

The Informal "No Union Policy" in Philippine EPZs

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This report presents the results of the surveys, on the restriction of workers' rights in the Philippine Export Processing Zones (EPZs), particularly Baguio City EPZ (BCEPZ), the Cavite EPZ (CEPZ) and the Mactan EPZ (MEPZ), and in Laguna Technopark which is a Special EPZ. As of June 1996, there were 134,726 people employed by the EPZs.

This study is an inquiry into the union-avoidance policy in EPZs. Unionism is enshrined in the Philippine constitution and labor laws. However some companies, industries and even industrial areas try to subvert unionism through overt and covert union-busting and union-avoidance techniques. In this article, the "informal no union policy" refers to the practice of avoiding or preventing unionism without any formal or official declaration by the employers and concerned government authority, including EPZ administration.

TABLE 2
Performance of the EPZs in Total Exports 1984 to 1995
(in thousand us dollars)

YEAR	TOTAL EXPORTS	EPZS EXPORTS	PERCENTAGE (%)
1984	5,390,646	245,820	4.6
1985	4,628,954	205,572	4.4
1986	4,841,781	278,064	5.7
1987	5,720,238	396,247	6.9
1988	7,074,190	430,725	6.1
1989	7,820,713	444,139	5.7
1990	8,186,027	579,581	7.1
1991	8,839,514	818,089	9.3
1992	9,824,314	1,681,226	17.1
1993	11,374,805	2,060,420	18.1
1994	13,482,896	2,738,721	20.3
1995	17,370,000	4,284,602	24.7

Source: The Philippine Economic Zone Authority
Bangko Sentral ng Pilipinas

TABLE 1
Number of Registered Firms in the EPZs 1980 -1996

A. Year	1981	82	83	84	85	86	87	88	89	1990	91	92	93	94	95	1996
Number of Registered Firms																
BEPZ	49	46	48	42	33	32	31	34	27	31	35	46	55	70	83	85
BCEPZ	3	5	7	12	10	12	12	12	12	12	13	12	13	13	15	15
SEPZ	5	5	6	6	4	8	12	16	33	43	42	53	63	78	106	112
CEPZ	-	-	-	-	1	1	4	9	38	59	88	106	24	149	224	247
TOTAL	58	59	64	64	56	57	65	77	116	151	188	243	298	388	577	637

1. Since 1995, the numbers stands for the Number of Approved Firms due to the settlement of PEZA.
2. Actual as of May 31

Source: The Philippine Economic Zone Authority

Historical Background and Economic Performance of the Philippine EPZs

By virtue of Presidential Order No. 66 in 1972, the Marcos Administration set up the Economic Processing Zone Authority (EPZA). The first EPZ was the Bataan Export Processing Zone (BEPZ). Two more EPZs were set up in Mactan and Baguio City in 1979 and 1981, respectively. The government granted the EPZA the responsibility to designate SEPZs among certain industrial estates. The operation of the EPZ was regarded as an important element in the export-development strategy of the Philippines.

Today, Philippine EPZs consist of 35 industrial estates. Four of them are the National EPZs which is located in Baguio City, Bataan, Cavite and Mactan. These EPZs are administered by the Philippine Economic Zone Authority (PEZA). The companies in the EPZs can pay rent to the national government for the use of the land periodically. On the other hand, those in special EPZs (SEPZs) can purchase lands. In the SEPZs, PEZA does not directly participate in administration. The private firms, which constructed the EPZs, directly manage them. In short, there are no government employees in the administration offices in the SEPZs.

Most of the SEPZs are located in the provinces of Cavite, Laguna, Barangas, Rizal and Quezon (also known as CALABARZON). This mass establishment of the SEPZs in the area is due to the CALABARZON project which was started by the Aquino administration in May 1989 as part of the Philippine Agenda for Sustained Growth and Development. The other SEPZs are located in Leyte, Mactan and Mindanao.

EPZs contribute significantly to the country's export. From 4.6% in 1984, its contribution increased to 24.7% of total exports by 1995.

Industrial Relations in the Philippine EPZs

There were no unions in the MEPZ in 1994 although there were 58 established firms. On the other hand, there were 16 unionized firms out of 35 in the BEPZ in 1993. A research report of the Trade Union Congress of the Philippines (TUCP) explained why there were no unions in the MEPZs and other EPZs. The report noted that:

Union-busting in the zones is also prevalent, [it] usually takes the form of intimidation of the workers as well as threats of dismissal and factory closures. Companies often leave the zones rather than allow unions. Trade union leaders and organizers are dismissed and discriminated against, and black-listed by other companies. The Department of Labour is unwilling or unable to enforce law in the zones.

In the Mactan EPZ, local government officials and the zone administration prevent group meetings, stop union organizers from entering the zone, and monitor workers.

In the Cavite free trade zone, ... mass dismissals of workers joining unions, forced overtime and bad working conditions are common practices. When workers are taken on they are obliged to sign a document saying that the employer can dismiss them if they get married. Juanito Remulla, an army general in the Marcos regime and provincial governor of Cavite, declared in 1994 that there would be no unions in the zone. Seven workers have disappeared during the last two years of trying to organize there. Three others missing were found dead. An attempt to organize workers at the subsidiary of a textile multinational led to death threats against two trade union activists. Workers at the multinational company went on strike in the zone at the beginning of May (1995) in the first strike for almost a decade.

CASE STUDY IN LAGUNA TECHNOPARK

Administration and Unionism in Laguna Technopark

Laguna Technopark is classified as a "private industrial estate with special EPZs." Laguna Technopark Inc. (LTI) administered the Technopark in accordance with some regulations such as environmental regulations by the national government.

Regarding labor-management relations or personnel management in each company, LTI respects company rules and regulations. However, it advises investors to utilize personnel agencies which guarantee workers' identity when hiring them. LTI also suggests that investors should not head hunt personnel among firms within the Technopark. For instance, there is a firm near Technopark which suffers frequent strikes by an affiliated union of KMU. LTI informs the firms in the Technopark regarding the strike of that company. According to LTI, there are four firms which have unions in Laguna Technopark - two Japanese companies, an American-Korean joint venture, and a Swiss firm.

Five companies were interviewed. Based on the interviews conducted, it can be concluded that there is no informal no union policy in the SEPZ within Laguna Technopark at this moment. There are three unions at present and another one outside the SEPZ. This is the major reason that there is no such informal policy in Technopark. In addition, taking into account the interviews with Company A, B, C, D, and E in the SEPZ, it appears that there is no informal policy in the EPZ since the beginning.

Secondly, the relationships among provincial or municipality government, zone administrators (LTI), and firms in the SEPZs in Technopark are loose. The companies have almost nothing to do with LTI as well as the local government after the transactions on lands. Although there is a company association in Technopark to which all companies have to belong, the association seems useless to make close coordination among companies. During the time when the interview was being conducted, some interviewees were curi-

ous about the working conditions or labor relations in other companies in the Technopark. Hence, we can say that there is no close coordination and collusion among zone enterprises to ward off unionism in Technopark.

Although there are no unions in the four companies, these companies do not restrict workers' rights. Two of the four firms even promote workers to organize in the future. Company D does not want their workers to organize a union as much as possible because the firm has no union even in Japan. However, Company D mentions that it respects workers' right to organize a union. The major reason for the no-union situation in the four companies is that they have operated for only less than two years. Workers' wages may be higher than those of the local companies which are located outside the Technopark. The fringe benefits are also advantageous for the workers even in non unionized companies. In this case, it cannot be said that the firms restrict workers' rights. Simply put, it can be said that the low percentage of unionism can be attributed to the workers satisfaction in a company.

LTI is also partly responsible for the security of the Technopark premises. In fact, LTI has fences around Technopark to control outsiders' entry. Considering that Technopark is a private land owned by a private firm, there is no legal problem even if LTI controls outsiders' entry. Also, there is regulation by the national government which requires LTI to put fences around Technopark. This regulation can give some suppositions, for instance, the national government may have put up the fences in order to attract foreign investors, or would like to avoid another BEPZ. In any case, through the governmental regulations, any outsiders (particularly union officers) cannot enter the Technopark.

Finally, though the five companies do not restrict workers' rights, they have adopted their unique ways of hiring to avoid unionism. Company A employed workers through the Mayor of Sta. Rosa. Company E says that there are firms which hire workers through churches. The major reason why a firm asks an authoritative source to supply workers is to secure workers' identities. In other words, this can prevent union activities in firms by utilizing this employment system. For example, when someone was referred with job opportunities, he promises not to engage in union activities in the company where he was referred to. Since he/she owes a debt of gratitude, he/she has to keep the promise, otherwise he/she will be called "Walang Hiya" which means shameless. This is almost equal to losing a social life for a Filipino. In short, in employing workers through a person who has a high status, management can restrict workers' rights without any violations of laws. It can be said that this system is a form of an "informal no union policy". According to the union officers, this system has been adopted frequently in the Philippines

Table 3
History Table of Major Union Activities in the BCEPZ (1981 -1991)

YY/	MM/	DD	Firms	Events	Number of Registered Firms
81		A		Workers tried to organize, however gave up by internal disunity. (ALU-TUCP)	3
82		B		Union lost the certification election (CE) by two votes. (ALU)	5
83		C		Union affiliated by NAFLU was defeated in CE by Company union	7
84	03	D		Picket by women workers against unfair labor practices	12
85	09	E		Union was organized. (TUPAS)	12
		E		Strike After that, union was dissolved by internal disunity	
		F		Wildcat strike against company's refusal to accept union	
86	06	F		Company changed its name into F	09
	10	C		Union won CE (ADLU *1)	
		C		Strike against refusal of negotiation by company.	12
		C		Strike	
		D		ULP strike against unacceptable working conditions (TUPAS)	
				Several WOMB *2 formed among several firms finished its role. In stead, KMK *3 was organized.	
87	04	C		Company closed down	12
88	03	C		Picket against closedown (from closure until March 1988)	12
	10	07	G	Wildcat strike against ULP	
			B	Failure to organize union	
			E	Union was re-organized. (NAFLU)	
89	07	04	G	Wildcat strike against ULP, but caused internal disunity (PLAC *4 with company help. This brought about protest actions in several firms.	12
90		G&H		Workers tried to organize	12
		H&I		Female workers were organized. 5 firms moved out of the BCEPZ after the earthquake occured on July 16, 1996. About 2,000 workers lost jobs.	
91	01	B		Workers walked out of ruined company building for their safety for 3 days.	13
	02	B		Female workers formed organization named SAMAKA *5, however it was disbanded due to internal disunity.	

ADLU stands for Association of Democratic Labor Unions
WOMB stands for Women for the Ouster of Marcos and Boycott
KMK stands for Kilusang Manggagawang Kababaihan.
PLAC stands for Philippine Labor Alliance Center
SAMAKA stands for Samahan ng mga Manggagawang Kababaihan.

The date of the following events cannot be specified:

1. Registration of the union in firm D
2. Registration of the union in firm G
3. Formation of WOMB
4. Formation of the union in firm G

Source *The Cordillera Labor Center. TIGNAYA, Vol. XI Nos. 5&6, May-June 1996. 22-25 pp.*

Cordillera Women's Education and Resource Center, Inc. and the Women Workers Program.
Women Workers Situation at the Baguio City Export Processing Zone, Feb. 1994, 9-16 pp
Data from NCMB and DOLE

and this custom/cultural factor has actually prevented the sound growth of unionism.

CASE STUDY OF THE BAGUIO CITY EXPORT PROCESSING ZONE

A. Industrial Relations in the first period of the Baguio City Export Processing Zone

Before the destructive earthquake last July 1990, there were 20 firms in BCEPZ. Nine were unionized. Also, five of these nine companies experienced strikes. Although five firms transferred from the zone after the earthquake, four of them underwent union activities and had strikes. However, the BCEPZ authority was not as generous as the BEPZ's in terms of union activities. For instance, the picket at Company C last March 1988 was dispersed by fully-armed BCEPZ security guards with military men outside the zone.

Apart from one case at Company E in 1988, most of the strikes or pickets were brought about by insincere attitudes of management such as providing substandard working conditions or refusal to do the legal procedures over union activities. Currently, the present companies in the zone are following the law.

With regard to the influences of unionism in the first period to the second period, Table 3 indicates that some strikes were caused by the firms' antagonism against unionism. For instance, Company E in 1986 changed its name so as to avert the union activity. Company C in 1987 chose to transfer from BCEPZ rather than to coexist with the union as a result of two strikes. These examples showed that even if workers' demands were reasonable,

they could be out of employment due to union activities. Hence, it can be said that it is natural for workers to give up union activities for job security.

The BCEPZ has the power to make the firms keep the labor laws. Also, if firms do not follow instructions of authority, it can get out of the zone. Although some companies often violated laws, it is uncertain if the authority took proper countermeasures on the firms in accordance with the laws. Considering the thrust of the so-called export-oriented industrialization policy, the BCEPZ had to play the role of "legal preserver" in the zone in the name of national development. Basically, it can be deduced that even if the BCEPZ authority took actions against companies, they were not effective at all.

B. Industrial Relations in the Second Period (post-earthquake) of Baguio City Export Processing Zone.

There are 12 investors in the zone and there are no unions. The reasons for the no union situation are lack of support and the unwritten (informal) no union policy. When being hired, the workers were told that the investor had prohibited workers from forming a union. They will be dismissed if found engaged in union activities. Therefore they cannot attend such activities. They also realized that investors, especially the Americans and Europeans tend to close their business when confronted with strikes. However, the workers realized the importance of unity, so they still formed a workers organization rather than a union. Even though there was LMC in the firm, they think it was useless because the management has direct total control over it. In reality, the workers think that there was no opportunity to express their opinions, complaints and/or grievances against the company. Furthermore, they do not rely on the assistance by the government institutions such as PEZA and/or DOLE.

Most of the workers were directly hired by the companies. In some cases, workers were hired through nepotism. In terms of wages, the workers avail of the minimum wages fixed by law at 129 pesos per day. Their salaries do not increase except through a new wage order or amendment to the minimum wages. For the workers, it is not difficult to find jobs outside the BCEPZ but these companies offer lower than the prescribed minimum wages. If possible, they would like to organize a union.

C. Integration of Industrial Relations in Baguio City Export Processing Zone

As discussed earlier, the first period was characterized by "free unionism". In the BCEPZ, there is cooperative relations between the firms and the BCEPZ authority. Although it is difficult to ascertain the role of the BCEPZ authority in the employment system, it can be said that system helps restrict unionism. From the frequent violations of laws by the firms in this period, it can be deduced that the

BCEPZ authority had its shortcomings in improving the situation. In other words, it could not fulfill the duty as a preserver of laws in that period.

Also during the first period, the firms played a main role in the policy. A research on the zone by the Center for Labor Education, Assistance, and Research (CLEAR) in 1985 concluded that "all companies in the zone are anti-union and exert constant pressure to keep workers from unionizing". In addition, it should be taken into account that some strikes in the zone were caused by avoidance to unionism (Company C and F). In short, investors played a main role in the informal no union policy and the BCEPZ authority related to it indirectly.

Even though the strikes in the BCEPZ were basically caused by violations of laws by firms (such as unlawful working conditions or neglecting union activities), violent situations were avoided unlike in the BEPZ. This may be due to the difference in trade union colors in the zones. As a result, only Company C transferred from the zone because of union activities. As mentioned, this closure seemed to have given impact on workers attitudes to unionism to some extent.

According to the BLR in Baguio City, unions have been constantly formed in the region since 1991 (Table 4). However, in BCEPZ, there have been no unions since the earthquake. For certain, the working conditions have improved. The interviews conducted showed that the workers have been restricted to organize union activities, otherwise the workers will be dismissed. A trade union also reported the situation that "BCEPZ companies have been consciously stifling the right of the workers to organize. If workers were able to put up one, the company would rather close down, then open again under a new name and/or in another place."

TABLE 4
Number of Registered Unions in Baguio City 1980-1996

YEAR	~1980	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	1996**	
No. of Registered	4	1	0	2	0	1	2	4	7	3	7	9	4	5	2	6	7	3	

* 9 unions including 2 in the BCEPZ are unspecified the years registered.

** As of November 27, 1996

Source: Department of Labor and Employment in CAR

Based on the above table, it can be deduced that basically the informal no union policy in the second period almost has the same structure as in the first period. It can be said that the union activities were finally subdued in 1991.

CASE STUDY IN THE CAVITE EXPORT PROCESSING ZONE

Economic Performance of the Cavite Export Processing Zone

Despite the economic depression during the Aquino administration, the CEPZ succeeded in promoting foreign investors and increasing the number of employment. Enlargement of economic performance in the CEPZ has vitalized a regional economy through transactions with investors. According to the CEPZ authority, the Cavite EPZ Five-Year Development Plan (1990-1995) was expected to "employ 32,310 direct workers and 96,930 indirect workers". Based on this, it can be said that the economic impact of CEPZ on the Cavite economy is huge. The Cavite economy will continue to expand due to the rapid increase of investors in EPZs. As of now, there are other Cavite Industrial Estates namely: Gateway Business Park and People Technology Complex. According to PEZA, the Cavite economy will have a rapid development in the future.

Integration of Industrial Relations in the Cavite Export Processing Zone

Based on the statements gathered from different perspectives, it can be concluded that there was an informal no union policy in Cavite province. The informal policy was implemented by ex-governor Juanito Remulla around 1988 to May 1994. It was applied to the whole province. The informal policy restricted union activities by workers and trade unions. This was led by the Cavite provincial government, municipality governments, barangays and the firms themselves. The ex-governor knew what he had implemented was against the law, so he never admitted the existence of such policy formally. In addition, he created a system by which he or his supporters/followers could avoid complaints regarding violations of laws. This is the nature of the informal no union policy in Cavite province.

Basically, the Cavite province was underdeveloped, so ex-governor Remulla tried to improve the situations by creating job opportunities and revitalizing the regional economy. Attracting foreign investors was regarded as the nearest and easiest way of creating jobs. To attract foreign investors, a stable environment for investment was required in Cavite province. Ex-governor Remulla put up a slogan such as "Industrial Peace". He ignored the impact of strike bans on workers in the BEPZ. His "Industrial Peace" meant restriction of the union activities.

The informal no union policy by the Remulla administration meant the restriction of workers' rights to form unions, collective bargaining, strikes (direct and indirect violence) and conciliatory measures in the whole Cavite province. Ex-governor Remulla arranged a network on how to regulate union activities. He strengthened a cooperative system between the provincial government and firms, arranged the relationships among the government agencies from the provincial level to the barangay level, tightened the security of the

industrial estates such as the CEPZ, created a private army and adopted a screening and employment system to CEPZ. This network functioned as a vehicle to restrict unionism. The government organizations monitored workers' or trade unions' activities. The tight security and the employment system by the CEPZ administration minimized union activities in the zone and secured stable operations of the companies. The private army threatened and harassed the union organizers while the system of job supply by nepotism also prevented workers' union activities.

On the other hand, ex-governor Remulla conciliated workers by implementing a "Monthly Dialogue" to resolve workers' complaints and grievances. He also warned companies on unfair minimum wages in the industrial estates. For workers, job security was their main concern. For those who earned higher, participation in union activities was not advantageous but more of a disadvantage because such actions meant unemployment. The screening and employment system by the CEPZ authority gave priority in employing people in Cavite province rather than other emigrants from the nearby provinces. Since firms in the CEPZ had to report monthly the names of the dismissed workers with reasons, this system enabled firms to get high quality labor. Existence of the military groups implied the prevention of left-wing trade unions.

There were 19 independent unions and six affiliated unions that were organized. Five strikes happened from 1988 to May 1994. Nevertheless, the Remulla administration succeeded in attracting foreign investments, generating job opportunities, and revitalizing the economy in Cavite. The CEPZ realized its target two years earlier. In 1993, there were 124 firms in the CEPZ which generated 26,000 jobs. The exports were recorded at \$398.5M which was 3.5% of the total exports of the Philippines.

The system of the informal no union policy did not make everything perfect. Preservation of order by violence with little conciliation made people frustrated. On the surface, the province was stable but there was a growing discontent among the workers. This discontent exploded in May 1994, when ex-governor Remulla lost his status against his opponent Epemaco Velasco who emphasized "Pro-Unionism". The number of unions and strikes increased in 1995. There were 19 unions, ten affiliated unions and six strikes were reported. In 1996, two unions in the CEPZ were registered with DOLE and the first CBA was concluded in October.

A CASE STUDY OF MACTAN EXPORT PROCESSING ZONE

Industrial Relations in Mactan Export Processing Zone

According to a study conducted by TUCP in 1994, there were no unions in MEPZ, although a handful (trade unions) have tried to organize workers but unsuccessfully.

The study gave several possible reasons for the failure:

1. ALU (Associated Labor Union) was the dominant federation in Cebu province, its effort in organizing workers in MEPZ have been met head on by strong countervailing forces.
2. One key element that ties up together the difficulties faced by trade unions within these zones (including MEPZ) was the contra-union policy of local government units, and the political power holders controlling these administrative units.
3. Endogenous Environment
 - a. tight security and control of outsider's entry

"The entry of union organizers within the zone is especially discouraged. There are stories about some organizers being tailed and/or shooed away from the zone premises".

- b. Close coordination and conclusion among zone enterprises to ward off unionism.
 - c. No group gatherings and inter-company activities

"The exclusive village character of the Mactan zone is reinforced by the strict monitoring of all group activities that take place. In general, the policy of the local government, and the zone administration, is to gatherings within the zone."

4. Exogenous Environment
 - a. Local government officials monitor activities of union organizers.
 - b. Zone is a preserve of Lapu-Lapu City and a showcase project of the provincial government.
 - c. Zone administration and labor officials work closely with local government.

To grasp the nature of union activities in the MEPZ after 1984, an August 22, 1995 article of a local newspaper Sun Star Daily published an article on "Weigle to keep hands off plans of TUCP to unionize MEPZ". Part of the study reads as follows:

Mayor Ernest Weigel Jr. has vowed not to block the planned expansion of the Associated Labor Unions-Trade Union Congress of the Philippines (ALU-TUCP) to the Mactan Export Processing Zone (MEPZ). The Mayor who earlier earned a reputation for being "anti-union, said he will let the employees decide whether they want to be unionized or not. "Whatever is good for our workers. It's up to them to decide," he said."

It can be interpreted that Mayor Weigel had blocked the expansion of unionism in the MEPZ until August 1995. In other words, the informal no union policy was also implemented in the MEPZ in the past. Despite the Mayor's declaration on the union activities by ALU-TUCP, however, no unions were organized since the article was published. This can also imply that there are some factors that have prevented workers to form unions in the zone.

According to the BLR in Manila, five unions have been registered in Lapu-Lapu City since 1990. But, they are located outside the MEPZ. This shows that the Mayor of Lapu-Lapu has not prevented the workers to form union in the whole city but only in MEPZ. In addition, no unions in the MEPZ have ever been registered in BLR.

In summary, there are no registered unions in MEPZ at the moment. However, at least four unions were formed in the past despite the fact that Mayor Weigle had blocked the penetration of unionism in MEPZ until August 1995. These unions tried to have certification elections (CEs) but failed. Reasons are not clear except for the fact that, the informal no union policy has been implemented by local government, the zone administration and investors. The informal policy has been executed only in MEPZ and not the entire Lapu-Lapu City.

1. Interview with Union Officers

ALU-TUCP realized that the failure of CEs was due to the intervention by the local government, the firms and the zone administrators. The following are examples of union busting in MEPZ. When a union was about to be formed, a leader of the workers was persuaded by the Mayor and town councilors to give up organizing. This persuasion can be done through bribery. Firms dismissed without separation pay some workers who played an active role in union activities. Investors also campaigned for a no union before CE.

Three days before the CE, the owner of a firm and local officials kept all the workers in a conference room in the company. The investors provided them with free food. Armed guards monitored the employees. The workers were not allowed to vote, and consequently the CE was not executed. After the CE, the union president was dismissed illegally. As a result, the union was destroyed. The union president filed a complaint to DOLE and was reinstated. However, the firm did not give him any job except for punching in and out of time cards. He then decided to quit the job with separation pay. Although there were union members in the company, they could not engage in union activities for fear of unemployment.

ALU explained the employment system in MEPZ. The firms accept applicants and make applicants' parents attend meetings at the PEZA office in the zone. The MEPZ officials and management explain to the parents how union activities can lead to dismissal. ALU also mentioned the existence of the "blacklists" which list undesirable workers. However, the Federation

of the Free Workers (FFW) doubted the existence of such list.

The reasons for the informal no union policy in MEPZ are varied. For the local government, a no union situation is good in promoting foreign investors. Some local officials have concessions in the firms. For instance, some of them run canteens inside the company, or more directly get paid for preventing unionism within the firm. ALU referred to them as actions based on personal interests or benefits. FFW mentioned that from the investors' point of view, unions are obstacles to labor management relations and company management.

In terms of working conditions in MEPZ, FFW said that there are several companies which give workers substandard payment and utilize labor-only-contracting schemes. ALU and FFW both admitted that the working conditions in MEPZ were much better than those outside. In addition, FFW mentioned that even though the workers are satisfied with their working conditions and have no intention to form a union, their right to organize should not be restricted.

2. Interview with Firms in MEPZ

The major reasons for investing in the Philippines is the economic factor and/or business relationship with other firms. Most of the companies have grievance machinery such as suggestion box for workers' concerned, management fora or meetings and LMCs.

All investors provide trainees with minimum wages and three companies give regular workers higher salary. One reason for giving minimum wages to trainees is that they work harder than the regular employees with the objective of becoming regular. In addition, all firms increase wages annually apart from the increases in the minimum wage, and give temporary bonuses aside from the 13month pay.

No company utilize the employment system mentioned earlier by ALU. They do not even know if it exists. In short, the firms got no restrictions from the zone administrator just like in BCEPZ or CEPZ. The firms may have utilized the system because of language barrier. MEPZ officials also asked the firms to employ some of their relatives once in a while. One company was in trouble when it employed a relative of a MEPZ official, because the person's ability was lower in terms of the company criterion.

Another investor said that most workers in the zone are proud of their employment in MEPZ. In addition, all companies said that there were few job separations.

Only one company had a headache from unionism. Strange to say, this was caused by a relative employed through a MEPZ official. According to the firm, he (a managerial worker) regarded the job rotation as a sign of dismissal and went to a union to help him. Finally, he was discharged with a separation pay due to his lack of ability. Most companies do not like to have unions. However, they do not restrict workers' right to organize because they know it is

against the law. If union activities are initiated, some investors persuade workers not to organize. They pointed out some disadvantages of unionism: 1) management and workers have to spend time for union activities or its countermeasures which can lead to loss of productivity and profits, 2) trade unions leaders seek share in profits, not to protect union members, 3) companies may close its business due to unionism and this will deprive the workers of their employment, and 4) companies cannot execute personnel adjustments. One investor thought that unions should be organized only in firms which do not follow the law and that a third party such as FFW or ALU should not intervene in labor management relations. Misunderstanding is cited as a common reason for unionism.

Also, one investor mentioned that it was difficult to grasp the frequent amendments in the Labor Code due to the fact that they are not accounted correctly. In addition, they were surprised by the inspections done by DOLE over working conditions.

3. Interview with a MEPZ Officer

According to the officer, three CEs were conducted in the zone in 1991, 1992 and 1996. He regarded the role of the zone administration as a legal preserver. He emphasized that they do not take sides between investors and workers and neither do they encourage or discourage unionism. Every year, the zone authority received about nine grievances from workers on their working conditions. What they can do for them was to ask the company to improve such conditions. If there was no improvement done, it "may suspend, withhold, disapprove or revoke" some business activities and finally cancel the company's operations in MEPZ. This is the PEZA rule and confirmed in PEZA general circular no. 95-001 entitled "PEZA on October 30, 1995."

The officer thought that there were three major reasons for organizing a union. The reasons are workers' discontent with the wages (for instance, if firms keep minimum wages for regular employees), maltreatment of personnel, and bad working conditions. Therefore, if management treats workers like a family member, employees do not need unions. He personally does not like unionism because active union activities can cause company closures and unemployment. He also stressed the importance of EPZs for the national interest. Unions should change their strategies since strikes are obsolete in pursuing industrial peace. Regarding the article of Mayor Weigle, the officer indicated that although one can restrict the rights in the name of national interest, nobody can limit workers' rights to organize. The zone authority is focused more on the common problems than individual cases. Finally in 1997, a Labor Center is going to be put up in MEPZ in order to strengthen observance of labor laws.

In terms of working conditions in MEPZ, the officer showed the result of surprise inspections by DOLE in 1996 (Table 5).

TABLE 5
Result of Inspection over Working Conditions in the MEPZ

Violation regarding Total	Number of Companies		
	Nationality		
	Japan	Others	
Registration	16	4	20
Safety Committee	27	7	34
Accident Illness Report	21	6	27
Annual Medical Report	16	6	22
Trained First Aider	13	6	19
SSS Premium	3	1	4
Minimum Wages	1	2	3
13 Month Pay	2	1	3
Regular Holiday Wages	3	1	4
Overtime Payment	2	1	3
LOC	0	1	1
Others	1	2	3

Note			
No. of Companies Inspected	: 66	No. of other Nationalities	: 23
No. of Japanese Companies	: 43		
No. of Violating Companies	: 44		
Of 44, No. of Japanese	: 32	No. of other Nationalities	: 12

Source: *The Mactan Export Processing Zone Authority*

According to the officer, newly-registered and poor firms tend to violate wage-related laws. Such companies comprise 5% of the total companies inside the MEPZ. In addition, although authority conducts orientation about personnel management for foreign investors to overcome cultural differences, they (local personnel managers or Japanese managers) tend to be absent in such meetings.

In terms of employment, the officer mentioned that there is the direct hiring by firms and the indirect one through zone authority. He denied that there is any restriction on employment as what ALU mentioned earlier. On the contrary, he said the authority intervenes in illegal employment such as when employers demand commissions in return for giving job opportunities to an applicant.

As far as he knew, no workers were dismissed due to unionism in the past five years.

Integration of Industrial Relation in MEPZ

In MEPZ, there are about 100 operational firms but there is no union in existence as of now. However, in the past, there were at least three unions that tried to conduct two CEs in early 1990 and one CE in 1996. However, no unions became exclusive bargaining units.

The findings showed that the informal no union policy has been implemented in MEPZ. The local government and investors have played the main roles in promoting it. The zone authority has played a supporting role.

Most investors do not like to have unions as much as possible. One company would like to concentrate on pursuing competitiveness. Another does not like to spend his excess energy on union activities. For them, providing better working conditions seems to be a measure to avoid unionism. According to one informal interview with workers in MEPZ conducted last December 5, 1996, the firm which they belonged to restricts union activities. If there is a union activity in a company, it is easy for investors to specify workers engaged in unionism. They just go to BLR or DOLE, take action against unionism and finally discharge the workers with separation pay. This will be reported to the zone authority as if the dismissal was lawful.

The local government, especially the mayor, plays an important role in the informal no union policy. It discourages unionism in MEPZ to promote investments, generate job opportunities, and develop the local economy (not to mention his/her personal interest).

The zone officer emphasized that the role of the zone authority is neutral. However, based on the researches conducted, the authority seemed to be on the local government side. It can be assumed that the authority has to obey the local government. Regarding the employment system, it cannot confirm if the claim of ALU is true. However, it can be considered that they restrict union activities. In addition, if the administration strengthens its function about employment in the future, the possibility will be increased and blacklist may be created. Also, based on the survey conducted, it can be deduced that the zone authority has been indirectly engaged in the informal policy.

Workers in the zone have been passively engaged in the implementation of the informal no union policy. It can be seen in the wage disparities inside and outside the zone. If the zone workers are totally satisfied with their working conditions, they would not ask for higher salary. But workers interviewed would like to have higher salary but do not like to have unions. In other words, they also have supported the informal policy.

SUMMARY

In Laguna Technopark, there are some unions. The private firms which administer the SEPZ do not seem to have a deliberate policy to restrict unionism, though some investors seem to restrict workers rights. In other words, some companies have executed the informal no union policy. In BCEPZ, there was period of "free unionism" until the earthquake in 1990. However, there have been workers' association but not unions. The firms restrict union activities. In short, the informal policy was executed in each company. In

MEPZ, there were few attempts but none had succeeded so far. The local government and some investors have something to do with the restrictions of workers' rights. In CEPZ, there were no unions in the past due to the fact that the provincial government systematically regulated union activities in the whole province. However, after May 1994, some workers have enjoyed their rights. In other words, the informal policy in Cavite province was abolished.

There are several actors which led to the structure of the informal no union policy in EPZs, namely: 1) local government, 2) investors, 3) the private zone administration in the SEPZs, 4) the national government officials such as the PEZA officer in the zones or DOLE employees, and 5) the national government.

There are three stages in the informal union policy. The three stages are 1) employment, 2) restrictions of organizing, and 3) those of the exclusive bargaining representatives. Regarding the employment, there are two mechanisms involved. One is the screening and employment system of workers by the zone administrators. It contains black-listed union related workers. Through this system, a firm can avoid to hire union organizers. The other is the employment by nepotism and connections with local government. This hiring system prevents workers from participating in union activities due to pressure. In terms of restriction of organizing, there are three ways: 1) tight security control at the zone gates, 2) regulations in individual firms in return for job security, and 3) monitoring of union activities outside the EPZs by the local officials from top to barangay levels. With regard to the limitations of exclusive bargaining units, there are also three ways 1) rejections or interference in certification elections by investors including a "no union campaign", 2) dismissal of union leader and/or members in firms, and 3) "persuasion" by the local government. These are main activities in the informal policy.

For the local government, the informal policy is justified in the name of development of the local economies. They need it in order to attract foreign investment in EPZs. In the zone administration's point of view, they need the informal policy to attract foreign investors, and secure stable business operations. Investors have negative images on trade unions in the Philippines and also think that their employees need not form unions because they provide at least the minimum wage. Above all, investors are afraid of the incremental cost on manpower. From the workers' point of view, they do not want to lose their jobs. Some employees are actually satisfied with their working conditions. Some also have a bad impression about unions. For the trade unions, it is doubtful if they have made attempts to improve their negative images. They would have to find new strategies towards globalization. It can also be concluded that the Philippine government itself did not initiate the informal policy. However, as mentioned earlier, the government is respon-

sible for monitoring the labor relations in the whole country. Allowing bad industrial relations to persist means that it does not fulfill its duty.

Also, there are indications that Filipino managers and officials, not the investors themselves, are the ones who encourage the informal policy.

CONCLUSION

The export-oriented industrialization policy in the Philippines has succeeded. The number of foreign investors in the EPZs continue to increase. As a result, the industrial relations in the EPZs would have to be studied thoroughly. It can be illustrated that severe situation the workers are in is a result of high unemployment. For the workers, the company rules and regulation are more important than the labor laws. In short, even though they are familiar with their rights, they cannot do anything to improve their situations due to lack of support. They expect legal support from the national government and the trade unions.

There is a certain tendency in unionism. After the restrictions of the workers' rights, labor disputes mount. The BEPZ and CEPZs' experiences showed such tendency. In short, the informal no union policy accumulates frustrations of the workers and later appear as labor disputes. The informal policy has its own merits and demerits.

The informal no union policy is a contradiction between development and democracy. Although the political democracy is preserved in the Philippines, it is doubtful that industrial democracy is respected. The labor relations in EPZs would be good indicators of such relations.

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