When Garment Factory, Textile and Shoe Relocating

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Workers who are members of the Simongan Workers Communication Forum (FKPS) reject the relocation plan of 12 companies in the Simongan area, in Semarang, Central Java, Monday (17/3).. Sumber: ANTARA FOTO/R. Rekotomo/Asf/nz/14.

Factory relocation and expansion are not new events in Indonesia. In 2002, Sony Electronics, Inc., moved its factory from Cikarang Bekasi to Malaysia. Then Satria Sejati Multi Industry moved its factory from West Bandung to Central Bandung in 2006. Honey Lady, Inc. moved its factory from KBN Cakung to Bawen Central Java in 2007. Sepatu Bata, Inc. relocated its factory from Kalibata to Purwakarta in 2008. The tendency of factory relocation also surges few countries in Southeast and South Asia, even have been going on since the 1970s. Of course, the establishment of Unilever and Philips factory in the Dutch colonial era is one of the parts in the expansion.

Relocation and expansion are one of the strategies to maximize the advantage by suppressing production cost. Some are pressing the logistics and transportation costs, thus concentrating their entire supply chain in one industrial zone. Some also reduce their labor costs, because they unable to suppress the logistics and transportation costs.

Relocation is the transfer of a factory to a relatively new area by maintaining an old name or using a new name. The old factory was closed. Old factories will turn into warehouses or offices.

There is a method of closure that is done suddenly and some are done gradually. In the transfer, the company carried the machine, the remaining raw materials, and a set of management. Leaving workers, trade unions and the practice of fulfilling labor rights.

Kahoindah Citragarment 2 Bekasi, Inc. closed its factory and continued its production at the Cakung KBN, in October 2018. Workers, their labor unions were abandoned and management of labor rights followed the mechanism at the Cakung KBN. While Dada Indonesia Purwakarta, Inc. closed the factory suddenly after opening a new factory, Laspo, Inc., in Boyolali. Panarub Dwikarya Benoa Tangerang Banten, Inc., closed its factory by abandoning more than 2000 workers and opening a new factory in Brebes under the name Bintang Indokarya Gemilang, Inc.

In addition to relocation, there is also expansion or expansion of business in the same field in the same place or in another area with the same name or other name. As PT Pan Brothers Tbk opened a new factory in Boyolali Central Java under the name PT Eco Smart Garment Indonesia. Molax International Cakung, Inc. and Daehan Global Bogor, Inc. opened a new factory with the same name in Sukabumi.

Expansion can also be done by opening a new business or in the form of stock investments. Like Astra International, Inc., Astra Infra, Inc. is engaged in toll road business by controlling six toll roads, namely the Tangerang-Merak Toll Road, Jombang-Mojokerto Toll Road, Kunciran-Serpong, Semarang-Solo, Serpong Balaraja and Cikopo-Palimanan. Mitsubishi UFJ Financial Group annexed 40 percent of Bank Danamon, Inc.'s shares, in August 2018.

In the practice of relocation and expansion, management brought the experience of 'labor conquest' in the previous factory. Sometimes, some workers, especially leaders are invited to provide training at the new factory. Along with the operation of the new factory, the number of workers in the old factory is gradually reduced or the workers' rights are stripped down. The usual reason stated, companies are making efficiency.

On average, relocation and expansion factories are well-known brand suppliers, such as The North Face, Adidas, Nike, H & M. These brands are often referred to as brands or buyers. Brand owners order goods to the factory through their parent company or supplier. When ordering goods, the brand owner determines the quality of raw materials, design of goods, number of orders, delivery time and production costs. With the discovery of automatic machines and online stores, the designs and types of goods are increasingly varied. The number of goods produced also increases, while production costs do not change. All brand owner policies can affect the supply chain. The brand owner can decide to reduce, even revoke the order at his own discretion.

As recipients of orders, suppliers control several factories in various places. Average operating in Asia. The order is divided into factories owned by suppliers. As an industry that relies on raw materials and imported machinery, relocation is not merely due to rising minimum wages. But it also relates to the carrying capacity of nature and changes in spatial planning, which are considered unable to accommodate changes and increases in production capacity, while zones around the factory experience seasonal flooding, fires, availability of ground water, decreased electricity supply and increased land prices.

Relocation is a reorganization of space (the regulation and re-dismantling of new and old production spaces), which is carried out continuously by capital and the state with the aim of multiplying profits and avoiding losses. These benefits are basically derived from the privatization of land and natural resources, the separation between producers and owners of goods, and the exploitation of labor to produce value-added merchandise (Fauzi, 2015: 36). David Harvey mentions the ability of capital to create new production spaces and new accumulations to save itself from the crisis it created itself in the term spatio-temporal fix.

Factory relocation and expansion are legal actions. The government also supports this practice. The type of support, from the ease of establishing a factory, security, and of course there is no need to question that the company relocated the factory was having a problem with the workers it left behind. As a labor-intensive industry that is only willing to employ women, relocation and expansion lead to mass dismissals, a decline in the quality of life of workers, and sometimes accompanied by demonstrations of workers who are not willing to hold their rights suspended continuously. Not a few workers lose their jobs without getting compensation or getting compensation unfairly. A small number of women workers who have been fired still have the opportunity to get new jobs elsewhere. But, most do not work anymore, because working age is increasingly limited. When the practice of relocation and expansion takes place, women are the ones who bear the suffering.

In addition to harming female workers, relocation and expansion has also been one of the reasons for trade union membership to decline. In the trade union constitution, it can be said that the membership period ends when he resigns, is dismissed or dies. In fact, after the tenure in a company ends, the membership bond disappears.

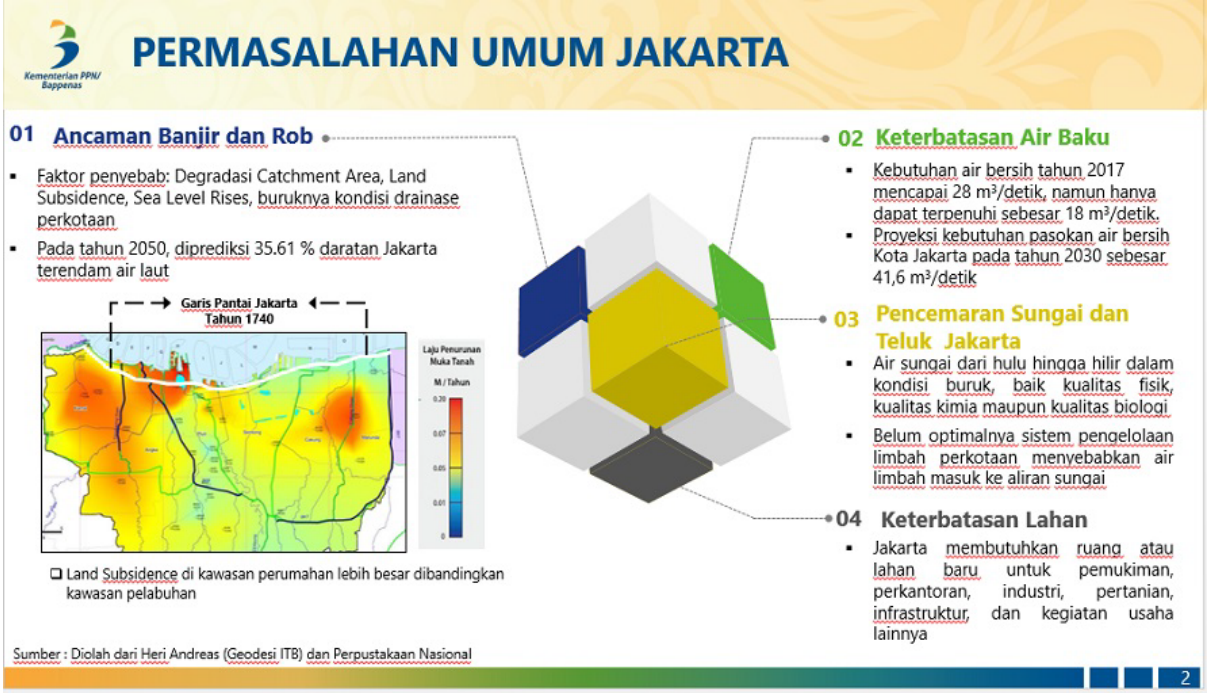
Facing the practice of relocation or expansion of trade unions exerted all its strength; demonstrations, mobilizing solidarity to deal with the government and the court. Sometimes the advocacy of dismissal cases related to relocation and expansion did not go as expected. Two trade unions that process dismissals due to relocation were defeated at the Industrial Relations Court (PHI). The PHI decided that workers and companies were 'not harmonious'. Workers only receive one-time compensation from the regulations regarding compensation. There are many trade unions taking other ways. There are those who bankrupt the company and auction off the remaining items in the form of machinery and raw materials. Obstacles, often the machines left behind do not have a sale value or have been pledged to the bank. So that the sale of the remaining items is not comparable to the period of questioning the case.

Another way is to move the international network to collect responsibility for ordering goods, aka brands. This method was not popular even though it had begun in the late 1990s. Assuming that the international network has a greater impact and can reach brand owners. The language gap is one of the obstacles to the international campaign method. However, often attempts to invite the international network to ignore internal reinforcement in trade unions. In large cases such as mass dismissal, sometimes international campaign methods have to take longer, while energy continues to decline.

Factory relocation and expansion are not only labor problems in Indonesia. Faced with capital mobility, workers in other countries also experience the same thing. Elsewhere, efforts to fight relocation and expansion take place. There is a network that forces international bodies such as the International Labor Organization (ILO) to make new conventions on the responsibilities of brand owners and expand the meaning of workplaces not just factories.

There is also a network of trade unions "No Chains", which seeks to manage the factory left by the businessman and force the state to support efforts to manage the plant.

Relocation: Hunting for Abundant Water, Cheap Land and Labor Obey



The construction of export processing zones (EPZs) took place during the oil boom period (1976 - 1981). EPZ is a major marker of economic policy transition in Indonesia. The transition of industrial strategy from import substitution to export-oriented. Bonded zones offer easy investment such as tax breaks, an easy and fast licensing process, and the availability of good infrastructure networks to facilitate production, logistics and transportation processes.

These facilities have even been guaranteed with a low wage policy and a wage deferral practice. The current minimum wage policy effectively has been implemented since 1980. In the late 1980s, the government rolled out minimum wage policies as one of the strategies to attract foreign investment into the country through low-wage policies. Until now, most of the bonded areas in Indonesia have been inhabited by labor-intensive manufacturing companies, especially in the garment, textile, footwear, food, beverage and assembled electronics sectors.

Cakung KBN is one of the bonded areas managed by PT KBN (Nusantara Bonded Zone) which was established in 1986. Initially Cakung was one of the largest bonded areas in Indonesia. Spatially, the Cakung KBN is linked to the toll road and the main port of Tanjung Priok, the bonded area and Marunda's warehousing, as well as the bonded areas of export and labor-intensive industries in Bekasi, Depok, Bogor, Karawang, and Purwakarta.

DKI Jakarta's One-Stop Integrated Investment and Service Office said, with an area of 176.7 hectares, Cakung was leased by 104 investors, with 15 investors engaged in the warehousing sector, and 34 investors for other service businesses, and the remaining processing plants. There is no adequate data — which can be accessed by the public — regarding the capacity of the Cakung KBN and the exact number of factories operating. However, the results of an investigation collected by one of the labor unions, the Cross-Factory Labor Federation (FBLP) in 2014, stated that the capacity of the Cakung KBN could accommodate approximately 130 factories. In other data, in 2013, more than 90 factories were operating

and more than 70,000 workers worked to produce expensive clothing and exported to foreign countries, such as GAP, Zara, Adidas, and H & M.

In 2015 while doing research at the Cakung KBN, I watched the area crowded with young female workers. At lunchtime, workers spill into small streets between factories, grabbing food sold by sellers. Most factories in the Cakung KBN do not have adequate canteens. While the canteen provided by the KBN manager is relatively far away, it is not possible to go with the rest of the staff after work. After all, with the work system produksi production target ’even though the average work rest time is 1 hour, in fact only 30 minutes is realized.

As an area managed by the DKI Jakarta Regional Government, the Cakung KBN receives water, electricity, road networks, waste disposal and telecommunications supplies provided by the state. PLN provides 233 KVA electricity supply per plant unit for the entire area managed by PT KBN. The PDAM provides clean water supply of 23,000 m3 per month for plant and household needs. Because the water and electricity supply is low, the average factory in Cakung only applies one work shift. With this capacity, the Cakung KBN is unlikely to meet mass production targets.

In July 2018, one of the union administrators in Cakung stated that every 5pm the electricity in the factory was turned off. Even toilets in factories often lack clean water. Five months before, a fire factory. In 2008, Cakung was charged with a two-hour turnover from PLN. Not only that. The road network around Cakung was damaged and jammed. If floods, factories, machines, and raw materials are submerged in water. Labor is closed. Garment business owners feel loss, because production targets and working hours are disrupted. The opportunity arrived. In 2010-2013, workers in Jabodetabek declared resistance to low wages and outsourced workers: conducting regional strikes demanding an increase in minimum wage wages and demanding the abolition of contract and outsourcing workers. In 2013, DKI Jakarta's minimum wage rose 40 percent. Apindo threatens to replace workers with robots and relocate factories overseas. After all, lately the problems of laborers in Cakung have increasingly spread in the mass media.

Mid-2018, when I had the opportunity to come again to the Cakung KBN, I did not find a crowded and crowded atmosphere like before. Crowds and thrusts on the small streets of the usual area are created when the hours of entry, rest, and hours of work return, looking deserted. The back gate of the Cakung KBN which is usually filled with ojek, KBN angkot, and market traders, is no longer boisterous. Many factory doors close and the environment is neglected.

The situation that began to be quiet in the Cakung KBN was related to the relocation (and expansion) of the factory. Some laborers and union officials who have a membership base in Cakung say that currently there are only about 30 factories operating. Several companies at the Cakung KBN have reportedly terminated employment (layoffs) for their workers on the grounds that they are quiet orders or efficiency.

Not only the Cakung KBN, relocation and expansion were also carried out by textile garment and shoe factories formed in the other 1980s, such as Bogor, Bekasi, Purwakarta, Tangerang, Serang, Bekasi, Bandung, Gresik, Surabaya and Batam. The target of relocation and expansion is new areas, around West Java (Majalengka, Cirebon, Sukabumi, Cianjur, Subang), Central Java (Sukaharjo, Boyolali, Seragen, Jepara), East Java (Jombang, Ngawi, Pasuruan). The main feature, in the areas where the relocation of trade unions has not been

formed and the minimum wage is half that of Jabodetabek. The unavoidable fact that the location is moved is based on other considerations, namely, support from the government, water availability, labor and cheap land prices.

The Indonesian Employers' Association (Apindo) said there were 90 factories from industrial areas in Jabodetabek deciding to relocate to Central Java since 2013. While the Indonesian Textile Association (API) in 2015 said 47 factories from West Java and Banten relocated to the Central Java area. In 2016, 5 labor-intensive companies moved from Gresik to Lamongan.

As far as can be noted (see table 1), relocation and expansion are carried out by labor-intensive companies with the majority of women workers. Generally, these companies are suppliers to international brands, such as Nike, Adidas, Puma, Uniqlo, H & M, The North Face, Tommy Hilfiger, JC Penney, GAP, and other international brands. The various well-known brands are actually owned by a group of brand holders who control the retail network in various parts of the world.

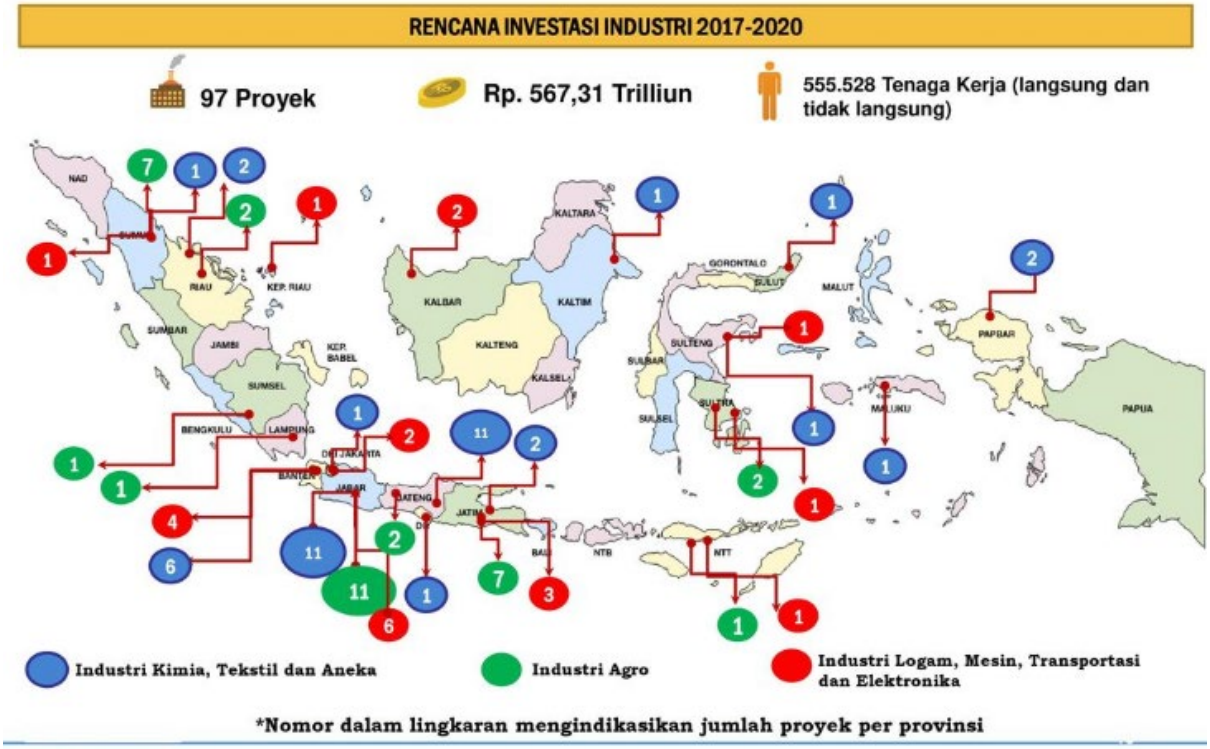
Table 1: 20 Relocation and Expansion Companies in Jabodetabek

No	Nama Perusahaan	Daerah Asal	Daerah Tujuan	Sektor
1	Muara Krakatau, Inc.	Bogor City	Semarang and Sukabumi Districts	Garment
2	Liebra Permana, Inc.	Bogor District	Majalengka and Semarang District	Garment
3	Citra Abadi Sejati, Inc.	Bogor District	Semarang District	Garment
4	Sahabat Unggul Internasional, Inc.	Bogor City	Semarang District	Garment
5	Tainan, Inc.	Cakung, Jakarta	Cianjur and Solo District	Garment
6	Sungintex, Inc.	Bekasi City	Semarang City	Garment
7	Misung, Inc.	Cakung, Jakarta	Banjarnegara District	Textiles / Synthetic
8	Dong An Kreasi Indonesia, Inc.	Bekasi District	Subang	Wig
9	Kukdong International, Inc.	Bekasi District	Semarang District	Garment
10	Daehan Global, Inc.	Bogor District	Sukabumi District	Footwear
11	KMK Global Sport, Inc.	Tangerang District	Salatiga City	Footwear
12	Hansai, Inc.	Cakung, Jakarta	Semarang City	Footwear
13	Panarub Dwikarya Benoa, Inc.	Tangerang City	Brebes District	Footwear
14	Asia Dwimitra	Tangerang	Majalengka and Subang District	Footwear

	Industri, Inc. (Shoetown Grup)	District		
15	Putra Indonesia, Inc.	Bogor District	Wonogiri	Garment
16	Pan Brothers Grup, Inc.	Tangerang City	Boyolali	Garment
17	Kahoindah, Inc.	KBN Cakung	Sukabumi and KBN Cakung	Garment
18	Pratama Abadi Industri, Inc.	South Tangerang	Sukabumi	Garment
19	Leaders World, Inc.	Bogor District	Sukabumi	Garment
20	Doosan Cipta Busana, Inc.	KBN Cakung	Sukabumi	Garment

Data is collected from various sources.

Facts Behind the Relocation and Expansion of Garment Factories



Factory relocation and expansion can be carried out by the brand owner company or the order giver or the supplier company alias the order maker. Brand owners can move their production orders from one supplier to another. Brand-holding companies, in fact, do not have a production base, in the sense of owning a factory. They are only involved in research and design efforts, while the manufacturing process is broken down to supplier companies. In this sense, brand companies give work orders for certain types of goods within a certain time to the supplier company.

Even so for supplier companies, they can relocate their factories to industrial areas in one country or across countries. Supplier companies are generally in the form of business groups. Usually, the business group receives orders from other brands as well. For example, the Hojeon Group, based in South Korea, received orders for Nike, Under Armor, Adidas, The North Face, Athleta, Majestic, Vf, Oakley, Swix, Fanatic, Berghaus, Bauer, Salomon, Ulvine, Kjus. Goods orders are carried out in factories owned by Hojeon in Indonesia and Vietnam. Another example, PT Dada, is domiciled in South Korea. Its factories are spread in Indonesia, Bangladesh and Vietnam. The ordering consists of Puma, Tommy Hilfiger, CCM, Nike, Adidas, Under Armor, Forty Seven, American Needle, Billabong, Columbia, Costa, GAP, Hurley, Kenzo, Mitcell & Ness, Skechers.

The following are conditions that enable the relocation and expansion of labor-intensive plants. First, it is low wages. Relocation considering the difference in wages can reduce the cost of production in large quantities, and even called boost the value of exports. There is a considerable wage gap in the old industrial base areas with regions that are the new industrial base.

With the adoption of Government Regulation Number 78 of 2015 concerning Wages, the increase in minimum wages from year to year can be predicted. In PP 78, the price survey of merchandise in the component of decent living needs (KHL) that must be carried out by the wage council as one of the references in determining the minimum wage increase, is deleted. The formula for determining wages is sufficiently based on current wages, inflation assumptions and national economic growth. Data on inflation and national economic growth are determined by the Central Statistics Agency (BPS). In fact, by conducting a market survey, the prices of goods and services included in the KHL item can be known for certain real increases. Politically, PP 78 also closed the role of trade unions in the fight for discussion of wage increases in the wage council, as well as trade union battles on the streets - by conducting demonstrations in industrial zones and government offices - to suppress the decision to increase minimum wages.

In new industrial locations where the labor movement is weak in pushing for its interests, the situation is increasingly beneficial for the state and capital. Even now new forms of wages have emerged which are nothing but legal tricks to pay lower labor costs. In Bojonegoro there is a rural wage policy, in Sumedang there is a sub-district wage policy. Also recently the West Java Government arbitrarily established labor-intensive wages which were then sued by representatives of trade unions in the State Administrative Court (PTUN). In the name of attracting investment, governments in the new industrial areas are competing to reduce wages to be cheaper (race to the bottom).

Second, cheap land, abundant clean water and spatial changes. Daily traffic, seasonal flooding, and turmoil in industrial relations are considered obstacles to economic activity. Capital then chose 'lift your feet' from these industrial areas by leaving a number of already chronic social problems. But of course the old industrial areas will not be completely abandoned. Old industrial areas will be rearranged to relaunch the accumulated profits that are clogged. For example, the Cakung KBN, by looking at industrial projections and future space requirements, will be used as warehousing areas. This is to anticipate the increasing activity and volume of loading and unloading at the port of Tanjung Priok which has experienced continuous expansion in the next few years and has become the largest port in Asia.

Regions that have long been exploited for industrial purposes are increasingly not possible to serve production activities that follow the fast fashion trend. Water availability continues to shrink and is expensive and land prices continue to rise. Tangerang Regency, for example, as one of the old regions producing clothing and shoes, has experienced a critical point of groundwater availability. With the method of Groundwater Basin, in 2033 it is estimated that ground water is only available at 383.26 million m3 while industrial water needs are 280.32 million m3. If using the hydrogeology method, in 2013, only 7.56 million m3 was available, while the industry needed 115.53 million m3 (Pratiknyo, 2016). Available and sufficient water is only surface water that has been mixed with industrial waste.

The landowners in the old industrial zone changed the layout of the industrial space to offices and warehousing. The transfer of the PT Sepatu Bata factory from Kalibata to Purwakarta, followed by the sale of its land to PT Pradani Sukses Abadi (PT PSA), a subsidiary of the Agung Podomoro Group. The land turned into an apartment. The production closure at PT Kahoindah Citragarment 2 and PT Dada Indonesia, seems to be following changes in the function of the land around the two factories. PT Kahoindah Citragarment 2 for example.

Located along the Kalimalang river Bekasi, which has established offices and hospitality. Less than 4 kilometers from the company is the East Bekasi toll gate, which has established the Grand Dhika City hotel. To the front of the Kalimalang river will be converted into a tourist area.

Third, the availability of electricity, toll roads and warehousing. The areas in Central Java, West Java and East Java which are the destination of relocation have been established with export-oriented bonded zones. These areas have also been connected to the Trans Java toll road. A number of sea ports, dams, airports, and electricity supplies are being intensified. Moreover, infrastructure projects are increasingly being promoted by opening a number of export-based special areas in various regions outside Java, where the average wages are relatively low from areas in Java.

Fourth, government support and legal structure. He admitted lockout rights and dismissed workers for reasons of efficiency for the company and flexible work relations were conditions that made it easier for companies to leave. As of 2009, almost every region opened industrial estates and offered fast service and ease of business licensing. Government Regulation Number 24 of 2009 confirms that every industry is obliged in industrial estates. Through these regulations, the government guarantees energy, electricity, telecommunications, water resources, sanitation and transportation networks (Article 62 Paragraph 3). Companies that open factories in industrial estates do not need location permits, disturbance permits, or environmental impact analysis (Amdal). The government also provides facilities for industrial estates to become national vital objects. The government also promised to provide incentives for industries to move their factories to areas with lower wages.

Two trade unions in Cimahi and in Bekasi have filed cases of dismissals due to company relocation with a one-time offer of compensation provisions. The Industrial Relations Court (PHI) issued a decision that workers and employers were not in harmony. The amount of compensation decided by the PHI is in accordance with the amount submitted by the employer.

Of the 16 economic policy packages, which were launched in September 2015, it is encouraging economic competitiveness and infrastructure development that relies on foreign capital, while inviting foreign investment. PP 78 of 2015 concerning Wages, incentives for entrepreneurs and the opening of industrial estates are some of the realization of the policy.

Factory relocation and expansion is made possible by the political policy of deregulation of legal regulations that limit the movement and mobility of capital. Such as deregulation of environmental permits, taxation, and labor law regulations. This deregulation political policy gave capital freedom to move to find new production spaces without obstacles. And encourage the expansion of the agenda of flexibility in the labor market. In new locations, companies have the freedom to recruit and fire workers. This means that factory relocation to new production sites cannot run perfectly in the midst of a rigid and persistent labor market.

Fifth, technological innovation. Fast fashion, speed factory, manufacturing revolution, is a term that has developed in the last five years. The design of clothing and shoes is no longer season dependent. With the availability of internet networks, the design and ordering of goods can be done in a matter of days. With automatic machines goods can be produced quickly in bulk. There is no more time and the rest of the material is wasted, including rest,

worship or just to the toilet. Everything is dedicated to the production of goods. In that context brand holders and suppliers can move production as they please.

In the story of relocation and expansion, a fairly prominent practice is increasing production capacity by suppressing labor rights. As of 2017, the Central Statistics Agency (BPS) said garment exports grew 9.89 percent from the previous year. This number is the largest in the last 18 years. An increase in exports also occurred in shoe production. Shoe exports from Indonesia occupy the 5th position in the world. The Ministry of Industry said that the growth of Indonesian shoe exports exceeded the growth of world exports.

Sixth, the strengthening of the labor movement in the old industrial area. Industrial areas in Jabodetabek are areas with large numbers of workers, as well as high levels of association. Some of the achievements of the labor movement's street actions in challenging capital and government occurred in industrial estates in these areas. The events of "open warfare" against capital and state such as factory raid, regional strike, national strike I, II, and III, blockade of toll roads, forced capital and the state to fulfill a number of labor demands. The strengthening of the labor movement then forced capital and the state to seek new strategies to counterattack and subjugate the union. Relocation and expansion is one form of counter-attack launched by capital and the state.

Repeated labor protests with various methods indirectly embarrass entrepreneurs. As it turned out, the demands of the workers were not far from the normative problems, aka basic rights that must be fulfilled by employers or around the increase in wages. This means that entrepreneurs in Indonesia operate by impoverishing workers and violating labor regulations.

Another form of counter-attack was the granting of national vital object status (obvitnas) to several factories and industrial estates. By providing obvitnas status, industrial estate managers can legitimately summon soldiers or police to be involved in maintaining the production process and dissolving legitimate demonstrations from trade unions.

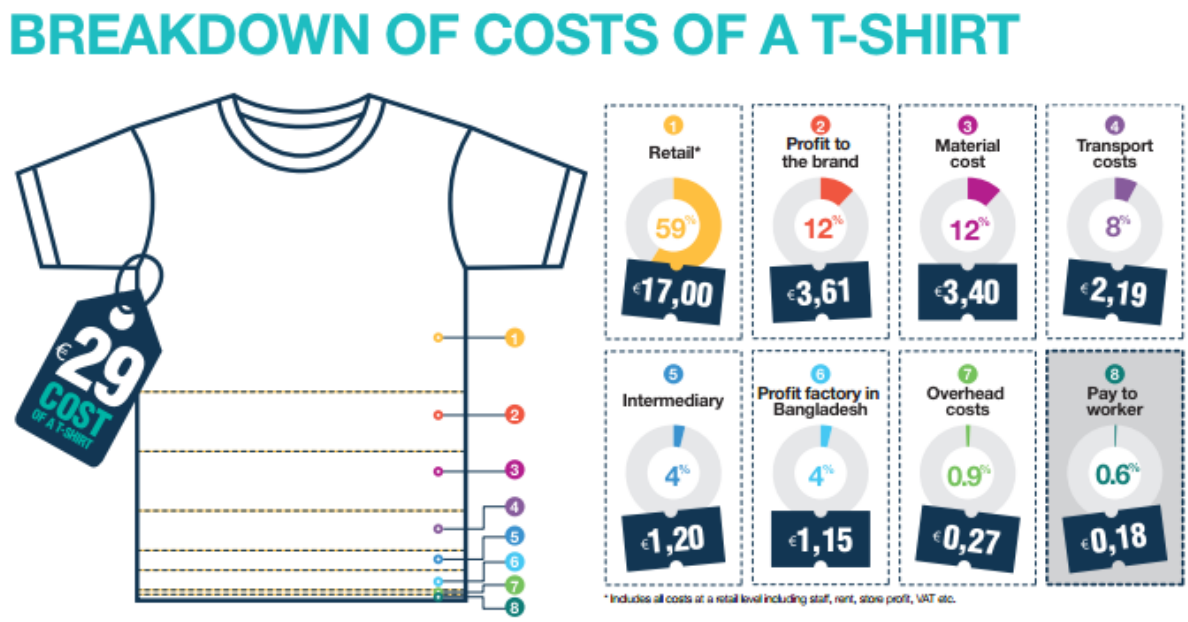
Table 2: Comparison of Wages in the Old and New Industrial Areas

Year	***Old Industrial Areas***					
	Tangerang City	*DKI Jakarta*	*Bogor District*	*Bekasi City*	*Karawang District*	*Bandung District*
2014	Rp 2.444.301	Rp 2.441.000	2.242.240	Rp 2.441.954	Rp 2.447.450	Rp 1.735.473
2015	2.730.000	2.700.000	2.655.000	2.954.031	2.957.450	2.041.000
2016	3.043.950	3.100.000	2.960.325	3.327.160	3.330.505	2.275.715
2017	3.295.075	3.355.750	3.204.551	3.601.650	3.605.272	2.463.461
2018	3.582.076	3.648.035	3.483.667	3.915.353	3.919.291	2.678.028
Year	***New Industrial Area***					
	Boyolali District	*Demak District*	*Jepara District*	*Semarang District*	*Kendal District*	*Majalengka District*
2014	Rp 1.116.000	Rp 1.280.000	Rp 1.000.000	Rp 1.208.000	Rp 1.206.000	Rp 1.000.000
2015	1.197.800	1.535.000	1.150.000	1.419.000	1.383.450	1.264.000
2016	1.403.500	1.745.000	1.350.000	1.610.000	1.639.600	1.409.360
2017	1.519.289	1.900.000	1.600.000	1.745.000	1.774.867	1.525.632

2018	1.651.619	2.065.490	1.739.360	1.900.000	1.929.458	1.658.514

Data is collected from various sources.

Relocation and 'Leg Feet' Brand Owners



October 2018, Kahoindah Citragarment 2, Inc. relocated the factory to KBC Cakung, after Nike revoked the order. Dada Indonesia, Inc. closed its factory after Adidas revoked the order. Dean Shoes Indonesia, Inc. fired 2000 workers after Nike stopped its order. Nikomas Gemilang, Inc., a supplier of Nike shoes, opens new factories in Sukabumi and Cianjur. Adidas suppliers, Uniqlo, Zara, Billabong, Pan Brothers, Inc., opened a new factory in Boyolali. The buyers ordered more goods to Nikomas Gemilang, Inc. and Pan Brothers, Inc.

In general, brand holders have a very strong position in the global supply chain system. The company's brand decision to move or reduce orders can force the supplier company to follow it, even close it completely. For example, the two biggest sports brand companies, Adidas and Nike, since 2008 began to move their orders from China to Vietnam (also to Myanmar and Cambodia) with an increasing volume of orders from year to year. Transfer of orders resulted in the closure of companies supplying both brands in China. While in Indonesia, word got out that Nike apparel reduced and moved orders to suppliers equipped with automatic machines or not too far from its supply chain.

Unlike brand products such as electronics, food and automotive, international clothing and footwear brands only control the chain of stores. The store range is spread in various countries. Through these stores, brand owners connect with consumers. Now brand owners are opening businesses online. Not only that. Brand owners have contracts to sell goods with universities in Europe and the United States or sports clubs.

Brand owners sometimes master one type of item, such as clothing and sports equipment. Also mastering other brands. In order to reduce production costs, usually goods orders are divided into various suppliers. From suppliers it is further divided into factories. In one factory it usually works on various brands.

Brand owners, do not produce goods but have goods, even the name of the item is popular. Known throughout the world as a quality product. The brand owners are not bothered with

the establishment and operation of the factory. Will not be faced with youth organizations who offer 17 Agustusan proposals or request holiday allowances (THR). Free from the pressure of workers who demand an increase in minimum wages every year. Not worried that the engine and raw materials will be flooded.

If workers protest because they are able to see the benefits of brand owners from their suppliers, simply say, 'We do not have a working relationship with the workers concerned', or just say, 'We have set standards that each of our suppliers is required to comply with the laws in their respective countries ' A rather complete answer is more or less like this, ‘We have a CSR (Corporate Social Responsibility) program, an audit and provide a complaint room in the form of telephone and email numbers to ensure that goods suppliers fulfill the rights of workers. If there is a problem, it means that it is a labor problem and the factory management is concerned. The brand owner does not care if the goods are subcontracted to another factory or done by homeworkers.

The average brand owners are headquartered in Europe, the United States and Japan. The goods are produced in Asia. These items are ordered through a supplier group in South Korea, Taiwan, Singapore. Buyers order goods to factory owners; in a certain amount, special quality, and at a specified time. The contents of the agreement are not public. It's hard to know how long the agreement was made and how many.

These supplier groups divide the production of their goods in their factories, which are spread across Asia. Availability of raw materials, low-cost policies and abundant labor, which encouraged brand owners to shift their production to Asia. Brand owners also benefit from the international trade agreement on copyright and intellectual property as well as regional or bilateral trade agreements that regulate the reduction of import duty rates.

Although it is difficult to know, the profitability of brand owners can be estimated. The easiest way is to compare these branded prices with minimum wages in an area.

The following is one of the calculations made by workers at Panarub Dwikarya Benoa Banten, Inc., one of the Adidas shoemakers, Mizuno and Specs.

In January-June 2012, workers made Adidas shoes in various models:
a. Predatory Model LZ TRF, per 1 hour 140 pairs of shoes. The price of shoes on the market is Rp. 750 thousand per pair to Rp. 1 million per pair. Depending on the type of store that sells.
b. Besulik Trainer model, per 1 hour 150 pairs of shoes. The market price is around Rp. 500 thousand per pair.
c. Model Core, per 1 hour 160 pairs of shoes. The price is Rp. 475 thousand per pair.
d. Model Mali 10, per 1 hour 160 pairs of shoes. The price is Rp. 475 thousand per pair.

Various models of Adidas shoes above the production target are different and the prices vary. This is common in the sales mechanism. From one item the profit margin is not too large, but will get a bigger profit than other types of goods.

If averaged, the target for making shoes is 150 pairs per hour. The average price is Rp. 581,250.

In a day the worker works 8 hours for 22 days a month. Accidental overtime does not count. Means 150 x 8 x 22. In other words that in a month 26400 pairs of shoes have been made.

If the number of shoes multiplied by the average price of shoes, it means that 26400 x Rp. 581,250 = Rp. 15,345,000,000. This is the total price of shoes on the market in a month. If the price of shoes is reduced by the amount of money spent to pay the minimum wage to workers. The number of workers is 2000 people. At that time, in 2012, shoe factories in Tangerang City received sectoral wages worth Rp. 1,680,000. Means, Rp. 15,345,000,000 - (2000 x Rp. 1,680,000). The result is Rp. 11,985,000,000 per month. Because it was made in the January-June period, it was Rp. 11,985,000,000 x 6 months = Rp. 71,910,000,000 which was not received by shoemakers.

The profit is new from one buyer. At the factory there were other buyers, namely Mizuno and Specs. In other words, with production costs from one buyer, the supplier has been able to pay the laborer as a whole to make three products at once.
According to Steve Bence, a person who has worked for Nike since 1977. From a USD 100 pair of shoes, Nike only allocated USD 28.50 as production costs. Of that amount, 25 dollars for factory and labor costs and 1 dollar for shipping costs. That means that 2.50 dollars is a supplier's profit. A total of 15 USD is allocated for office overhead, 2 USD pays tax. Then Nike marks the wholesale shoes price of 50 USD, as a wholesale price. That means Nike has pocketed a profit of 4.50 USD. In Nike's retail stores, shoes are priced at 100 USD. As a result, Nike has pocketed a profit of 54.50 dollars.

What about retail stores, not Nike? To other retailers, the average price sold is 60 USD.

What if the order of an item in a factory is not too large. For example, Hansoll Hyunn Subang, Inc., works on Christopher & Banks (25 percent), New York & Company (25 percent), Abercombie & Fitch (20 percent), Kohl's (20 percent) Walmart, Aeropostale and other brands (10 percent). Illustration of Adidas profits and the formula Steve Bence revealed still apply. No matter how small the goods produced, is the work completed by workers. Not the rest of the raw materials can still be used to make other products, so there is no need to spend production costs.

However, Steve Bence estimates that workers who produce large brands are paid per unit of goods. In fact, workers who work in supplier factories are paid based on minimum wages for a number of predetermined items and various brands. Homeworkers are indeed paid per unit of goods, but the price and quantity of goods are determined unilaterally by 'agents'.

Several brands operating in Indonesia

Brand group	**Operational brand**	**Headquarters**
GIII Apparel Group	Andrew Marc	New York United States
	Calvin Klein	
	Cole Haan	
	DKNY	
	Dockers	
	Donna Karan New York	

	G.H Bass & Co	
	GIII Sports	
	Guess	
	Harley Davidson	
	Karl Lagerfeld Paris	
	Kensie	
	Marc New York	
	Tommy Hilfiger	
	Vilebrequin	
	Vince Camuto	
	Wilson Leather	
H&M Group	H&M	Swedia. In Indonesia supplied by 188 factories.
Fast Retailing	Uniqlo	Japanese
	Princesse tam tam	
	Compotoir Des Cotonniers	
	Theory	
	PLST	
	G.U.	
	Helmut Lang	
GAP Inc	GAP	United States
	Banana Republic	
	Old Navy	
	Athleta	
	Intermix	
Inditex	Zara	Spain
	Pull&Bear	
	Massimo Dutti	
	Bershka	
	Stradivarius	
	Oysho	
	Zara Home	
	Uterque	
Adidas Group	Adidas	Germany. In Indonesia it is made by 92 factories
	Reebok	

Nike Inc	Nike	United States of America. In Indonesia it is made by 38 companies; 17 companies to make clothes, 5 companies making equipment, and 16 shoe-making companies.
	Hurley	
	Converse	
	Jordan	

Factory Relocation, Labors Fight



Blockade of a public road by women workers of PT Dada Indonesia, when the factory declared closure, in October 2018. Photo: LIPS

Three months before closing, on October 2018, Kahoindah Bekasi Citragarment 2, Inc. offered workers to resign or also move to the Cakung KBN Jakarta. Out of 3000 people, 90 percent are women. Two labor unions at the factory refused an offer from the company. They demanded that they work at the Cakung KBN without changing rights or terminating employment relations with fair compensation.

Workers know that compensation through the mechanism of resignation makes no sense. They have worked for more than ten years. Every day they make 1800 to 2000 pieces of Nike brand clothing. During work they always give in. One time, if there was a strike in Bekasi, the workers were willing to look after the company so that other workers would not be swept away to strike. On some production lines, excess work hours have never been questioned.

In the midst of negotiating efforts, the machines have been moved to the Cakung KBN. The company management representative ya guerrilla ’met with workers to accept the resignation scheme. Confused information spread among workers, "If you do not accept offers from employers, workers will get nothing", "If you process cases through the courts, it will be long and not necessarily win", and all other forms of pressure. One by one, workers at Kahoindah Citragarment 2, Inc. accept the company's offer. Hundreds of workers who tried to survive demanded were employed or demanded fair compensation, did not last long. They accept the offer of compensation as desired by the company. Only 65 people were employed at the Cakung KBN. The factory was closed.

A similar story is experienced by Dada Indonesia, Inc. workers, who have been operating since 1989. Three garment unions have been established at the Purwakarta garment company. End of October 2018, the company closes without notice. As many as 1300 workers were abandoned. In 2017, Dada, Inc. also suspended the minimum wage. However, before closing the factory, Dada Indonesia, Inc. opened a new factory in Boyolali, Central Java under the name Laspo, Inc.

If added together, the workers at Kahoindah 2, Inc. and Dada Indonesia, Inc., 4300 people lost their jobs in October 2018. Almost all of them were women with decades of work. This means that four trade unions that have a base in the two companies lose their members.

In the past five years, garment, footwear and textile companies moved their factories to lower-paid areas around West Java, Central Java or East Java. The practice of relocation poses problems for workers and trade unions and damages the labor market. If the company moves to a location with lower wages, there is no guarantee that the company will be more obedient. In Subang with lower labor costs than Jabodetabek, 1700 workers from Hansoll Hyun, Inc. were left behind by the owner of the company. In the same area, SJ Mode, Inc., thousands of workers are not paid wages.

Relocation is one of the explanations for the decreasing number of trade union membership. In 2013, total factory-level unions reached 11,852 trade unions with 3.4 million members. The number of trade unions and their membership declined in August 2018 to 7,294 trade unions with 2.7 million members in August 2018.

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Treated inhumane workers against. In various locations, trade unions maintain their honor and dignity as human beings. In Tangerang, Banten, hundreds of women workers, shoe makers, Adidas and Mizuno, have been struggling for more than 6 years for the responsibility of company owners and brand owners. They held a weekly picket action in front of the factory and reported their case to the International Labor Organization (ILO) and the Organization for Economic Cooperation and Development (OECD). Every day use social media to campaign for their cases.

Since the factory was closed in 2014, Jaba Garmindo Tangerang, Inc. workers have been fighting for the responsibility of the brand owner, Uniqlo. There are also Shinwoon Ebenener workers in Karawang, who have been struggling for almost a year. Hansoll Labor Hyun Subang is still questioning their rights.

Among the stories of resistance to relocation are the 'No Chains' or 'No Chains' movements of companies left behind and managed by workers. 'No Chains' is a labor solidarity network in Thailand, Argentina, the Philippines, Indonesia and Hong Kong, which was formed in 2009. The story from Argentina began in 2002, when factories were abandoned by their owners, while politicians competed for power. The workers discuss and decide to operate the factory. Operation of factories, division of labor including payment of wages are discussed together. They call themselves La Alameda. In Thailand it happened the same. The garment factory was left behind by the owners, in 2002. They decided to run the factory democratically. Factory without boss. Laborers in Thailand call it Dignity Return.

Similar practices have occurred in North Jakarta, in 2007. The factory was left behind by the owner. Out of 1000 workers only survive 85 workers. In two years the workers tried to manage the plant together.

Regarding the story of factory management in Thailand and Argentina can be seen below:
Dignity Return:
https://www.youtube.com/watch?v=5zfNhLH0-0E
La Alameda
https://www.youtube.com/watch?v=5zfNhLH0-0E

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It is well known that garment factories, textiles and shoes have experienced labor rights violations. However, in normal 'normal' conditions, workers are rarely willing to say the practice of violating labor rights within the company. If there is an unknown person or is suspected by the auditor, asking about conditions in the workplace will try to be covered up. Everything is alright. In such conditions, trade unions have difficulty inviting members to engage in discussion activities or simply gather at the secretariat. On the other hand, in conditions of being hit by cases, workers are usually not too difficult to gather, even willing to visit the trade union secretariat.

In 'normal' conditions, union officials are challenged to think of various methods of education and organization. Gathering difficulties must be placed in the context of workload and work time. For this reason the character of the trade union program must consider the context. It is also necessary to consider the types of programs that value family workers and women workers. Among the material worthy of discussion is about managing the factory democratically.