BEARING THE BRUNT OF THE ASIAN ECONOMIC CRISIS

THE IMPACT ON LABOR RIGHTS AND MIGRANT WORKERS IN ASIA

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I. SUMMARY AND RECOMMENDATIONS

Looming over the second Asia-Europe Meeting (ASEM II) in London in April 1998 is the Asian economic crisis, which has seen financial collapse in Thailand, Malaysia, Indonesia and South Korea. The collapse has given rise to massive layoffs of workers and wage and benefit cuts, not only in those countries worst affected by the economic crisis, but region-wide. Human Rights Watch is concerned about the likelihood of increasing violations of workers' rights as a direct consequence of the crisis in countries where labor conditions already fell well below the International Labor Organization's (ILO) core standards.¹ Particularly vulnerable are the hundreds of thousands of migrant workers to be repatriated from Malaysia to Indonesia and Thailand to Burma, a group for whom there is, as yet, no express legal protection under the ILO or the United Nations. Human Rights Watch calls on ASEM participants to ensure that dialogue extends beyond the purely economic and broadly political to address urgent issues of corruption, protection of human rights and strengthening of civil society.

Workers' rights under threat

Workers in most countries in Asia are denied freedom of association and the right to organize and bargain collectively. or are severely restricted in their exercise of these rights. In many enterprises, both state and private, wages are being slashed. With little or no legal channel to voice their grievances or represent their interests, workers whose jobs are threatened or who have been laid off already have little choice but to take to the streets to protest. Labor activists are in an even more vulnerable situation than during times of economic prosperity as they speak out for workers' rights. The increased use of temporary labor is another direct consequence of the Asian economic crisis. Employers frequently lay off workers only to rehire them at a cheaper rate as contract labor. As debt-ridden factories shed workers, women are usually the first to lose their jobs. They then have little choice but to find very poorly paid casual work which offers no legal protection against exploitation. Workers in the informal sector generally have no labor rights whatsoever. Among the most vulnerable are the hundreds of thousands of migrant workers in Malaysia, Thailand, and the Republic of Korea (South Korea) who face deportation. Up to 800,000 Burmese migrant workers may be at risk of repatriation from Thailand in 1998 to free up jobs for Thai workers. In Thailand, where the distinction between economic migrants and political refugees is extremely blurred, many Burmese deportees may face serious political persecution on their return. Close to two million migrant workers in Malaysia have no legal protection, and hundreds of thousands risk deportation to Indonesia, where they face possible abuses in deportation and reception centers, and where social unrest is escalating in Indonesia where rioters protesting against spiraling food and fuel prices and rising unemployment are targeting ethnic Chinese as scapegoats for recent economic hardships.

What ASEM can do

ASEM II brings together twenty-five heads of government in London in April 1998 to further their common vision for Asia and Europe, to foster political dialogue, reinforce economic cooperation, and promote cultural exchange.² It has an

¹See p. 5 for core ILO conventions.

²ASEM II comprises the fifteen E.U. Member States, Brunei, Indonesia, Malaysia, Singapore, Thailand, Philippines, Vietnam, China, Japan and South Korea. ASEAN's two most recent members, Burma and Laos are not attending ASEM II; Burma applied for membership in December 1997, which has not yet been granted, and Laos has yet to apply. It is important to note that the current E.U. Common Position on Burma prohibits high-level contact between E.U. Member States governments and the Burmese government, and prohibits senior Burmese officials from visiting the E.U., on account of the Burmese government's

important role to play in promoting and protecting workers' rights as the economic crisis plays itself out. Its members should unequivocally affirm that strengthening the rule of law and increasing transparency and accountability are as important as promoting trade and investment and, indeed, inseparable from each other. They must go beyond rhetoric and commit their governments to taking concrete steps to give expression to these values.

human rights record.

ASEM II is also in part a test case for the British government's commitment to its much-publicized "ethical foreign policy" with human rights at its core. This standpoint is reinforced in Britain's 1997 Department for International Development White Paper; "We shall promote a human rights-based approach to labor issues in our support to multilateral organizations."³ As host of ASEM II and currently holding presidency of the European Union, Britain has a particular moral responsibility to ensure this question is high on the summit's agenda and that a concrete action plan is drawn up by the participating governments to address some of the most pressing human rights concerns brought about by the crisis.

One step would be to encourage the establishment of formal channels for discussion with workers, since economic recovery may depend in part on whether they support recovery programs or take to the streets in desperation and anger. James Wolfensohn, president of the World Bank, has stressed the "critical need to address the social agenda" and the importance of building "broad social consensus without which even the best conceived economic strategies will ultimately fail."⁴ In South Korea and Thailand, the governments have gone further than Indonesia in adopting International Monetary Fund (IMF)-imposed reforms on which financial bail-out packages were conditioned. Both have acknowledged the need for greater transparency, accountability, and good governance, while the South Korean government has entered into dialogue with trade unions in search of consensus on labor reforms. (This contrasts with Indonesia, where the government has failed utterly to enter into dialogue with workers or make any effort to explain the causes and consequences of the ongoing crisis.)

Addressing the G8 Conference on Growth, Employability and Inclusion in London on February 21, 1998, Michel Hansenne, director-general of the ILO spelled out the importance of links between stable economic growth and the need for social progress and inclusion;

The significance of [millions losing their jobs as a result of the economic crisis] is that it adds a very strong social, and indeed moral, argument to the case for ensuring greater stability in the international financial system. When markets over-react way beyond what is warranted by economic fundamentals, as has happened recently in financial markets in Asia, they dash hopes and inflict economic suffering on innocent workers and their families. This greatly increases the risk of social and political instability and could spark off another round in the vicious cycle that deepens the crisis and retards recovery. Underlying the risk of social instability is the fact that for several decades social progress has lagged behind the spectacular economic success achieved by emerging Asian countries. Not enough was done to develop social safety nets, to advance basic worker rights, or to promote social partnership. The unfortunate consequences of this unbalanced pattern of development are now plain to see. The countries concerned find themselves ill-prepared to deal with the social crisis and, as a result, the suffering of those affected is all that much greater.⁵

The importance of labor rights was reiterated at the G8 "jobs' summit" (G7 plus Russia) in London on February 22, 1998, where the *Financial Times* reported that the summit's key commitment was to recognize "the important

⁵Michel Hansenne's statement to G8 in London, February 21, 1998.

³Department for International Development White Paper, "Eliminating World Poverty: A Challenge for the 21st century," (London: Foreign and Commonwealth Office, November 1997), Section 3.36.

⁴James Wolfensohn, "Asia: the long view," Personal View, *Financial Times*, January 29, 1998.

contribution made by international trade in expanding earnings and employment opportunities for workers in an environment that fosters labor rights and education and training opportunities." The G8 governments also affirmed their belief in "global progress towards implementation of internationally recognized core labor standards.⁹⁶

This report addresses the question of the impact of the Asian economic crisis on labor rights, including those of migrant workers. It considers the key ILO conventions on freedom of association, the right to organize and collective bargaining, suppression of forced labor, and elimination of discrimination in the workplace. It also addresses the situation of migrant workers who face repatriation from Malaysia to Indonesia and Thailand to Burma. It assesses the risks of further labor rights violations based on individual countries' labor rights record to date. In light of the E.U.-China Summit being held in the margins of ASEM II, this report also looks briefly at the labor rights situation in China and Hong Kong where the shock waves of the economic crisis are beginning to be felt. Human Rights Watch calls on the participants of ASEM II to take this strategic and timely opportunity to agree on appropriate practical responses to the social emergency arising out of Asia's economic collapse, and to ensure that universal human rights and core labor standards are protected.

Recommendations

Human Rights Watch calls on ASEM governments to:

⁶ Robert Taylor, "Jobs Agenda welcomed by trade unions," *Financial Times*, February 23, 1998.

- Respect and actively promote workers' rights as defined in the ILO's core labor standards and the International Covenants on Economic, Social and Cultural Rights and Civil and Political Rights, as the European Parliament urged in its resolution on the ASEM process.⁷
- Urge individual Asian and European governments to ratify those U.N. and ILO conventions which promote workers' rights to which they are not yet signatories.
- Follow the example set by the Philippines and demonstrate a commitment to protecting the most vulnerable victims of the Asian economic crisis by ratifying the U.N. Covenant for the Protection of All Migrant Workers and Members of their Families.
- Establish ILO monitoring mechanisms to ensure the safety and protection of the rights of migrant workers in both the host country and on their return home.
- Support the establishment of independent social impact assessment teams from local and international NGOs and labor organizations to monitor areas most affected by the economic crisis and recommend safeguards for workers' rights.
- Ensure that donor governments make financial and technical assistance conditional on demonstrable respect by recipient governments of workers' rights as defined above, in recognition of the fact that sustainable economic recovery must be based on tripartite dialogue, transparency, accountability, and by including civil society in economic and political decision-making processes.
- Pledge their commitment to strengthening the role of the ILO not only in monitoring but also in enforcing governments' adherence to international labor standards in cooperation with the World Trade Organization (WTO) or through mechanisms such as the E.U.'s Generalized System of Preferences.
- Pledge their commitment to work towards common codes of conduct for multinational companies investing in Asia to safeguard core labor standards, while providing mechanisms for independent monitoring by NGOs and others.
- Undertake to make the ASEM process more transparent and inclusive by according equal status to the NGO Forum and the Business Forum at ASEM III, by consulting with representatives of civil society, including labor organizations in Asia and Europe in the preparation of meetings, and by providing opportunities for dialogue between NGOs and the Business Forum on corruption, the rule of law, and other common concerns.
- Urge the government of Burma to abandon its widespread practice of forced labor as one essential precondition to any decision to invite Burma to participate in ASEM III (Year 2000 in South Korea) as a member of the Association of Southeast Asian Nations.

II. LABOR RIGHTS TOOLS

Protection of workers' rights is guaranteed by the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights (ICESCR), the International Covenant on Civil and Political Rights (ICCPR), and core conventions of the ILO. The ICESCR specifies *inter alia* the right of everyone to gain his or her living by work which he or she freely chooses or accepts (Article 6); fair wages and equal remuneration for work of equal value without distinction of any kind, the right to a decent living for individual workers and their families, and the right to

⁷ Resolution on the ASEM process adopted by the European Parliament on March 12, 1998.

safe and healthy working conditions (Article 7); the right of everyone to form trade unions and join the trade union of his or her choice, and the right of trade unions to function freely (Article 8); the right of everyone to social security, including social insurance (Article 9). The ICCPR specifies that everyone shall have the right to freedom of association with others, including the right to form and join trade unions for the protection of individual worker's interests. All E.U. member states are party to both the ICESCR and the ICCPR. Of the Asian participants of ASEM, Japan, the Republic of Korea, the Philippines, and Vietnam are party to both covenants, Thailand is party only to the ICCPR, China has signed but not yet ratified the ICESCR and has indicated a willingness to sign the ICCPR, while Indonesia, Malaysia, Singapore and Brunei have signed neither. (See Appendix 1 for ratifications of U.N. and ILO conventions by ASEM countries.)

Labor rights are defined more closely in the ILO's labor conventions. Five of these are considered core standards;

• Convention 87: Freedom of association and protection of the right to organize (1948, ratified by 120 States)

This establishes the right of all workers and employers to form and join organizations of their own choosing without prior authorization, and lays down a series of guarantees for the free functioning of organizations without interference from public authorities.

• Convention 98: The right to organize and collective bargaining (1949, ratified by 132 States)

This provides for protection against anti-union discrimination, for the protection of workers' and employers' organizations against acts of interference by each other, and for measures to promote collective bargaining.

• Convention 29: Forced labor (1930, ratified by 130 States)

This requires the suppression of forced or compulsory labor in all its forms. Certain exceptions are permitted such as military service, properly supervised convict labor and emergencies such as war and natural disaster.

• Convention 111: Discrimination (Employment and Occupation Convention) (1958, ratified by 122 states)

This calls for a national policy to eliminate discrimination in access to employment and training and working conditions, on grounds of race, color, sex, religion, political opinion, national extraction or social origin and to promote equality of opportunity and treatment.

• Convention 138: Minimum age for employment (1973, ratified by 51 states)

This aims at the abolition of child labor, stipulating that the minimum age for admission to employment shall not be less than the age for completion of compulsory schooling and stipulates a minimum age for admission to hazardous work. **Migrant workers' rights**

In light of the Asian crisis, Human Rights Watch considers the ratification of another international treaty, the United Nations Convention on the Protection of the Rights of all Migrant Workers and Members of their Families, to be a matter of urgency. To date, only ten countries have ratified this convention. It does not become legally binding until ratified by twenty countries. No E.U. country has ratified, and of the Asian participants, only the Philippines has done so; Indonesia has indicated a willingness to sign. This convention was adopted by the United Nations General Assembly in December 1990 in recognition of the particular vulnerability of migrant workers. It requires protection of their human rights regardless of their legal status in the host country, and provides for access to judicial remedy in case of violation of their rights and the right to appeal against expulsion orders.

In April 1997 the U.N. Human Rights Commission urged all states to guarantee the protection of all migrant workers by ratifying the Migrant Workers' Convention as a matter of priority, expressing its "deep concern at the growing manifestations of racism, xenophobia and other forms of discrimination and inhuman and degrading treatment against

migrant workers in different parts of the world."⁸ Since that time, the situation of migrant workers in Asia has become particularly precarious. Rights violations are inevitable as hundreds of thousands of migrant workers are rounded up in Thailand and Malaysia and deported to Burma and Indonesia respectively. But still there is no legally binding protection mechanism for these people.

The need for legal protection for migrants was highlighted even during the years of growth and near full employment in some Asian countries. Philippines President Fidel Ramos acknowledged in 1995 that "migrant workers have contributed ...greatly to making Asia the fastest-growing region in the world. Yet recognition of their rights and promotion of their welfare has been slow in coming." Working legally or illegally, they have typically filled the jobs known as "the 3 Ds" - dirty, dangerous, and difficult. The ILO estimated in 1995 that there were between six and seven million Asians working abroad. Estimates for 1997 were closer to eight million. Malaysia is host to two million migrant workers, legal and illegal, most of whom are from Indonesia, and also from Bangladesh, Sri Lanka and the Philippines. Thailand has over one million migrants, of whom 300,000 are from Burma, with thousands more from Cambodia and Laos, while nearly 200,000 Thais seek work overseas themselves, predominantly in Japan. Three million Filipinos are employed as foreign workers in Asia and the Middle East, while 50,000 Vietnamese have been sent to work overseas. The Vietnamese government plans to double this figure by the year 2000. Singapore hosts 500,000 migrants from the region, and South Korea has received thousands more over recent years.⁹

In Europe and the United States as well as Asia, migrant workers have filled the jobs locals preferred not to do. They are often victims of xenophobic harassment or attacks and they have no or minimal recourse to legal protection, even if they are legally employed. When economic times are hard, migrant workers become easy scapegoats of the local population, who see them as a drain on local resources. "Let's just kick them out," read one letter printed in the *South China Morning Post* a propos Hong Kong's 100, 000 Filipina domestic workers. "They are not here from the kindness of their hearts, but to dig for gold."¹⁰ An editorial in the *New Straits Times* of Malaysia endorsed the government's plan to repatriate one million Indonesians (subsequently scaled down), stating that "Malaysians will no doubt support such policy, for clearly we are now in the throes of being swamped by foreign workers, bringing with them social, economic, political and security problems for the country."¹¹ On March 16, 1998, announcing plans to deport 17,000 workers immediately, Malaysian Foreign Minister Abdullah Ahmad Badawi was quoted in the *Jakarta Post* as saying, "We must make sure there are jobs available for Malaysians. Charity begins at home."

¹⁰Ibid.

¹¹Ibid.

⁸United Nations Commission on Human Rights resolution 1997/14 on the International Convention on the Protection of the Rights of all Migrant Workers and Members of their Families, 37th meeting, Geneva, April 3, 1997.

⁹David Lamb, "From cheap labor to economic burden," *Los Angeles Times*, February 3, 1998.

The Malaysian and Thai governments have both announced plans to deport Indonesian and Burmese migrants respectively, but it has not stopped the flow. Indeed, the economic downturn in Indonesia may be leading to an increase in workers trying to get into Malaysia illegally. For all of 1997, there were 659 illegal landings detected and 8,833 illegal workers detained. Between February 9 and 24, 1998, authorities recorded 254 landings and 3,026 foreign workers detained.¹² Since October 1997, Thai authorities have expelled over 6,000 Burmese from Tak province to Burma.¹³

Discrimination against migrant workers abounds. Singapore, for example, requires foreign workers to pledge they will not marry a Singaporean. In most countries in Asia, migrant workers must surrender their passports to immigration authorities or their employers, restricting their freedom of movement. But the offer of better wages has usually been a sufficient incentive for these legions of migrants to stay overseas. Their families and home communities depend on remittances sent home. Now that boom has turned to bust in Southeast Asia, hundreds of thousands of migrant laborers are losing their jobs and risking deportation. Their return puts added strain on home communities already caught in the grip of severe recession.

The current economic crisis exacerbates the already vulnerable situation of migrant workers in Asia, exposing them to a greater risk of xenophobic attack, abuses during forced repatriation, and, in the case of deportees from Thailand to Burma, *refoulement* of refugees. Asian governments should, with the aid of the international community, guarantee the humanitarian treatment of migrant workers, both in the host country and on their return home, through independent monitoring and by safeguarding their rights in accordance with international law.

III. WORKER RIGHTS IN ASIA

The following country summaries highlight the range of worker rights violations and responses to abusive practice in those countries worst affected by the economic crisis.

Indonesia

The government of Indonesia routinely violated fundamental worker rights in times of economic prosperity. All signs indicate that the current economic collapse is only making the situation worse.

¹²Reuters, February 27, 1998, Kuala Lumpur.

¹³Bertil Litner, Murray Hiebert, Fanny Lioe, and Rigoberto Tiglao, "End of the Line," *Far Eastern Economic Review*, January 22, 1998.

An Oxfam UK/Ireland study in 1997 indicated that Indonesia has a labor surplus economy of 2.4 million people entering the job market every year.¹⁴ The report claims that fifty million were living below the official poverty level when annual economic growth stood at 7 percent. Now as deep and probably protracted recession bites, unemployment is on the rise. The government reported unemployment of eight million in early February 1998.¹⁵ Millions more are likely to fall beneath the poverty line and there are no social safety net mechanisms in place. More than two million workers lost their jobs in the last four months of 1997.¹⁶ Economist Steven Tabor predicts that per capita income may fall to as low as US\$750 from \$1200.¹⁷ As incomes fall and layoffs increase, there is no independent trade union in the country that can help to prevent arbitrary dismissals or act as an intermediary between workers and management to ensure that workers to ensure their economic survival. Labor unrest and widespread violations of workers' right to free association, as well as arbitrary arrests and detention, become even more likely under such circumstances.

The controversial Draft Law concerning Manpower Affairs, introduced by the Indonesian government to the legislature on June 16, 1997 and passed in September 1997, has provoked widespread criticism from, among others, the International Confederation of Free Trade Unions (ICFTU) and the International NGO Forum on Indonesian Development (INFID), a grouping of more than one hundred NGOs involved in development activities. According to Bill Jordan, general secretary of the ICFTU, the draft law gives the Indonesian government "extensive controls over virtually every aspect of Indonesian industrial relations. It institutionalizes a series of repressive labor practices through strong State intervention and systematic destruction of workers' collective rights."¹⁸ The draft law severely restricts the right to organize, the right to freedom of association, the right to collective bargaining, and the right to strike. In addition, INFID claims the draft law contains inadequate protection of the rights of women, children and migrant workers.¹⁹ Teten Masduki, Chair of the Indonesian Legal Aid Foundation (YLBHI) condemned the draft law as upholding "the availability of skilled and cheap laborers for the interests of industry" while offering "less protection for laborers' human rights."²⁰ The bill, due to take effect on October 1, 1998, has also been criticized by organizations such as the Indonesian Consumers' Institute Foundation (YLKI) for discriminating against women by not supporting equality of the sexes and not prohibiting sexual harassment in the workplace.²¹

In Indonesia there is a single union system, the All-Indonesia Trade Union, FSPSI, and its thirteen federated sectoral unions. The FSPSI is the only trade union federation recognized by the Department of Manpower. Under increasing international pressure to remove restrictions of freedom of association, the Ministry of Manpower issued a decree in January 1994 allowing for quasi-independent "plant-level" unions (SPTP) to be established within a single company with a minimum of twenty-five employees. These unions can, in theory, negotiate legally binding agreements with their employers outside the FSPSI framework. In practice most nongovernmental bodies claim that these SPTPs allow for government-employer collusion against the interests of the workers. The ICFTU reports cases where provincial Manpower officials have taken bribes from employers to set up SPTPs, while employees trying to set up genuinely independent unions have been threatened with the sack.²²

¹⁴Oxfam UK/Ireland, "The Rise of Unemployment and Poverty in Indonesia," January, 1998 (Oxfam website).

¹⁵Associated Press, "Indonesia Force hones anti-riot skills," *International Herald Tribune*, February 6, 1998.

¹⁶Nisid Hajari, "Race Against Time," *Time,* January 26, 1998.

¹⁷Margot Cohen, "Unlucky Country," Far Eastern Economic Review, December 25, 1997.

¹⁸Bill Jordan, General Secretary, ICFTU, letter of June 17, 1997 to President Suharto on the Draft Law concerning Manpower Affairs.

¹⁹INFID, "Oppose Manpower Bill in Indonesia - Briefing Paper," Jakarta, 1997.

²⁰"Eleven NGOs reject draft labor law," *Indonesian Observer*, Jakarta, February 26, 1997.

²¹Ibid.

²²ICFTU, Annual Survey of Violations of Trade Union Rights 1997, (Brussels), pp. 80-81.

There is one independent labor group, but it is not recognized by the government: the Indonesian Prosperity Trade Union (SBSI). Its strength has waned considerably from its peak in 1994 when it seemed to have sufficient numbers to register as a union under Indonesian law, and thus constituted a direct challenge to the government union. Arrests and intimidation have shrunk its ranks considerably, and it has done little labor organizing in the last few years. Its meetings were regularly broken up by security forces throughout 1997. For example, an SBSI training seminar in Pringsewu, Lampung province was closed down by a military team on July 29, 1997, when all twenty-six participants were arrested without warrant and interrogated for three days on allegations of trying to "spread hatred" and discredit the government. ²³ SBSI leader Muchtar Pakpahan is currently on trial in Jakarta on subversion charges for writings and speeches in 1995 and 1996, just prior to the July 1996 riots in Jakarta, calling for increased democracy, a referendum in East Timor, and for President Suharto to be put on trial (See below for details).²⁴

Rather than negotiating around the table with union representatives, employers often choose to call in the military to deal with labor unrest. The widespread involvement of the military in preventing or punishing labor disputes, plus corruption, may be financially draining for a company and take away from the profits which might otherwise be used for workers' wages. The head of the Chamber of Commerce (KADIN) estimates that "illegal costs" (bribery, and local levies) amount to 20 to 30 percent of production costs while labor costs are usually between 10 and 15 percent. According to one Western researcher in Indonesia in January 1998, the SBSI claims illegal costs are often as high as 40 percent of overall production costs. Corruption has exacted a high price on business in Indonesia, and as economic collapse lays waste to more and more enterprises, an already disgruntled workforce has few outlets to voice their grievances, particularly in the absence of independent unions that have the confidence of the workers.

A kind of bonded labor takes place in the lumber industry in Irian Jaya where local people from the Asmat area and the area around the Bintuni Gulf are hired as contract labor to clear a designated section of scrub growth before real logging begins, and to help build roads into logging sites. They are given a small advance by the companies, then taken into the base camp deep in the forest where they stay for a month or two at a time. The only source of basic needs is the company store or cooperative at the base camp where they are given goods on credit, often without proper accounting. When payday comes, the workers are told they have used up their wages at the store. Rights groups in Irian Jaya say that after the first small advance, some workers never see any cash payment whatsoever.

Marzuki Darusman of the National Commission for Human Rights in Indonesia calls for political reform "so outspoken workers no longer have fear of being fired or, worse, arrested...Yet for now, the government responds to calls for greater political freedoms with more hounding of activists and theater groups [staging plays about murdered labor activist Marsinah]." He warns that increasing distrust towards government and employers will radicalize angry workers. "It's better to deal with an organized movement than splinter groups. But the more radical the groups are, the more popular they are."

With regard to its own migrant workers, the Indonesian government has failed to investigate seriously the abuses that take place in the course of labor recruitment in Indonesia, nor has it done an adequate job of ensuring the rights of migrants prior to departure, puring travel, and once on the job in the host country, whether that host is South Korea, the Gulf countries or Malaysia. There is a major recurring problem with financial exploitation of the worker by recruitment agencies and with corruption in the government ranks. Workers without the proper visas and documentation offen leave Indonesia with the complicity of corrupt police, immigration and other officials. Illegal migrant workers attract the most abuse. They have no resort to the criminal justice system within the host country for fear of their own deportation. Laws which protect worker welfare do not apply to them and this loophole is exploited by employers.

 ²³Human Rights Watch, *Human Rights Watch World Report 1998*, (New York:Human Rights Watch, 1997), pp.192-3.
²⁴U.S. Department of State: Indonesia report on human rights practices for 1997; January 1998 (Washington D.C.).

The Indonesian recruiters are also often responsible for what amounts to the illegal detention of migrants. They keep them locked up whilst awaiting the go ahead from the overseas partner. The policy of many licensed Indonesian recruiters to send as many workers as possible abroad quickly results in them not obtaining for the worker the correct documentation, thus making him or her vulnerable to arrest and detention in the host country. Once arrested and detained, Indonesian workers have almost no recourse to assistance or information. The Indonesian embassy in Kuala Lumpur, Malaysia, is notorious for providing little assistance to its nationals.

Malaysia

Malaysia's economic woes are less severe than either Indonesia or Thailand, and the government has won praise from the World Bank and IMF for economic reforms already set in motion. The economy is expected to slow to between 4 and 5 percent growth in 1998 down from an annual average of 8 percent in recent years.

Malaysia has ratified ILO Convention No. 87 allowing for freedom of association and the right to organize and Convention No. 98 on the right to organize and collective bargaining. However, the Trade Unions Act of 1959 and Industrial Relations Act of 1967, and subsequent amendments, place wide-ranging restrictions on union activities. Most workers have the right to engage in trade union activity, apart from in certain "pioneer enterprises," such as the electronics sector. Trade unions are independent and strikes are legal, although this right is severely restricted in areas of work considered "essential services." This list extends beyond those normally considered essential according to ILO criteria. In the event of a strike, the Ministry of Human Resources has the right to refer the dispute to the Industrial Court. This has the effect of suspending strikes and undermining workers' collective bargaining powers. The ICFTU considers that violations of trade union rights "with the aim of reducing wage growth and attracting investment by multinational companies have been a clear part of Malaysia's export strategy."²⁵

The electronics sector, which accounts for approximately 40 percent of Malaysia's exports, employs 140,000 workers, most of whom are women. Unions have been banned in this sector since the early 1970s, despite continuous efforts by the Malaysian Trades Union Congress (MTUC) and the MTUC-affiliated Electrical Industry Workers' Union. A small number of in-house unions have been registered in electronics companies, but workers who have attempted to establish their own in-house unions have routinely faced threats of or actual dismissal. In fact, many have been dismissed to date. Twenty-one dismissed trade union leaders of Harris Advanced Technology (part of the American transnational company Harris Semiconductor) were reinstated in 1997 after a six-year court battle. Employers tend rather to sponsor management-controlled organizations. Several companies have threatened to relocate to China, Thailand, or Central America in the event of unionization.²⁶ The ILO Conference Committee on the Applications of Conventions and Recommendations has repeatedly expressed the firm hope that this violation of the freedom of association and right to collective bargaining would be repealed by the Malaysian government. But the authorities continue to argue that inhouse unions are more appropriate to the electronics sector than an industrial union. They persist with this line despite an ILO study which shows that productivity in Malaysia is actually higher in enterprises where the workers are organized in industrial unions than in non-unionized companies.

Migrant worker contracts often explicitly require the worker to renounce joining any union or "social organization" and the government does nothing to prevent such clauses being inserted, even though there is no legislation disallowing legal foreign workers from joining a union. It is not uncommon for companies to employ migrant workers in preference to local workers for this very reason. The ICFTU cites the example of Soon Bao Corp (M) Shd. Bhd., where seventy local laborers were retrenched in July 1997 for having joined the Metal Industry Employees' Union, while forty-eight migrant workers were retained.²⁷ The MTUC has repeatedly called for equal rights for and treatment of migrants and local workers to ensure equal pay and a shared right to join a trade union, to no avail so far.

²⁵ICFTU Report for the WTO General Council Review of the Trade Policies of Malaysia, "Internationally recognized core labor standards in Malaysia," Geneva, December 4-5, 1997.

²⁶Ibid.

²⁷ ICFTU report to WTO, December, 1997.

Free Trade Zones (FTZs) enjoy the same labor legislation as elsewhere in the country though, in the face of recession, there is now a serious concern that the government may introduce more incentives to foreign investors in the form of even lower wages, and the guarantee of non-unionization. The ILO continues to object to legal restrictions on collective bargaining within the FTZs, such as those imposed upon the electronic industry. An ILO study in the 1980s found 83 percent of the workers in FTZs were women, with an average age of 21.7 years. Poorly educated women have little choice but to accept the substandard working conditions in these zones which contribute to keeping export prices globally competitive.

Other repressive legislation is also used to restrict trade union activity in Malaysia, such as the Internal Security Act, the Official Secrets Act, the Printing Press and Publications Act, and the Sedition Act. Meetings of more than five people require police authorization. For example, Irene Fernandez, a labor activist with the Malaysian NGO Tenaganita, was arrested and charged with "false reporting" under Section 8A of the Printing Press and Publication Act. Her "crime" was issuing a news release in July 1995, entitled "Abuse, Torture and Dehumanized Treatment of Migrant Workers at Detention Centers," based on interviews with over 300 migrants. (See below.)

The ICFTU claims that "the negative attitude of multinational companies towards trade unions has confirmed the government in its failure to guarantee core labor standards. Specifically the threat of relocation to other countries has been used by employers as a powerful tool to oppose the formation of trade unions in their companies."²⁸ Foreign investors in Malaysia should be made more aware of the negative impact they are having on the protection of labor rights and should take more active steps to identify themselves as interested in promoting and upholding internationally-recognized worker rights.

Conditions in immigration detention centers in Malaysia became an international issue in August and September 1995 after a Malaysian NGO called Tenaganita ("Women's Force") issued a news release on July 27, 1995 entitled, "Abuse, Torture, and dehumanized Treatment of Migrant Workers at Detention Center." The director of Tenaganita, Irene Fernandez, was arrested and charged with "false reporting" under Section & of the Printing Press and Publication Act, a charge that carries a maximum sentence of a fine of RM20,000 or three years in Jail or both. Her trial began in June 1996 and is still continuing at the time of writing. Human Rights Watch's research confirmed some of the allegations made by Tenaganita. If migrant workers are to be protected in the receiving countries, NGOs must be free to raise issues publicly without fear of Harassment or intimidation. Not only should the Malaysian government drop all charges against Irene Fernandez, but it should cease the use of criminal defamation or false reporting charges to take issue with NGO findings. If governments allege, as Malaysia did in this case, that an NGO has made factual errors, it can challenge these in the media or simply allow independent observers to investigate the charges.

The situation of migrant workers is very grave as a result of the economic crisis. In 1997, Malaysia was the largest importer of labor in Asia with a foreign workforce (legal and illegal) estimated to be about three million, of whom approximately 1.2 million were legal. The vast majority were Indonesian, most being unskilled and some 900,000 of them illegal. By the last quarter of 1997, Malaysia faced a nightmare scenario: a major economic downturn with an estimated 1.9 million foreign workers in the country. Many believed there was a high potential for a sharp rise in unemployment as well as serious anti-immigrant violence. In November 1997, the Home Ministry announced that some 400,000 workers in "non-productive" sectors (including the service sector) would have to leave by August ²⁹1999, irrespective of whether they had valid visas or work permits. No foreigners would be permitted to work as domestic help in families with a non-working wife.³⁰ Where foreign domestic workers are permitted, they must be between the ages of twenty-five and fortyfive and to come from the Philippines, Thailand, Indonesia, Cambodia, or Sri Lanka only, with the Philippines having low priority.³¹ In January 1999, the government further announced that no new work permits would be given to foreigners in shopping complexes, hotels, and restaurants, among other sectors. The construction industry would be closely monitored and migrant workers could only be retained to complete an ongoing Project.

²⁸Ibid.

²⁹ Dorinda Elliott, "Swimming to Malaysia," *Newsweek*, March 16, 1998.

³⁰ "Pekerja Asing: Kepekaan dan Ketegasan,"Utusan Malaysia, November 13, 1997.

³¹ "Malaysia may send sacked foreign workers home," Financial Times, January 5, 1998.

In February 1998, nearly 4,000 illegal immigrants were arrested in Malaysia. In the first two weeks of March, the government arrested over 3,000 more illegal entrants, most of whom were Indonesian, according to a March 21 report in the Jakarta newspaper *Republika*. In a meeting with President Soeharto in early March, Prime Minister Mahatir withdrew his earlier promise not to deport laid off Indonesians in light of the increasing numbers of illegal migrants continuing to arrive. On March 25, Malaysian authorities announced that two hundred legal foreign workers in the service and construction industries would be deported once their work permits expired. Nineteen thousand illegal aliens have been deported since January.³²

³² Associated Press, "Nine People Die in Malaysian Riots," Malaysia, March 26, 1998.

In mid-March, the Malaysian government announced that 17,000 Indonesians were being held in detention centers awaiting deportation. Malaysian authorities had previously admitted that the capacity of the centers was only 12,000, and that they had no resources available to expand facilities. Human Rights Watch is particularly concerned about 512 illegal workers from Aceh in Indonesia, who face deportation to the provincial capital of Banda Aceh. Human Rights Watch considers it to be critically important that UNHCR screens these Acehnese to avoid deporting those who have a valid refugee claim. Human Rights Watch is not aware of any international organization having access to detained Acehnese.³³

According to an AP report, a series of riots broke out in March in immigration detention centers where Indonesian migrants are being held. Witnesses reported the use of batons, water cannons, and tear gas against the detainees, and gunshots were heard.³⁴ At least eight Indonesians and one police official reportedly died in the violence, with many more injured. The worst of these incidents was a riot at the Semenyih Detention camp on March 26. The violence did not slow deportation efforts, however: on the same day of the Semenyih riot, over 1,500 Indonesian illegals were removed from four different camps, including Semenyih, according to the police. Victims of the violence were also apparently not spared, as four injured persons died while being transported to a ship that was to take them back to Indonesia.

Thailand

Thailand was the first of the Asian economies to collapse in mid-1997. By January 1998, Thailand's unemployment stood at 1.8 million, and official statistics estimated this figure would reach two million by the end of the year.³⁵ The World Bank has contributed US\$1.5 billion to the IMF bail-out package of US\$17.2 billion. Three hundred million dollars of the World Bank's contribution is to be used to ease mounting unemployment and create a social safety net.³⁶ However, riots have broken out already to protest against cuts in allowances and end-of-year bonuses not being paid, for example a 3000-strong blockade at Thai Summit Auto Parts Industry outside Bangkok on January 21, 1998. As lay-offs continued in the first quarter of 1998, analysts and human rights organizations remained concerned that further worker demonstrations could escalate into violence and risk being suppressed by excessive force from the Thai authorities.

Thai law allows for freedom of association to private sector workers, while state-sector employees do not have the right to form unions or to strike. Private sector strikes must be registered in advance with the Ministry of Labor. The Banharn and Chavalit administrations pledged to pass a new labor law restoring pre-1991 rights to state sector workers. Both submitted an amended draft bill to parliament where it remained stranded in discussion between the House and the Senate.

Less than 2 percent of Thailand's total workforce is unionized, a remarkably low figure despite the fact that over 50 percent of the workforce is employed in the unorganized agricultural sector. Only 11 percent of industrial workers are unionized.³⁷ However, non-unionized workers can also seek redress for their grievances through the Tripartite Labor Relations Committee for private sector workers, and the State Enterprise Labor Relations Committee for state enterprise workers.

³³ Human Rights Watch testimony to U.S. Senate Foreign Relations Committee, March 24, 1998.

³⁴ Associated Press, "Nine People Die in Malaysian Riots," Malaysia, March 26, 1998.

³⁵ AFP, Bangkok, January 26,1998.

³⁶Michael Vatikiotis, "Soft Targets," *Far Eastern Economic Review*, February 12, 1998.

³⁷United States Department of State: Thailand Country Report on Human Rights Practices for 1997, January 1998, (Washington, D.C.).

Health and safety conditions in factories remain a cause of concern in Thailand after a number of serious industrial accidents over the last few years. The most serious of these was the Kader toy factory fire in Nakhon Pathom province in 1993, where 189 workers died and 450 were injured, of whom approximately one-third were permanently disabled. The Thai press reported other incidents of deaths and injury in work-related incidents throughout 1997.

No separate legislation is applied in export-processing zones, and conditions are often better than national norms because of the dominance of Western and Japanese companies. But in a worrying development early in 1997, the Federation of Thai Industries proposed the creation of a special economic zone, possibly near the Burmese or Cambodian borders, staffed by migrant labor at below minimum wage.³⁸ It is not clear what, if any, rights of free association and collective bargaining would be allowed. This plan appears to have been suspended as the economic slump has prompted the government to take steps to repatriate migrant workers to free up jobs for locals.

Another likely negative consequence of the economic crisis in Thailand is the increase in prostitution, including child prostitution, and bonded labor. As more families sink below the poverty line, especially in rural areas, they are more likely to fall prey to traffickers who promise to send girls to cities or overseas where they can send remittances home. These girls are vulnerable to severe exploitation, and have no recourse to legal protection. While the Thai authorities have expressed concern over the likely increase in prostitution, the government should undertake to step up legal protection of these women and girls in accordance with international human rights standards. There are also no legal safeguards for the growing number of workers, predominantly women who are being forced into casual employment, often home-based, as factories shed workers and businesses go bankrupt.

Among the most vulnerable of the victims of the economic crash in Thailand are the hundreds of thousands of migrant workers who face threats of repatriation. Illegal migrant workers, mainly from Burma, Laos and Cambodia, have for the past decade made up a considerable proportion of Thailand's low-paid workforce. Some industries, notably fishing and construction, are heavily dependent on the migrant work force, who are paid far less than the minimum wage, and are vulnerable to exploitation from corrupt businessmen, police and immigration officials. In February 1998, the Thai government announced its intention to send back some 300,000 illegal migrant workers within six months. It is not clear what measures the Thai government has in place for these mass deportations, but the current practices of deportation to Burma leave the migrant workers exposed to abuse and exploitation. Human Rights Watch is particularly concerned about the treatment of Burmese deportees on their return, given the appalling human rights record of the Burmese government. The distinction between illegal migrant and refugee in Thailand is already so blurred that there is a genuine fear that refugees may be forced back to Burma where they face serious persecution on political or ethnic grounds.³⁹

³⁸ ICFTU, Annual Survey of Trade Union Violations 1997, p. 97.

³⁹ Human Rights Watch has a forthcoming report on Refugee Status Determination by UNHCR in Thailand (expected Spring 1998).

In early March 1998, Thai officials announced that measures to further curb the practice of employing illegal migrant workers, including introducing legal requirements that migrant workers are paid the same wage by employers as Thai workers. From May 1, 1998 officials will be sent to inspect places of employment in all sectors, and action will be taken against employers flouting this new legislation, which is being reinforced by a public relations campaign to persuade entrepreneurs of the economic necessity of repatriation of migrant laborers.⁴⁰ Currently Burmese migrant workers in Thailand earn approximately one-third of a Thai worker's wage for the same job. Invariably they fill the "3 D" jobs which are generally spurned by the locals. To compound economic discrimination, illegal Burmese workers now live in fear of round-ups and deportations to Burma by police, army or immigration officials. Thai Prime Minister Chuan Leekpai defended as legitimate and non-discriminatory his decision in February 1998 that Thailand would expel more than one million illegal workers by the end of 1999, with a target figure of 300,000 deportations by June 1998.⁴¹ Seventy-five percent of the entire target group are Burmese. According to a seven-step deportation plan drawn up by the Labor and Social Welfare Ministry, four detention centers are to be established in Tak, Kanchanaburi, Ranong and Chiang Rai provinces. Mass deportations are to be handled by the Ministry of Foreign Affairs, which will ensure international laws and human rights will not be violated, according to Minister for Labor and Social Welfare, Mr. Trairong Suwannakhiri.⁴² From information gathered during a Human Rights Watch field trip to Thailand in March 1998, no new centers had been established up to then. Rounded-up illegal workers are being held in existing immigration detention centers, and transported very rapidly to the Burmese border. Army Commander-in-Chief General Chetta Thanajaro strongly endorsed the deportation scheme in January: "It is urgent [the two million illegal immigrants in Thailand] be deported because they could pose short- and long-term problems for us, particularly where security is concerned. Deport first and discuss later. Deportation is not an easy job, we could be criticized of not being aware of human rights."43

For those migrants allowed to stay in Thailand, their freedom of movement will be restricted through the introduction of identity cards which will allow them to stay in one province only. Companies will be heavily penalized for employing unregistered migrant workers, and anti-migrant discrimination is likely to intensify.⁴⁴ However, two industries in Thailand likely to be very adversely affected by mass deportations of Burmese are fisheries and rice. Both sectors are shunned by Thais because of low wages and poor conditions. The President of the Thai Fisheries Association, Mr. Vicharn Sirichai-ekawat claims "If the government insists on forcing all the alien workforce out of the country, the only alternative for the fisheries is business closure."⁴⁵ The government announced in early March 1998 that there would not be repatriation from the fisheries industry given that it fails to attract Thai workers.⁴⁶

Of paramount concern is the treatment of deportees after arrival in Burma. Since the creation of the State Peace and Development Committee (SPDC) in November 1997, the successor government to the State Law and Order Restoration Committee (SLORC), its officials have been at pains to emphasize the importance of the concept of "self reliance" for Burma, which Human Rights Watch believes means relying increasingly on forced labor. Forced labor is endemic in Burma. It occurs predominantly in ethnic minority areas, and people are taken by the army to work either for army portering and construction of military barracks, or on infrastructure projects, such as road-building. As the Burmese government has opened up the economy to international investors, it has forced civilians, prisoners and increasingly conscripted soldiers, to rebuild the country's dilapidated infrastructure. Human Rights Watch has tracked the use of forced labor since 1990 and estimates that since 1992 at least three million people have been forced to work without

⁴⁰Penchan Charoen Suthipan, "Officials to be sent to inspect workplaces," *Bangkok Post*, March 6, 1998.

⁴¹"Repatriation 'won't hurt' - only illegal workers to be expelled - PM," *Bangkok Post*, January 20, 1998; AFP, "Chuan defends expulsion of illegal workers," *The Nation*, February 18, 1998.

⁴²Bangkok Post, "Action plan to secure jobs unveiled," January 20, 1998.

⁴³*The Nation*, January 16, 1998.

⁴⁴*The Nation,* January 16, 1998.

⁴⁵Bangkok Post, "Deporting aliens would hurt rice, fishery sectors," January 24, 1998.

⁴⁶Penchan Charoen Suthipan, "Officials to be sent to inspect workplaces," *Bangkok Post,* March 6, 1998.

pay on the construction of roads, railways and bridges across the country.⁴⁷ Hundreds have died or suffered severe abuse in the process.

General Than Shwe announced in January 1998 "all citizens must implement projects to build a modern, developed and new nation". The European Union and Canada have suspended preferential trade tariffs because of the use of forced labor. In addition, there is an ongoing ILO Commission of Inquiry into the practice. This has lead the SPDC to avoid using civilians in areas to which foreigners, diplomats and UN agency staff have access, and instead use soldiers and prisoners in these areas.⁴⁸

Republic of Korea

⁴⁷ See Human Rights Watch/Asia "Burma: Abuses Linked to..." March 1995; "The Mon..." December 1994; "Burma: Rape, Forced Labor and Religious Persecution in Northern Arakan," May 1992, "Human Rights in Burma," May 1990.

⁴⁸Information gathered by Human Rights Watch in confidential interviews with Western diplomats, UN agencies and NGOs in Burma in February 1998.

Prior to the election of long-time pro-labor dissident Kim Dae Jung, South Korea's labor record was poor. Labor laws suppressed basic rights to free association, assembly and expression as well as rights to collective bargaining, which were condemned by the ILO as well as human rights groups.⁴⁹ Since July 1991, South Korea has been suspended from the US Overseas Private Investment (OPIC) insurance programs on account of government infringements on worker rights.⁵⁰ In October 1996, South Korea was admitted to the OECD following a commitment to amend the labor law in line with international standards. Two months later, the National Assembly met in secret and adopted new anti-labor laws, legalizing the Korean Confederation of Trade Unions (KCTU) but not until the Year 2000. The meeting lasted ten minutes and no opposition members were present. This law also broke pledges made by the government to reform its labor laws when it joined the ILO in 1991.⁵¹

At the end of 1997, South Korea plunged from the eleventh largest economy in the world to a position of nearinsolvency. An estimated 1.1 million are likely to lose their jobs in 1998, doubling 1997 figures.⁵² This hits especially hard at a workforce who had enjoyed high levels of job security until the onset of the country's economic turmoil in November 1997. Wages are being frozen in most sectors, as the government, business, and workforce cooperate, under the leadership of Kim Dae Jung, the newly inaugurated president, to overcome the crisis. Under pressure from the IMF to streamline debt-ridden *chaebols* (South Korea's top industrial conglomerates) in return for a U.S.\$58.5 billion bailout package, the government has brokered a tripartite agreement with business and trade unions to implement measures to address economic imperatives and increase labor market flexibility while providing a social safety net. Despite agreements reached in early February 1998, the potential for unrest remains high, as independent unions continue to voice grievances.

Until 1997 the Trade Union Law only permitted one union per workplace. Approximately 10 percent of the workforce is unionized, belonging to unions affiliated to the country's two legally recognized groupings -- the Federation of Korean Trade Unions (FKTU) and the Independent Korean Federation of Clerical and Financial Workers.

The new labor law of March 1997 allows for the formation of competing federations from the Year 2002, and authorizes dissident federations such as the Korean Confederation of Trade Unions (KCTU). President Kim Dae Jung is taking some steps to promote improved labor rights, for example by establishing tripartite dialogue with government, business, and unions, and granting legal status to the teachers' union, Chonkyojo, from late 1999; he is also strengthening the social safety net and initiating redeployment schemes for the jobless. He is pushing labor reforms which allow for the lay-off of excess workers, as necessary to facilitate industrial streamlining. In a historic deal struck in mid-February 1998 after three weeks' negotiations by representatives from business, government and trade unions, the government is legalizing lay-offs in cases of mergers and acquisitions, and simultaneously increasing social benefits for the swelling ranks of the jobless. An unemployment funds of four trillion won (US\$92.5 billion) will be established by the government along with a job retraining scheme.⁵³

⁴⁹See Human Rights Watch/Asia report, "South Korea: Labor rights violations under democratic rule," Vol. 7, No.14, November 1995.

⁵⁰US Department of State: Republic of Korea Report on Human Rights Practices for 1997, January 1998, (Washington, D.C.).

⁵¹ ICFTU, Annual Survey of Trade Union Violations 1997.

⁵²John Burton, "South Korean reforms to bet restructuring," *Financial Times*, February 16, 1998.

⁵³AFP, "Militant Unionists reject South Korea's landmark lay-off accord," February 9, 1998.

Kim Dae Jung has called on both trade unions and the *chaebols* to make sacrifices in an attempt to rehabilitate the economy. According to the Far Eastern Economic Review, in return for concessions, trade unions will be permitted to form political parties, workers must be given 60 days' notice of dismissal, and management will be required to rehire fired workers when business picks up.⁵⁴ While the FKTU agreed the pact, the more militant KCTU rejected it, but opted to call off a general strike in protest due to lack of public support. Nevertheless, the 550,000-strong KCTU continues to object to the reform agreement, and the potential for social unrest is still high. But unlike in Indonesia, the South Korean government has approached economic and labor reform from the basis of tripartite dialogue, consensus and concessions, where all parties feel some stake in the outcome of negotiations. In a joint statement, negotiators of the reforms accord applauded "a new history in which compromise, not force, and co-existence, not domination, exists."⁵⁵

Two categories of Korea's workers are especially vulnerable since they fall outside union protection -- women and foreign workers. According to Maria Rhie, Chairwoman of the Korean Workers' Association United, up to one thousand workers are being fired per day in Korea.⁵⁷ Companies are increasingly using "despatched" labor, whereby workers are fired and hired again through "despatch" agencies at 60 to 70 percent of their previous wage. These casual workers have no union rights and do not benefit from the unemployment scheme. The number of casual workers surged by 335,000 (8.7 percent) to 4,204,000 since early 1997, and day-hire laborers increased by 93,000 (5.2 percent) to 1,890,000, while full-time workers fell by 244,000 (3.3 percent) to 7,133,000.⁵⁸ The casualization of employment is hitting women hardest, as they are usually the first to be fired since they generally fill more of the unskilled jobs. Although currently illegal, NGOs and unions fear that this practice of "despatch" labor may be legalized, paving the way for further exploitation of women. The umbrella Korean Women's Associations United is urging President Kim Dae Jung to draw up "reasonable criteria" for firings, not based on gender.⁵⁹ The Korean National Council of Women is compiling a list of "discriminatory dismissals" to present to Kim Dae Jung.

South Korea is host to approximately 230,000 foreign workers, including 146,000 illegal entrants (mostly from China, Vietnam, Bangladesh, the Philippines, India, Nepal, and Pakistan,) according to the Ministry of Justice.⁶⁰ Others estimate the figure to be closer to 370,000. In the first two months of 1998, 10,000 illegal migrant workers left the country of their own volition because of collapsing businesses and the devaluation of the won. This exodus caused the government to shelve its planned crackdown and deportation of 50 percent of illegal laborers in early January. This is leaving a vacuum in the "3 D" sector where laid-off white-collar workers are still reluctant to take up menial work. Despite the exodus, many illegal migrants are stranded in South Korea, jobless, ineligible for state benefits and without

⁵⁴Charles S. Lee, "Kim turns up the heat," *Far Eastern Economic Review*, February 19, 1998.

⁵⁵John Burton, "South Korean unions accept reforms," *Financial Times,* February 7-8, 1998.

⁵⁶"South Korean unions agree to negotiate on job lay-offs," *New York Times*, January 15, 1998.

⁵⁷Paper given at the One World Action conference, "Can Trade be Democratic?" February 9, 1998.

⁵⁸"South Korea: Number of temporary employees increase," *Seoul Yonhap* (English version), in Foreign Broadcast Information Service (FBIS), February 12, 1998.

⁵⁹AFP, "S. Korean women's groups sound alarm on being first fired," January 11, 1998.

⁶⁰AFP, "South Korea expects mass exodus of foreign workers this year," February 16, 1998.

the money to return home. Reports from Tokyo indicate that some are paying fishing boat captains to smuggle them in to Japan in search of work, exposing them to dangerous sea voyages.⁶¹

⁶¹AFP, "Foreign workers stream out of South Korea," January 8, 1998.

For over a year, NGOs in South Korea have campaigned for legal protection for migrant workers, but the proposed bill met with opposition from employer federations, notably the Korean Federation of Small Business (KFSB), who see improved legislation pushing up wages. The Joint Committee of Migrant Workers (JCMK) is pushing the government to abolish the "Industrial Technical Trainee Program" (ITTP) which is currently the only legal channel for migrants to work in Korea. The ITTP is an apprenticeship program under which migrants are not trained, but work long hours for very depressed wages in poor conditions; their passports are routinely confiscated, and housing is very restricted, according to the lobby group, ALARM Action Alert-South Korea.⁶² Migrant support groups are urging the government to replace the unpopular ITTP with a work permit scheme, under which migrant workers would enjoy the same rights as Korean workers, based on the principle of equal pay for equal work, and freedom from racial discrimination, as defined in international human rights conventions. This work permit scheme would allow for greater job mobility for the duration of the permit. After expiry of the work permit the migrant would be required to return home.

South Korean companies operating in Asia have been accused from all quarters of violating workers' rights in Vietnam, China, and Indonesia. The KFTU reported on the case of the Daewoo Motorway Project in Pakistan which began in 1991. Ten thousand employees are working on the motorway between Lahore and Islamabad, where reports of violent physical abuse against workers were still continuing in 1996. The Daewoo Construction company does not allow the free functioning of trade unions. A complaint of the case (No. 1726) was lodged with the ILO.⁶³ The Council of Korean Economic Organizations adopted in February 1996 the "Declaration of Principles Concerning Human Resource Management for Korean Enterprises Operating Overseas." This acts as a guideline for Korean companies operating overseas to respect core labor standards, establish sound labor management relationships, promote worker education and training, and cooperation with local partners.⁶⁴ Human Rights Watch welcomes this declaration and calls on the South Korean government and NGOs in the relevant countries to closely monitor companies' adherence to the declaration's principles.

China

While the primary focus of this report is on workers' rights in those countries worst hit by the economic crisis in Asia, it is nonetheless important to look briefly at the labor rights climate in China and Hong Kong in light of the E.U.-China dialogue in the margins of ASEM. In addition, both China and Hong Kong face serious fall-out from their neighbors' financial turmoil.

While China may not be one of the primary casualties of the regional economic crisis, shock waves are already being felt there. Like many of its Southeast Asian neighbors, the Chinese economy is beleaguered by bad debt, crony capitalism, overstaffed bureaucracy, and unprofitable state-owned enterprises (SOEs). Official urban unemployment rates are low at 3.6 percent in 1996, but this does not take account of the 30 million surplus employees in state industries, or rural surplus labor of up to 150 million. Seventy million peasants have migrated to the cities in search of work in recent years, exacerbating the labor market squeeze.⁶⁵ Massive lay-offs are already well underway in the state sector. Approximately 12 million people lost their jobs in 1997, with a further eleven million expected in 1998.⁶⁶ The government clearly recognizes the need for some kind of social safety net, but nothing is in place yet and the potential for social unrest remains high. The National People's Congress in March 1998 announced that half the government-level officials would lose their jobs over the next three years. Although no precise figures have been given, it is

⁶²ALARM Action Alert-South Korea, Urgent request for international solidarity with JCMK for the government's prompt passage of the protection law for migrant workers, June 13, 1997.

⁶³Mr. Takashi Izumi, General Secretary, ICFTU-APRO (Asia Pacific Regional Office), OECD-TUAC Seminar on Trade Unions and Globalization: Labor Markets and Structural Change, Seoul, October 20-21, October 1997.

⁶⁴Ibid.

⁶⁵Pamela Yatsko and Matt Forney, "Demand Crunch," Far Eastern Economic Review, January 15, 1998.

⁶⁶AFP, "Ninth NPC and CPPCC- Solutions sorely needed after 12 m redundancies," March 2, 1998.

assumed that this means in the region of four million lay-offs.⁶⁷ The labor minister claimed "we have to be ruthless but we are doing it in a compassionate manner."⁶⁸

Independent trade unions are illegal in China. They are suppressed by the government and their leaders imprisoned. The official union, the All China Federation of Trade Unions (ACFTU) is under the control of the Communist Party which appoints all union officials. Any workplace union must be affiliated to the ACFTU. China signed the International Covenant on Economic, Social and Cultural Rights in October 1997, but the National People's Congress has yet to ratify it . The government has also indicated a commitment to sign the International Covenant on Civil and Political Rights, which guarantees freedom of association. According to sources in Brussels, Chinese diplomats are currently discussing with their counterparts in the European Union a number of reservations China would make when ratifying the ICESCR. The right to form independent trade unions is apparently one major guarantee from which China may derogate.

⁶⁷BBC World Service March 11, 1998. ⁶⁸Ibid.

China's first national labor code was adopted in January 1995, and is intended by the government to prevent abuses of workers in foreign-funded companies. It aimed to standardize employment principles and requirements, but 150 million rural and industrial workers fall outside its remit, according to the ICFTU.⁶⁹ As yet, the law does not allow for collective bargaining and the right to strike. Despite this, there has been a dramatic increase in labor disputes and wildcat strikes since the early 1990s, particularly in foreign-invested companies with leaps of between 50 percent and 75 percent per annum.⁷⁰ There are regular documented reports of worker abuses including forced and bonded labor, physical mistreatment, violence towards workers committed by police and private security guards, harassment and imprisonment of labor activists, victimization of women workers, and excessively long working hours in dangerous conditions.⁷¹ A Party Central Committee task force reported that work stoppages and formal complaints of unfair labor practices in China have risen by over 50 percent since 1994, and violence by and against the authorities in this context has "increased alarmingly." The Ministry of Labor reported 50,000 complaints through September 1997 alone.⁷²

In Spring 1997, then Premier Li Peng proposed a five-point plan for dealing with labor disputes and rural unrest, including encouraging spending official funds and "voluntary" funds to bail out laid-off workers. Such measures may succeed in fire-fighting unrest temporarily at a local level, but do not address the problem of workers lacking legitimate channels to voice their grievances.

On both the institutional and social fronts, domestic migrant workers are among the most vulnerable of China's workforce. On the institutional front, the Beijing city government issued "Document No. 1" in February 1998, which lists jobs permitted to Beijing's approximately 2 million migrants from the countryside. It stipulates that unemployed and laid-off city-dwellers must be recruited before those without permanent residence permits. Jobs forbidden to migrants include secretaries, hotel clerks, bus drivers, "all levels of management," accountants, surveyors, mail carriers, and so on. Migrants are authorized to work on construction sites, however.⁷³ While it is understandable that the government is attempting to protect work opportunities for established city-dwellers over temporary rural migrants, this new regulation is another step towards increasing the insecurity of migrants within their own country, where they often have to work for lower than average wages and live in unsanitary and cramped dormitory accommodation. On the social front, as the competition for jobs in a dwindling labor market stiffens, so migrants are likely to become the victims of prejudice, harassment and worse from city-dwellers whose own livelihoods are threatened. Under the 1995 Labor Law, migrant workers, in theory, enjoy the same rights as other workers. In practice the law's application and enforcement is particularly lax and discriminatory as regards migrant workers, and their working conditions are significantly worse than other workers.

⁶⁹ ICFTU, Annual Survey of Violations of Trade Union Rights 1997, Brussels.

⁷⁰Anita Chan, "Workers' Rights are Human Rights," China Rights Forum, Summer 1997.

⁷¹Ibid; *See also* bi-monthly China Labor Bulletin (Hong Kong) for detailed case-studies of trade union violations and worker rights violations.

⁷²Gregory Fossedal, "Letting Workers Organize will solve dilemma for China," *Asian Wall Street Journal Weekly*, March 9, 1998.

⁷³"Migrants go home," *Far Eastern Economic Review*, Intelligence brief, February 26, 1998.

Chinese labor activists continue to struggle to improve workers' rights, but theirs is a perilous position. They are routinely arrested for peaceful trade union activities which fall outside the aegis of the ACFTU. Many activists are still in prison for their involvement with the Free Labor Union of China and the Workers' Autonomous Federations (WASF) established during the 1989 pro-democracy movement.⁷⁴ Imprisoned activists are held either in prisons or labor camps on a variety of charges and with sentences ranging from three years up to twenty years. They have not had access to a fair trial by an independent judiciary, their appeals are routinely rejected, and they are often held in inhuman conditions or required to do back-breaking work.⁷⁵

Hong Kong

Although Hong Kong seems to have weathered the financial crisis better than its Southeast Asian neighbours, it has not been without some economic casualties. The tenacious bid to maintain the H.K.-U.S. dollar peg has protected the currency from devaluation but this has kept interest rates high to protect against currency speculators.⁷⁶ The backlash has cost over 9,000 jobs, particularly in the service sector, and the tourism sector and aviation industry have also suffered. Industry sources have predicted up to 15 percent of the workforce could be retrenched.⁷⁷ The economic downturn, coupled with pressure from domestic political parties, has led the Hong Kong Special Administrative Region (HKSAR) government to shelve the proposed Construction Labour Importation Scheme to import more workers for the construction industry. These job Losses have come at a time when the HKSAR government is having to justify its repeal of pre-handover legislation which effectively had given workers more rights with regard to unionization, collective bargaining and anti-union discrimination.

Article 27 of the Basic Law guarantees Hong Kong People the right and freedom to form and join trade unions and to strike.⁷⁸ Article 18 of the Bill of Rights Ordinance 1991 (BORO) also guarantees the right to freedom of association which includes the right to form and join trade unions for the protection of the worker's interests. In general, the HKSAR government is not averse to the formation of trade unions but enforcement of workers' rights is now in greater doubt. The possibility for challenging such action has recently been dampened by the HKSAR's repeal of a pre-handover amendment to the Bill of Rights Ordinance which extended the rights protections embodied in the BORO to interaction between private individuals.

The government has also taken action to weaken labor rights protections enacted into law just before the handover. In the last session of the legislature elected under British rule, five bills were passed in an effort to bring domestic labor law in line with ILO convention No. 97. On October 15, the new China-appointed chief executive introduced, and on October 29, the appointed provisional legislature passed legislation repealing two of the five labor laws, and amending a third. The two laws that were repealed protected the right to collective bargaining and protected against anti-union discrimination. The approval of the chief executive. It similarly restricted the ability of local unions to affiliate with non-labor related foreign organizations. Also among the five bills passed by the pre-handover legislature was a provision legalizing the federation of cross-sectional unions; the subsequently appointed legislature bid not abrogate this provision.

A related regression on labor rights in Hong Kong was brought about by the amendments made to the Public Order Ordinance by the HKSAR government. These posed a potentially serious threat to workers' rights to strike by imposing licensing requirements for demonstrations and allowing proposed demonstrations to be curbed on vague and unspecified national security grounds. Already the

⁷⁴ICFTU, Annual Survey of Trade Union Violations 1997, Brussels.

⁷⁵ China Labor Bulletin, No. 38, September-October 1997.

⁷⁶ "Hong Kong Property Panic Puts stocks into Nose-Dive," *The Guardian*, January 16, 1999.

⁷⁷ "HK gets pep-talk as bad news pours out," *Financial Times, January* 16, 1998.

⁷⁸ This is also guaranteed by Article XIII of the Sino-British Joint Declaration 1984.

HKSAR government has specifically indicated that advocating independence for Tibet or Taiwan -- peaceful free speech activities which should enjoy the protection of the ICCPR -- can be cited as offenses on "national security" grounds.

The recent changes to the electoral processes which will govern the May 1999 elections have also served to marginalize worker participation. Whereas in the 1995 elections almost every person in employment had a vote in the functional constituencies (a system where voting groups are organized by profession), the franchise under the reforms has been reduced from 2.5 million to 200,000. Corporate voting has been reintroduced where the chairperson/director of the company places a representative vote for the whole of his company. Apart from the whole concept of functional constituencies having been criticised by the United Nations Human Rights Committee as being a breach of Article 25 of the ICCPR⁷⁹, this reduction in the franchise also contravenes Article 69 of the Basic Law which guarantees that there shall be "gradual and orderly progress" towards election of all members of the Legislative Council by universal suffrage.

IV. CONCLUSION

ASEM II provides a strategic and timely opportunity for government leaders and ministers to broaden economic dialogue to encompass basic questions of good governance and accountability, participation in and strengthening of civil society. The economic and social turmoil in Asia has forced bad government and business practice into the limelight. E.U. and Asian governments alike have a moral as well as economic and political responsibility to turn the economic disaster into a force for positive structural and legal reform, including basic protection of workers' rights. As recession deepens and increases economic hardships for the people of Indonesia, Malaysia, Thailand, and South Korea, Asian governments and international development institutions such as the World Bank and Asian Development Bank are constructing social safety mechanisms. The E.U. and Asian governments are looking to provide financial and technical assistance in this process. As of February 1998, the World Bank had pledged about \$16 billion to East Asia since the crisis began last July. The Japanese government, in conjunction with a visit to Jakarta by Prime Minister Ryutaro Hashimoto on March 14-15, pledged over \$560 million in quick-disbursing yen loans to Indonesia for social safety net programs, in addition to emergency grant assistance for food and medicine and a \$400 million structural adjustment support loan.⁸⁰ Multilateral and bilateral assistance programs, other than humanitarian aid, should be contingent on the recipient governments upholding human rights, including internationally recognized core worker rights. The E.U. should use its GSP trade benefits both as an incentive to encourage respect of workers' rights, and as sanction against governments who continue to infringe on them. Efforts to curb corruption should focus on the lack of an independent judiciary in countries such as Indonesia and China, as well as the critical need for a free, uncensored press to expose corruption and help create an environment in which governments can be held accountable.⁸¹ The ASEM process should set the tone of transparency, tripartite dialogue between government, business and civil society, and respect of human rights as defined in international law, as the basis for sustainable long-term growth with equity.

⁷⁹ Article 25 guarantees the right to every citizen to vote and to be elected at genuine periodic elections which shall be by universal and equal suffrage.

⁸⁰Ministry of Foreign Affairs, Tokyo, website: Press Conference by the Press Secretary, March 17, 1998; "Japan's Role in Asian Financial Crisis," February 5, 1998.

⁸¹"Civil society and the media are crucial to maintaining an atmosphere in public life that discourages corruption. Indeed, they are arguably the two most important factors in eliminating systemic corruption in public institutions," according to The World Bank, in "Helping Countries Combat Corruption," September 1997.

	ICCPR	ICESCR	ILO No.29	ILO No. 87	ILO No. 98	ILO No. 111	ILO No. 138
Austria	х	х	х	х	х	х	-
Belgium	х	Х	Х	Х	х	Х	х
Denmark	х	х	х	Х	х	x	х
Finland	х	х	х	х	х	х	х
France	x	х	х	х	x	х	х
Germany	х	х	х	х	х	х	х
Greece	х	х	х	Х	х	х	х
Ireland	х	х	х	х	х	х	х
Italy	х	х	х	х	х	х	х
Luxem- bourg	х	x	x	x	x	-	x
Nether- lands	х	х	х	x	х	х	x
Portugal	х	х	х	х	х	х	-
Spain	х	х	х	х	х	х	х
Sweden	х	х	х	х	х	х	х
UK	х	х	х	Х	х	-	-
Brunei	-	-	Not	member	of	ILO	
China	-	signed					
Indonesia	-	-	х	-	х	-	-
Japan	х	х					
Rep. of Korea	х	х	-	-	-	-	-
Malaysia	-	-	х	-	х	-	-
Philippin es	х	x	-	x	x	x	-
Singa-	-	-	х	-	x	-	-

IV. APPENDIX: RATIFICATION of UN HUMAN RIGHTS COVENANTS and ILO CONVENTIONS by ASEM GOVERNMENTS (as of April 1998)

pore							
Thailand	х	-	х	-	-	-	-
Vietnam	х	х	-	-	-	-	-

x = ratified - = not ratified

ICCPR:	UN International Covenant on Civil and Political Rights
ICESCR:	UN Covenant on Economic, Social and Cultural Rights
ILO Convention No. 29	Concerning Forced or Compulsory Labor
ILO Convention No. 87	Concerning Freedom of Association and Protection of the Right to Organize
ILO Convention No. 98	Concerning the Application of the Principles of the Right to Organize and to
	Bargain Collectively
ILO Convention No. 11	1 Concerning Discrimination in Respect of Employment and Occupation
ILO Convention No. 13	8 Concerning Minimum Age for Admission to Employment
	1 Concerning Discrimination in Respect of Employment and Occupation

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