Samoan car component plant to shut, eliminating 740 jobs

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Samoa's biggest private sector employer, Yazaki Eds Samoa, announced on October 10 that it will close its local plant in 2017, after 25 years in operation. The Japanese-owned car component manufacturer, which produces electrical harnesses, employs 740 people in the capital, Apia.

The shutdown is a direct result of the destruction of the Australian car industry and underscores the assessment made by the Socialist Equality Party on October 6 which explained that the closure of Ford's Australian plants demonstrated the need for a global auto workers' strategy to defend jobs and living standards.

Yazaki is a supplier to General Motors (GM) and Toyota, both of which are in the process of shutting down. Ford Australia closed its two remaining auto plants this month, ending production in the country after 91 years. When GM and Toyota close next year, it will end the country's auto assembly and related parts industry, resulting in an estimated loss of up to 150,000 jobs.

The ruthless restructuring of the auto industry is being enforced in one country after another by governments and unions, for the benefit of a tiny financial and corporate elite, with devastating consequences for workers internationally.

Yazaki Samoa Employees Association president Uelese Tupuola made it clear the unions would fully collaborate with the company to axe the plant. "We've always known at the back of our heads that this day will come but we tried to keep an open mind about the result," Tupuola said.

Co-ordinator of the Samoa First Union, Jerome Mika, said it was "a good opportunity" for the government to look at legislating redundancy provisions, which do not exist in the Employment Relations Act. Mika praised Yazaki's president Craig O'Donohue as "very genuine" and falsely claimed that the management-union talks would ensure workers are "looked after."

The company is preparing a minimal severance package, but workers who resign to find other jobs before the shutdown will miss out on any payment. O'Donohue declared that although the closure may not be "favourable," Samoan workers had to "remember how happy we should be for the experience that we have and we still have to go."

This is staggering hypocrisy. Yazaki is yet another example of how transnational companies treat workers as disposable commodities. They shift production to exploit ever-cheaper labour, playing workers in one country off against their fellow workers in others, lowering wages and destroying the conditions of workers everywhere.

The plant was established in 1991 when Yazaki transferred its operations from Melbourne, taking advantage of Samoa's labour market "flexibility" and poverty-level wages. The Samoan government beat off competition from Fiji and Indonesia, offering 15-year tax holidays and long-term property leases at low rents. Exports were conducted under a concessional arrangement that gave duty-free access to the Australian and New Zealand markets.

Yazaki, which became a major supplier of harnesses to the global auto industry, made millions from the exploitation of its workforce. In Samoa's first industrial strike in 1993, Yazaki workers protesting sweatshop conditions and 1.24 tala [US 48 cents] an hour wages were defeated through government collusion and the use of scab labour. According to the *Samoa Observer*, today's wages average just 130 tala [$US51] a week. The company's profits have typically ranged up to $US3 million annually.

Like auto workers in Australia and elsewhere, Yazaki workers can expect to be pitilessly flung onto the scrapheap. The Samoan government declared that business closures are a "reality that governments around the world must face." The government will continue to promote Samoa as "an attractive option for foreign investment" while proactively seeking more "seasonal work" for Samoans in New Zealand and Australia.

Over the past two decades Samoa has been opened up to foreign investment and trade through pro-market reforms with the ruling Human Rights Protection Party at the forefront of cutting business taxes, privatising public assets, removing trade barriers and slashing public services.

The Yazaki plant closure will have a devastating impact on the tiny Pacific island state, which has a population of just 190,000. At its height, the plant employed more than 2,000 workers and made up over 20 percent of the manufacturing sector's total output. It produced around 70 percent of Samoa's exports and 6 percent of the country's gross domestic product.

Thousands will be hit by the job losses and subsequent downturn. According to the Asia Development Bank (ADB), 27 percent of Samoans live below the national poverty line. Only 29.4 percent of those aged over 15 years is formally employed, with the majority are dependent on development aid, remittances from overseas, tourism, agriculture, subsistence farming and fishing. Samoa ranks among the worst in the world for diseases of poverty such as diabetes—the rate of adult obesity is 42 percent.

Responsibility for the dire social conditions that exist throughout the Pacific lies with the imperialist powers that have dominated the region for the past century—Samoa was a New Zealand colony for over 50 years after its seizure from Germany in World War I. The effects of colonial rule have left all the Pacific Islands acutely under-developed and dependent on imports. Trade and commerce statistics overwhelmingly favour Australian and New Zealand interests and those of transnational companies that control banking, mining, oil and fishing.

The axing of Samoa's most important manufacturing plant comes alongside recent cuts in the New Caledonia nickel industry and a deepening economic crisis in Papua New Guinea. In its July 2016 Pacific Economic Monitor, the ADB forecast that due to the precipitous downturn in commodity prices, the South Pacific region will see economic growth sharply decline from 7.0 percent, recorded last year, to an average of 3.9 percent in 2016. Samoa's growth is predicted to drop even further, from 3.5 percent this year to 2 percent in 2017.

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