Work resumes in Sri Lanka's free trade zones but thousands are sacked

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Last week several big companies, including those in the free trade zones (FTZ), resumed work after being shut down for nearly a month as part of the pandemic lockdown. However, these companies have sacked tens of thousands of workers with the backing of President Gotabhaya Rajapakse and his government.

Rajapakse gave the green light for business to open, saying in an interview on April 20, it was necessary to halt the "collapse of the economy." Like capitalist governments around the world, he said that threat to lives from the pandemic and the economy should be "balanced."

The government is forcing workers back in unsafe conditions as the number of COVID-19 cases takes a sharp upturn. The figure has risen to nearly 700, some 300 of those in the last four days. The relatively low figures are because the government has limited testing, saying the situation is not so serious.

Prior to opening the factories, various industrialists declared that they would have to cut jobs by at least 30 percent as well as slash wages and pension funds.

Last week the presidential media division released guidelines for restarting businesses. These stated: "All the state departments, corporations, statutory boards and private sector industries, working places, fish, vegetables and retail stores can also be operated under strict regulations."

It continued: "The head of each [private] organization has the freedom to decide who should report to work and the number of employees." This means workers are completely at the mercy of management.

Sri Lanka has 15 FTZs where hundreds of thousands of workers are employed. According to the Investment Board, only 20 percent of factories were opened last week with reduced workforces.

When the government-imposed, country-wide lockdown was imposed on March 20, companies shut down suddenly. However, the government and employers tried to force FTZ workers to continue work. As concerns about the coronavirus spread and workers protested, forcing the closure of factories.

Tens of thousands of workers were stranded in the Katunayake, Biyagama, Mirigama, Horana and Seethawaka FTZs without transport to their hometowns. It was only after workers started protesting that the government arranged transport. Many workers had not even received wages for March and April when they ultimately returned.

Ignoring workers' protests over non-payment of their wages, D. L. P. Samarasinghe, the Director of the Investment Board, said he could not do anything because "there is no proper complaint against not paying salaries."

Minister Dinesh Gunawardena also refused to take action saying that proper steps would be only taken by the Labour Department after inquiries had been made.

When the Koggala Garment company—located in the Koggala FTZ in the island's south—resumed work on April 20, the workforce had been drastically slashed. Previously it had employed about 1,500 workers but management recalled only 450 workers. Other workers were told not to report for work until further notice. There is no guarantee they will be reemployed.

Workers who reported for work on April 20 were not given their usual noon meal. The company's excuse declared that it was to ensure the good health of workers.

As in most other companies, this factory employs many workers on a casual basis, depriving them of allowances received by permanent workers. Permanent workers were not given their April bonus and will have to wait till the end of the month to find out about their wages. Office staff were not called back to work.

Star Garment, which is one of the country’s oldest garment companies and started up in 1978, employs 8,000 workers in 10 factories, including in the Koggala FTZ.

Its branch in Pinnaduwa in Galle recalled 200 of its 300 workers to complete the unfinished work. They were also not given an April bonus.

About 800,000 garment pieces were being produced by this company, but it is now facing cancellations of orders. A similar situation faces other garment factories.

Vogue Tex, which started in 1984, employs more than 7,500 workers in seven factories. At one situated at Gonapeenuwala in Hikkaduwa, more than 1,000 workers are employed.

A female worker explained: “Work was stopped on March 19 and restarted on April 22. Only 250 were called on to work. Letters were sent informing workers who had worked less than six months and who were more than 50 years of age that they were fired. Most workers had worked there less than six months.

“Our monthly basic salary is 18,500 rupees (about $US95). The attendance allowance is 4,000 rupees. If one day's leave is taken, 1,800 rupees is deducted out of this allowance. If you take leave for two days the whole amount is slashed. If someone takes leave giving prior notice, the attendance allowance is gutted.”

The government is ready to do everything it can to preserve the profits of investors including risking the lives of workers and their families.

Like investors in all countries, they are terrified that if they do not restart their business they will be driven to the wall in the competition on the international market.

Forty percent of Sri Lanka’s export earnings comes from the garment industry. The earnings in 2019 were $5.6 billion and the government projected this to rise to $8 billion in 2025. These calculations have now been shattered.

In an interview on *Hiru TV*, the chief marketing executive of Orange Apparel, Muditha Silva, said that garment companies lost some 350 billion rupees during the previous four months.

Insisting that workers must bear the brunt, he declared: “The government cannot deliver relief to people in the country that do not have something to eat. What it has to do is allocate financial assistance to the garment industry, without it being considered as a debt for at least six months.”

Trade unions are fully backing big business. On April 22, leaders of the Free Trade Zones and General Workers Union, the Ceylon Mercantile Union and the Janatha Vimukthi Peramuna-controlled, Inter-Company Employees Union (ICEU) met with labour ministry officials and employer representatives to discuss job and wage cuts. Union bureaucrats claim that they demanded compensation but company representatives have not agreed.

ICEU leader Wasantha Samarasinghe told *Lankadeepa* yesterday that companies are cutting jobs and wages drastically. However, far from mounting a struggle to defend jobs and wages, he declared that the government must provide funds to revive business. At least 300 billion rupees must be released and each company must be supported according to their annual turnover, he added.

In the name of protecting jobs, trade unions, which are thoroughly tied to the state and defend capitalism, are protecting big business.