Global electronics giant NXP sacks union officials in the Philippines

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The Kilusang Mayo Uno (KMU), the largest Maoist labor federation in the Philippines, is conducting a phony campaign for the reinstatement of 24 union officials and shop stewards.

The union officials were sacked by an NXP Semiconductor subsidiary on May 5 after negotiations for new pay agreement stalled in April. The dismissals are an assault on the basic democratic right of association of workers. NXP is carrying out similar attacks on workers internationally, including on jobs, wages and working conditions.

The company accused the officials of carrying out illegal strikes but the NXP company union insists that the days in question were legally recognised holidays. It is appealing to the labor department to take action against the corporation.

NXP Semiconductors is one of the world's top 20 manufacturers of electronics. It was established in 2006 when Philips Electronics spun off and sold Philips Semiconductor to private equity firms led by Kohlberg Kravis Roberts (KKR) and Bain Capital in the biggest leveraged buyout in the history of the electronics industry.

As in any leveraged buyout, the acquisition was largely funded by credit, which was collateralised against NXP's own assets. These debts were then to be paid off by selling assets and cost-cutting through the slashing of jobs, conditions and wages.

NXP Semiconductors emerged with over $US5.751 billion in debt. To pay it off, NXP sold off its mobile/wireless business, its television systems and set-top box operation, outsourced its business processes to India, and shifted manufacturing lines to China, Thailand and the Philippines. Thousands of jobs were destroyed in the process.

Since the beginning of the global financial crisis in 2008, NXP's assault on jobs and conditions has intensified. In 2008, the corporation axed over 4,500 jobs worldwide. In Thailand last year, 3,200 NXP workers earning just $12 a day were forced to work more onerous production schedules, including compulsory overtime and reduced holidays, and on a reduced pay structure.

In the Philippines, a similar restructuring is being undertaken. In 2008, one plant was shut down, resulting in 2,700 job losses. In the remaining plant at Cabuyao, Laguna, two production lines were moved to China with the loss of 150 jobs. Another 1,200 workers were forced to accept early retirement packages. All in all, the regular work force has been slashed from 5,700 employees in 2006 to 1,700 workers.

This remaining NXP plant is a test and assembly factory at the Light Industry and Science Park I (LISP 1), a "special economic zone", 46 kilometres from Metro Manila. NXP now employs 3,200 workers. Nearly 50 percent are on contracts of less than six months. This is a sharp rise from the 10 percent in 2010.

Negotiations for a new three-year pay agreement began in January with the union initially pushing for a 25 percent pay hike. NXP management refused to go beyond its initial offer of 3.5 percent, despite repeated union compromises that cut its wage claim to just over 7 percent. The NXP pay offer is less than the official inflation rate of 4.1 percent and is thus effectively a pay cut.

The assault on the jobs and conditions of the NXP workers is, without a doubt, fully supported by the Philippine government despite the protestations of President Benigno Aquino III and his allies to be fighting for more "inclusive" economic growth.

On May 1, Labor Day, even as scores of NXP

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workers joined the official KMU protest in the streets of Metro Manila, President Aquino toured three electronic firms in the special economic zones in the Laguna towns of Binan and Calamba, just eight kilometres from Cabuyao and hailed the industry as a "driver" of the economy.

That same day, as if to underscore the unity of the international financial elites against the working class, the office of the US Trade Representative announced the termination of its review of the Philippine's labor rights situation. It effectively dismissed a 2007 petition lodged by human rights organisations alleging the de-facto imposition of a "no union, no strike" policy in the special economic zones.

Electronic exports are one of the crown jewels of the Philippine economy. For decades, governments have sought to draw international electronic manufacturing firms into the country's special economic zones of generous tax concessions and an implicit "no union, no strike" policy.

According to the World Bank, in 2008, the Philippines had 83 special economic zones, employing over 575,000 workers with export earnings of over $32 billion. By 2011, it had 257 SEZs with exports of $42 billion (about 80 percent of all manufactured exports) and directly employing 840,945 workers.

The average annual salary for these manufacturing workers is just $4,048, the second lowest in the region behind Vietnam, and lower than China and India. The Philippine political establishment trumpets this figure of barely $11 a day as a good wage as compared to the 25 percent of the population or more than 24 million people forced to exist in poverty on less than a dollar a day.

It has nearly been a month since the sacking of the union officials. The KMU, which specialises in empty militant demagogy, has called no strike action by NXP workers or other sections of workers. Instead, the anger of NXP workers has been diverted in a series of demonstrations and futile stunts aimed at appealing to the company and the government.

On May 19, the sacked union officials had their heads shaved in protest over their dismissal during a protest outside the labor department's main office, according to the KMU website.

The KMU's "international campaign" consists of a circular letter to unions and other organisations to appeal to company and government officials to reinstate the sacked officials.

At the top of the list is Richard Clemmer, chief executive officer and president of NXP Semiconductors internationally. A senior adviser of KKR, Clemmer took over in 2009 with a mandate to conduct the very assault that is being inflected on NXP workers around the world. Clemmer, in the process, has profited well. In 2013, his annual compensation amounted to $5.2 million and he had NXP stock options valued at over $5.7 million.

The KMU hailed a protest organised by the Australian Manufacturing Workers Union outside the Melbourne office of NXP as part of a "global day of action" last month. The AMWU has over the past three decades collaborated with governments and corporations in the destruction of large swathes of manufacturing industry in Australia. It is currently presiding over the "orderly closure" of what remains of the Australian vehicle industry.

What the KMU will not do, and is bitterly opposed to, is wage a political struggle to mobilise NXP workers in the Philippines, in Asia and around the world, as well as other sections of workers, in a concerted counteroffensive against the corporation on the basis of a socialist and internationalist perspective.

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