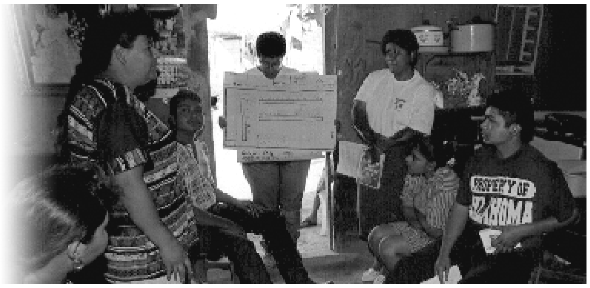
Comité Fronterizo
de Obrer@s
CFO

For the labor rights and all human rights of the maquiladora workers



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Spanish Version

Alcoa's Global Race

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By Anita Gardner

(Extracts)

2006 is hotting up to be a potentially difficult year for Alcoa and its unions. The company is seeking to cut its workforce by 8,000 people and save labour costs. Meanwhile, collective agreements with labour in several countries are due for renewal. Unions are mobilizing for the challenges ahead.

Alcoa is the world's largest producer of alumina and equals Alcan as the largest producer of aluminium.
Its operations are highly vertically integrated, spanning the supply chain from mining bauxite, refining alumina (aluminium oxide) and smelting and producing aluminium products. The company operates in over 350 locations and employs 131,000 people. Alcoa provides products and services to the aerospace, automotive, building and construction, packaging and commercial transportation industries. Some of its customers include Airbus, Boeing, BMW, GM, Ford, Nestlé and Hewlett Packard.

In 2004 Alcoa's revenue was US$23.5 billion and its after tax profit was US$2.16 billion, with continued growth expected in the coming years. To generate this wealth, Alcoa's main cost areas are materials, energy and labour. With anticipated rising energy and raw material costs, the company is looking to save US$1.2 billion in 2006, almost a third of this from labour costs. Alcoa has announced plans to cut 8,000 jobs globally in 2006, the same year when contracts and collective agreements with labour are due to expire in Australia, Brazil, Russia and the U.S. In October 2005 over 100 trade unionists representing much of Alcoa's organised workforce worldwide met in Montreal, Canada to discuss the challenges they face.

Public Image

Alcoa is a company that actively promotes its corporate social responsibility performance. It is the darling of the business world, recognised by the World Economic Forum and Fortune Magazine as one of the leading socially responsible and sustainable businesses. While there may be some admirable aspects of this corporate giant, for labour Alcoa is not unlike most other transnational corporations (TNCs). The company's relationship with labour varies from country to country. In some parts of the world, trade union representatives describe Alcoa as one of the best employers they deal with. In many other places, however, the experience of workers differs wildly. Here anti-union policies, unfair dismissals, poor wages, dismal working conditions and excessive working time are commonplace. With Alcoa's current increased emphasis on reducing labour costs globally, all trade unions representing workers in Alcoa are cautiously looking at the times ahead.

"The company wants to be in the top 20 per cent on Wall Street in terms of return on capital. And this is filtering to the bargaining table," Burnell reported to the IMF meeting. During collective bargaining negotiations in North America this translates to Alcoa seeking to:

• share health care costs with employees;
• limit pension improvements;
• lower benefits for new employees;
• outsource all non-core activities; and
• reduce the workforce by 1,500 people.

In Europe, Alcoa is seeking to reduce its headcount by 1,200 people. Discussion on this subject is well advanced at the Alcoa European Works Council. Most of the job losses will be spread out over 2006, primarily through voluntary redundancies. Negotiations for socially responsible compensation for the job losses are taking place at the national level.

Pitting Worker Against Worker

Although Alcoa proclaims to be one of the good guys, it too resorts to the same tactics used by many other TNCs. The Comité Fronterizo De Obreras (CFO), a non-governmental organisation committed to protecting the rights of maquiladora workers in Mexico, reports that in February this year more than 1,500 Alcoa workers held spontaneous work stoppages at Macoelmex, an Alcoa facility in Piedras Negras. The workers, who manufacture auto electrical systems for Ford, GM and Subaru, stopped work for nearly eight hours in reaction to a management proposal for a 4 per cent wage increase in exchange for reduced benefits. Already living in poverty, many of the workers calculated they would be even worse off under the proposed wage arrangements. Management threatened the workers that if they did not accept the deal the company would move its operations to Honduras. "We can hire three Hondurans for everyone of you Mexicans," they said. Despite the threat of job losses, the workers voted 89 per cent in favour of rejecting the proposed changes to wages.

The wages at these Alcoa plants range from just 66 US cents to US$1.41 an hour. The median wage is US$1.04 per hour, which can rise to US$1.22 when attendance, punctuality and food bonuses are included. The highest wage, earned by very few workers, is US$2.45 an hour. At its operations in Honduras the wages range from 68 to 87 US cents per hour. Alcoa first began operations at three new wire harness plants in El Progredo Honduras in July 2004. Mexican workers have been taken to Honduras to help establish the business. Located in the ZIP Porvenir export processing zone. Alcoa is exempt from all income, provincial and municipal taxes, as well as all import and export duties. Furthermore, the workers have no right to organise.

In its race to the bottom Alcoa has also begun investing in China, a place where workers cannot form independent trade unions and fundamental workers' rights are frequently violated. Alcoa currently operates 13 facilities in China, employing approximately 3,300 people. Rolled aluminium products are produced at the Bohai plant in Qinghuangdao. The U.S. based organisation the National Labor Committee reports that the workers here earn a quarter of the Mexican wages, starting from 14 to 20 US cents an hour, with more senior employees earning from 69 to 90 US cents an hour.

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