



Comité Fronterizo de Obrer@s CFO

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



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"Always treat the local community with respect and appreciation." Fujikura Code of Conduct

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On July 9, Fujikura brought dialogue with its workers in Piedras Negras to a halt. The new stance represents a refusal to negotiate and try to reach middle ground between the two sides for the benefit of the community and the company. The workers offered alternatives regarding the indemnification packages at stake, but Fujikura decided to file a case claiming "unprofitability" before the labor board. It is not known the specific legal case Fujikura would file, and any legal procedure was apparently postponed for two weeks because of the labor board is in recess for summer vacation.

Were Fujikura to simply follow its own Code of Conduct, it would offer the just indemnifications for workers in Piedras Negras. "While contributing to the betterment of society, we at Fujikura shall continue to strive to earn societal recognition as a good corporate citizen, and shall not only conduct ourselves in accordance with not only the letter and spirit of all laws, but also act in conformance with the ethics and morals of society at all times and in every situation." - *Fujikura Code of Conduct*. Such a decision would encourage the Fujikura workers and the whole community to continue supporting the company's investment in the city.

The 20 days of wages for each year

The 725 maquiladora workers of Fujikura Automotive Mexico in Piedras Negras, Mexico continue to hold firm on their request for a fully-loaded indemnification, which includes 20 days of wages for each year in which services were provided. Their challenge to the company is just.

Last February those same workers demonstrated their dignity and unity when together they were able to renegotiate a wage offer, resulting in a **wage increase agreement of 4.5 percent**.

A distinctive feature of their struggle four months later was the greater public impact of workers' voices due to their involvement of local media. By attending two general membership gatherings, reporters were able to capture the words and images of the workers raising their hands in unanimity, voting to defend their rights.

Fujikura announced in early June that it would be terminating all of its workers in Piedras Negras, eliminate the current bargaining agreement that it considers too costly and then begin rehiring the same workers. It's assumed that the new wages and benefits offered by Fujikura would be significantly lower as a result. In addition, all new hires would lose any seniority they currently have.

The gatherings of Fujikura workers in Piedras Negras took place on Sunday June 10 and Sunday June 24. On both occasions, the workers told the CTM (the pro-businesses Confederation of Mexican Workers) union general secretary in the region, Leocadio Hernández, that the majority of them was in disagreement with the company's offer. Mr. Hernández and some other public officials have voiced their support for Fujikura's offer.

That offer consists of a much smaller indemnification that does not include the 20 days of wages for each year worked. The workers expressed their discontent through well-articulated reasoning, but they also accused the union general secretary of defending the company instead of the union membership. At some points during the meetings the discussion with Hernández became very heated with most workers yelling at him.



*Fujikura workers voting unanimously on June 24.
Photo: Zócalo de Piedras Negras*



*First-shift Fujikura workers leaving for the day.
Photo: Zócalo de Piedras Negras*

On June 24, the rank and file and the union sectional committee, that unlike the head of the union supports the workers, voted unanimously to continue insisting on their request for the 20 days of severance pay, and they agreed to remain united above all things. And since Fujikura was not reciprocating the workers' proven support of the company in its request for more and better production, the workers also decided to refuse working overtime or during weekends at least during the following days.

A third of Fujikura workers are age 35 and older

A key concern of the workers is that Fujikura should be sensitive to the women and men with more seniority who will struggle or will find it impossible to get another job, at least not in another maquiladora.

239 Fujikura workers (a third of the total) are men and women age 35 and older, and many of them do not believe Fujikura will rehire them because they are considered "old people" by employers.

Through a spokesman, Fujikura has stated that it is facing "financial difficulties" that make impossible for the company to offer the 20 days of wages requested by the workers. Instead, Fujikura offered a meager compensation of 1.25 million pesos (approximately U.S. \$120,000)

to be distributed among the 725 workers.

The workers insist the company's plan is equivalent to an unjustified firing and therefore the 20 days of pay per year worked are required by law. One worker said: "the workers can't give away our seniority to Fujikura." Fujikura clearly hoped to settle the dispute with the smaller compensation package and the promise of rehiring workers, but the workers are not asking to be rehired.

México: an important piece in Fujikura's global strategy

The Fujikura workers asked the Comité Fronterizo de Obreras (CFO) [Border Committee of Workers] for help in obtaining information about the company's financial situation. The CFO, through financial analysts sympathetic to the Mexican workers, was able to provide some concrete data published by Fujikura in reports for its investors. Those documents are available in English and Japanese on their website.

On June 21, CFO released a communiqué [in Spanish] which the local newspaper, Zócalo printed on a full page.

The hard data reported by Fujikura shows the company is profitable and has strong cash flow. In its report for the fiscal year ended March 31, 2007 Fujikura reported its largest amount of capital expenditures in five years. CFO's communiqué made clear that Fujikura does not report the specific finances of their Piedras Negras plant.

What it is clear, however, is that some of Fujikura's finances are solid. They report strong performance in their auto sector, they recently acquired wire harness operations in China (formerly owned by Alcoa) and Spain, and describe the global automotive industry as buoyant. All of these factors contradict Fujikura's assertions that they are unable to provide the severances requested by the workers in Piedras Negras if they are terminated from employment. There is no suggestion in Fujikura's June 2007 Business Report to Shareholders that Fujikura's Mexican or wire harness businesses have performed poorly.

Mexico appears to be key component of Fujikura's global strategy. The company is strengthening its footprint in China, Spain and Mexico in order to provide products for automakers in the three big markets of Asia, Europe and North America. Recent charts published by the company show Fujikura's promising financial outlook moving toward 2010. Its goal is clear, and it appears that to get there Fujikura executives will continue their efforts to lower their labor costs, no matter what the costs to their workers and to the communities that host the company.

"Fujikura... shall conduct ourselves in accordance with not only the letter and spirit of all laws..."

These are Fujikura's words, written in its Code of Conduct available on their website > http://www.fujikura.co.jp/00/new_com/e_conduct.html. The very first paragraph states: "While contributing to the betterment of society, we at Fujikura shall continue to strive to earn societal recognition as a good corporate citizen, and shall not only conduct ourselves in accordance with not only the letter and spirit of all laws, but also act in conformance with the ethics and morals of society at all times and in every situation."

Three of the specific guidelines of the code are: "10: Always treat the local community with respect and appreciation"; "11. Always conduct activities in overseas countries with proper consideration and respect given to the culture and customs"; and "13. Eliminate all discrimination and harassment and strive to preserve a healthy, safe and efficient workplace for all."

Fujikura halts the dialogue

On July 9 the company announced that it would file a case of "unprofitability," or inability to pay for its operations, before the Labor Board. Simultaneously, it brought negotiations with the workers to a halt. The new situation provoked the rumor that Fujikura would file for bankruptcy instead. Any legal procedure has been postponed for two weeks because of the labor board is in recess for summer vacation.

The new stance of Fujikura represents a refusal to negotiate, and to try to reach an agreement between the two sides of the conflict. The union sectional committee has offered a variety of proposals dealing with the indemnifications to advance the negotiations. It also hired the services of lawyer Luis Roberto Jiménez, who outlined a strategy that underlines the right of workers to keep their jobs, and the concept that the 20 extra days of pay for year worked comprises the economic value of the worker benefits reached over the years and guaranteed in the bargaining agreement with Fujikura. The lawyer mentioned that in case of a bankruptcy filing the union could call for a legal strike to prevent the company from suddenly leaving the location and force it back to the negotiation table. The sectional committee and the lawyer are not working with the CTM regional secretary.

Fujikura can and must demonstrate flexibility to bring a solution to the conflict. If its managers take Fujikura's own Code of Conduct seriously, they would realize that according to "the letter and spirit" of the Mexican law, the most appropriate course of action is to contribute to Piedras Negras by including the 20 days per year worked in the workers' indemnifications.

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Comité Fronterizo de Obrer@s (CFO)
Monterrey #1103, Col. Las Fuentes
Piedras Negras, Coahuila
C.P. 26010, México