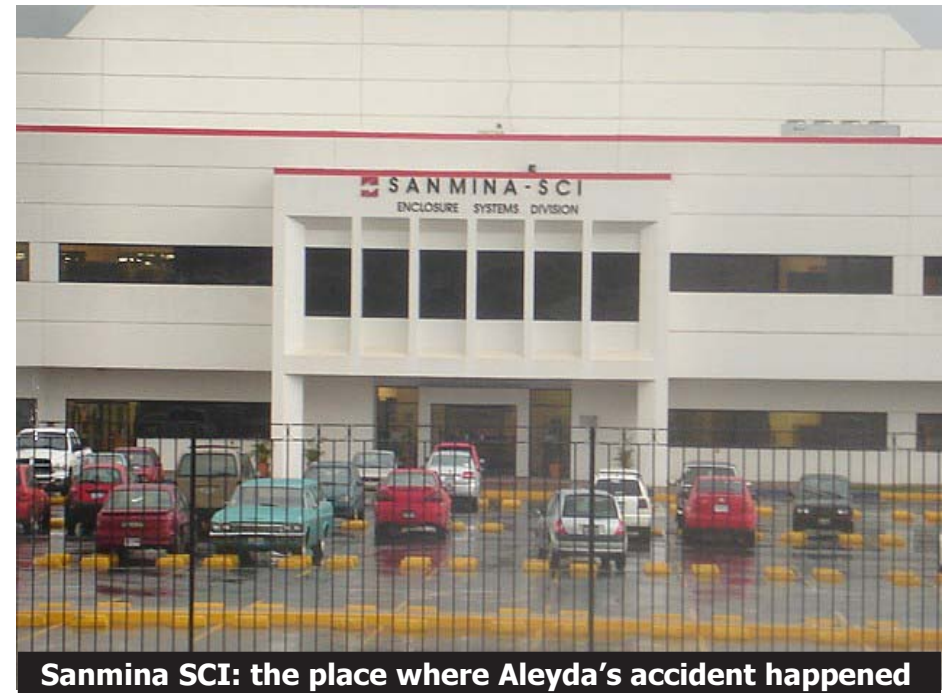
## Case study 2: In-depth analysis

# Aleyda's story

On 23 June 2006, Cereal received the following message by e-mail: "Please do not use my name, I am afraid of reporting this. One of my best friends had a terrible accident in the Sanmina's metal and plastics plant recently opened by Mexican President Vicente Fox here in Tlajomulco, Jalisco. She lost both her hands. She is very frightened and needs your help. I want to ask you to make some enquiries and help her. The accident happened two weeks ago, everyone knows about it but no one does anything to help her. She has been threatened because they are trying to hide the whole thing. She is depressed and she needs you. She told me she started working in the factory without any training, she was sent to operate that machine and that's when she lost her arms... Launch an enquiry, Cereal knows Sanmina very well; they have many factories around here, that's why we are so afraid."

Cereal replied to the person who sent the message asking to identify him/herself and to give more details about the person who had the accident. At the same time, Cereal staff asked other Sanmina SCI workers about the alleged accident. On 26 June, a new e-mail arrived in Cereal's inbox:

"The bosses went to see her to convince her not to say anything. Everyone at Sanmina knows what happened, she lost both her hands and life for her will never be the same again; and all because of a company that never gave her any training. I work there myself, everyone knows about it, they even make jokes about it and that makes me really angry. I will ask for her permission to give out her name and address and will get back to you later, but it wouldn't be difficult for you to find out, everyone knows. Thanks."



Once again, Cereal replied asking this person for more details. On 17 July, the same person sent a last message:

"Her parents accepted some money from the company to keep quiet, we won't be able to help her anymore, I am very angry, there is nothing we can do now."

Workers interviewed by Cereal regarding the alleged accident immediately identified the concerned worker. It was Aleyda,

a 21-year-old girl, who worked in the mechanic metal area in Sanmina SCI and lived in a popular suburb in Guadalajara. These workers gave Cereal promoters an account of the accident. Cereal also contacted Sanmina SCI's HR Director for Latin America. He confirmed the accident and offered his own account of the incident. According to all these accounts, the incident happened as follows:

On 2 June 2006, Aleyda was in plant 4 in Sanmina SCI operating

a machine used to make cuts and grooves on metal sheets used in various electronic equipment. This machine comes with a set of presses that come down with force to make cuts in the metal sheets. The operator has to feed this machine manually, introducing and straightening metal sheets in a compartment. In normal circumstances, this machine is only activated when the operator takes out his/her hands and pushes two buttons for the presses to come down. But in Aleyda's case things did not happen that way.

On that day, she was feeding the machine manually, i.e. her hands were in the compartment where the presses come up and down, when suddenly the presses came down with force. Instinctively, Aleyda withdrew her arms from the machine, and in a gesture of fear, she tried to touch her head. That was when she realised her hands were gone. Aleyda started bleeding and was taken immediately to a Social Security hospital to be operated on. The operation was successful in saving Aleyda's life, but there was no chance of her having her hands re-attached.

### **What caused the accident?**

According to Sanmina SCI's explanation, the accident was caused by a fault in the machine Aleyda was operating. This machine had been brought in three days before from another SCI plant in the US and presumably it had a fault in the mechanism that makes the stamping machine go up and down. This was a recurring fault during the time that Aleyda was operating that machine. That was what caused the accident.

### **Sanmina SCI's reaction**

Sanmina SCI's representative also explained that immediately after the accident, the company contacted Aleyda's family to offer medical, financial and psychological support. At first, neither Aleyda nor her family agreed to talk with the company representatives, because they were very angry with Sanmina SCI. Despite their refusal, Sanmina SCI managed to meet with the family and reach an agreement. Under this

agreement, Sanmina SCI was going to provide Aleyda with "the best medical attention available in the world". Aleyda was treated in a hospital in Dallas, Texas, and in a rehabilitation centre, where she got two pairs of prosthetics: one for aesthetic purposes, which look like real hands at a glance, and a mechanical one equipped with artificial fingers that move in response to the muscle movements in the lower part of the arm. With the latter pair Aleyda moves the mechanical fingers with stimuli from her brain, which sends signals to the arm as if she still had hands.

### **Sanmina SCI's response**

Cereal met with Sanmina SCI's representative to discuss Aleyda's case details. On 3 August, the company gave Cereal a written reply where it points out, among other things, the following:

*"The company did not deny or hide this accident from anyone. As soon as the accident occurred, we responded quickly with proper medical care. Also, we informed Social Security, as we are required to do by the labor law standards. The company is providing Aleyda*

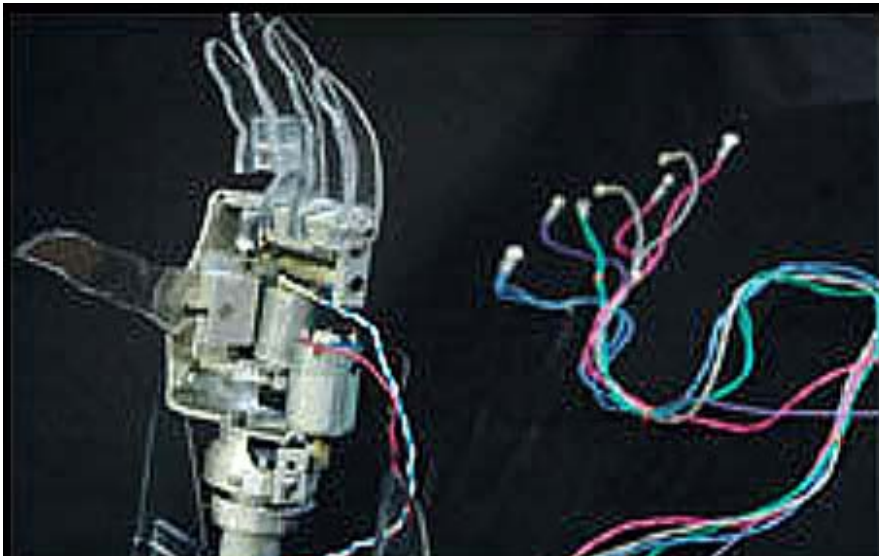


**The function of a stamping machine is making holes through the metal sheets. It was one of these machines that caught Aleyda's hands**

*the best available private medical assistance locally, which includes psychological and physical therapy."*

*"We have also researched the best prosthesis available. We hired the best physician in the area to take care of Aleyda. She is receiving psychological and physical therapy for her and her parents and this will continue for a total of 6 months. We worked with the private physician to find and hire one of the best prosthetic companies in the world. We agreed to hire Advance Arm*

*Dynamics Org. in Dallas, Texas. Aleyda will receive the best treatment and prosthesis available. Aleyda has successfully returned to work at Sanmina SCI in a new job position learning new assignments and performing her duties in positive and highly motivated manner. Aleyda's rehabilitation has gone very well and she is doing extremely well in her new position. Sanmina-SCI has indicated to CEREAL they are committed to Aleyda's future within the company as well as ensuring they have a safe working environment for all of their employees."*



**A microelectric prosthetic limb similar to the one commissioned for Aleyda. It moves in response to cerebral impulses**



**Workers' safety should be a top priority**

## Case study 3: In-depth analysis

# Ramona's story

On 11 October 2006, Ramona Ramirez was working in USI (Universal Scientific Industrial Co., Ltd.) in the city of Guadalajara. She was cleaning a machine and was about to finish her shift. The machine was in 'stop' mode, but it suddenly switched itself on catching Ramona's right hand.

"I was in production line 3 on the Donatelo project, Lenovo. I was operating a Screen machine. This machine puts the soldering paste onto the motherboard. We were working with the security sensors turned off. These sensors detect when your hand is inside the machine and automatically stop it. But on that day the sensors weren't on because time is 'wasted' switching them on and off, and since the company was in a rush to finish production, they were switched off."

"The machine was in Stop, I was cleaning it and I put my right hand in to take out the paste remains when suddenly I felt the machine switch on and trap my hand. In a matter of seconds, I was covered in blood because the machine kept operating while my hand was trapped inside it. At first I thought I'd lost my fingers, because of all the blood I could see. Later I found out that I didn't lose them, but I was never going to be able to move them again."

Ramona was helped by two of her colleagues, who, after several attempts, managed to free her hand. They took her to the company's infirmary:

"My colleagues took me to the infirmary, but it was closed, there was nobody there; it was around 1.40 in the afternoon. They went



**The pressure to have more production provoked the accident that Ramona had in the USI's factory**

looking for the doctor and when he arrived he had a look at my hand and told me 'all that fuss for such a small cut', he also told me 'open and close your hand.' I tried to do it, it was very painful and difficult, and I couldn't do it. He said I was fine. Then, the nurse arrived and she tried to help, but the doctor said no, that it was just a simple cut. She even wanted to call an ambulance, but the doctor didn't authorise it, he only authorised a taxi to take me to Clinic 48. When I arrived in Clinic 48 they saw my injury was

more serious and they sent me to Clinic 110."

"I was in rehabilitation there for two months, I couldn't move my hand, it was swollen and bruised, my fingers were paralysed, I had zero movement. Even today (nine months later) I can't grasp anything with my hand, I can't move it, and I live in pain because I get this sharp pain up to my elbow."

The Social Security diagnosis was, in summary, that Ramona's right

hand was left permanently disabled. The only option left to Ramona is to undergo a very risky operation, which could result in her hand being amputated. In order to do it, Ramona has to give her consent and face the possible consequences. Ramona is a single mother of 5, all below 18 years of age. She is currently receiving a Social Security benefit that amounts to 2,700 pesos (U\$249.72) per month. When Ramona is permanently retired for medical reasons by the Social Security because of the accident, she will only get part of that money because she is not fully incapacitated.

### **What caused the accident?**

In Ramona's case, it is possible to clearly identify three causes of the accident: the insufficient training Ramona received for operating the machine; lack of maintenance to the machines and excessive production demands.

With regard to lack of training, this was the first time Ramona had operated a machine like that, and she had only received one and a half days training to do it. However, the person who trained her calculates that in order to

learn how to operate that machine, a person needs three full months training. Mary, the person who trained Ramona, points out:

"I remember I was training her to operate that machine. Training for operating that machine takes 3 months, but that wasn't the case with Ramona. I remember she only had one and a half days training because there was a rush to finish production. On that day, the supervisor told me to leave her operating the machine on her own because the circuit board production had to be finished as soon as possible."

Lack of maintenance to the machine has to be added to the lack of training. Ramona herself points out:

"The machine switched itself on because the sensors were faulty. On that day, the machines kept breaking down and we reported this, but the people from maintenance only gave them a quick check and left, because the company was in a rush to finish production."

Finally, the third factor that caused the accident was the

excessive production demands, which Ramona has already pointed out in previous testimonials. Now, Mary confirms those testimonials.

"On the day of the accident, the machines kept breaking down; the G1 was making too much noise... Ramona couldn't even leave the machine. It was around 1.30 in the afternoon and she was feeling under pressure because she still had several things to do: The report, the *raid*, the day's target... The day's target is 190 circuit boards per hour and 1,520 per shift. The supervisor checks the chalkboard to see whether the targets are being met and when he sees they are not, he puts pressure on the operators. In this case, he started putting pressure on Ramona. So pressure on her increased, because then she had the supervisor putting pressure on her, she hadn't done the report, she hadn't met the target and she still needed to clean the Screen. To that you have to add the machines' breakdowns."

"Those were the circumstances in which she started cleaning the Screen and later I just heard her scream."



**Mary, the worker who trained Ramona to use the machine, said that Ramona's training was insufficient**

Ramona points out: "I feel impotent, because I can't move my hand. I've suffered from depression, I get very stressed. I receive 2,700 pesos (U\$249.72) incapacity benefit, but that amount doesn't go far. One of my children, who is only 16 years old, had to leave school because I can't afford it. Now he is working in a supermarket. Before, in addition to working in USI, I was doing washing and ironing for other people, that

gave me an additional income because I'm on my own and I have five children to support. But I can't do that anymore. The company doctor says that when I go back to USI I will be sweeping and mopping the floor, but how am I going to do it? I can't even do that at home."

### Lenovo's and USI's reply

On several occasions Cereal tried to contact one of USI's representatives to discuss the above case. Having failed in its attempts, Cereal sent a copy to a representative from Lenovo in July 2007. On 7 August, Lenovo sent Cereal the following reply.

*"Regarding your query on USI, Lenovo is an active participant in the EICC Group and complies with the complete Electronic Industry Code of Conduct. In addition, beginning this year, Lenovo has required all of its suppliers, including USI, to read and agree to abide by the EICC. Lenovo's policy is not to speak on behalf of the suppliers we do business with but instead allow them to directly address and respond to complaints or allegations about how they conduct their business or treat their employees."*



**A screen machine pulls the electronic card and puts soldering paste on it. In the case of Ramona, the machine also caught her hand**

After this communication, a representative from USI contacted Cereal. USI has told Cereal of its willingness to discuss cases related to them in the future.

### Update:

### Fired for talking

Mary, the worker who gave her testimony in Ramona's case was

fired from USI on 3 August 2007. According to Cereal's enquiries, Mary was fired as a punishment for daring to give her testimony. Cereal immediately informed Lenovo of the situation. Subsequently, a representative from USI contacted both Cereal and Mary. Mary did not want to go back to work in USI and accepted the severance payment the company offered her.

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**"The company doctor says that when I go back to USI I will be sweeping and mopping the floor, but how am I going to do it? I can't even do that at home."**

Ramona. USI's Worker

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## 2.4 Exposure to toxic materials and work related illnesses.

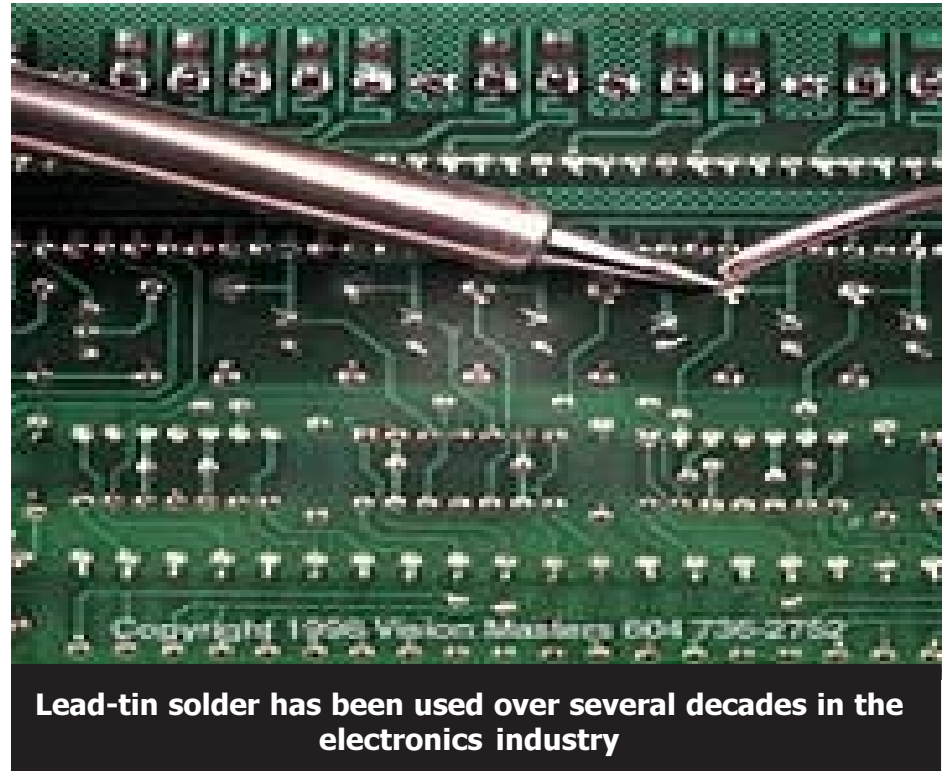
Workers' exposure to toxic and dangerous substances in the Mexican electronics industry is very clearly a problem. This problem is aggravated by a lack of openness and communication on the part of the companies which leaves many workers worried and confused. Workers handling toxic substances at work know that they are being exposed to a risk; however, often they do not know the nature of the risk. This, of course, results in workers not understanding what safety measures to take to avoid illness.

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### Intel and Solectron: Lead, tin and alcohol

"My name is Claudia, I work in Solectron, Chihuahua, on the Intel project. I earn 104.50 pesos (U\$ 9.67) per day. The toxic substances I use at work are lead paste and isopropilic alcohol. The paste makes my hands very dry and has also caused me eye infections. Also, I am pregnant and since I work with toxic substances, I have asked my bosses to be moved to another post, but they have denied my request because

there isn't anyone else they can put in my job. The nurse told me she wouldn't believe I was pregnant until I went to see my GP and showed her a medical certificate. The thing is that the company doesn't authorise any change if it hasn't been approved first by the infirmary. But the problem is that the company's doctor is never in his post. To be honest, I am not happy with the situation, but I can't quit because I need the job."



**Lead-tin solder has been used over several decades in the electronics industry**

The paste to which Claudia refers is a lead and tin alloy used for soldering components. Lead, as is widely known, is a metal that when inhaled enters the bloodstream and causes damage to people's motor and cognitive abilities. High levels of lead concentration in the bloodstream can even result in death.

Tin is not a very toxic metal; however, when inhaled in the form of vapours from the melted

metal it can affect the lungs. It has also been proven that ingestion of high amounts of tin inorganic compounds can cause stomach pain, anaemia, and liver and kidney damage.<sup>10</sup>

Lead and tin soldering has been widely used in the electronics industry for over 25 years, and it is still being used although, currently, its use has been banned by the RoSH Directive.

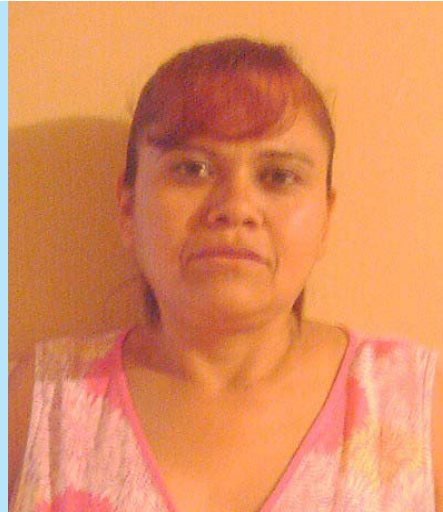
## Dell and Solectron: Harmful paste.

Most of the time workers are only worried about the external effects of these substances, e.g. itching, infections and dryness; however, they also suspect that something more serious can happen to them. Unfortunately, these suspicions are well founded. Most of the substances they mentioned can cause more damage when entering the body than with simple contact. In addition, when workers ask for help from their companies, the reply they usually get does not dispel their fears. Raquel, who also works in Solectron, Chihuahua, repairing equipment for Dell, told us about what happened when she spoke to her superiors after developing symptoms caused by the toxic substances she works with:

*"I talked to the supervisor, I asked him for my annual leave and his reply was 'have you earned it?' I told him I couldn't*

**"My hands got chapped when I started using the paste."**

Raquel. Solectron's Worker



*work with my hands anymore because they were chapped. My hands got chapped when I started using the paste. One day I just couldn't work anymore and the supervisor told me to sit down and do nothing. When I went to see the company doctors he told me that he didn't know what it was and that I had better go to the social security to be examined by another doctor. But before saying that he asked me 'Have the substances you use caused you any discomfort? Have you had any strange symptoms? I replied that the only ones were that my hands were chapped, the skin on my hands was cracking and I got some sort of irritation in my nose.'*

## Lucent and Solectron: Acetones

Like Raquel, during the course of this study, other Solectron workers complained about the poor medical assistance provided by the company. According to their reports, the infirmary does not provide them with appropriate advice on the use of toxic substances.

Gustavo, another Solectron Chihuahua worker, pointed out:

*"I started working in Solectron Chihuahua on 20 June 1999. I am a technician, I do diagnostics for electronic circuit boards and I work on the Lucent Technologies project. The toxic substances we use here are acetone, isopropilic alcohol, lead solder, lead-free solder and flux."*

*"I would like to know more about the consequences of working with toxic substances, but medical assistance in the company is poor because there is only one person in the clinic. Besides, my only protection is a lab coat, heelpieces and a bracelet. In the factory, we work for brands such as Intel, Nokia, Maxtor, Dell, Apple, Ecco Star and Sky."*

The acetone mentioned by Gustavo is a colourless fluid with a distinctive smell and taste. It evaporates easily and it is flammable. It can cause nose, throat, lungs and eye irritation when inhaled. It also causes headaches, dizziness, confusion, increased pulse rate, nausea, vomiting, loss of consciousness and, in high amounts, even coma. It can also cause changes in the menstrual cycle in women.



**The soldering paste and acetones are irritant and toxic, causing damage to the skin and to the respiratory tract**

## Jabil. Lead and Flux

Health problems resulting from working with toxic or dangerous substances are characteristic across the electronics industry. Marilu, a 42 year-old worker in Jabil Chihuahua, explained what happened to her:

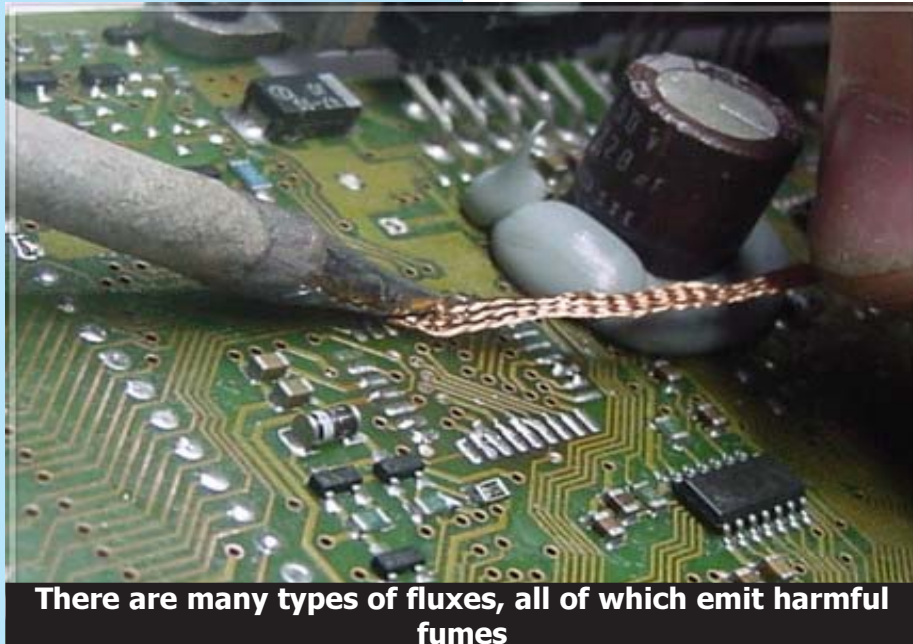
"My name is Marilu, I'm 42. I started working in Jabil on 4 July 2001, I work on the Johnson project and I earn 137.76 pesos (U\$12.74) per day. The chemical or toxic products or substances we use here are lead and flux. Lead solder takes a while to dry and lead-free solder dries instantly. We have blood tests for lead level every six months, although I've never been given the results. To be honest, I'm stressed out because I do soldering in my job and the smoke gets in my eyes. For example, five years ago, I didn't have this carnosity<sup>11</sup> I have on my eyes now. I also get this pain in my hands because of the heat gun and the heat from the crucible. What happens is that changes in temperature are very abrupt, you are indoors and it's hot, then you go outside and it's very cold."

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**"I do soldering in my job and the smoke gets in my eyes I also get this pain in my hands because of the heat gun and the heat from the crucible."**

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As Marilu pointed out, some companies are careful and test lead levels in their workers' bloodstream regularly. However, again, the problem is lack of information. Workers are not given the test results, therefore they are not sure of how affected they are by lead exposure.



**There are many types of fluxes, all of which emit harmful fumes**

## Solectron: Lack of information

"My name is Susana. I work in Solectron Guadalajara. I work on the Calgary project and I earn 99.50 pesos (U\$9.20) per day. I work as a repairer, I weld with a soldering pen, I am in the PTH (Plated Through Hole) area; here we place the components manually. I use lead, tin, flux and isopropilic alcohol; we also have an ionizer. The job I do makes me dizzy and sometimes it is so hot I feel like I need to take off my protective face mask. There are 4 repairers in my production

line: 3 women in PTH and a man in SMT (Surface Mount Technology). The 'soleros' i.e. those working in the wave, work close to us and they also use tin, lead, flux and alcohol. I've been working with solder ever since I started in the factory. Not long ago they did a selection for a lead blood level test, but I wasn't selected and I was very upset because I've been working here, with the solder, for four years and I want to know my health status."

As can be observed, workers' main complaints are long exposure to toxic substances, the presence of exposure-related symptoms and lack of information from the companies.

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**"Here we place the components manually. I use lead, tin, flux and isopropilic alcohol; we also have an ionizer. The job I do makes me dizzy and sometimes it is so hot I feel like I need to take off my protective face mask."**

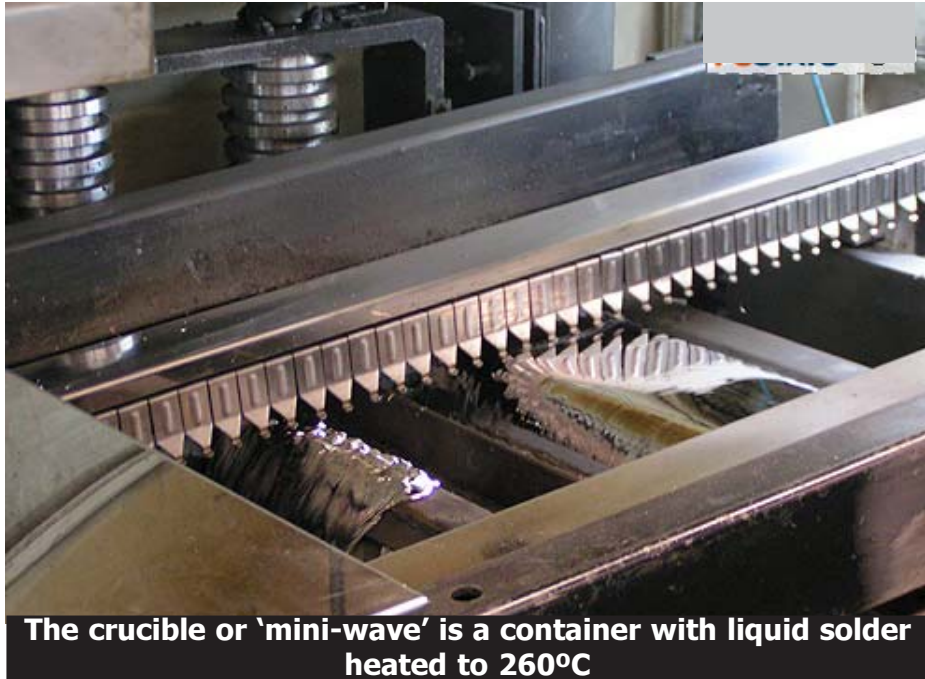
Susana. Solectron's Worker

**USI, Lenovo, Toyota: Long term exposure to toxic substances.**

Unfortunately, this situation is replicated in several factories and the situation of the workers in different companies is extremely similar. Sandra, a USI worker, described the situation in her factory, located in Guadalajara.

"I've worked in USI for 7 years. I started on 20 March 1999. I've only ever worked in USI, this is my first job. I earn 93 pesos (U\$8.60) per day, that has been my wages for the last five years, it hasn't increased. I am in the repairing area and I use solder all the time."

"How do I do it? I take the circuit board, I put a fluid called flux on it and with a small brush I spread it over the circuit board. Then I put the circuit board in the crucible. The crucible is a container filled with hot lead solder, which is heated to 260° C. In the first six years I worked here, the crucible had lead in it, now I'm told it doesn't anymore; but it has tin and when I mix it with the flux it smells foul. Smoke comes out when I put the circuit board in the crucible and it smells



**The crucible or 'mini-wave' is a container with liquid solder heated to 260°C**

very bad. After taking the card out of the crucible, we do some final touches, again with solder and flux, and clean it up with isopropilic alcohol."

"I repair circuit boards for both projects: Donatello, which is part of IBM and Baleo, part of Toyota. I have suffered from several symptoms such as vomiting, dizziness, headaches, sore throat... The security equipment we have includes gloves, lab coat and protective face mask, although this last one is not enough because the soldering

pen, which is heated to 390° C, produces a lot of smoke."

"I talked to the lady from Human Resources, I went to talk to her because I want to be moved from that area; I told her I couldn't be there anymore, that I was suffering frequent sore throats. She talked to the supervisors about my case and they told her that the paste no longer contained lead, so there was no longer a problem; but I know it still has tin and to be honest, I'm feeling unwell, I've been there for six years and I'm

**"I am in the repairing area and I use solder all the time I have suffered from several symptoms such as vomiting, dizziness, headaches, sore throat..."**

Sandra. USI's Worker

already feeling ill. But to this day they haven't done anything. I've already told them it would be better to get fired, but they've said no, and obviously it isn't in my interest to quit, if do I don't get my severance pay."

"I've had two blood level tests done in USI, but I've never had the results in my hands, they always tell me I'm fine. The company doctor always tells me I'm fine; but whenever he says that I immediately think that there isn't even an air extractor to absorb the fumes where I work. Once, about two years ago, we were given a talk and we were told that what we did wasn't dangerous, that there was more lead on the streets than in the factory and there was nothing for us to worry about."

## **USI and ON Semiconductor. Sealants.**

Sometimes, after much insistence, workers manage to get help from their companies. However, the assistance they receive is not fully satisfactory. Anita, also a USI worker, described the symptoms she has been having for a few years, which are caused by a sealant she uses at work. She also told about the assistance she received after asking her company's representatives for help:

"I've worked in USI for over 5 years. I earn 86 pesos (U\$ 7.95) per day. I'm on the On Semiconductor project."

"For the last three years, I've had an infection in my fingers caused by the sealant I use at work. On several occasions, I told my supervisor about it and only recently was I sent to a dermatological hospital. There, I was told that it was a contact infection and that I had to wear fabric or latex gloves. We were also prescribed a UV blocker, to be used by all workers. The factory only bought that cream for one month and when it ran out they stopped providing it. I

don't wear the gloves because it's impossible to work with them, they are too thick. We also use UV rays to harden the resin used in the SSOVP (Solid-State Over Voltage Protector) project."

"Another colleague was having the same symptoms as me and the social security inspectors came to examine her, but they didn't tell her anything; what's more, she wasn't even paid for her sick-days."

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**"For the last three years, I've had an infection in my fingers caused by the sealant I use at work"**

Anita. USI's worker

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**Sealants are used to join circuit boards. They irritate the skin and they are toxic**

## **Flextronics: Incomplete information.**

Other companies inform their workers about the substances they use and the risks of being exposed to them. Bety, 24, who works in Flextronics Guadalajara, talked about this situation:

"I work in Flextronics Guadalajara and I earn 76.35 pesos (U\$ 7.06) per day. I check the cards when they come out of SMT, I measure the thickness of the paste that's put on them and check if they have all the components, from here they go to the wave."

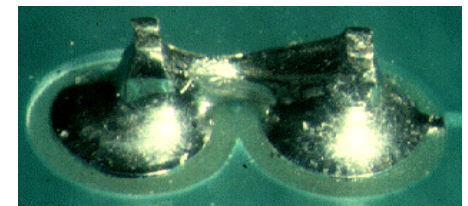
"The wave machine is square-shaped and long. Those production lines that have a wave machine smell foul and when you leave the plant both your clothes and your lab coat smell like that. Allegedly there are fume extractors, some big black tubes, but they don't seem or sound as if they are working. The wave is also supposed to have a fume extractor, but the places where they go in and come out are open and the smell escapes through there. Here, we are made aware of the consequences of being in direct contact with toxic

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**"Those production lines that have a wave machine smell foul and when you leave the plant both your clothes and your lab coat smell like that."**

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substances. There is a book on the table for the labels stating the ingredients and effects of each paste. Anyone can read it. But now that I'm aware of the substances we use and the risks we're exposed to, there is only one question in my mind, how can we be sure that those substances are not affecting our health? The problem is that not all production lines are lead-free and those that are have other substances such as cadmium and silver. I know, for example, that several of the Nortel production lines use lead, the Motorola and the Whirlpool ones have lead and the Current and Sun Microsystems ones don't have lead. I know that, but I ask myself, what should I do?"

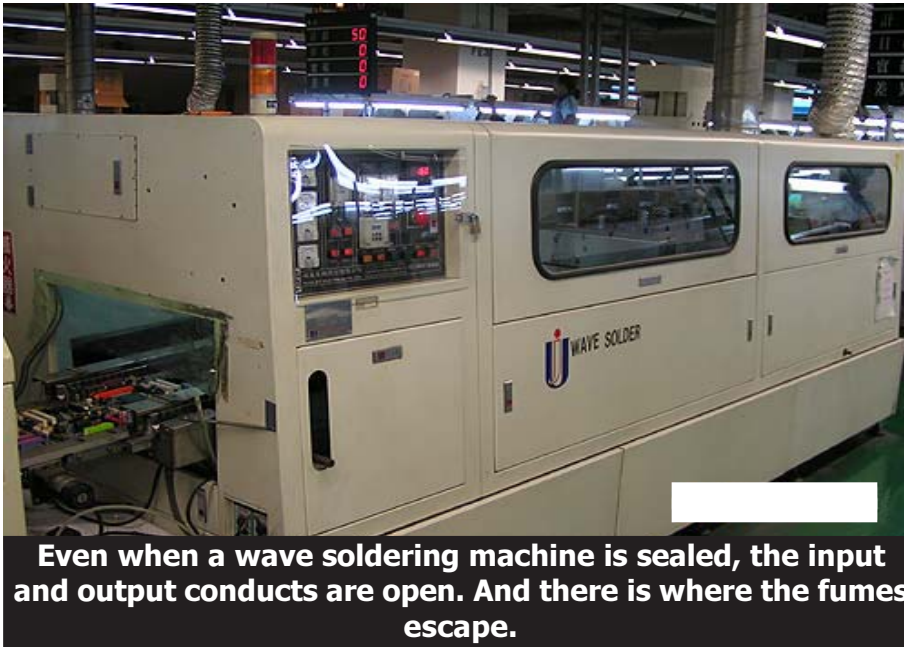


## Ten substances

Several toxic and/or dangerous substances are used along the electronic equipment's production chain. This production chain is extremely long; so long, it involves different companies in different countries. Factories in Mexico are only one link in that long production chain, therefore workers' testimonials in this section reflect only some of the practices in this long process. In consequence, the toxic substances mentioned by workers are only those used in that part of the production chain.

The most common set up is for circuit boards and components to arrive in Mexico already manufactured to be assembled or repaired here.

These two activities (assembly and repair) include a soldering process, which is mainly done using SMT (Surface Mount Technology). This is why both processes use similar toxic substances and workers talk about it all the time. The substances are lead, fluxings, isopropilic alcohol, sealants, acetones, cadmium, silver, tin, copper and acids.



**Even when a wave soldering machine is sealed, the input and output conducts are open. And there is where the fumes escape.**

Workers' testimonials show that companies' representatives argue that the solder being used currently is lead-free and therefore does not present any danger to employees. However, it must be clarified that not all solders are lead-free and some lead-free solders contain other substances that also pose a danger to workers. In that respect, the *RoSH Information and Compliance Guide* says:

"It is a common mistake to believe that lead-free solders are safer than lead/tin solders, since in both cases harmful fumes are generated by the fluxing being used<sup>12</sup>."

In other words, although RoSH regulations are very useful regarding the environmental management, they are not equally useful in protecting workers' health, since they continue to be exposed to substances, which, although different, are still harmful.

The overall conclusion is, unfortunately, disheartening, since companies, knowing that the substances being used by workers are harmful to their health, frequently do not tell

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**The substances are lead, fluxings, isopropilic alcohol, sealants, acetones, cadmium, silver, tin, copper and acids**

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them about the chemical compounds in those substances nor explain the risks of exposure to them clearly. Also, they do not provide enough advice regarding safety measures or provide prompt and appropriate medical attention to prevent illnesses.

## Solectron's response

*"The draft CEREAL report (2007) includes several statements from Solectron Chihuahua workers describing issues handling lead material and/or uncertainty about the safety of the materials they handle. Although a majority of the work within our Guadalajara facility is lead free today, our repair facility in Chihuahua has not yet been able to eliminate lead from its processes due to the nature of the work performed (repairing units originally built before lead free manufacturing initiatives)."*

*"Nonetheless, Solectron has highly safe handling procedures, training programs and informational materials addressing every material that workers come into contact with in our Chihuahua facility".*

*"The worker descriptions in the CEREAL report of irritated and seriously dry or chapped hands is somewhat perplexing to Solectron. The flux and paste materials should never be handled in such a way as to expose the hands to risk of irritation and discomfort – it is a low irritant and is not heavily handled in our processes. It is unclear from the worker statements if it is in fact the materials causing the irritation or perhaps sensitivity or allergy to the latex gloves they should be using. Our EH&S team has begun monitoring the repair center for this issue specifically, and will implement corrective training if the material is being mishandled."*

### **Jabil's response**

*"Employee health and safety is a priority. An Environmental Health & Safety department exists in all factories to ensure employee safety and*

*environmental stewardship. Jabil ensures all employees have properly certified personal protection equipment matching job description while adhering to all regulations concerning employee exposure & handling of hazardous materials. Jabil confirmed the employee was provided with all necessary personal protection equipment to perform job task."*

*"All employees are provided instructions on how to obtain their test results. Jabil has no record of employees not obtaining results when requested. The following steps are underway to improve communication of test results:*

- Employee relations administrator will talk to employees as soon as medical department receives tests results.*
- Communication of results to employee Supervisor. This will add another channel to ensure the information is available to the employee, now also through their Supervisor."*

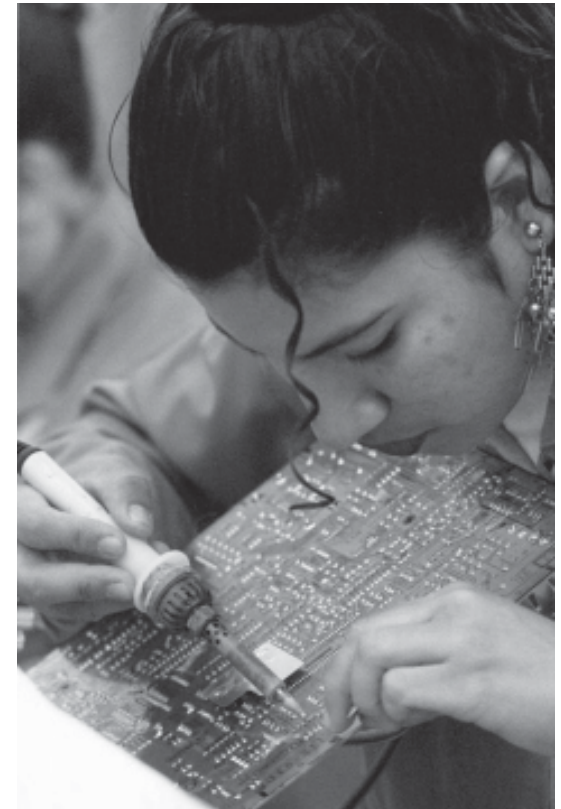
### **Flextronics' Response**

*"All employees that work with chemicals or substances are given a course in which they*

*receive a certification on how to handle chemicals and the health risks related to each chemical, the use of Personal Protective Equipment, and how to handle any type of chemical spill. Each wave machine has an individual filter system. These filter systems are checked periodically and maintenance complies with the program. On a regular basis (minimum one time a year complying with legislation) an external lab measures our agents including lead, chemical steam, etc. The results obtained from this external lab in 2005 & 2006 were found to be within the marked legislation. The following studies are scheduled for September 2007."*

*"In addition, EH&S measures these agents internally using company equipment following the established program. The obtained results are within the marked legislation by the Mexican Labor Department. All workers exposed to chemical substances have Medical exams done annually. The*

*results of the exams prove that there are no side affects to our workers due to the chemical substance exposure in their work area. Which confirms that our controls to measure (Air filter systems and the use of Personal Protective Equipment) have been effective. It's important to mention that the workers that receive the medical exams are informed of the results and sign-off on them."*



## 2.5 Sexual Harassment

*"Miguel, the manager, got physically close to me and told me he fancied me, that he dreamt of me. I told him to leave me alone."*

Elena Martinez<sup>13</sup>  
Hitachi worker, Guadalajara

In April 2006 CEREAL highlighted instances of sexual harassment to electronics companies and called for fundamental changes within the industry so that women workers can feel safe. Evidence from worker interviews suggests that the companies' response to date has been inadequate.

During the period covered by this report, workers, particularly female workers, asserted that, like last year, sexual harassment is still a common practice in the electronics industry. Interviews with workers reveal that the most common form is supervisors sexually harassing female workers. Supervisors, taking advantage of their hierarchic position, pressure and threaten

workers to force them to give them sexual favours. Both male and female workers assert that sexual harassment is a widespread practice, however, women who have been victims of harassment rarely agree to give their testimony. This is understandable when taking into account how difficult it is for most people to talk about these kinds of things. Nevertheless, when sexual harassment becomes unbearable, sometimes workers agree to talk to someone in the hope of finding some help.

This was the case of Victoria,<sup>18</sup> a Sanmina SCI worker in Guadalajara. She approached Cereal's offices in November 2006.

### Victoria's story

At the time, she was being harassed by one of the supervisors, a man called Apolinar, who before harassing her directly tried to put pressure on her through her sister, Lidia, also a Sanmina SCI worker. Lidia told us how he was putting pressure on her.<sup>14</sup>

"Last Wednesday (1st November 2006) I left work, well I was sacked. Apolinar told me that if I didn't convince my sister to have sex with him, he was going to sack me. On one occasion, for example, I was walking down the hallway and I came across Jesus, the LCI leader and he told me 'I'm going to introduce you to Miguel and Apolinar', who were with him. Then Apolinar told Jesus, 'don't bother, we are going to fire her, ask her why', so Jesus asked me and I told him, 'I'm going to be fired because I have missed work'; but Apolinar told me, 'No, that's not true, we're going to sack her because her sister hasn't slept with me.' There are several people in the company who have complaints about him, but no one has the courage to report him".



**Despite asking help from her company, no one listened to Victoria**

Since Lidia did not agree to put pressure on her sister to have sex with Apolinar, he approached Victoria directly. At some point Victoria sought help in the company, but soon she found out that solving her problems was not going to be easy. She recounts what happened:



"My name is Victoria. I work in Sanmina SCI, on the Daktari project. There we manufacture chassis for electronic circuit boards, some of which are taken to SCI's plant 29 where I believe they are assembled into the computers. Sometimes they're sent straight to the client."

"In June or July 2006, he started harassing me, although previously he was bullying my sister. My sister is chubby and he would say to her 'Why aren't you slim, hard-working and good like your sister?' After several months, my sister couldn't take on Apolinar's pressures and insults anymore and she left the company last week."

"He is the Tigris, AFC and LCI supervisor. When I was moved to the Tigris project he told me *'Would you like to have a baby with me? Tell me when and where and I will buy you a car, set up a house for you, pay your expenses; if you want we can bring up the child together, and if you don't want the baby, you can give it to me when it's born.'* I stopped him in his tracks, but he kept insisting, he kept asking me to go out for a meal and he

would tell me *'I have a brand new car.'*"

"I am a production line leader, I do my job well; he tried to move me to the LCI area, but I told him that was not my area. He got angry and told me 'You're going to do whatever I want, I am the boss here and you are just a lousy employee.' All that made me very upset, so on Monday 6 November, I went to talk to one of the managers, but he told me 'What Apolinar said wasn't malicious. I realised that manager wasn't going to help me, so on that same day I went to talk to the HR manager. I told him Apolinar was harassing me and shouting at me. He told me 'Don't give in, stand up to him'. I also told him that maybe Apolinar was acting that way because I didn't give in to his demands; but the manager told me 'You've encouraged him, I've been noticing that for the last three months and you didn't put a stop to it'. So, this manager didn't want to help me either."

Fed up with the whole situation, Victoria stopped going to work the last week of January 2007. She only went back to sign her

resignation. On that day, she received 340 pesos (US\$ 31.45) severance pay. After learning about Victoria's case, Cereal contacted the SCI Sanmina representative in Mexico. This first contact took place when Victoria was still working in SCI Sanmina and the company's representative promised to resolve the situation. However, when Victoria could not take it anymore and decided to resign, Cereal contacted the representative again to find out what had happened. Only then did the Sanmina SCI representative intervene and talk with those involved. Victoria was re-hired by Sanmina SCI and reinstated in another plant, where she is happier. Apolinar, the supervisor, was fired.

While CEREAL is pleased that action was eventually taken in this case, it is clear that internal systems were inadequate. Workers need to be able to raise their concerns effectively without external intervention. The current problems of sexual harassment in the electronics industry illustrate the need for an independent trade union which workers could go to in confidence.

### **Sanmina-SCI's response:**

*"When the HR department received the information on this case by CEREAL, the HR team conducted a complete, thorough and timely investigation. The supervisor admitted that he violated our policies prohibiting sexual harassment and he was dismissed immediately. The same day Victoria returned to work. Upon her return, she asked for a position on third shift and the company complied with her request. As of today, she is still working as a temporary employee. However, based on her demonstrated performance, Victoria is being converted to a full time regular employee with Sanmina-SCI. Sanmina-SCI continues to implement and regularly train supervisors on its policies prohibiting harassment in the workplace, including sexual harassment. In addition, the company will continue to conduct immediate investigations whenever employees bring complaints to our attention. Moreover, the company will continue to communicate to its employees the company's Employee Complaint Resolution process."*

## 2.6 Excessive wage deductions

**"I earn 110 (U\$10.17) per day, if I miss a day 250 pesos (U\$ 27.75) are deducted from my wages."** Blanca, Foxconn, Chihuahua, Motorola project

**"I took one day off and a 50 pesos (U\$ 4.62) attendance bonus, 50 pesos (U\$ 4.62) punctuality bonus, 87 pesos (U\$8.04) and 7 pesos (U\$0.65) food vouchers were deducted from my wages. 195 pesos (U\$ 18.04) in total. I earn 87 pesos (U\$ 8.04) per day."** Daniel, Foxconn, Guadalajara, HP project.

**"I earn 137.76 (U\$ 12.74) per day. If I take a day off around 550 pesos (U\$ 50.87) are deducted from my wages. If I arrive even a second late, I lose the month's bonus."** Marilu, 42, Jabil Chihuahua, Johnson project

**"I earn 113 pesos (U\$ 10.45) per day, when I miss a day 300 pesos (U\$27.75), plus a 70 pesos (U\$ 6.47) bonus are deducted from my wages; a total deduction of 370 pesos (U\$ 34.22)."** Raquel, Solectron, Chihuahua, Dell project.

**"I earn 80 pesos (U\$7.40) per day, plus 45 pesos (U\$4.16) per week in food vouchers. If you take a day off they take off the attendance and punctuality bonus, one-day wages and the food vouchers. Imagine that, with all those deductions you can't eat the following week!"** Aurora, Foxconn, Guadalajara, HP project.

**"I earn 111 pesos (U\$ 10.26) per day. If I'm off one day, even if I've asked for it, 300 pesos (U\$27.75) are deducted from my wages."** Teresa, 30, Solectron, Chihuahua, Intel project.

**"I earn 84 pesos (U\$ 7.77) per day, if I take a day off 250 pesos (U\$23.12) are deducted from my wages."** Marisela, 20, Jabil Chihuahua, HP project.

The previous Cereal report described a type of wage deduction that, although within the law, was very unpopular amongst workers. We refer to the deduction of punctuality and attendance bonuses, which are discounted from their pay if they miss a day or arrive late once within a week or a month. These deductions still persist in all electronics factories and so does workers' discontent.

As can be seen from the testimonials on the left, this deduction is, on average, equivalent to a worker's wages for three days, so their discontent needs no more explanation. Although this measure is legal, the problem is that workers do not know that these bonuses are not part of their basic wages, but a 'conditional reward' payment. Of course, they cannot be blamed for not knowing it, since it is the responsibility of the companies to inform them. Cereal received written responses from each of the companies mentioned in the testimonials. Due to the length

of those replies, it has not been possible to include them in the report. In general terms, companies point out that bonuses are a reward and not a deduction. The companies also state (despite the fact that a high percentage of workers say the opposite) that they do inform their workers effectively of the nature and structure of the bonuses. Cereal raised this issue with the companies in 2005 so, if this is the case, it is surprising that such misunderstandings are still so widespread. Workers should be aware of exactly how much they earn. When analysing the companies' replies, Cereal observed that some companies pay bonuses to workers whose absences have been justified. Justified absences are covered in Mexican law and should not be counted as simple absences. According to the Law, justified absences should not have any legal impact that damages the workers, and in that sense, they should not be used as an excuse to avoid paying the attendance bonus.

## 2.7 Humiliating treatment and work overloads

Cereal believes all workers should be treated with respect and dignity. Unfortunately pressure to meet targets can lead to unfair treatment and unreasonable behaviour. Most cases of humiliating treatment and work overloads Cereal came across in the period 2006-7 were related to high production demand from the companies. On some occasions, these demands result in unreasonable behaviour, such as the following:

### Jabil. Controlled toilet breaks

A measure aimed at increasing workers' production is controlling their toilet breaks. Maricela, 20, also a Jabil Chihuahua worker, told us how toilet breaks are controlled in that fact

*"My name is Maricela. I work in the HP area, where we assemble and test printers. They keep tabs of our toilet breaks, we can only go to the toilet once a day and we have to be back within 10 minutes."*



Marilu Gutierrez, 42, also a Jabil worker, confirms what Maricela said:

*"I am on the Johnson project. They are very strict in the factory in regards to allowing us toilet breaks, when we go we are given a pass where the time of leaving and the time of returning are stamped. We have to be back within ten minutes and we can only go once a day."*

If companies monitor toilet breaks, such controls should not be excessive or infringe a person's dignity. Based on the complaints Cereal has heard from workers on this issue, it can be said that a way to control the time allocated for toilet breaks should at the very least take into account the time that a worker takes to get to the toilet and back, since usually factories are quite large and the facilities are far from the working areas.

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**"They keep tabs of our toilet breaks, we can only go to the toilet once a day and we have to be back within 10 minutes."**

Maricela. Jabil's Worker

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### Jabil's response

In reply to the above case, Jabil gave Cereal the following response in writing:

*Jabil does not employ any specific rule regarding toilet breaks. Employees have ample opportunity during lunch and breaks to use the toilet. During actual production time, excluding medical conditions that require special attention or emergency situations where authorization is not needed, employees can ask for their supervisor's authorization to go to the toilet. Manufacturing environments require high levels*

*of productivity during production time; therefore, obtaining supervisor's authorization to leave a workstation aids the entire team in managing its productivity.*

After receiving this reply, Cereal once again asked other Jabil workers about the control of toilet breaks in that factory. They confirmed that those controls are in place and that they are, in fact, excessive. Cereal hopes that Jabil will review this situation in ongoing consultation with its workers.

**“Every day I was forced to stay behind and work between three and four hours overtime, actually extending my shift to almost 12 hours per day”**

Vicente. Pronto's Worker

### **Pronto and Nokia: Work overloads.**

The measure most commonly used to increase workers' production is work overloads. One case of work overloads, linked to Nokia, is that of a company called Pronto, located in the city of Reynosa. Here workers complain about excessively long shifts and high production demands. Vicente Hernandez, a former worker for this company, told us that the situation was so tiring it drove him to quit his job:

“My name is Vicente, I'm 17 years old. I worked in Pronto until December 2006. There we fixed all the defective materials for Nokia. My job was to divide good and bad PINs. A PIN is a small rectangular-shaped plaque on which the chip is mounted. My shift was from 8.00 am to 6.00 pm, but in the time I worked there the supervisors forced me to work excessively. Every day I was forced to stay behind and work between three and four hours overtime, actually extending my shift to almost 12 hours per day. That's why I stopped working there, the work load was too much.”

### **Flextronics: Excessive Production Standards**

Felipe, 22, a Flextronics Guadalajara worker, also complains about the work overload he is subjected to in that factory.

“My production target is 140 circuit boards per hour and if I'm below that amount, I'm put under pressure. In order to have an excuse to bully me they don't let me finish the work that has mounted up, i.e. they don't let me switch the belt off and on again. I can test 120 circuit boards per hour, i.e. 2 per minute, that way I could do a good job, with no faults. But 140 circuit boards per hour is a bit excessive. Sometimes I don't do my job well because I have to meet targets. I get pressured. The problem is that the belt runs too fast for me. In some production lines the belt goes forward, then stops for a while and you have time to do your task, but for me it's too fast. I suggested to the supervisor slowing the belt, but she ignored me because what they want is for you to do more and more work. I think the belt in my line needs a sensor, so it stops or

goes forward as needed. I have already mentioned it to the supervisors and they discussed it with the quality control people, but they concluded it wasn't necessary, although I think it is.”

### **Flextronics' response**

*“Flextronics needs more data regarding this issue in order to determine which line is causing these problems. We have no reports recorded. In addition, we need more specific details on the statement mentioning that when lines stop the workers have time to do their tasks. Flextronics will consider this claim and take action to re-visit line standards with a team composed by the engineering and safety department. A revision and conclusion report is to be finished by the end of the 3<sup>rd</sup> Qtr. FY'08 (Oct-Dec'08).”*



## Solectron: Unjustified mistreatment

Although production demands are the main cause of humiliating treatment and work overloads, there are other instances in which mistreatment does not appear to have an apparent explanation. Leticia, a Solectron Guadalajara worker, went through one of these inexplicable situations:



"My name is Leticia,<sup>14</sup> I'm 21. I started working in Solectron Guadalajara on 27 February 2006 thorough an agency called Dispem. Soon after I started I was transferred to the night shift. I was already four months pregnant and I told the Employee Relations' lady that I was pregnant. She told me to do a pregnancy test, so I did and went back to her and showed her. She said 'Oh yes!', we'll see later, and I was still moved to the night shift. My shift was from 7.00 pm to 7.00 am. I spent the twelve hours on my feet, so I asked my leader for a chair, but she told me 'No, because your

pregnancy doesn't show and I even think you may not be pregnant."

"One day, I was given the task of sticking some tape to the floor, it was a whole production line and I had to bend over to do it. I told the supervisor I was pregnant, but he told me 'So what? It won't hurt you', I felt very angry and told him back: 'It won't hurt you either! So let's do this together' and he replied 'Why do I have to do it?' So I said 'So why do I have to?' Then he said 'Well, if you don't do it I'll send you to sweep and mop the floor.' At that time I was 6 and a half months pregnant, I started sticking the tape, but I could only cope with being bent over for a little while, my stomach felt heavy; so when I realised I couldn't cope I started sweeping and mopping the floor."

"Then I was sent to section 6 to inspect cards next to the retouchers. There, they use a soldering pen and lead, they say

that is harmful for pregnant women, but still, I was left there. I was there for three weeks, to be honest it smelled really bad and despite me telling them that I was pregnant, they wouldn't give me a protective face mask. Two days before I went on maternity leave, I was given a face mask; but I told the person who was giving it to me: 'What's the point now? I only have two days left here before I go on maternity leave'. By then I was about 8 months pregnant and was still on the night shift. One day the guy from the agency came to me and said 'If you want I can move you tomorrow.' But it took two weeks to process a shift change and I only had a few days left before going on maternity leave, so I said no."

"I left on maternity leave on 14 September and gave birth on 10 October 2006."

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**"I told the supervisor I was pregnant, but he told me 'So what? It won't hurt you' "**

Leticia. Solectron's Worker

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### Solectron's response

After learning about the above case, Solectron gave Cereal the following reply:

*"Quite frankly, Solectron does not recognize this incident and cannot corroborate the facts as described. It is entirely inconsistent with Company and HR policy to treat an employee as alleged in this section."*

*"Although the issues raised by the Solectron employee in this section of the report are difficult to reconcile and understand, the Company will use the employee's described experiences as teaching tools in our supervisor training and leadership development programs."*

## **Foxconn: Mistreatment**

Finally, there are times when mistreatment is not caused by something in particular, but by a series of working conditions that, together, infringe people's dignity.

One of these is the situation experienced in the Foxconn Guadalajara factory, where in fact workers have already complained to their superiors. This factory produces Compaq and HP computers. Lucia, one of Foxconn's workers, describes what happens there:

"My name is Lucia, I work in Foxconn and I earn 80 pesos (U\$ 7.40) per day. It is extremely hot inside the factory; the air conditioning doesn't have enough capacity to cool down the area. The heat in production line A is unbearable, some people even faint because of the heat, it is very hot and people are also mistreated, that's why people don't last in the company and end up leaving the day after they start."

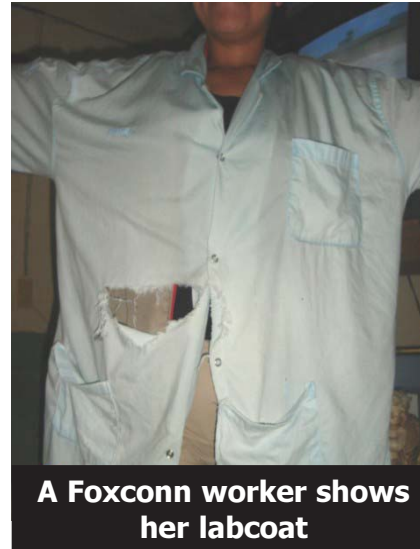
"The treatment is humiliating, they shout at us. They humiliate us even because we drink water,

they don't want us to drink water, it seems to bother them. There aren't any chairs either and to be honest we get very tired, we didn't have anti-fatigue mats until four months ago. Besides, we only have the right to one lab coat, I just asked for another one because the one I have is worn out, but the company says it can't afford to give me another one."

Antonio, a former Foxconn worker fired in May 2007 mentions situations similar to those highlighted by Lucia:

"What I didn't like in the company was that managers, leaders and supervisors shouted at the employees. I even heard things such as 'move, you bastards' and things like that, and there were worse insults, I even had a row with the supervisors because they were treating employees very badly."

"The proof of all this mistreatment is in the fact that there is a lot of staff turnover, people can't cope, very few have been there for 4 or 5 years; some people don't last in Foxconn for more than a month, or even one day."



**A Foxconn worker shows her labcoat**

### **Foxconn's response**

*"A study was carried out in March 2007 with Facilities provider on the problem that exists in the line A, where by the generation of heat produced by the computers and temperature can surpass 23°C, adding that to the normal movement of the people in the processes of manufacture. Actions were taken and alternate measures were identified to reduce temperature. Foxconn has an area specifically for coffee. In each area of work water dispensers are installed. Temporary rest for employee is permitted when required to go drink water, go to the coffee area and/or bathroom following an*

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**"The treatment is humiliating. They humiliate us even because we drink water"**

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Lucia. Foxconn's Worker

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*order not to affect operations. Also they count on with anti-fatigue mats in certain areas that require long standing hours to minimized fatigue which were installed since 2006. A survey on the working environment carried out in June 2007 showed positive results regarding the treatment employees receive from managers, supervisors and leaders."*

## 2.9 Lack of trade union freedom and company controlled unions.

Many of the issues raised by this report could have been resolved far more quickly if electronics workers had access to effective, independent representation in the workplace. The right to freedom of association and collective bargaining is one of the core rights of workers recognised by the International Labour Organisation. Unfortunately company practices mean that Mexican electronics workers are deliberately denied this basic right.



**"We don't have a trade union and it would be very difficult to get permission to organise ourselves."** Rogelio, 20, Sony, Tijuana.



**"We don't have freedom of association. Everyone is scared."** Gaby, Solectron, Chihuahua, Dell project.

**"As far as I know we don't have a trade union and we are not allowed free organisation."** Monica, 19, Solectron, Chihuahua, Intel project.

**"We don't have a trade union and free association is not allowed. About five years ago, a group of workers tried to organise themselves and all of them were fired, that's why no one even attempts it now."** Manuel, 30, Solectron, Chihuahua



**"There is no trade union in Foxconn and we are not allowed to organise ourselves."** Noemi, 23, Foxconn, Chihuahua, Nokia project.

**"I don't know if there is a trade union and the company doesn't allow us to get organised."** Julio, 26, Foxconn Chihuahua.

**"We don't have a trade union and free association is not allowed. Yes, I would like to organise, but we are not allowed."** Teresa, 42, Jabil Chihuahua, Johnson SCI project.

**"We don't have a trade union, and if we organise ourselves we are fired."** Norma, Jabil, Chihuahua.



**"Yes, we have a trade union, but it is a company union and it doesn't help workers. I've never seen a trade union office in the company. My sister says there is a trade union office in Plant 2, but it's a company union."** Liliana, 35, Plant 1, Nokia, Reynosa.

## A persistent problem

The previous Cereal report documented the presence of trade unions that did not represent Mexican electronics workers. These operated, and still operate, under the so called 'collective protection agreements', which are legally binding contracts signed by companies and trade unions behind workers' backs, the true purpose of which is to prevent the creation of a real organisation.

In the report it was also explained that workers were not aware of the existence of such unions, and the fact that they were members. As the above testimonials show, this practice is still very common in the Mexican electronics industry. Cereal even managed to get copies of two new protection agreements involving other companies and trade unions.

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**"We were also warned that if someone tried to create a trade union, that person would be dismissed immediately"**

Patricia. Jabil's Worker

## Jabil. Threats

This year's research reveals a range of practices against freedom of association. These include threats, the express prohibition of organisation, dismissals, repression and, of course, compulsory and covert enrolment. Patricia, a Jabil Chihuahua worker, describes one of these situations:

"My name is Patricia, I am 20 and a single mother. I started working in Jabil Chihuahua in August 2006. I earn 630 pesos (U\$ 58.27) per week."

"When I started, we were given one week's training, they talked to us about safety and the toxic substances being used in the factory; we were given a book with the internal rules and told us how to dress. On the last day of the training we were sent to the production line to practice. We were given a lab coat, heelpieces and a bracelet; we were also warned that if someone tried to create a trade union, that person would be dismissed immediately. In the eight months I have worked here, I have never been told about the code of conduct."

"In January, I was moved to HP because the RPTV project, where I was, was closing down. In this area we assemble, test and pack printer accessories. Currently, I screen accessories that go with the printer. We don't have a trade union, and free association is not allowed because, as I said at the beginning, we were warned that whoever tried to organise a union would be automatically fired."

## Jabil's Response

*"Any supervisor or manager that directly threatens or violates employee rights is subject to immediately termination. Statutory worker rights are communicated to all employees on a regular basis. Jabil will continue to review specific policies and procedures to ensure threatening behaviour of any kind is quickly identified and addressed."*



**In Jabil's factory, in Chihuahua, people were told they faced dismissal if they tried to form a trade union**



## Hitachi: Reprisals

Measures against freedom of association, unfortunately, are not limited to simple warnings. In most cases, a worker attempting to defend his/her rights would be reason enough for him/her to be mistreated or even fired. Estela, a former Hitachi worker, whose case was mentioned in the section about discrimination, relates how she was harassed until she was finally fired:

"My name is Estela; I started working in Hitachi in June 2005. I was hired through Caspem. I started being bullied last year (2006), that company does everything it can to force you to resign. The problem was that they tried to lower my wages, and since I didn't agree, they tried to move me to a different place to pay me less. In the end, they didn't lower my wages, which was good, because I was going to continue fighting for my wages. However, one day they stopped paying me my bonus, and in fact, they never paid it again. So I asked my supervisor why wasn't I getting it and he said that he was going to look into it. Soon after, Miguel Angel came and shouted at me 'Don't get clever with me'; he only said it to me because I claimed my bonus, which is my right as a Hitachi worker. When I went to the agency (on 27 February



2007) I was seen by Efrain who told me 'You don't have access to the company anymore', he also said, 'I have a very good relationship with the labour authorities, so you had better accept the 50% severance pay we are offering you.' He also threatened me saying 'If you sue I will say that nothing you're saying is true and they will believe me.' To be honest I got a little scared because I know we have a corrupt government and the company can do with us as they please; so I told them I was going to get back to him, that I was going to think about it."



**In Hitachi, workers who try to defend their rights are not welcomed**

### Hitachi's response

*"At Hitachi GST we have solid values about respect and we follow a strategy to maintain competitive wages and salaries. For this reason, on March 2006 Caspem offered to distribute salaries to workers in a different manner in order to benefit them by increasing their net compensation. This benefit option was voluntary and the worker would decide whether he/she will or will not change to the new compensation distribution. Such is the case with the*

*employee referred to above. At the same time the employee, who was working for Caspem since June 2005 was included in a layoff process caused by demand decrease, and as the rest of employees in this situation, she was offered severance pay in strict accordance with Mexican Labor Law."*

*"We always encourage and reinforce with all our suppliers to adhere to our values and respect all agreements with all employees."*

**USI: Enrolled in a trade union and unaware of it.**

Although mistreatment and repression are particularly aimed at those workers who try to defend their rights; the main strategy used to prevent free association is silence, not telling workers anything about the union. That was what USI Guadalajara workers found out when they started looking into profit sharing payments.

“My name is Carmen, I’m 23, I work in USI in the components

area. There we manufacture SMT cards for Lenovo. I earn 80 pesos (U\$ 7.95) per day. When I started the job, I was never told anything about the union; I wasn’t even asked if I wanted to enrol. Furthermore, a few days ago they put up a sheet on a chalkboard saying:

*‘If you have a problem, get in touch with SETEAMI your trade union.’*

That’s how I found out the union had a name. I also think they gave us those details about the

union because they could see we were organising ourselves, not because they particularly wanted to. However, until now we haven’t had a meeting with the trade union, we don’t even know who the general representative himself is. We have meetings with our supervisor to discuss production, but we never talk about working conditions.”

Lucia, another USI worker, confirmed Carmen’s words:

“I was never told we had a union when I started working here. Now that we’re looking into the profit sharing issue we have also looked a bit further into the trade union. There is a union representative here, although we are unaware of who appointed her or how. She has been a union representative for around 5 years. I have also worked here for 5 years and she has never called an assembly. She doesn’t report on anything and when we ask her something, when we ask her about what’s going in the factory, she always says she will put the information on the chalkboard, but she never does.”

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**“I started the job, I was never told anything about the union; I wasn’t even asked if I wanted to enrol”**

Carmen. USI’s Worker

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**In USI, workers didn’t know there was a trade union and faced harassment when they tried to defend themselves**

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**“He told me again ‘Why are you going there? Why are you causing trouble amongst people. How are you going to feel if you are fired?’”**

Luz, USI’s worker

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### **USI: Harassment**

The lack of information mentioned by the workers was the prevailing trend in USI for many years. However, when they started demanding their rights and trying to organise themselves, the company’s response was not silence, but threats and repression. Luz, a 45-year-old worker, came to Cereal’s offices on 11 October 2006 to take part in a meeting convened by the workers. There they developed an activity plan, which they then photocopied to circulate among their colleagues. Luz and other workers took several of those copies:

“On Saturday 14 October, as I was coming out of the toilet, Pancho, my supervisor, came out of his office. He started questioning me. He had a scornful expression on his face and he asked me ‘Why are you causing trouble amongst people? Why are you handing out flyers?’ I said ‘No, not me’ and he replied ‘Yes, you are handing out those sheets!’; I denied it and he said ‘What do you mean, no? You have been going to Cereal!’ I told him it was the first time I had been and he said ‘You see, Lupillo



**USI Guadalajara is currently a provider of Lenovo and Toyota equipment**

(the area manager) already knows and he wants to talk to you’; I said ‘OK’ and he told me again ‘Why are you going there? Why are you causing trouble amongst people.’ By midmorning they started calling everyone to the manager’s office. I was called last. When I went in to see Lupillo he told me ‘What is going on? Why are you handing out those sheets? Why are you causing trouble? If HR finds out about this you could be fired. Tell me, who is attending that meeting?’ He also told me that he already had a list of all of us who were going to Cereal. ‘Tell me who they are. I already have the list, and don’t want this to reach Human Resources, tell me, how are you

going to feel if you are fired? Now, Pancho gives me trouble for everything I do. I’ve already had three big arguments with him and to be honest I’m scared of being fired.”

However, the most paradigmatic case regarding lack of trade union freedom this year was that of Hitachi workers. These workers, driven by the need to defend their rights in the face of the imminent factory closure, decided to organise themselves. What they were unprepared for was the opposition they found from their company, the authorities and their own trade union.

## Case study 4: In-depth analysis

# No possibility of being heard: The Hitachi case

On 22 March 2007, Hitachi Global Storage Technologies officially announced the closure of its factory in Guadalajara. According to the announcement, the closure was part of a company's business plan to save up to U\$ 300 million over five years. This plan included moving the production of *sliders*<sup>15</sup> from the City of Guadalajara to the city of Laguna, in the Philippines.

Seven months before that announcement, in September 2006, a group of workers from that company had visited Cereal's offices asking for assistance. Margarita Perez, 36, was one of those workers.

*"I don't know what's going on, it seems like they're putting pressure on us to quit. We are under pressure from all directions, if we go to the toilet, if we talk. Last week they took*

*away the chairs and now we have to be twelve hours on our feet. Besides, if you miss a day's work, they punish you by laying you off for a further three days and they write a report on you. Production demands have also increased. In fact there is a slogan in the factory saying 'if the Chinese can do it, why can't you?'*

In March 2007, the company tried to force workers into signing a three-month contract, despite many already having fixed term contracts. Most workers refused to sign that contract, but from that moment on they started to suspect that the company's intention was to fire them without giving them any severance pay.

From the closure announcement workers realised that all of them were going to be fired and that they should fight for the fair



**Several years ago, Hitachi signed a collective agreement with a trade union, but its 4,500 workers didn't know about it**

payment of their severance pay. However, after several of them talked about their intentions to the media, the company's pressure increased, to the point that a conflict erupted between Hitachi and its workers.

*"Lately we have been placed under extreme vigilance, they don't want us to sit down, to talk, there is a lot of pressure. If you arrive at 7.01 pm, you are already late. Also, there is a list in the air shower area, where they write down the names of those who take too long to clean*

*themselves, even if it's just a second. It is not fair, because when you arrive it takes you a while to get changed and go through the air shower. I'm stressed out because we go through the shower in threes and the queue is very long, but we don't have an option, we have to wait."* (Carmen Camacho, worker)

*"I feel there is too much pressure in the working environment because if you laugh they write a report on you, the same if you chat, what they want is to be*

able to fire you without severance pay. That fact that if you are even a second late they report you is very stressful. The air showers get very crowded and it takes you between 5 and 10 minutes to go through, not because you want to, but because there are too many people.” (Amsi worker)

### Workers’ organisation

Workers began to mobilise in response to the environment of pressure. During those days, Cereal met over 600 Hitachi workers in its offices, they were eager to know how much severance pay they had the right to.

A group of workers went beyond that and started to speak out publicly about the pressures they were being subjected to in Hitachi. They approached the local media, the labour authorities, trade unions, universities and even the state’s governor and exposed their situation. They also created their own webpage.<sup>16</sup> At the same time, they looked into other issues related to their imminent dismissal, including their trade union membership.



**On 1 May, when Hitachi workers took to the streets of Guadalajara, they had to wear masks to avoid reprisals from the company**

Before the closure announcement, all Hitachi workers affirmed that there was no trade union in the company, despite this they went to the labour authority and asked for information. They were utterly surprised when they found out they were members of not only one trade union, but of two!

One of those agreements enrolled Hitachi workers and the other one enrolled Caspem workers. Both were undersigned by Mr Jose Garcia Ortiz, a well-

known trade union ‘leader’ from Guadalajara.

Immediately after finding out the above, workers considered the possibility of setting up their own trade union, but due to the difficulties they would face when trying to legally register a trade union with the corrupt labour authorities, they decided to set up a Workers’ Coalition instead, which is also an entity legally recognised under Labour Law and which just like a trade union, can

defend their interests against the companies. On 7 June 2007, workers publicly introduced themselves to the local media as ‘Electronics Workers’ Coalition’.

Once gathered in the Coalition, workers went to the offices of Mr Garcia’s Trade Union to protest and ask him who had elected him as leader, when and how? Mr Garcia avoided giving them a straight answer and promised to help them.

### Hitachi’s response

On several occasions, workers attempted to contact any Hitachi representative. The first time, the company asked for a list with the names of all the workers who would attend the meeting. Workers sent that list, but the company cancelled the meeting immediately and fired all those workers on the list.

On another occasion, workers asked the trade union to take the company to the industrial tribunal. The trade union agreed and the industrial tribunal summoned the company; however, the company didn’t show up.

Despite their insistence, workers were only able to arrange a meeting with Caspem's solicitor. Unfortunately, the purpose of that meeting was to convince workers to accept a 'standard' severance pay, therefore it did not have a positive outcome.

Around 500 Hitachi workers were fired between May and August 2007. Among them were some of the discontented workers, who, of course, did not readily accept the payment offered by Hitachi. As days went by, overwhelmed by their pressing needs, most workers started taking on the company's offer.

## **The Coalition**

However, despite the fact that the workers have not received a reply from Hitachi, or even an explanation, their organisation still exists. The 'Electronics Workers' Coalition' born from the Hitachi movement seeks to defend all workers in the sector against future violations. This organisation was soon welcomed by workers in other electronics factories in Guadalajara, who contacted Hitachi workers to 'enrol' in the new organisation.

Currently, the Coalition is made up of workers from several Mexican electronics companies.

However, despite having organised themselves, electronics workers still have an important dilemma to resolve; given that this organisation has the same legal status as a trade union, it will soon be necessary to clarify who the companies will recognise as legitimate representative. The non-representative trade unions, made up of a few 'leaders' who do not even work in the electronics industry or the Coalition made up of true electronics workers who have voluntarily gathered together to defend their rights?

## **Hitachi's response**

Hitachi received a copy of the above case. On 10 August 2007, the company sent Cereal a reply in writing.

*"Since March 22, 2007, and to date, CASPEM, a provider that offers manufacturing services to the company, has dismissed 500 employees due to market fluctuations and in particular a demand decrease of "sliders" that*

*consequently generates a production reduction in Hitachi GST plant in El Salto Jalisco."*

*"During the first layoff, which occurred in May, 218 employees were dismissed, and during the second layoff in August, 278 employees were dismissed. In both cases redundancies were done in alignment with company's values of respect and legitimacy, which govern this organization. Hitachi GST has followed very closely all workers redundancy processes with the firm intention of fostering the legality of each individual case; this is a standing commitment by all our service suppliers."*

*"In parallel, the company has been collaborating with several government and industrial organizations to minimize the redundancy impact and facilitate new employment for workers who are released."*

*"For all that has been said, Hitachi GST Mexico will continue to maintain close communication with its employees, with workers of the companies that provide us with services, as well as governmental authorities that have committed to closely*

*oversee the employee separation processes."*

*"Hitachi GST reiterates its commitment to continue to support all employees and express again its duty to continue tight collaboration with key government authorities complying with all requirements mandated by Mexican law."*

Hitachi does not mention anything about forcing its employees to join a trade union in this reply. It does not mention Hitachi's reluctance to talk to the discontented workers either. Instead, Hitachi explains the way in which it has fired and will continue to fire its workers through Caspem.

The cases documented this year show how despite lip service to rights in the Electronic Industry Code of Conduct, in reality companies are deliberately exploiting the inactive unions allowed under Mexican law to prevent workers from organising themselves.

## Footnotes

1 The study analysed 528 paylips of electronics workers based in the cities of Guadalajara, Tijuana, Chihuahua, Monterrey, Reynosa and Ciudad Juarez. These paylips were issued between June 2006 and June 2007 and most of them had the details of the issuing agency, which made identification possible.

2 Articles 12 to 15 of Federal Labour Law.

3 Unfortunately, this is a long-standing 'perception'. In 1999, Alfonso Alva, then Manager of IBM's plant in Guadalajara, called that plant a 'virtual company', arguing that IBM did not have any employees. In reality, at the time IBM had 10,000 employees, but what Mr Alfonso meant was that all IBM workers were outsourced through recruitment agencies. Source: Periódico Público (Newspaper), 27 February 1999.

4 Articles 12 to 15 of Federal Labour Law. Labour lawyer Francisco Breña commented upon those articles in the Federal Labour Law: "Due to ignorance of this rule and in an

attempt to avoid labour obligations, some companies hire, for example, cleaning services for offices, without knowing that hiring such service makes them jointly and severally responsible with the supplying company." The same, of course, applies to outsourced workers in the Mexican Electronics Industry. Source: Breña, Francisco. Ley Federal del Trabajo Comentada. (Comments on Federal Labour Law) Oxford University Press. 1999.

5 Article 103 of IMSS Law

6 Articles 36, 37 and 39 of Federal Labour Law.

7 Federal Labour Law. Articles 76 to 81.

8 Article 78 of the Federal Labour Law "Workers should enjoy six continuous days of holidays at least."

9 The Public Prosecutor's Office (Ministerio Público) is an institution within the Mexican government in charge of receiving penal legal claims. There is a Public Prosecutor's Office in almost every Mexican hospital.

10 <http://www.estrucplan.com.ar/Producciones/entrega.asp?IdEntrega=1178>

11 A carnosity is a medical condition defined by any abnormal fleshy excrescence or tuberosity

12 (RoSH Information and Compliance Guide, p. 9 [http://documents.rs-components.com/EITC/ES/aboutrs/ROHS.0508\\_SPA.pdf](http://documents.rs-components.com/EITC/ES/aboutrs/ROHS.0508_SPA.pdf))

13 Hitachi response: "At this moment we have not received any official claim about this case in order to start an investigation. However, it is true that the employer referred to in the above passage started working with the company in September 2005 and at this time she is working in Fab 2 area. We encourage all workers to report this kind of situation to Human Resources area or their Supervisor in order to start immediately with proper investigations, and if the situation is confirmed proceed with the appropriate remedial action."

14 Interviewed on 10 November 2006.

15 "Sliders" are the "needles" that read data in a hard-drive. Hitachi's plant in Guadalajara produces hard-drives for various electronic equipment.

16 [www.hitachiworkers.com](http://www.hitachiworkers.com)





# **Chapter 3**

## **OVERALL SUMMARY**

Following a detailed description of the most representative cases of labour rights violations in the Mexican electronics industry in the previous chapter, Cereal has summarised the current state of electronics workers' rights.

This analysis has been divided into the same eight topic areas covered in last year's report. Each subject begins with a rating (relapse, unchanged, improvement), which Cereal hopes will help the reader to compare more easily the current state of labour rights in the Mexican electronics industry with that of last year.

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## Outsourcing

*Relapse.* There was an increase in the excessive use companies make of this hiring practice. Although some production activities justify the use of outsourced workers, the recorded increase was a result of some companies' attempts to evade their labour liabilities. The most significant violation resulting from an increase in this practice is inequality in working conditions. According to the law, every worker should enjoy fair and equal working conditions.<sup>1</sup>



Several cases show that frequently outsourced workers in the electronics industry receive less financial and social benefits than those hired directly. Sometimes, outsourced workers' benefits are even below the legal minimum. This is the case even in situations where two workers are doing the same job. Also, it was observed that companies tend not to acknowledge outsourced workers as their employees, which contravenes Federal Labour Law (articles 12-15). The most serious consequence of this 'confusion' is the difficulty workers have to fully and effectively enjoy their rights.

## Discrimination

*Unchanged.* There was no reduction in discrimination cases in the Mexican electronics industry in relation to the analysis carried out by Cereal last year. This means that practices such as denying employment to or firing people with tattoos, law students or those who are related to lawyers, are or plan to get pregnant, belong or have belonged to a trade union, and people who defend their rights or those of their colleagues, prevail. Out of around 2,000 cases Cereal dealt with between June 2006 and June 2007, 35% were related to these kinds of practices. Employment agencies are the most frequent offenders. However, companies also discriminate against applicants, particularly when hiring workers directly.



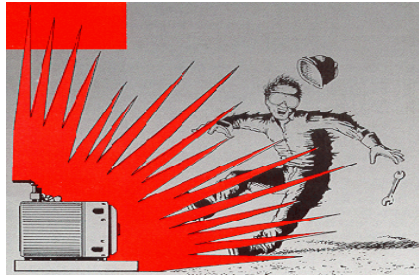
## Work instability

*Relapse.* The use of temporary contracts is widespread in the Mexican electronics industry, which translates into instability and uncertainty for thousands of workers. Such contracts can last from 15 days to six months. A percentage of temporary hiring is justified by the unstable nature of the electronics industry. However, Cereal's report shows a significant increase in illegal practices that also bring about work instability and undermine workers' rights. These illegal practices include serialised temporary contracts, advance resignation letters (usually undated) and withholding annual leave as provided for in the law.



## Work-related accidents and illnesses

*Relapse.* Due to the high number of cases that occurred, both because of the amount of workers affected and the seriousness of the accidents, this was the area with the worst deterioration level in comparison to Cereal's report last year. The cases of accidents and illnesses documented in this report are linked to production demands and a series of unsafe working conditions which still prevail in some factories. High production demands and unsafe working conditions resulted in several cases of illnesses, mutilations, permanent incapacity and even death. The need for preventive measures to guarantee worker safety in the Mexican electronics industry can never be stressed enough.



## Exposure to toxic materials and dangerous substances.

*Unchanged.* Despite the RoHS Directive, which restricts the use of certain toxic and dangerous substances, (although this directive only applies to the EU, it affects the whole electronics industry) coming into effect in July 2006, workers in the Mexican electronics industry are still using and being exposed to a series of substances potentially damaging to their health. These substances include lead, fluxes, isopropilic alcohol, sealants, acetones, cadmium, silver, tin, copper and acids; used for soldering electronic components. In addition to the persistent use of these substances, Cereal learnt that workers are still confused and feel they do not have enough information regarding the nature and use of these substances. Daily and lengthy exposure to these substances, developing various symptoms and lack of information are amongst Mexican electronics workers' main concerns.



## Sexual harassment

*Unchanged.* Sexual harassment in electronics factories is used mainly by supervisors as a way of pressuring lower level female workers. New cases of sexual harassment uncovered by Cereal show a lack of adequate reporting mechanisms in the companies for workers to raise their issues and get help. Cereal believes that if there were genuine trade unions in the Mexican electronics industry, cases of sexual harassment, and other cases, could be resolved more quickly, as workers could confidently seek help from their representatives.



## Excessive wage deductions

*Unchanged.* Despite the legality of programmes used by companies to grant punctuality and attendance bonuses, the measure, aimed as a reward and not as a punishment, adversely affects workers' income. As a result of the enforcement of these programmes, the amount deducted for one-day's absence is equivalent to three-days' wages. In addition, some companies withhold these bonuses even when workers' absences are justified. These kinds of absences are covered in the law and should not affect workers' rights.



## Lack of freedom of association

*Relapse.* Compulsory and secretive enrolment of workers in unrepresentative trade unions and the widespread use of collective protection agreements, are practices that are still widely used by electronics companies; affecting more than 90% of workers in this sector. In addition, in the period covered by this study new cases emerged of threats and reprisals against workers who were trying to assert their rights.



This summary has been prepared on the basis of the incidence of the cases (number per topic) and the seriousness of those cases. Considering those two factors, the result of Cereal's overall assessment of the current state of labour rights in the Mexican electronics industry is clearly negative. There has not been a reduction in the number of cases (with some areas even showing an increase) and the severity of those cases is worrying, particularly in topics such as safety, freedom of association and fair and equal treatment for all outsourced workers.

In the period covered in this report some progress has been made in the speed of response and the attention that some companies gave to dealing with cases related to workers at their facilities or in their supply chain. These improvements are described in the following chapter which looks at the working relationship between Cereal and the companies. While this quicker response is welcome, this year's report provides clear evidence that much more fundamental changes are needed within the industry to tackle the problems that workers face effectively.

Companies have responded to cases documented by Cereal. However it should not be necessary for an external organization to have to research and raise the problems that workers are experiencing before effective action is taken by management. Workers need to be confident that they will be listened to and their grievances will be taken seriously. This is why Cereal has stressed that workers should be free to organize themselves into a representative body which can raise issues within the company and negotiate solutions.

More effective action on preventative measures is essential to stop new cases being created in the first place. Most worryingly, the abuses discussed here are the exactly same ones discussed with the companies in April 2006. The cases documented in this report and the comments received from the companies show that at the moment there is a big gap between the stated policies and practices of the companies and the day to day reality experienced by electronics workers themselves.



## Footnotes

- 1 "Everyone has the right to enjoy just and favourable conditions of work" Universal Declaration of Human Rights- Article 7, International Covenant on Economic, Social and Cultural Rights

## **Chapter 4**

# **One year later: Collaboration between Canieti and Cereal**

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In April 2006 the National Chamber of the Electronics, Telecommunications and Informatics Industry (Canieti) and the Centre for Reflection and Action on Labour Issues (CEREAL) agreed to carry out a joint work project<sup>1</sup> with the objective of improving working conditions in the Mexican electronics industry (See Annex 1).

The agreements that they reached included carrying out an annual evaluation of the activities carried out. This chapter describes in detail the results of this evaluation exercise, which was carried out jointly between Cereal, the representatives of Canieti and other representatives of the companies.

These first twelve months of joint work were evaluated (in accordance with the agreements) looking at the fulfilment of the agreed actions by each of the parties involved ( Cereal, companies and Canieti) separately. The commitments undertaken by each of the parties can be seen in Annex 1. A general assessment of the joint work is found at the end of this chapter.

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## Cereal

During the year covered by this evaluation Cereal documented 237 cases of violations of labour rights in the Mexican electronics industry. Cereal informed each of the companies involved of these cases. Following the points agreed with Canieti, in the first instance this information was presented in a direct and confidential manner.

Cereal also filed 47 lawsuits to try to address the cases which were not resolved through dialogue and asked Canieti to intervene in four cases that were not resolved by the companies (Benchmark, USI, Hitachi, Solectron) in a timely or satisfactory manner.

Cereal invited members of Canieti to participate in its Diploma in Human and Labour Rights and also took part in the roundtable on toxic substances organised by Cereal and Canieti. In order to receive feedback from the companies, Cereal also sent the representatives of Canieti all the informative leaflets which it distributes among workers and attended the five follow-up meetings held between the representatives of Canieti and Cereal.

Finally, Cereal publicly disclosed one case (Hitachi) in the local media.

Cereal's fulfilment of the commitments agreed can be evaluated as good. Cereal's main challenges were:

- Providing only documented cases to the companies, since the time required to document a case caused a delay in its resolution. Cereal had to provide the companies with information on various undocumented cases to reduce the resolution time.
- Managing the requirements of the local media, which sometimes publish inaccurate or false information.

## The companies

In order to evaluate the response of the companies to the cases documented by Cereal, they have been divided into three groups: Those which provided a good response; those which provided an average response; and those which provided a poor or no response.

### *Companies which provided a good response.*

There are two companies in this category: Sanmina SCI and Hewlett Packard. They represent two distinct types of company (one contract manufacturer and one OEM) which due to their commercial nature provided very different responses.

### **Sanmina SCI**

Sanmina SCI is a contract manufacturer with five factories in Mexico, employing around 14000 workers. All the cases related to this company occurred within its own premises.



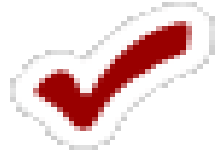
Sanmina SCI was required to respond to 29 cases during the year covered by this evaluation. The company responded to the 29 cases via their human resources representative for Latin America. Of these, 23 cases were resolved satisfactorily for the workers and within the time frame previously agreed with Cereal. The remaining 6 cases were resolved with a delay or are still being processed.

Taking into account the treatment given to the individual cases, Sanmina SCI was the CM company which showed the best level of response. Considering the outcome of these cases, Sanmina was also the CM company that best kept to the commitments agreed between Canieti and Cereal. The only

area in which Sanmina SCI needs to improve is in the implementation of more efficient policies to prevent the occurrence of new cases.

### **Hewlett Packard**

HP is an OEM which outsources most of its production in Mexico. Therefore, the cases relating to HP occurred in production lines under the management of other companies.



During the period covered by this evaluation, HP was required to respond to two cases. One of them was a follow up case from the previous year which occurred at Jabil's premises and the other was a case that occurred recently at Foxconn's premises. HP responded to both cases. In the first one, it demanded that Jabil implement corrective measures; and in the second one, HP carried out an enquiry into a series of complaints made by the workers. The enquiry into the second case is still in progress.

Nevertheless, HP's reply was not limited to enforcing the agreements between Canieti and Cereal. Its most important role this year was to act as a mediator in cases involving companies which were not their suppliers.<sup>2</sup> HP intervened in cases which occurred at Benchmark, USI, Solectron and Hitachi. The first three cases, paradoxically, involved other OEM companies which did not provided a response at the time. Unfortunately, these cases have not been resolved yet; however, HP had the best level of response among the OEMs. The attention it gave to its own cases was good and its voluntary intervention in other companies' cases was positive.

HP also helped to fulfil other commitments undertaken by Canieti, which are mentioned later in this document.

*Companies which provided an average response*

There are four companies in this category: Flextronics, Jabil, Solectron and Hitachi.

**Flextronics**

**Average**

Flextronics is a manufacturing subcontractor employing around 12,500 workers in Mexico. Flextronics was only required to respond to one case during the period covered by this evaluation. This case was resolved in a timely manner and satisfactorily for the affected worker. However, it reoffended in situations already mentioned in last year's report. These were situations of which their representatives were already aware. The response to the only new case which occurred in Flextronics was good, but the remaining cases are still pending resolution.

**Jabil**

**Average**

Jabil was not required to respond to any new cases during the period covered by this evaluation. Nevertheless, issues identified in Jabil in the previous year continued to reoccur. These situations require better corrective measures on the part of the company. In addition, Jabil still has a case, related to Philips, which is still unresolved.

**Solectron**

**Average**

Solectron responded to all the cases in which it was required to give a response this year; however, not all the cases were resolved satisfactorily for the workers. The new cases and those in which Solectron reoffended are documented in Cereal's second report. At the time this evaluation was completed, the company had various pending cases.

**Hitachi**

**Average**

Hitachi was only required to respond to a collective case this year. The company showed willingness to comply with the law and to resolve any irregularity arising during the process of laying-off its 4,500 workers. However, lack of genuine worker representation, arising from a collective agreement signed between Hitachi and an inactive trade union, prevented disgruntled workers from voicing their concerns through institutional channels and direct dialogue with the company. This created a conflict between the two parties. At the time this evaluation was completed, the Hitachi case was still not resolved to both parties' satisfaction.

*Companies which provided a poor response or none at all*

There are two companies in this category: Benchmark and USI

**Benchmark**

**X**

Benchmark was required to respond to 7 different cases during the period covered by this evaluation. Benchmark did not reply neither when Cereal first approached its HR director directly nor when Canieti's representative, at Cereal's request, approached that same person. Benchmark's response was the worst of all, since it simply gave none.

**USI**

**X**

USI was required to respond to one collective case. It was also invited to attend a meeting were Cereal was going to present more than 60 individual cases to the company. USI representatives promised to attend the meeting, but they





cancelled on repeated occasions. At Cereal’s request, a Canieti representative contacted the HR director and asked him to attend the meeting, despite that, the meeting never took place. This meeting with USI representatives never took place and the cases involving that company are still unresolved. As noted above, shortly after receiving the draft report, the company also fired a worker who had provided a testimony to CEREAL.

### Summary Table

#### Classification of the companies according to the type of reply given to the cases raised by Cereal

(Includes companies from whom a reply to this report was requested)

Company	Type of response	Rating
Sanmina SCI	Good	
Hewlett Packard	Good	
Flextronics	Average	Average
Jabil	Average	Average
Solectron	Average	Average
Hitachi	Average	Average
Nokia	Average (1)	--
Philips	Average (2)	--
Foxconn	Average (3)	--
Lenovo	Average (4)	--
Dell	Average (5)	--
USI	Poor	X
Benchmark	None	X
Motorola	None	X
Intel	None	X

1 Nokia gave a reply. Its implementation of corrective measures still needs to be assessed. 2 Philips gave a reply. Cases related to this company are still awaiting resolution. 3 Foxconn gave a reply. It asked for time to resolve its cases. 4 Lenovo’s reply was that its policy was to let the suppliers reply themselves. 5 Dell gave a reply. Its implementation of corrective measures still needs to be assessed.

## Canieti

Canieti appointed Flextronics, Sanmina SCI and HP Guadalajara, who maintained communication with Cereal members, to follow-up the agreements.

Through its representatives, Canieti

- attended the five follow-up meetings with Cereal.
- gave Cereal a directory with all the details of the main companies’ HR directors.
- promoted enrolment in Cereal’s Diploma in Human and Labour Rights among the companies (two members of Canieti enrolled in the Diploma), and
- organised jointly with Cereal the roundtable on toxic and dangerous substances.

Canieti’s involvement in dealing with the companies’ labour-related cases was marginal. Canieti only intervened when asked to do so.

In February 2007, there were changes in Canieti’s leadership and at the same time the 3 above mentioned representatives (Flextronics, SCI Sanmina and HP) were confirmed as Canieti’s representatives to the NGOs. However, in practice, it was HP’s SER (Social and Environmental Responsibility) team who undertook the role of representative of the companies brought together in Canieti. In the first half of 2007, HP’s team was almost solely in charge of negotiations with Cereal and of looking into unresolved cases. Despite having this official representative, Canieti still faces difficulties in fulfilling its commitments.

Canieti failed to:

- Distribute a copy of the Electronics Industry Code of Conduct among workers.
- Carry out the planned thematic round tables (sexual harassment and personnel outsourcing)

## Overall perspective.

All parties involved in this joint work (Canieti, Cereal, companies) consider this first year of joint activities to have had a positive outcome. As can be observed above, there were both forward and backward steps in all involved parties' performance. The general overview is that a year is too short a period to thoroughly evaluate the joint work between companies and NGOs. It was concluded that commitments should be carried forward to next year.

The main advances in this year were:

- Around 100 cases were resolved faster and more satisfactorily through dialogue than they would have been through the legal channels.
- Workers benefited from the resolution of their cases and workers who remained in the electronics industry feel more secure in their workplace.
- Working mechanisms between Cereal and some companies have become more efficient, which allows for a faster resolution of cases.

The areas in which Cereal believes there is room for improvement are:

- More work needs to be done in preventive measures and not only in case resolution. More systematic changes are needed (e.g. implementing educational programmes to prevent sexual harassment or public access to information on toxic substances used by the companies).
- The EICC booklet needs to be distributed among workers.
- Official representation of all the involved parties (Cereal, Canieti, workers) needs to be strengthened.
- Some sort of penalty is needed for those companies that do not respond to Cereal's requests or that do not resolve their cases satisfactorily.

- Response times need to be improved.
  - Direct dialogue with genuine workers' representation must be advanced.
- 

This evaluation shows that even within the context of the dialogue with Canieti, the responses by individual companies have varied significantly.

CEREAL sees the dialogue with Canieti as being an interim measure to highlight actual working conditions within the industry. This dialogue does not replace the need for a union. As a small, external organisation, it would not be sustainable or desirable for Cereal to try to take on this role. Instead workers throughout the entire electronics industry in Mexico need access to better representation in their workplace.

As this report shows, the companies' own policies and systems, including the Electronics Industry Code of Conduct, are not enough to address the problems which workers currently experience. Both the brands and other companies in the supply chain (including employment agencies) need to take more effective actions. Electronics workers themselves need to be involved in finding ways to improve conditions within their industry.

<sup>1</sup> These agreements were ratified in a meeting of the EICC group held in April 2006 in the city of Guadalajara.

<sup>2</sup> In a way, HP took over a role that should have been performed by the representative of Canieti, who stopped acting in his official role when the organisation moved to different premises in February 2007.

# Recommendations

Based on research carried out for this report, feedback from the companies and Mexican worker's concerns, the Centre for Reflection and Action on Labour Issues (CEREAL) recommends:

## **To electronics industry companies**

To adopt Codes of Conduct that meet internationally accepted standards, such as those enshrined in ILO's Core Labour Standards and various conventions.

To promote a culture of respect for the dignity of those people working in their plants.

To strengthen safety measures in the workplace and timely medical attention in all their sites.

To eliminate or control worker exposure to toxic and dangerous materials.

To avoid reprisals against workers' freedom of expression.

To strengthen direct and clear communication with their workers.

To correct problems related to personnel outsourcing, such as potential candidate discrimination or hiring without providing clear terms of employment.

To endeavour to assure equality in the treatment of all their workers, independently of how they have been hired.

To respect workers' right to freedom of association and collective bargaining.

To pay electronics workers a living wage.

To monitor compliance with the Electronics Industry Code of Conduct across the whole supply chain.

## **To the Mexican labour authority**

Not to encourage or mask the existence of company controlled trade unions and collective agreements.

To apply labour laws impartially, disregarding the social or financial status of the plaintiff workers.

To audit working conditions in the electronics industry manufacturing plants.

## ANNEX 1

In April 2006 the National Chamber of the Electronics, Telecommunications and Informatics Industry (Canieti) and the Centre for Reflection and Action on Labour Issues (CEREAL) signed several joint work agreements<sup>1</sup> with the objective of improving working conditions in the Mexican electronics industry.

The core objectives of those agreements were:

1. To resolve promptly and satisfactorily cases of violations of labour rights documented by Cereal.
2. To reduce the emergence of new cases through the implementation of preventive measures.
3. To prevent one or several unresolved cases from becoming lawsuits or public news.

Several actions stemmed from these core objectives. For point 1 (case resolution) a three-step working mechanism was agreed:

- 1 First. Cereal would inform the company directly of the case details and would give the company a reasonable period of time to examine them and, if necessary, to resolve the case.
- 2 Second. If, even after being informed, the company did not look into the case, Cereal could request Canieti's intervention.
- 3 Third. If even after Cereal requested Canieti's intervention the case remained unresolved, both affected worker(s) and Cereal would be free to launch a lawsuit and/or publicly expose the case.

Three activities were planned for point 2 (preventive measures):

- a) to carry out thematic round tables (toxic substance,

- sexual harassment, outsourcing, discrimination, etc.)
- b) to distribute a copy of the Code of Conduct of the Electronics Industry among electronics workers, and
- c) the enrolment of members of Canieti in Cereal's Diploma in Human and Labour Rights.

Regarding point 3 (prevent cases from remaining unresolved), companies pledged to resolve cases within the time frame set when Cereal made them aware of the situation and Cereal promised not to publicise cases during that time frame.

All these agreements are to be reviewed one year after being approved, in May or June 2007.

## Footnotes

1 These agreements were ratified in a meeting of the EICC group held in April 2006 in the city of Guadalajara.

## Centre for Reflection and Action on Labour Issues (CEREAL)

CEREAL is a project of Fomento Cultural y Educativo A.C. (*Cultural and Educational Promotion A.C.*), part of the apostolic works of the Mexican Province of the Company of Jesus, which for the last 35 years has been devoted to educating and organising Mexican popular sectors.

CEREAL provides legal assistance, labour rights training and organisational support for workers' groups; it also carries out research on working conditions in different productive sectors in the country and promotes public awareness campaigns with regard to workers' situation.

## CAFOD

CAFOD is a major British charity that has been fighting third world poverty since 1962.

CAFOD is the English and Welsh arm of Caritas International, a worldwide network of Catholic relief and development organisations. CAFOD works in partnership on 1,000 programmes worldwide.

This report was written and edited by Jorge Barajas. Research in the city of Guadalajara was carried out by Rubenia Guadalupe Delgado; in the cities of Chihuahua and Monterrey by Luz Elena Barrios; and in the city of Reynosa by Jorge Becerra. Eduardo Canales provided legal consultancy in all cases. Dialogue with the companies was carried out with the collaboration of Fr. Sergio Cobo, SJ.

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Errors remain the responsibility of the authors.

Companies provided their comments in English and, in some instances, they also provided the translation into Spanish.

We would welcome feedback on the report. Please write to [cereal-gdl@sjsocial.org](mailto:cereal-gdl@sjsocial.org)

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