

4-12-2001

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### Recommended Citation

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## **Court Orders Factory to Reinstate Union Leaders**

*by LADB Staff*

*Category/Department: Nicaragua*

*Published: 2001-04-12*

In an impressive victory for workers, a Managua Appeals Court ordered Chentex Garments to reinstate nine union officials whom the company had fired last year for their union activities. The company has threatened to close the factory rather than obey the court order. Chentex is a Taiwanese-owned maquiladora plant located in the Zona Franca Industrial that assembles jeans and other garments for export.

The company has been fighting to keep employees from joining the Federacion Textil Vestuario of the Centro Sandinista de Trabajadores (CST.) Besides the union leaders, at least 150 other workers have been fired. The court ordered the company to reinstate the nine workers in their old jobs and to pay their lost wages from the time they were dismissed last May. The company had three days to comply or face government seizure of its assets.

The New York-based National Labor Committee (NLC) said the Appeals Court ruling was unprecedented because no court anywhere in Central America had ever supported the reinstatement of fired union officials. The NLC said the ruling strengthens another suit filed in New York on behalf of the workers by the Center for Constitutional Rights (CCR) against Chentex's parent company Nien Hsing. The Centro Nicaraguense de Derechos Humanos (CENIDH) sued on behalf of the fired union leaders in Nicaragua. Some 2,000 Chentex workers went out on a four-day strike last May demanding reinstatement of the fired workers and a wage increase. The NLC and the union have accused Chentex of paying substandard wages, forcing workers to work overtime, employing private guards to enforce discipline and keep workers inside the factory walls, and allowing other sweatshop conditions.

### ***Washington exerts pressure on Chentex***

Chentex and the Nicaraguan government came under intense pressure from international labor and human rights groups and from Washington. After the May strike, NLC director Charles Kernaghan wrote to Labor Minister Mario Montenegro threatening to mount an international campaign against Chentex unless he withdrew the ministry's authorization to fire the Chentex employees. In July 2000, Rep. Sherrod Brown (D-OH) called for a congressional investigation of Department of Defense purchases of Chentex products. He visited Chentex last year and later, along with 67 other legislators, demanded that President Bill Clinton do something about sweatshop conditions at the factory.

US Trade Representative Charlene Barshevsy wrote to Foreign Minister Francisco Aguirre in August warning him that Nicaragua could lose trade preferences in the US market if the conditions at Chentex were not improved. Sales to the Pentagon represent 40% of Chentex production. Other big US buyers are Wal-Mart and Kohl's department stores.

In December, Chentex threatened to close down and put more than 2,000 workers out of a job. Chentex manager Carlos Yin said the decision was because of Wal-Mart's cancellation of its purchase orders. He said the retail giant had been persuaded to cancel because of the international notoriety brought on Chentex by the NLC. Vilma Nunez de Escorcia of the CENIDH suggested the possibility that Chentex was using the threat to force acceptance of its labor policies. Plant managers say Chentex meets all labor standards under Nicaraguan law and charge that the Sandinista-backed textile-workers union has invented its accusations against the factory for political reasons.

Last June, Chentex managers refused to allow Kernaghan into the plant. Labor Minister Montenegro also refused to see him, pleading that he had a full schedule. The ministry's Inspector General of Labor, Emilio Noguera, said the issues Kernaghan raised came solely from the labor side of the dispute and did not reflect the management's side. Arguing the management side, Noguera defended the low wages at Chentex as a normal consequence of businesses relocating to countries that pay lower wages. He said that if Kernaghan were a businessman, "he would also leave the United States looking for cheaper labor."

In an interview with the daily *El Nuevo Diario*, Noguera said wages in the industrial zone were set by the *Comision Nacional del Salario Minimo*, and he pointed out that other workers also received low wages. "Let's see if another gringo from the National Labor Committee comes here to defend Nicaraguan nurses," Noguera said. Asked if there were labor-rights violations at Chentex, the inspector general said, "I don't know. You would have to ask the inspector." Reminded that he was the inspector general, Noguera said, "Yes. But I only manage cases in general terms and we would have to see the inspection reports."

Chentex pays workers US\$0.18 for each pair of jeans assembled. The union had asked for a raise of US\$0.08 per garment. The Pentagon's retail outlets sell them for US\$20. An NLC analysis of Chentex pay stubs showed that wages average US\$28.75 for a 54-hour workweek, or US\$0.53 per hour. An NLC examination of shipping documents showed that Chentex-made carpenter shorts arriving at the Port of Miami in May 2000 had a landed value of US\$7.15 per pair. Kohl's sold the garments for US\$34 per pair.

The Chentex labor dispute achieved notoriety last year when the NLC publicized the Defense Department's purchase of Chentex jeans to sell through exchanges on military bases. The exchanges are run by the Pentagon's US Army and Air Force Exchange Service (AAFES). An AAFES spokesperson said it sent inspectors to Chentex who certified that there were no sweatshop conditions there.

In a paid newspaper ad in February, Chentex complained that Taiwanese-owned factories in the industrial zone had become "victims of a merciless national and international campaign, orchestrated by Sandinista union leader Pedro Ortega Mendez, who appears to have no country for he has become the number-one enemy of investment in Nicaragua." The ad referred to Kernaghan as the "supposed director" of the NLC and a "recognized enemy of investment in the Central American free zones."

Before the court handed down its ruling, Chentex and representatives of the textile-workers union had reached a negotiated settlement to end the dispute. Under the agreement, the company would reinstate only two of the fired workers and both sides would call off all legal actions including the criminal charges Chentex was bringing against union leaders. But once the court announced its ruling, the union refused to sign the settlement. Chentex attorney Doris Escalona said the company would seek an injunction to halt execution of the order until the court explained its ruling. There is no appeal for decisions of the Managua Appeals Court, but she said the company might reinstate the criminal charges against the union leaders.

Ortega said that, during a meeting, Chentex general manager Lucas Wei Huang threatened to ignore the Appeals Court ruling and close the plant, although under Nicaraguan law it would have to get permission from the Labor Ministry to do so.

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