

June 2004

Buyer's Guide to Human Rights



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Union Workers at Kohl's Contractor Lose Jobs

Union contracts keep former sweatshop workers on the job, providing livelihoods for their families, while improving their wages and working conditions. The rights to organize a union, negotiate a contract and secure compliance with the terms of the contract can guarantee just labor conditions in the global economy. In many cases workers around the world who exercise these rights risk their livelihoods and sometimes their lives. Public pressure on the U.S. retailers selling products made in contested plants abroad can make a difference in the lives of workers. Here is an opportunity to us to take alongside workers in Indonesia.

On February 6, 2004, the Indonesian factory PT Sarasa Nugraha Tbk., Balaraja Unit announced that it was closing down after workers demanded the annual wage increase provided for in their collective bargaining agreement. Now workers are being pressured to accept a fraction of the legal severance pay, but may have to accept because their families are running out of money. PT Sarasa produces clothing for Kohl's Corporation with over 500 stores in the U.S.

The workers union and the management of PT Sarasa were operating under a collective labor agreement effective between October 26, 2002 and October 26, 2004. Under this agreement, a wage increase was to be negotiated at the beginning of every January. In December 2003, the union members requested a meeting, to discuss the January 2004 wage increase

PT Sarasa postponed the negotiations three times in violation of the labor agreement. In response the workers organized a half-day work stoppage on February 4. PT Sarasa's management closed the factory down temporarily and scheduled a meeting with the union for February 6.

At night on February 4 and 5, armed groups were called upon to secure the movement of the company's assets to another branch of the factory. The next day Sarasa's management announced that they would close down the factory.

The workers lost their jobs and livelihoods. As low-income workers they have no savings to sustain their families. Representatives of the factory were sent to the homes of the workers, proposing that they accept the

compensation that is about 25% of the sum required by Indonesian law. Many of the workers might be obliged to accept this offer since they don't have access to any other form of income.



On March 31, under the threat of a product boycott, PT Sarasa management agreed to mediation provided by the Indonesian Labor Ministry. During the meeting, they offered to pay a lump-sum bonus to all the laidoff workers, as opposed to paying severance benefits appropriate to each worker. The workers union wants the company to guarantee that the workers will go back to the positions they previously held, that it will continue to pay the workers during this disruption, and that the wages it offers will enable the workers and their families to have decent living conditions.

Act Now: Contact Kohl's Corporation Sample Letter

Chairman and CEO R. Lawrence Montgomery
Kohl's Corporation, N56 W17000 Ridgewood Dr.
Menominee Falls, WI 53051
Phone: (262) 703-7000 Fax: (262) 703-6143

I am contacting you about the alarming situation at the PT. Sarasa Nugraha Tbk. Factory, Balaraja Unit in Indonesia. I understand that your merchandise is manufactured by this company and that you are continuing to do business with it. Union workers have lost their jobs simply for requesting a wage increase negotiation under their contract. Now the contractor is refusing to pay the legally required severance pay.

I urge you to use your leverage with the Indonesian company so that the workers are given back their jobs with an appropriate wage increase. I am aware that concerned labor rights groups, including the Clean Clothes Campaign and Campaign for Labor Rights, have contacted you about this issue. They are still waiting for a response from your company about what actions you plan to take to address this grave violation of labor rights. Kohl's has the responsibility, and the leverage, to affect changes in this Indonesian factory.