

# Nike faces allegations of worker abuse in Indonesia

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Global sports apparel corporation Nike is facing fresh allegations of abuse and mistreatment of workers by its contract manufacturers in Asia. The latest claims refute the longstanding assertions by Nike and other high-end garment and footwear manufacturers that they are improving conditions in their outsourced sweat-shop operations.

According to an Associated Press (AP) report published in the *Singapore Straits Times* in July, workers making Nike's Converse brand sneakers in Indonesia said supervisors regularly physically assaulted and verbally abused them. Nike admits that abuses occurred but insists there was little it could do to stop it.

The allegations centred on the Pou Chen Group factory in Sukabumi, 100 kilometres from Jakarta, which started making Converse products in 2007. The Associated Press interviewed dozens of workers in March and April this year. One said a supervisor kicked her after she made a mistake while cutting rubber for soles. "We're powerless," the woman said. "Our only choice is to stay and suffer, or speak out and be fired."

Nike products are made in an estimated 1,000 factories globally. Often, rival brands are simultaneously produced from production lines in the same plants. Indonesia is Nike's third-largest base after China and Vietnam, with Nike subcontracting to 38 factories employing 115,000 workers. Of those, 17,000 workers produce its Converse line at four factories.

Pou Chen is located in a provincial city where the minimum wage is well below the national average. The 10,000 mostly female workers at the Taiwanese-owned

plant make 50 cents an hour, which is barely enough for food and the company's barracks-style accommodation most are forced to use. "They throw shoes and other things at us," said a 23-year-old woman in the embroidery division. "They growl and slap us when they get angry... It's part of our daily bread." Other workers described being hit or scratched—one man until he bled. Some said they were fired after filing complaints.

At the PT Amara Footwear factory located outside Jakarta, where another contractor makes Converse shoes, a supervisor ordered six female workers to stand in the hot sun after they failed to meet their target of 60 dozen pairs of shoes on time. "They were crying and allowed to continue their job only after two hours under the sun," said Ujang Suhendi, a warehouse worker in the factory.

Nike's own inquiries found workers at the two factories were subjected to "serious and egregious" physical and verbal abuse, including the punishment of forcing workers to stand in the sun, Nike executive Hannah Jones admitted. The company issued a press statement saying it was implementing "immediate actions" to address the complaints.

However, an internal Nike report, released to the Associated Press after it inquired about the abuse, showed that nearly two-thirds of 168 factories making Converse products worldwide failed to meet Nike's own standards for contract manufacturers. Twelve are in the most serious category, ranging from illegally long work hours to denying access to Nike inspectors. Another 97 are in a category defined as making "no progress" in improving problems ranging from verbal

harassment to paying less than the minimum wage.

After years of criticism over its labour practices, Nike in 2005 promised to institute a code of practice for contractors. It admitted finding “abusive treatment”—either physical or verbal—in many of its contracting plants.

Nike’s “initiatives” to address labour abuses are, however, cosmetic, and designed to cover up the ongoing exploitation that produces its large profits—a pair of running shoes that retails for \$140 contains a direct labour cost of about \$3.50.

In 2010 Nike’s shares climbed by 20 percent to \$79.57, the highest since the company went public in 1980. Gross profit was \$2.31 billion, fuelled by increased sales in the US and China, and an aggressive cost-cutting program that saw 5 percent of its workforce laid off. Company founder Phil Knight was last year listed as 62nd on the US Forbes 400 rich list, with a personal fortune of \$10.2 billion.

Nike’s factories employ nearly 800,000 low-paid Asian workers. Some 80 percent are women between the ages of 18 and 24. An average worker only gets the minimum wage of \$US2.50 a day in Indonesia, where the daily liveable wage is between \$4.00 and \$4.50.

Conditions in 10 Vietnamese factories making 75 million pairs of shoes for Nike a year are often worse. Workers only make an average of 20 cents per hour, or \$US1.60 a day. Although Vietnam’s labour laws allow a maximum 200 overtime hours per year, Nike workers with 13-hour shifts are not unusual. If workers refuse, they are often punished. A quota is set for each worker, and if they don’t reach it, they have to work unpaid overtime hours to make up. The quota is set even higher whenever they reach it.

In Indonesia in 2007, Nike workers burned cars and ransacked offices in a series of protests for better pay. About 4,000 workers at a factory making shoes at a factory in Tangerang, an industrial centre west of Jakarta run by Nike contractor PT Hardaya Aneka, struck when the company failed to pay the new government-mandated minimum wage of \$2.50 a day.

The government acknowledged at the time that its minimum wage was sufficient to pay for only about 90 percent of a single person’s living expenses.

Resistance by the company’s workforce emerged again last year, when thousands of Nike workers in Vietnam went on strike over poor working conditions and low wages. Workers rejected a 5 percent wage increase and said that the company’s meals were not sufficient or healthy enough to sustain productive work. In 2008, more than 20,000 workers at Taiwanese-owned Ching Luh factory struck demanding higher pay, to cope with rising prices. The workers, whose average monthly salary was just \$US59, demanded a 20 percent pay rise and better canteen lunches. Nike admitted in December 2008 that there had been 10 strikes among its Vietnamese suppliers that year.

The sweatshop conditions endured by low-wage garment workers around the globe arise from the necessity of capital to extract ever-greater amounts of surplus value, and profit, from the labour of the working class. The globalisation of production has created the objective conditions for forging the international unity of working people in struggle against the giant transnational corporations such as Nike. Under capitalism, however, the vast expansion of productive capacity taking place only leads to a never-ending competitive drive to slash wages and conditions.



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