

## CHAPTER 8

### TOYOTA IN THE PHILIPPINES: DRIVE YOUR DREAM OR DRIVE TO THE BOTTOM?

*TONO HARUHI*

#### INTRODUCTION

Toyota Motor Philippines (TMP) is not a huge company as a strategic site of Toyota Motor Co. Ltd. in Southeast Asia. This is because the car market in the Philippines itself is quite small. However, TMP is gathering worldwide attention through its labour dispute.

In March 2001, the management of TMP unlawfully dismissed 233 workers on the basis of an 'illegal strike' the workers had organised. After five years, 136 Toyota Motor Philippines Corporation Workers Association (TMPCWA) members out of the 233 dismissed workers still continue to struggle in the courts demanding reinstatement of the dismissed, union recognition, criminal cases against them withdrawn, and to start negotiating a Collective Bargaining Agreement (CBA). In the process of their struggle, the International Labour Organisation (ILO) issued a recommendation to support the workers; this brought to light the unjust nature of labour control by Toyota, a global enterprise.

Such incidents are critical issues to Toyota Headquarters as well as to TMP but neither have shown a sincere attitude to solve the problem nor dealt with the rightful demand of TMPCWA. The government of the Philippines has also been protective of the multinational company despite facing criticism from inside and outside the country. Why should they behave like this?

Section 1 below describes the policies on the car industry and labour law of the Philippines Government; Section 2 examines the overall situation of TMP; Section 3 looks at the labour management of the company including employment and working

conditions. In Section 4 we change the tone and look back at the history of the TMPCWA in order to shed light on TMP's collective labour relations. This report is based on first-hand interviews with the members of TMPCWA but also refers to secondary material such as the *TMP Rules and Regulations*, or *Team Members' Handbook* and the court documents.

## 1 GOVERNMENT POLICIES

### 1.1 Government Policies on the Philippines' Car Industry

Car manufacturing in the Philippines started in the 1950s. This was an industrial move along the lines of the import substitution policy, in which the importation of completed cars was restricted by foreign currency allocation, thus the manufacturers needed to import parts and then assemble cars inland.

During the 1970s under the Marcos regime, the policy was geared towards the export oriented industrialisation model with the emphasis on cheap labour and large-scale foreign capital introduction was implemented. The main policy for the car industry was the Progressive Car Manufacturing Programme (PCMP), set up in 1971: the introduction of a progressive increase of the domestic production ratio of car parts (gradual transfer of imported parts to domestically produced parts) and of obligation to export major parts such as the transmission, the engine, and the pressed parts. In response, there was a trend towards intensification of many small-scale car manufacturers, and as a consequence, there were five makers left: General Motors, Ford, CARCO (a joint venture of Chrysler and Mitsubishi), Delta (Toyota), and DMG (Volkswagen). In 1977, the Progressive Truck Manufacturing Programme (PTMP) was also established with nearly the same content.

This economic policy by 'development dictatorship' also realised temporary economic growth by improving infrastructure. However, the country's economy as a whole became chaotic after oil shocks in the 1970s and debt crises in the 1980s; it became impossible to implement an export-orientated policy for industrialisation. In the first half of the 1980s, industrial output went downhill as well as the car market. The number of annual car sales increased from 30,000 in 1970 to 70,000 in 1978 but sharply decreased to below 10,000 in the mid-1980s. In 1983, the importation of car parts stopped all together due to the debt crisis inducing Toyota and Ford's, and GM and Chrysler's withdrawals from the Philippines in 1984 and 1985 respectively.

When the Aquino administration was established after the collapse of the Marcos's in 1986, new policies on the car industry were launched one after another, such as the Car Development Programme (CDP) in December 1987 and the Commercial Vehicle Development Programme (CVDP) in February 1988. Along with these programmes, Japanese car manufacturers including Mitsubishi, Nissan, Toyota, and then Honda and Daihatsu advanced into the Philippines.

President Ramos who took the power in 1992 keenly promoted rural development plans in order to spread the dense population concentrated in Manila. In addition to the ones already there since the Marcos's time, the Ramos administration built

industrial estates on land hitherto used as US bases, after Subic and Clark were returned at the beginning of the 1990s. Especially emphasised was the development of an area called CALABARZON embracing five states (Cavite, Laguna, Batangas, Rizal, and Quezon), a one-hour drive away from the central business district. This area was the centre of the Philippines' industrialisation to which the Japan International Cooperation Agency (JICA) drew the map of development and the Overseas Economic Cooperation Fund (OECF) offered a yen-loan at the end of 1980s. By this comprehensive development plan, 12 industrial estates were built after a super highway, thermal power stations, and harbours were constructed from the start of the 1990s. Laguna State, in which TMP is situated, has the largest number of estates. Laguna Technopark is the largest among them developed by a joint venture of the Ayala Group, a home-grown conglomerate, and Japanese *shosha*, or trading firms. Japanese car manufacturers then built factories in this area one after another, especially in Laguna State.

From 1990, the IMF initiated structural reform, and together with the Association of South East Asian Nation's (ASEAN) policy of regional integration and the World Trade Organisation's (WTO) liberalisation plans, was the basis for the car industry policy of the Philippines to be transformed from protectionism into free competition. The restriction on importing complete products was eased at the same time as exporting car parts was encouraged. However, the car market was not growing without hindrance; annual sales gradually recovered from below 10,000 in the mid-1980s to 160,000 by 1996 but decreased again due to the effect of the Asian currency crisis of 1997/8. In 1999, output went down to the 70,000s but has gone up slowly since then although never recovering to the level before the Asian Crisis, recording around 97,000 in 2005. In comparison, Thailand, Malaysia, and Indonesia recorded car sales in the 700,000s, the 500,000s, and 500,000s respectively in the same year all recovering to the pre-crisis level. The Philippines' car market is notably sluggish among ASEAN counterparts. By looking at this year's car market by makers' share, Toyota occupied 36.6 percent, Mitsubishi: 13.4 percent; Honda: 10.1 percent; Isuzu: 9.9 percent; and Ford: 8.6 percent, demonstrating Toyota's large scale.

The Philippines' car production per year is 50,000 or so in total, however; the difference between this and the number of sales is due to sales of imported cars. Unlawful importation of second-hand cars never stops and is said to impede expansion of the sales of new vehicles.

The Philippines and Japan Free Trade Agreement (FTA), officially called Economic Partnership Agreement (EPA), was largely agreed in November 2004. By this, the car market and the car parts market in the Philippines will be almost fully open to Japanese counterparts in the near future. The Philippines voiced some resistance against the plan for a complete open market but was suppressed by plans to open the labour

**Table 1. Domestic sales of automobiles**

Year	Number of Sales
1996	162,000
1997	145,000
1998	80,000
1999	74,000
2000	84,000
2001	77,000
2002	86,000
2003	92,000
2004	88,000
2005	97,000

Source: <http://www.ama.or.jp>

and agricultural markets in Japan. As a result, the car industry in the Philippines will be incorporated more deeply into Japanese car manufacturers' strategy for Asia.

## **1.2 Labour Policies**

Labour codes in the Philippines are strongly influenced by the labour laws of the US, which was a former colonial power in the Philippines. There is a legal process for organising trade unions, obtaining collective bargaining rights from the Certification Election, and solving labour disputes. There is also a system in which labour disputes are brought to governmental institutions and courts. Therefore, political decisions made by the government affect court rulings, causing disadvantages for workers.

Labour policies in the Philippine Government are closely related to development policies. Marcos (President, 1965-1986), who led the 'developmental dictatorship', declared martial law in 1972, which among other things banned public demonstrations and strikes. The Labour Code, which was enforced in 1974, stipulates that a labour dispute must be solved through compulsory arbitration, and that a tripartite body made up of Government, the Employers Confederation of Philippines (ECOP), and the Trade Union Congress of the Philippines (TUCP) be institutionally established. Obedient labour was needed to encourage foreign capital through low wage wages that appealed to investors. Under martial law, a militant labour union, *Kulusang Mayo Uno* (KMU) was organised in 1980. The labour movement, organised by the KMU, expanded along with the anti-Marcos movement and grew into one of the main drives for People Power.

Aquino (President, 1986-1992) appointed a human rights lawyer as Labour Minister and assured workers the freedom to organise unions, legalisation of strikes, and the democratisation of labour laws. The 1987 constitution guaranteed three primary rights to labour and removed the system of compulsory arbitration. However, due to the increasing number of strikes (581 in 1986), policies restricting strikes had already begun. The 1989 New Labour Relations Act introduced voluntary arbitration for grievance procedures to strengthen government intervention in labour disputes. At the same time, the policy for harmonious labour/management relations was also promoted and companies were recommended to build Labour Management Councils (LMC) to achieve harmonious relationships in their plants. In 1990, three parties created the Industrial Peace Agreement (the government, employers' organisations, and workers' organisations) and formed the Tripartite Industrial Peace Council (TIPC) in order to suppress labour disputes. After that, the government continued to promote the policy for harmonious labour/management relations and compulsory arbitration.

The Second People Power movement, which overthrew the Estrada (President 1998-2001) administration in January 2001, had active participation from trade unions such as the KMU, and it contributed to the birth of the Arroyo administration. Therefore, workers had high expectations for Arroyo's policies. However, as will be discussed in Section 4, the Arroyo administration later revealed its standpoint: that labour relations had to be stabilised in order to protect transnational corporations (TNC) and to attract foreign capital. This was shown through its response to the

TMP labour dispute, which occurred immediately following her assumption of the presidency. In April 2002, President Arroyo appointed a committee at the Department of Trade and Industry and the Department of Labour and Employment (DOLE) to deal with labour disputes. In 2003, the DOLE requested a Memorandum of Agreement (MOA), which focused on countermeasures for labour issues, with the Japanese Chamber of Commerce in the Philippines. They now exchange an MOA every year. Thus, the Arroyo administration is acting in favour of TNCs, and in particular of Japanese TNCs. The labour policies of the Arroyo administration promote flexible and irregular employment as well as further cooperation between employers and workers.

TMPCWA is involved mainly in three court cases:

1. Recognition of the union;
2. An illegal strike; and
3. A criminal case. The struggle behind these lawsuits is deeply related to the current situation of the Labour Code in the Philippines.

In the Philippines, the Constitution and the Labour Code guarantee the workers' rights to organise and to collective bargaining. The government has even ratified ILO Convention No. 87 on Freedom of Association and Protection of the Right to Organise and Convention No. 98 on the Right to Organise and Collective Bargaining. However, the process from registration to election is complicated. There are also many hurdles to overcome in order to organise a genuine trade union and to become an exclusive bargaining agent to create a CBA. None of these challenges are in the corporations' favour.

In the Philippines, supervisors and rank and file employees are required to unionise independently. In organising a union for rank and file employees one must submit paperwork along with a list of union members' names and signatures, with more than 20 percent of all rank and file employees participating, in order to register with the local DOLE office. Once it is registered, the union leaders' and members' names are publicly available, meaning the company is free to harass the union or break it up, either by offering bribes or promoting individual union members. At the same time, a company can file various objections to union registration with the government in order to prevent the union from being registered.

Once the registration is approved, the next step is Certification Election (CE). The union must submit a Petition for CE along with the signatures of at least 25 percent of the rank and file union members. Until the DOLE approves the CE or even after it is approved, the company could attempt to cancel it through various legal actions and carry out union busting activities at the same time. Even if the union obtains the CE (by winning 50 percent or more votes from all rank and file employees) and becomes the exclusive bargaining agent, the company may postpone making the CBA. It is not rare for a company to decline the CBA's contents, forcing the union to strike. The strike notice has to be issued to the National Conciliation and Mediation Board (NCMB), which is an agency attached to the DOLE, for approval 15 days in advance for unfair labour practices, and 30 days in advance for a collective

bargaining deadlock. However, in the case of a strike for an industry deemed indispensable to the national interest, the Secretary of Labour and Employment can issue the Assumption of Jurisdiction (AJ) to stop the strike and force compulsory arbitration. This is possible due to Article 263(g) of the Labour Code, which is well known as a bad law. When the order to stop the strike is issued, they send police and forcibly disperse pickets. Trivial actions by workers, such as bad language or glowering, could become criminal cases and are often prosecuted.

From 1998, it took two years for the TMPCWA to obtain the CE in March 2000 due to numerous court cases taken by TMP. Further, it took one more year to get the CE legitimately approved. The strike, which lasted two weeks, was broken by an AJ issued by the DOLE Secretary. 18 union members are being prosecuted in criminal cases due to trivial actions during the strike. TMPCWA experienced various kinds of union busting activities from the company and the government, similar to the experiences of many organising unions.

## **2 TOYOTA IN THE PHILIPPINES**

### **2.1 The General Condition of TMP**

Toyota's advancement to the Philippines goes as far back as the 1960s. Under strict regulations for importing cars, Toyota was establishing sales bases through what is called the Complete Knocked Down (CKD) scheme in cooperation with Philippines' capital. Toyota's partner was Delta Motor run by Ricardo Silverio who was a businessman with political contacts in the Marcos government. Hiroshi Okuda, who later became the president of Toyota Motor Corporation (TMC), was dispatched to the Philippines from the (then) Toyota Motor Sales in the 1970s and worked in Manila for nearly seven years. The initial capital of Delta Motor was 43 million pesos and Toyota's investment share was 40 percent in 1982. However, as the Marcos government approached its end, importation of car parts was halted by a currency crisis causing Toyota to withdraw from the country in 1984.

In 1986 as the new Aquino government was formed and issued a renewed motor car development plan, Toyota started to seek the right timing for its re-entry, and in August 1988, set up TMP in collaboration with Metropolitan Bank and Trust Co. and Mitsui & Co., Ltd. Metropolitan Bank, the local business partner, was established by George S. K. Ty, a Filipino Chinese, in 1962 and grew rapidly by dealing with remittances from overseas Filipino workers. Toyota produced and sold while the bank took care of financial affairs and Mitsui functioned as an international trading company; they each had a considerable role in the business.

At first, TMP was located in Bicutan, Paranaque City, Metro Manila where Delta Motor's factory was. It started operating on the 61,000 square metres of the Bicutan factory in February 1989. As shown on Table 2, the current capital is 2,423 million pesos, with 34 percent of it shared by TMC. The others: Metropolitan Bank & Trust Co., Titan Resources Corp. and others including Mitsui & Co., Ltd. share 30, 21, and six percent, respectively.

Into the 1990s, as the Philippines' economic growth as well as car market expansion was predicted, Toyota planned to build the second factory in Santa Rosa in Laguna state south of Bicutan. Santa Rosa factory was on 780,000 square metres of land alongside the South Super Highway. It opened in April 1997 making passenger cars such as Corolla and Camry as well as Asian utility vehicles such as Tamaraw FX Revo in Bicutan. The estimated production capacities were 30,000 vehicles per annum in Bicutan and 25,000 in Santa Rosa. In Table 2, we can also see that the number of workers was 2,089 in 1996.

**Table 2. Managerial trend of TMP**

Year	Capital (100 mil. Peso)	Investment Ratio of Toyota (%)	No. of employees	Sales (100 mil. Peso)
1988	2.2	25	130 (8)*	n/a
1989	2.2	25	N/A	25.44
1990	2.2	25	1027(8)	46.84
1991	3.85	25	940(9)	41.16
1992	4	25	1400(12)	58.2
1993	13.17	25	1700(11)	87
1994	13.17	25	1760(n/a)	113.45
1995	13.17	25	1890(17)	139.36
1996	13.17	25	2089(19)	163.89
1997	13.17	25	2024(20)	117.42
1998	13.17	25	1787	n/a
1999	15.49	34	1446	n/a
2000	15.49	34	1446	n/a
2001	15.49	34	1198	n/a
2002	24.23	34	1566	164.41
2003	24.23	34	1242	n/a
2004	24.23	34	1242	n/a

Source: *Toyo Keizai Shimposha, Kaigai Shinshutsu Kigyo Soran, various issues*

\*The number of Japanese employees

However, the Asian economic crisis hit the Philippines' economy immediately after the opening of the Santa Rosa factory, dragging down the car market. Some ASEAN car markets eventually recovered their capacity but the Philippines' lagged behind. Toyota Motor Philippines Co. invited voluntary retirements several times in order to reduce production capacity. A top-up scheme on retirement allowance called the Voluntary Separation Programme (VSP) reduced its workers to 1,446 and, as we will discuss below, a further 233 were fired with the claim that they took part in an 'illegal strike' in March 2001 leaving the number of regular employees at 1,198. Also, the company planned to merge the Bicutan factory with Santa Rosa and moved the main office in the former to the latter only to finally close Bicutan in December 2005. In the 17 years from starting operations until then, TMP had produced about 400,000 vehicles in total, and selling 35,513 in the year 2005.

Aside from the factories already mentioned, Toyota established Toyota Autoparts Philippines Inc. in August 1990 with the aim of producing car parts. It was situated next to the Santa Rosa factory and on a huge area of land Toyota had purchased.

The initial capital was one billion pesos shared between Toyota's 95 percent and the TMP's 5 percent. It started operating in September 1992 with TMC's facility in the Kinuura plant and its new employees had been to Japan for on the job training. Currently, this plant has 500 employees and produces transmissions and constant velocity joints of which 90 percent are exported to ASEAN countries, South Africa, Portugal, and Japan. In October 2002, it celebrated the tenth anniversary, attended by both TMC's President Cho and Manuel Roxas Trade and Industry Minister of the Philippines.

Vehicles produced at TMP are for the domestic market and sold by Toyota dealers with 24 sales branches across the country. Ever since foundation except 1998, TMP has occupied the top place of domestic sales competition achieving 'triple crowns' for selling passenger cars, commercial vehicles, and total sales in 1994, 1995, 2002, and 2003.

## **2.2 The Hierarchy of TMP**

TMP's chairman of the board/CEO is Chairman George S K Ty of the Metropolitan Bank. The president/CEO is someone dispatched from Toyota itself. The former/third president, Nobuaki Tabata, for example, was a president 'loaned' from TMC as chief of the Asian section after being stationed in the US and Indonesia; Tabata was president of TMP from January 2002 to February 2006 before the current president Hiroshi Ito. Executive Vice President is David Go who is said to have strong ties with Mr Ty. Then there are divisions under the vice president: General Administration Division (GAD), Treasury, Manufacturing, Marketing, Engineering, Production Control, and Comptrollership. GAD and the Treasury Division have the vice president Go, a Filipino, as the concurrent division manager; other divisions are topped by Japanese. The exact number of workers loaned from TMC is not shown in Table 2. But according to the workers around 20 Japanese constantly work in TMP and also temporarily sent from Japan when troubles occur. The above divisions have departments that are divided into sections. We will discuss about manufacturing organisation in section 3.1. Company policy is passed from the president to all the focused team members in a general assembly, or through the house journal, *Dateline*, distributed monthly. It is also passed in monthly birthday lunch working meetings to which executive officers, headed by the president, attend or in regular seminars for the workers.

## **2.3 Toyota Production System at TMP**

The *Team Members' Handbook*, distributed to all employees, explains the Toyota Production System (TPS) with key terms in Japanese. The handbook starts the story of TPS with the history of the Toyota family. It emphasises that the workers are a team with secures company lifetime employment. The central pillars of TPS are *Jidouka* or automation and Just-in-Time with the principles of reducing *Muri* (goals or ways that are not realistic), *Mura* (unevenness), and *Muda* (waste) to achieve high quality products and production. *Kaizen* is also an important concept, meaning to pursue constant improvement to production. To know how far this TPS is realised in TMP requires more detailed research. But TPS is still undergoing various trials. I will explore workers' anecdotes below.

JIT is applied to TMP also with the same principles as in TPS. The imported parts from factories abroad including ones in Thailand, Indonesia, and Japan are carried in by trucks from warehouses to Material Handling Section together with domestically produced parts directly from their makers, frequently everyday. Workers press a button to call maintenance staff if there is any trouble, without touching the machinery themselves and however small the problem is. Welding, Painting, and Assembly departments have maintenance staff whose areas of coverage are defined according to degree of trouble. If there is a large problem, the line can be stopped. A maintenance worker for Painting said that he was called every single hour. Maintenance staff work on Sundays to thoroughly check the machinery.

Workers are taught TPS through seminars which have been held under various titles, such as 5S, TPS, *Kaizen*, QC Tools, *Kiken Yochi* (predicting dangers), Leadership Training, Team Building, Values, *Jiritsuka* (becoming autonomous) and so on, using key terms of TPS. The duration of these seminars varies from half a day to a week, overlapping work hours. But a line manager chooses only two or three members from his team to send to each seminar to avoid causing delays. Thus, not all the workers attend the seminars at the same time. In addition, *Kaizen*, *Genchi-Genbutsu* (on the spot supply), *Jiritsuka*, *Houshin Kanri* (policy control), *Kiken Yochi*, *Jishuken* (right to self-governance), *Hiyari-Hatto* (fear of small accidents), *Andon* (type of visual control that displays the current state of work), among other key TPS terms in Japanese, took root in the line work.

TPS is also deeply related to issues such as efficient labour management, utilisation of contract workers or the union for harmonious labour/management relations, discussed later in relevant sections.

### 3. LABOUR MANAGEMENT

#### 3.1 Employment

As of January 2005, the total work force at TMP was 1,659, consisting of 1,231 regular workers and 428 irregular workers. Of these, 87 percent were male, average years in service was 10.8, and average age was 32.4. Among the regular workers, rank and files numbered 867.

How do rank and file workers become regular workers in TMP? First of all, multinational companies operating in the Philippines prefer to recruit young new graduates from technical colleges or school leavers, often from conservative Catholic vocational schools or high schools trained to certain levels of technical skill. This is because these young people are said to be obedient, highly capable, and anti-union. TMP follows the line. TMP is moreover affiliated to some vocational schools and colleges around Manila in which on the job training is incorporated into the curricula; the students are sent into TMP as trainees and TMP donates machinery and facilities to these schools in turn. To become a trainee, passing exams in English and maths, and passing an interview and a health check are required. If accepted as a trainee after three to six months' work, the student is admitted to the company as a

probationer after leaving school, then, after up to another six months, he or she is evaluated by the supervisor and has to pass a final last interview to become a regular worker. There is no special training after starting the job except on the job training, to learn the duties from regular workers. The company, on the other hand, can filter workers who cannot adapt to line work.

Since the firing of 233 workers in March 2001, few regular workers have quit the job at TMP the workers say. In May 2001, 300 trainees were employed. But after leaving school only a chosen few became probationers and then regular workers. Others become five-month contract workers. Workers say, 'The way they choose them is rather through *bata-bata* (very close relationship: Tagalog) than measuring their capability. If they form a very close relationship with their supervisor, accompanying him for a drink, supporting TMP-CLO, the company's preferred union, and do not become close to the members of TMPCWA, the workers' union, then they are chosen for probation.'

It is probable that the number of employees in Table 2 includes contract workers. The workers' account that not many have been employed as regular workers since the strike is also confirmed by this Table. Contract workers do the same job as regular workers but are distinguished by the colour of their uniform, making a visible difference in their status. Regular workers wear T-shirts with blue hems around the neck and sleeves whereas the contract workers' have green hems.

### **3.2 Groups on the Job**

Table 3 shows the organisational hierarchy in lines in the Manufacturing Department. There are four levels among rank and file workers who are called 'team members' working on the lines. A line, the smallest unit, consists of five to 10 regular, contract, and trainee workers depending on the content of the work. The numbers of regular and irregular workers change depending on the quality of work they are required to do. There also are skilled offline regular worker who substitute for absentees. A Team Leader, or Junior Group Chief manages this smallest unit, at levels five to six, situated at the bottom of the ladder of the line organisation. A Group Leader, or Senior Group Chief, at levels seven to eight supervises several Team Leaders. Above several Group Leaders is a Foreman; above the Foremen is a Section Manager. If there are absentees in the lines, offline workers replace them; if there are more absentees than offline workers, Team Leaders do the line work and also assist when the lines lag behind schedule.

Team members make up a group of 50 to 60 working under Foremen and a Group Leader. For 10-15 minutes before 'working hours', the group has a meeting as a circle activity in which revising the day before as well as the day's schedule ahead are passed from the Group Leader or the Foremen. The company policy is sometimes passed to the workers at this meeting. Personal Touch (PT) is conducted in this group. The supervisors and managers bring their team members to high grade restaurants or hotel bars in order to forge *bata-bata* relationships.

Workers are assessed once a year in November, before the year end season, for

performance to decide promotion, pay rise, and bonus amount. Supervisors conduct the assessment before the manager at the Manufacturing Division decides the final outcome. There is a promotion usually every three to five years according to the assessment that is based on a 'closer the better' relationship with one's boss rather than one's working capacity. The promotion, though contingent on availability of posts, is dependent on *bata-bata* relationship, not the worker's ability. Members of TMPCWA are often evaluated poorly but, at the same time, active members particularly are sometimes promoted to move them out of the union.

### 3.3 Working Hours

Each worker at TMP, like their Japanese counterparts, carries a name card-size 'Toyota calendar' that shows their scheduled working days for the year. Working days are 254 per year with eight hours a day and one to two Saturdays a month, according to the 'Toyota calendar'. There are 10 holidays and two special holidays. Working hours are usually eight hours a day. But workers are actually on duty nine hours as there is a one-hour unpaid lunch break. Nine hours might not seem too hard, however workers say that the fatigue accumulates everyday as for some of them commuting takes another two hours or more one-way, including the time from home to the pick-up point and to the firm site by shuttle bus. Workers can leave the factory premise during the meal time, and have two (15 and 10 minutes each) paid breaks a day. The line starts moving at 7:00 sharp and stops at 16:00. A caution card is given for five accumulated five-minutes tardiness. Pay reduction and suspension from work can happen.

Working hours are from 8:30 to 17:30 for office workers and for fixed-shift workers, from 7:00 to 16:00 for the day shift, and from 19:00 to 4:00 the next morning for the night shift. The day and night shifts alter every two weeks on the 8th and the 23rd, the pay days, of the month. From February 2005, after the merger of Bicutan plant with Santa Rosa plant in January, the hitherto single shift system changed to double shift. The divisions related to maintenance of the machinery are run by triple shift. Overtime work is reduced recently but in the boom years from 1996 to 1997, there was overtime every day, from Monday to Saturday, which usually increased from October to December, and April to June.

### 3.4 Wages

Wages are shown in Table 3. After tax, Social Security System, and Philhealth, the health insurance, are paid, the net income is transferred to the workers' bank accounts on pay days. The overtime wage is 1.4 times the base hourly wage for a weekday, 1.5 times for a Saturday, and 1.6 times for a Sunday. For the night shift, from 19:00 to 4:00, the six hours from 22:00 until 4:00 are considered overtime with the payment 1.3 times the base hourly wage. Six months' attendance without absence and tardiness is rewarded by Perfect Attendance Allowance of 500 pesos. If the attendance record goes on for one year, the allowance increases to 1,000 pesos.

The major part of the wage consists of basic pay; if a worker is promoted, the wage increases. Up to the Level 4, it is only the length of employment that makes a worker's position, and thus the wage, to go up. As production has levelled off, there

**Table 3. Wage system**

General Staff	Line	Level/Category	Wage	Tax	Social security system
Manager		16	n/a	n/a	n/a
		15	n/a	n/a	n/a
		14	n/a	n/a	n/a
		13	n/a	n/a	n/a
	Manager	11	n/a	n/a	n/a
Supervisor	Foreman	10	n/a	n/a	n/a
		9	n/a	n/a	n/a
Group Head	Group Leader	8	32,000-35,000	n/a	n/a
		7	30,000-32,000	n/a	n/a
Staff	Team Leader	6	27,000-2,8000	n/a	n/a
		5	25,000-26,000	n/a	n/a
	Team Member	4	21,000-24,000	3,000	400
		3	18,000-20,000	2,000-2,400	400
		2	10,500-15,000	1,800-2,000	360
	1	9,000 1,800	360		
Probationer	6,000	1,000	200-300		

*Source: Interview with TMP Workers*

is not much overtime work required and the top-up part of the wage has been small recently. There are fixed bonuses three times a year: a mid-year bonus equivalent to one month's wage for all in May, December bonus equivalent of 1.25 months' wage for rank and file workers, and 1.5 months for supervisors, and the '13th month' bonus according to law is paid at the beginning of December. Considering that many people work irregularly earning the minimum wage of 280 pesos a day in the Manila metropolitan area, the TMP wages between 9,000 to 24,000 pesos for rank and files seem to be high as well as stable. However, the workers say they are not enough to be comfortable. The unemployment rate published by the government in 2004 was high: 11.8 percent. And the reality is that there are many dependents, not only direct family members but also relatives, on one worker's income.

Contract workers, meanwhile, operate on a different daily wage system in which they are paid 300 pesos a day, near to the minimum wage, and with a year end bonus of only 500 pesos.

### **3.5 Work Environment**

A former worker at Bicutan factory stated, "The talk was that it was a good company but it was really hard once I started working there. Because there was Tact Time, even going to toilet was restricted. And, it was so hot that I was soaked with sweat as I was working as painter near to the oven to dry the paint. Once at home, I drank beer like going on a binge and just went to bed. It was like that every day."

Generally, the work place has too much noise and sometimes not enough ventilation. The company issues earplugs for the noise. But many workers just leave

them at home. Back pain is a common industrial hazard as they lift a lot of heavy material. The pressing exposes workers to both noise and lifting heavy weights. Welding gives the workers lung, eye, and throat pains among other hazards, because of smoke and dust. It also involves lifting heavy weights causing back pain as well as the risk of burns. Painting also is harmful to lungs due to smoke and gases, and to the body because of vibrations. Assembly also involves vibration and relates to back pain. But they say, “The company does nothing if we fall ill because of industrial hazards. It’s just that they treat us and give us drugs for free as there is the health insurance certificate though we go to hospital outside.”

A TMPCWA member said, “They let TMPCWA members go to toilet at any time. The management came to respect regular workers’ rights after the union was established.” However, the conditions surrounding contract workers are harsh; one said, “There are some Team Leaders who discriminate against contract workers. For instance, while a regular worker can go to the toilet by asking his Team Leader to substitute him for a while, a contract worker finds it difficult to do the same. Contract workers cannot complain even if the work is too hard. They have to follow any order as they would just be told that there are so many jobless people to replace you.”

### **3.6 QC Circle Activity**

As mentioned above, the company holds seminars regularly for educating about TPS. At the same time, there are QC circle activities organised by the workers themselves. The *Kaizen* Circle Competition started at the beginning of the company itself, conducting thematic presentations and regular contests in QC circles. If one circle wins a contest within the Philippines, it becomes a representative of the country for the international contest held at the Toyota headquarters in Japan.

There also is a Suggestion System in which workers are required to submit a suggestion form twice a month, with their names and written suggestions for improvement. The suggestions are marked and rewarded with 30 to 80 pesos if considered to be excellent. There is a system in which workers submit an evaluation form just like a suggestion form. Nevertheless, whether these systems function as in Japan is another question. Another worker said, “It is required to submit the form but I don’t do that properly. The Team Leader always presses and it affects promotion. So, I do that once in three months or so.”

### **3.7 Education and Training**

Work place education is dealt with through On the Job Training. The workers interviewed have experienced relocations due to the mergers mentioned above. But many of them have been doing the same job in the same kind of section; it does not appear that the company is geared towards multi-skilled training.

Contract workers train newly assigned contract workers to the same position. The company appoints new contract workers to work places where there are workers with only one month contract left, and let them teach the newcomers. For instance, if 60 workers have a contract from January to May, the company employs 60 new contract workers from April; the old and the new work together for one month and

smoothly hand over the job. In some jobs, contract workers can acquire the same level of skill as regular workers within one or two months. And, “This is,” as one of the workers remarked, “Against the company’s rule that states that supervisors train the newly employed.”

AS TMP aspired to brush up the production skills of its team members, it conducted an Overseas Training System from 1989 to 1996. Volunteers were sought and the trainees were chosen by managers. The duration of each training session was one to six months, sending 20 to 30 workers at a time, though on one occasion 100 workers went together. A former trainee stated that he lived in a dormitory in Japan, was given a month of seminars and worked in the same line as Japanese workers in the Takaoka plant producing Corollas.

After this, in 1996, maintenance workers were sent to Japan to learn how to handle new machinery to set up the Santa Rosa plant. Another training programme started in 2005 for managers and was conducted in Thailand. One session of this lasted for two weeks with three to five members despatched as a group to learn how to make production systems, about line improvement, *housinkanri* (policy management), safety, and quality control among other issues related to TPS.

### **3.8 Welfare Programme**

Holidays: workers have 15 days paid ‘vacation leave’ a year, which can be bought back by the company day by day at the year end if not used. They also have 15 days sick leave, six months workers’ compensation, 45 days maternity leave, and so on. Unpaid leave called ‘personal leave’, whereby workers take days off for personal reasons with permission for up to 15 days a year. There are other official leaves such as schooling leave and military duty leave.

Social insurance: a public Social Security System covers retirement allowance, compensation for death, disability, illness, and industrial accident, and housing loan. The company and its workers participate in this system and share the contribution. As shown in Table 3, contributions from workers are deducted at source from their wages. There is also a national health insurance called Philhealth, which issues health certificates for access to medical treatment. Fixed numbers of safety equipment such as protective gloves and safety shoes are distributed to appropriate work places.

The housing loan is also a governmental project; the company does not lend money itself. TMP is however affiliated to a financial company, SLAI, which deals with various loans. Some workers borrow from SLAI at three percent interest when they become hard up before pay day. The maximum loan is 2,000 pesos and is deducted from the next pay with interest.

Meal allowance is 45 pesos daily for lunch and *milienda* (snack in between meals), and a sack of rice once every two months.

Transportation: there is a shuttle bus service; workers can ride on the bus to commute from pick-up points. But, because they still need to use other means of transportation such as Jeepneys, the company pays 400 pesos a month transportation

allowance. Workers say this is not enough, however, as Jeepney fares increase with the price of petrol.

At the end of each month, there is a 'lunch on birthday' meeting. The president, the vice president, the board members, and all employees who were born in the month attend this meeting held at the canteen during ordinary daily lunch. There are usually 60 to 70 people excluding trainees and contract workers. The occasion is for employees to question management freely about issues of importance or about the company's policy, thus working as a direct communication between the two parties.

There are also organised recreations: a day outing in April or May every year, most of the time going to a nearby beach; and events, such as sports, to which the company provides a shuttle bus service and 200 pesos or so food allowance. In 2005, they went to Cavite Island. Sporting events and club activities are popular. In September, there are basket and volleyball competitions by 10 to 12 teams from the sections. Clubs are participated in voluntarily, organising many activities including mountaineering.

#### **4. COLLECTIVE LABOUR RELATIONS**

##### **4.1 The Birth of TMPCWA**

Let us look at the history of the reality of industrial relations in TMP from the birth of TMPCWA to the present legal struggle. In 1989, TMP started operations and immediately drew up a 'road map' of harmonious labour/management relations by setting up LMCs consisting of the management, managers, and supervisors as the workers' representatives. In 1992, when the first trade union of TMP called Toyota Motor Philippines Corporation Labour Union (TEMPCLU) was established, the vast majority of the workers were young - from late teens to early 20s. "The job was hard and long with much overtime. Many of us were frustrated by the arrogant attitudes of supervisors and managers. So, although we didn't have a real sense of what a trade union was, we registered wanting to improve our working conditions," a worker told us as his motivation for becoming a union member. The then chairperson was Angel Dimalanta, a macho sort of union leader with a talent for public speaking and who was also a sportsman and led the basketball team. The company filed a legal appeal to cancel TMPCLU's registration asserting that it could not recognise the union as rank and file because of the membership included supervisors. According to the work 'levels' assigned to the workers by the company, levels five to eight were for supervisory work and the membership of TMPCLU consisted of levels one to eight. Thus, despite the establishment of the first trade union, time passed without any union activity except the legal battle.

In 1996, Ed Cubelo, the union coordinator of the Customers' Satisfaction line in the Painting Section started gathering information about the union that had been silent and found out that TMPCLU was judged to be incompetent as a rank and file union as it included members at the job levels of five to eight. He then began with five friends to organise a new underground union that would later become Toyota

Motor Philippine Corporation Employee and Workers Union (TMPCEWU). While gathering petitions to set up the new union, the young men also met Angel to ask him to be their chair again. Angel replied negatively; he was against establishing another union and said TMPCLU made a 'compromised agreement' with the company.

TMPCEWU elected Ed Cubelo as the president and was registered in June 1997. Then, an incident made TMPCEWU's name with Ed the president in which a drunken Angel brandished a knife at Ed when they were at a company outing. Talk of this incident spread like wildfire among the workers and garnered sympathy towards the new union. The company, however, did not reproach Angel but started using him as a key person to form a 'harmonious' trade union after this.

At the first meeting that launched the TMPCEWU in autumn 1997, 700 union members gathered. Meanwhile the company was planning to bust the union by taking advantage of Asian currency crisis of the time. Management invited early retirement under the Voluntary Separation Program (VSP) with top-up retirement allowance. The targets were union members, especially activists. The company picked on them, not giving any job using the recession as an excuse or used them as cleaners so as to wound their pride and make them leave. 300 rank and file workers and 100 office workers quit at the first VSP offer, with most of the 300 consisting of TMPCEWU members. The company also solicited seven workers who had signed to register as union members to file a case against the union demanding cancellation of their membership claiming that the signatures were forged. Upon considering that this law suite would take some time again, the union executives decided to form yet another new union TMPCWA.

#### **4.2 The Certification Election**

TMPCWA was registered as an independent trade union without any umbrella organisation on 15 April 1998 and applied for a Certification Election (CE). However, the company appealed to DOLE against the union. As a result, the application was turned down on grounds that the court cases involving the two former unions had not been settled and the new union, TMPCWA, was not equipped with enough legal knowledge to deal with this situation. After this, from the end of 1998, the union received legal advice and organisational support from the Young Christian Workers of the Philippines (YCW). With help of renowned labour attorney, Atty Maravilla, the counsel of YCW, the union applied for CE again in February 1999 and, after a legal battle, held the election to recognise the union or not on 8 March 2000.

The election campaign was fierce. As the union members had already been drastically reduced to 444 by VSP, the key to the victory was how many votes were to come from sympathisers. TMP on the other hand held seminars to advocate harmonious labour/management relations during working hours and distributed flyers to denigrate the union. TMP also carried out the *bata-bata*, or Personal Touch, strategy in which supervisors and managers took the workers to restaurants or bars to persuade them not to support the union. TMPCWA replied with seminars and distributed flyers with the support of YCW.

TMP submitted the list of voters among 1,100 rank and file workers in a hearing for the CE. TMPCWA argued against it asserting that 120 of them were not rank and file workers. But in the end, as the company's effort to split the union members was becoming harsher, it decided to go for the election on condition of recognising 105 among the 120 voters as challenged voters whose votes would be segregated. TMPCWA was confident that the 105 challenged voters' votes were unauthorised as they were at the job levels of five to eight, the point upon which the Supreme Court had judged that the TMPCLU was not a rank and file union.

The result was as follows: among the total vote of 1,063, 503 said Yes to the union; 440 said No; 10 were challenged votes; and 15 were spoiled votes. Because the challenged votes were segregated, the valid total vote was 943, making Yes votes the majority by 29. TMPCWA was thus recognised as the exclusive bargaining agent that could consolidate a CBA. However, the company demanded the segregated ballots be opened and appealed again; this case is still pending in the Court of Appeal.

Meanwhile, TMP aided the birth of a trade union that would cooperate with the company in order to pursue harmonious labour/management relations; Toyota Motor Philippines Corporation Supervisor Union (TMPCSU) was established as the supervisors' union with 200 members and Angel Dimalanta as president in 2000, gaining bargaining rights in 2001. The company was also trying to form a rank and file union, named KASAMA, with LMC members at its core contesting the TMPCWA.

Since around the beginning of 2001, TMPCWA had been informed of various disquieting moves. Sto. Tomas, the Secretary of DOLE accepted the company's claim and ordered an unusual 'clarificatory hearing' to re-examine the jobs of the 105 challenged voters. There was a rumour that a bribe was offered to DOLE officials. Faced with this, the union issued a notice of strike in January 2001 preparing for the worst and established the right to strike by holding a strike vote on 15 February.

21 February was the day of the clarificatory hearing. The union requested its members to attend only if they could take a day off. 63 of the members who applied for a whole day's leave gathered at the Bureau of Labour Relations (BLR) of DOLE, and observed the hearing attended also by the representatives of the company and the union executives. What was going on in the hearing was passed almost live by the executives to outside and to the union members at work via text messages. The union held a spontaneous lunchtime gathering as it considered that the hearing on 22 and 23 February would be the prime of this legal battle in which the content of the 22 witnesses' jobs from the company's side was going to be questioned. Accusing the company of violation, the youth was tough, burning with a sense of justice. The next day, their will and voice to also witness the hearing at the BLR by taking leave grew. Individual union members applied for leave to their supervisors but were rejected. Then, the General Secretary submitted an official document certifying that the members would be absent from work, substituting it in future without payment. The company received it. On the morning of 22 February, 300 union members met in front of the local post office and marched to BLR. This was their first experience of

protest action; all were anxious about what would happen in the future but they were also excited with the sense of justice demanding workers' rights. The company meanwhile brought 22 of the challenged voters by shuttle bus to BLR in order to make them stand as witnesses for the job contents. They claimed that it was up to the level six should be included in rank and file workers with the new wage structure. On the next day, 23 February, with anxiety disappeared, more union members gathered in front of BLR. On 24 February, however, all workers went back to work as usual. But the company pushed each union member to submit a reason for the absence of two days 'without authorisation' in order to join an 'illegal strike' led by TMPCWA. The union, representing its members, submitted the explanation again to the company at the same time as filing another notice of strike.

The situation swiftly changed on 16 March; the Secretary of the DOLE rejected the company's appeal against the union and said that it would not accept any more appeals. On the same day, the company fired 227 and suspended 70 union members who had joined the two days' action on ground of 'absence without authorisation'. On that morning, the shuttle bus stopped at the gate on which the names of those fired were on display. The guard checked the workers' ID cards and prevented the dismissed workers from going through the gate. Those who took two days off were dismissed. Those who took one day off were suspended, however, the suspensions were not actually enforced; it was only the means to split the union members. Both dismissals and suspensions were obviously unlawful actions on the company's side, anyhow as the *Team Members' Handbook* stated that workers would be fired if they were absent for six consecutive days without authorisation. The dismissed workers say that this was the worst and the saddest day of their life.

#### **4.3 Strike as a Political Issue**

The union immediately picketed in front of Bicutan and Sta. Rosa plants and eventually, from 28 March, went on strike demanding withdrawal of the dismissals as the situation did not improve. Production stopped completely for two weeks in the two plants where approximately 700 workers including 578 union members participated in the strike.

The labour dispute rapidly grew into a political one when the strike began. TMP threatened President Arroyo, who was in the course of development planning that depended on foreign investments and loans from the US and Japan, that the investments would leave the Philippines unless the dispute was swiftly resolved. President Arroyo despatched Sto. Tomas to the two strike sites. Many of the union members are said to have shaken hands with the Secretary and believed that she would handle the matter properly as she promised. They were holding onto the hope that the Arroyo administration which was shaped by the Second People Power movement in January the same year would stand by the workers. But this hope was smashed into pieces soon.

On 9 March, just before Easter, Toyota's counter-attack started. At dawn, about 5 a.m., when the workers had gone back home, 100 of the Southern Luzon Command of Philippines National Police together with company guards disrupted the picket

line completely. The strike breakers on the bus entered the plants and Toyota declared the restart of production. On the same day, the mass media released one item of news stating that 11 Japan-based companies including Toyota threatened DOLE and the Department of Trade and Industry that they would withdraw investments if the labour dispute was not resolved. The next day, 10 March, DOLE issued an order, Assumption of Jurisdiction (AJ), that the workers stop the strike immediately and go back to work on 16 April, after the Easter holidays starting the following day. This is the infamous Article 263 (g) of Labour Code. On the morning of 16 April, the workers turned up at work worrying whether they could go back to work, and saw an announcement on the wall saying that the dismissed 227 would not be allowed to return to work but paid their wages. The dismissed were prevented from going into the work sites.

The Japanese TNCs continued to pressure the Philippines Government. On 6 August, the Japanese Chamber of Commerce and Industry in the Philippines hosted a meeting to gather the Japanese delegation of 200 business persons and high ranking governmental officers of the Philippines such as the Secretaries of DOLE, Department of Trade and Industry, and Interior and Home Office. The Japanese companies' attention was on the labour issue and they demanded the Philippines Government to strengthen mediation into the dispute. This was the first occasion for both parties to hold such a large scale official meeting. But the managements' sense of crisis was at its peak as there were other labour disputes in Japan-based companies such as Yokohama Gum and Nissan under the KMU. For Japanese companies that had invested large sums especially into Southern Tagalog centred around Laguna State where TMP was situated, the labour dispute of TMP was a big issue that could happen to any of them.

The Philippines Government started issuing decisions disadvantaging the union one after another, changing its previous judgements. The company appealed to the Court of Appeal claiming that it would pay a bond of 500,000 pesos against the final decision of the DOLE Secretary on 16 March, which defined TMPCWA as the exclusive bargaining agent so as to gain the preliminary injunction on the final decision on 11 July. Since this move, the TMPCWA was unable to demand collective bargaining. On 9 August, the National Labour Relation Commission (NLRC), an attached agency of the DOLE, made a decision that the union's protests such as the ones on 22 and 23 February were 'illegal' strikes. By this, the payments to the dismissed workers were stopped. Then, in the mid-September, people from the company's side, two LMC members and four members of Loss Control Office (LCO), a section in Toyota responsible for company security, filed three criminal law suites against the workers. Their claim was that the workers' actions of staring at and using offensive language against company personnel, such as when guards broke a strike in front of Bicutan plant, had committed 'grave coercion' that was illegal under the Philippines' Criminal Law. This would not usually become a criminal case. But Toyota employed numbers of shrewd attorneys and succeeded in indicting the union members in February 2002, forcing them to pay annual bail to avoid being jailed. This is the reality of the criminal cases of TMPCWA.

#### **4.4 After the Dismissal**

After the NLRC judged that the strikes were illegal, the dismissed workers were not paid. From 21 to 23 February when the hearings were held, Ed Cubelo, the union president and another five union executives were granted days off. But they were also judged by this as leading illegal strikes and dismissed, bringing the number of those fired to 233. The union lost its leaders at the work site and they were banned from even entering the site. The company at the same time promoted some union activists to supervisors making rendering them ineligible for union membership. Others were dismissed from the production line and harassed into other jobs such as garbage gathering or toilet cleaning in order not to make contact with other workers.

It is difficult for the dismissed workers to get a new job as their participation in the labour dispute is on their CV. Even if they gained another job via some connection, such as in construction, a factory or a restaurant, employment would be irregular and the income would be less than a half of what they were earning while working in Toyota. Thus, there are many who seek jobs abroad. Those who became unable to make out went back to their home communities. But unemployment or poverty brings uneasiness within the household when it is over a long period. The company then dispatches their bosses to their homes to persuade them to accept retirement allowance. There were many former workers who accepted the money especially before Christmas. The company also contacted the union to make a money deal. Union activism faced such acute difficulties and suffered.

TMP propelled its harmonious labour/management relations with this chance. After the strikes, it made a CBA with the TMPCSU as the collective bargaining agent for supervisors, and supported the establishment of rank and file unions that stood with the company: Toyota Workers Labour Association (TWLA) and Toyota Motor Philippines Corporation Labour Organisation (TMPCLO). Many of the officers of TMPCLO registered on 4 December 2001, used to be core members of TWLA but formed the new union. They also were in close relationships with Angel the president of TMPCSU and receiving his advice on union activities through playing basketball, a popular game in the company. TMP changed the structure of LMC after forming company-friendly unions, organising it into selecting the chairman from TMPCLO and from TMPCSU alternately year by year, and made the memorandum of agreement to create a space to negotiate part of working conditions such as welfare for all the workers including rank and file workers. It aims to cushion the workers' frustration by the agreement of LMC and to avoid making CBA with TMPCWA.

The company also filled the labour shortage created by the massive job cuts by employing more contract workers. It changed the employment policy, in which trainees become probationers and then regular workers, to introducing irregular employment of 300 workers with a five-month contract. To realise the Toyota Production System, it is essential to have 'harmonious' trade unions and irregular employees. The latter can be safety valves to balance the employment according to the economic climate of the time, unlike their regular counterparts who hold the legal rights to be protected from sudden changes in their status.

TMPCWA sought a way out of the situation it was stuck in through solidarity with friends and supporters in and out of the country. TMPCWA had acted as an independent union without any umbrella organisation but started feeling the limitation of this policy, and began to actively participate in networking with likeminded organisations. In 2003, it became a member of Solidarity of Labour for Rights and Welfare (SOLAR), an alliance against the Iraq war and for labour rights in the national capital region. In 2004, it became a member, and the core member, of the Alliance of Workers in the Enclave (AMEN) and also of Coalition of Auto Workers and Related Industries Against Imperialist Domination (CAR-AID) in the southern Tagalog region where the Santa Rosa plant was situated.

The international solidarity network widened as well. TMPCWA had been receiving support from Japan via a network of Christian labour since 2000. In October 2001, this network in Japan bore 'Support Groups for TMPCWA' among trade unions and citizens' groups in Kanagawa prefecture, near Tokyo. Support Groups and TMPCWA now visit each other every year and continue protesting against Toyota Headquarters in Tokyo as well as in Toyota city, in the midland of Japan. They publish *Protest Toyota Campaign Newsletter* to let the world know their struggle, together. The international network of support began to spread further from Japan to French trade unions and *Peuples Solidaires*, a human rights organisation, to ATNC (Asian Transnational Corporation) Monitoring Network in Asia, and to the world.

TMPCWA appealed to the ILO Committee on Freedom of Association (CFA) saying that the Philippines Government had been unfair to the workers and breached ILO Conventions 87 and 98 in February 2003. In November the same year, CFA ruled in favour of TMPCWA and issued a recommendation pointing to the violation of the conventions by the Philippines Government. The ILO recommendation accepted almost all the claims by the union regarding the three court cases against the company, and demanded that the government amend domestic laws. ILO has since been continuing to issue recommendations on this matter as in 2004, in 2005 and in 2006.

However, the key actor to solve the dispute is after all Toyota Headquarters, which has not shown any intention of taking responsibility but repeated the same reply, 'solve a problem in a local company in the locality', to numerous proposed negotiations by TMPCWA and the support groups. Thus, in March 2004, the union and the support groups together filed a complaint to the Japanese Government as the national contact point of OECD against TMP for its violation of the OECD Guidelines for Multinational Enterprises. In September 2004, TMPCWA also joined ZENZOSEN (All Japan Shipbuilding Labour Union Kanto Region/Kanagawa Regional Union), one of the core members of Support Groups. Then, in February 2005, ZENZOSEN filed another case to Kanagawa Regional Labour Commission that Toyota's rejection of collective bargaining with TMPCWA is an unfair labour practice.

Prior to one of the ILO's recommendations, on 24 September 2003, the Supreme Court of the Philippines issued a resolution that the injunction of the Court of Appeals in 11 July 2001, was set aside and nullified. By this decision, TMPCWA was enabled to propose collective bargaining with TMP. The union members found new

hope in this judgement as well as in the ILO recommendations and found also that the numbers of those who received the retirement allowance decreased to only a few.

#### **4.5 New Challenges**

In January 2005, TMP completed a large project of consolidating two plants; since several years previously, the company was transferring the work of Bicutan plant to Santa Rosa; Bicutan was then closed. On the former Toyota land in Bicutan, a new dealer moved in. In Santa Rosa plant, the change was that it began operating double shifts as the workers from Bicutan moved in. In this change, TMPCWA has faced a new challenge: the CE of the union. In February 2005, TMPCLLO gathered petitions of 174 workers and applied to conduct a new CE to DOLE. However, in the Philippines' law, a CE cannot be held during the collective bargaining or the dispute over it. TMPCWA thus objected by announcing going on strike and conducting other legal actions. It also held an action of long protest to mark the fourth anniversary of 3.28 strike in front of the renewed Santa Rosa plant. The allied network in the southern Tagalog area including AMEN and CAR-AID cooperated to push the number of participants up to 300. Despite these protests, DOLE announced on 30 June its decision for TMP to hold the election, choosing from three options: 1) TMPCLLO, 2) TMPCWA, or 3) no union. TMP then carried out the *bata-bata* strategy as in five years before in which supervisors and managers took workers to restaurants or bars to persuade them to support TMPCLLO. TMPCSU also held a campaign to vote for TMPCLLO before the election campaign started.

This would be an election under an unfairly disadvantaged condition as all the board members of TMPCWA were dismissed and banned from even entering the firm site. TMPCWA thus appealed against this decision. At the same time, it launched a campaign against TMP and the Philippines Government with its support groups locally and abroad, including one in Japan. TMPCWA, however, also decided to participate in the predicted election and started preparation as it would lose its position as the exclusive bargaining agent if it boycotted the election.

In July 2005, the headquarters of the International Metalworkers' Federation (IMF) became concerned about the situation. TMPCWA had been seeking support from IMF since the outbreak of the strike on 28 March 2001, and been in touch with the internationally known organisation on and off. But, as IMF does not have an affiliate in the Philippines, and as TMPCWA is an independent union, the contact or support was not necessarily smooth. However, since the ILO recommendation in November 2003, motivation to support TMPCWA started maturing. IMF held a meeting in Tokyo with TMPCWA under the leadership of its general secretary, Marcelo Malentacci, in order to find a toehold to the solution. The negotiation between TMPCWA and the company began with the Japan Council of Metalworkers' Unions (IMF-JC) mediating on condition that no party would conduct attacks, especially by means of international campaigns, against the other. Tears were shed by some of the dismissed upon hearing the news that the bargaining would start after more than a four year long bitter struggle. The negotiation meetings were held in Tokyo and Manila in October, November, and December. But TMP was on one

hand indecisive about proposing a concrete plan and on the other aiding TMPCLO to play the game of leveraging to win the votes.

The decisions of the Philippines Government seemed to have been working closely with the company's manoeuvres. At a meeting on 11 December 2005, TMPCWA confronted TMP with a firm stance to press for a response, then, on 17 December DOLE announced the final decision in favour of holding the CE. Immediately after the start of 2006, the hearing for the CE became inevitable, and the election date was decided for 16 February in the last of such meetings held on 1 February 2006, when there was no attendance by TMPCWA.

Three days later, on 4 February, the company offered a package including compensation payment, skill training after passing an examination, and outplacement. But these answers were not what the union was demanding - returning to the original work - and were different from the ILO recommendation by far. Mr. Tabata, the former president of TMP, who attended the bargaining for the first time and for 15 minutes only, declared that it was the company's final response. Infuriated by this, those who had been dismissed rejected the offer. Thus TMPCWA re-launched an international campaign to demand that TMP cancel the election, inciting a stream of protest e-mails from all parts of the world against TMP, Toyota Motor Japan, and the Philippines Government.

In the midst of this worldwide protest, the CE was held on 16 February. The result was: 424 votes for TMPCLO, 237 votes for TMPCWA, eight votes for no union, 15 invalid votes, 121 challenged voters (Levels five to eight) and another 89 challenged voters (illegally dismissed). Legally, those dismissed were employees until the court decision was issued, thus they had the right to vote in this election. But all the dismissed workers including the officers of the union, considered to be challenged voters, were separated from other workers when voting and their votes were segregated. It was an odd election which did not count the votes of the officers of one side of the two unions, TMPCWA and TMPCLO, from which the voters were supposed to choose one. According to TMPCWA, the result meant that TMPCLO was not recognised as the sole union with bargaining rights under the Philippine's labour law without gaining the majority, therefore, TMPCWA remained with the right as exclusive bargaining agent. The practice of CE made the legal argument over the dispute more complicated.

The IMF was also infuriated by the company's attitude meanwhile, and decided to move the communication point with TMP from IMF-JC to the IMF headquarters. It then called for all Toyota's trade unions to attend a meeting in Manila on 16 March when they agreed to demand that TMP reinstate those dismissed. The next day, 16 March, they attempted to bargain with the company but the latter again rejected reinstatement. On 11 April, however, DOLE issued a judgement that marked TMPCLO as the winner of the election despite protest from TMPCWA. Faced with such a deplorable situation, the IMF, in its Executive Committee meeting in Oslo on 18 and 19 May, made an official decision to launch its own global campaign to demand that TMP reinstate the dismissed workers. TMPCWA also started its own campaign against TMP.

## 5. CONCLUSION

TMP is considered to be a business of good standing. But its working conditions cannot be evaluated as 'decent work' as we saw in Section 3 above. Japan based TNCs usually adjust their experiences of labour management to the newly developing sites in accordance with the local situation. Toyota is no exception. In the Philippines where the wage is low and the production capacity has not increased the company cannot be said to have fully introduced its characteristic Production System and multi-skilled workers. Instead, it is still undergoing various trials to introduce TPS together with irregular employment and harmonious labour union.

TMP is in a way trying to create an environment that encourages introducing TPS by exploiting the very existence of TMPCWA, the union with a confrontational policy. In the economic crisis of 1997, it drove 300 union members to quit by means of the so-called Voluntary Separation Programme. In 2001, it again dismissed 233 union activists by claiming that they went on 'illegal' strike. The company then succeeded in introducing 300 contract workers and gave birth to 'harmonious' unions standing on the company's side: TMPCSU and TMPCLC. In order to realise TPS, it cannot accept TMPCWA; this is thought to be part of the reason for Toyota not resolving, or being able to resolve, the labour dispute with the union.

The Philippines Government's intervention in this dispute is firmly embedded into its development policy that relies on the foreign capital earning from Japan as well as the yen loans and Official Development Aid. At the same time, the Japanese Government enhances overseas advancement of TNCs, especially to Asian countries with strong development potential, as Japan itself has a gloomy vision on domestic economic development. Japan-based multinational companies fear the dispute spreading to the region of South Tagalog where they have invested a large amount. It must have made them feel even more threatened that this region is also the base of a militant unionist movement initiated by KMU. However, it is no mistake to think how this labour dispute, which is now globally known, will be settled is a big issue for Toyota as well as for the Philippines Government.

TMPCWA was formed on the basis of reasonable hope of young workers who wanted decent work. The cause of this dispute stemmed from the fact that TMP would not obey the Philippines Government's decision and didn't start to negotiate CBA with TMPCWA. The youths who could not allow this injustice to happen, decided to take action, and were judged to have organised an illegal strike, and dismissed for only two days' absence. Youth is fighting against the company believing that its struggle will also lead to rights for other workers like them in the world. Inspired by their hard work, in turn, organisations and people across the globe send their support beyond political standpoints. We should not let their struggle be a premise of mere legal battle; it is important to drive the company to go along the path towards finding a fair solution by our solidarity movement in and out of the Philippines.

Is it 'Drive Your Dream' the Toyota Way, or is it 'Drive to the Bottom'? The workers of Philippines Toyota are making it clear for us.

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