

Sri Lankan Everbest garment workers protest job and wage cuts

Our reporters**26 May 2020**

On May 20, about 450 workers from the Everbest garment factory at Yakkala, about 30 kilometres from Colombo, demonstrated near the factory gate in protest against company attacks on jobs and wages. The factory employs about 1,200 workers.

The Everbest plant is part of Esquel Lanka, which is owned by the Hong Kong-based Esquel Group. The Esquel Group also has factories in China, Vietnam, Malaysia and the US. Esquel Lanka produces garments for Gap and PVH, owners of the Calvin Klein and Tommy Hilfiger brands.

Fearful that the Everbest workers' protest would escalate, management contacted the Gampaha area labour office, which sent an official to tell the demonstrators to return to the factory because their gathering was a COVID-19 health risk.

Sri Lanka's garment industry and other export-dependent businesses have responded to the deepening COVID-19 pandemic and drastic falls in export orders with brutal job and wage cuts.

On April 20, the *Just-Style* apparel industry website published an Esquel Group announcement that the company was planning to shutter four plants in China, Malaysia and Mauritius. "The Covid-19 pandemic has created an unprecedented perfect storm for the global supply chain of textiles and apparels, putting every stakeholder in the industry under immense pressure to survive and recover from the crisis," it reported.

Insisting that workers must pay the price for the industry crisis, the announcement declared: "We are making the extremely difficult decision to immediately downsize our operations, reduce headcount, and cut expenditures." The job destruction, it cynically claimed, would "help to transform Esquel into a more resilient, agile, and leaner organisation." Prior to its latest job destruction measures Esquel employed

50,000 workers internationally.

When the company's Yakkala plant reopened on April 27, after the almost seven-week national coronavirus lockdown, management said there would be job cuts, with compensation packages determined according to workers' length of service.

Management said the company confronted a financial crisis and that workers would only receive half their monthly wages in May. Workers were informed that they could "voluntarily retire" and some workers could be moved to another branch of the company at Ekala, 15 kilometres away.

Ekala plant workers also were told that they would only be paid a basic salary in May, allowances would be slashed and there would be "voluntary retirement" packages. Esquel has two other plants in Sri Lanka—one at Kegalle and another in the Koggala free trade zone.

Only 600 people were called back to work at the Yakkala plant. Even though masks and soap had been supplied, workers told the *World Socialist Web Site* that social distancing was not possible in the factory because the machines were too close together.

One employee complained about unsafe conditions to a local public health officer, who visited the plant and advised all workers to go home. Management later threatened the worker who made the complaint.

Like their counterparts around the world, the trade unions are directly collaborating with employers and the government to dissipate workers' concerns and impose job and wage cuts.

Free Trade Zone and General Service Employees Union (FTZGSEU) leader Anton Marcus immediately intervened to head off workers' opposition to the Everbest management's demands. He told workers they were legally bound by their employment contracts to work at any branch of the company. After workers

rejected Marcus’s “advice,” he began peddling illusions that “reasonable solutions” could be achieved through talks with labour ministry officials.

On May 14, the *Wedabima* website reported that Marcus had also told Katunayake Free Trade Zone workers that the “threat to factory workers’ jobs from the COVID-19 pandemic has faded away.” His claims are an outright lie.

Everbest’s Ekala plant employees have voiced their concerns about the Ceylon Mercantile, Industrial and General Workers Union (CMU), which has said nothing to its members at the company’s Ekala and Kegalle plants.

While Sri Lankan businesses have threatened to lay-off up to a third of their employees, impose wage cuts and longer working hours, the unions have held high-level discussions with the senior company and labour ministry officials.

On May 11, the unions attended a National Labour Council meeting with the Ceylon Employers’ Federation and presided over by Labour Minister Dinesh Gunawardena. The FTZGSEU, Inter Company Employees Union, which is controlled by Janatha Vimukthi Peramuna, the CMU, the United Workers Federation and several other unions participated.

Leaders of the Center for Workers Struggle, a union front controlled by the pseudo-left Frontline Socialist Party, previously met with the Labour Minister Gunawardena and claimed that he had agreed to protect workers’ jobs and wages.

Unions attending the May 11 meeting rubberstamped an agreement to postpone the retrenchment of workers until July and pay 14,500-rupee (\$US78) monthly, or half their wages, to those workers not recalled by their employers.

While the sellout deal was entitled “Protecting the Workers’ Jobs,” the job destruction continues unabated.

In the past weeks, between 400 and 600 workers at Everbest have either shifted to other factories or “voluntarily” resigned with a compensation package. The company has reduced the compensation package by applying income tax but when workers contacted Inland Revenue Department, it denied charging income tax.

Some of the workers who resigned were from distant regional areas, such as Anuradhapura, Horowpathana,

Kurunegala and Embilipitiya. Up to 150 workers are believed to have transferred to other plants.

One employee who had worked for the company for 20 years was paid a 900,000-rupee compensation package but 160,000 rupees was deducted in income tax. Achala, another worker who had been with the company for almost three years, was paid only 138,000 rupees—six months of her basic salary—and 18 percent had been cut as income tax.

A female worker originally from Kurunegala, about 100 kilometres from Colombo, explained that she had worked for Everbest for three years. She told the WSWS that her monthly salary was 24,000 rupees but the monthly wage of new employees was just 17,000 rupees. The monthly pay for someone employed for 23 years was only 40,000 rupees.

Another female employee, who has worked as a machine operator for 10 years, said: “My basic monthly salary is 27,000 rupees but with the attendance allowance and incentive, my total payment is 30,000 to 40,000 rupees. But I have to feed and clothe my son and mother with what’s left after monthly deductions of about 3,000 rupees for the employees’ provident fund and 12,000 for bank loans.” She said her basic salary was about the same as the retail price of a t-shirt produced by the company and sold abroad.



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