

Many sellers. One buyer.

Jake Molloy & Ronnie McDonald

Known as *bagong bayani*, or “new heroes”, Overseas Filipino Workers (OFWs) make a crucial contribution to the Philippine economy. At any given time, up to 12% of the country’s 80 million population is hard at work in a country other than Philippines. Currently 160 nations play host to OFWs including, since the summer of 2006, Britain’s offshore oil and gas industry. Flexible, industrious, and frequently skilled, Filipinos are increasingly making their way into niche employment markets around the world.

Filipino OFWs are one of the biggest sources of stability for the economy of a country perennially known as the sick man of Asia. In yet another nation cut adrift in the global economy, worker’s remittances – the money OFWs send back to their families, account for over 20% of the nation’s gross national product and constitute around half its foreign currency earnings. Without OFW dollars, yen, pounds and pesos the country would quickly tip over into bankruptcy and the poverty endemic in rural and urban Philippines would deepen.

While foreign remittances keep the nation’s huge economic deficit in check, the human costs cannot be disguised. Mothers who work overseas – 65% of OFWs are women – usually leave families in the hands of relatives or older siblings (the stay-at-home-father is a concept yet to gain acceptance in the Philippines). Spouses are often separated for the majority of their married life and many children live the emptiness of losing one or both parents to distant shores for years on end.

Booking your job

State institutions are directly involved in facilitating the foreign labour system through the Philippine Overseas Employment Administration (POEA), the ministry overseeing deployment of OFWs. Foreign principals must channel their manpower requirements through POEA-licensed private employment and manning agencies. Filipino workers aspiring to be OFWs are medically examined by government accredited medical clinics, and trade-tested and trained by training providers authorized by the POEA.

The agents charge service fees to the foreign employers and are permitted also to collect from workers a placement fee equivalent to one month’s salary. Other fees normally charged to workers include documentation and processing costs, trade/skill testing, medical examination, passport, clearances, inoculation, authentications, health premium, and any other related costs.

Depending on country of destination, the OFW might see as much as the first three months’ salary disappear in obligatory costs. In addition to the legally permitted charges, palms along the way may also have to be greased.

Diminishing returns

Various scams are occasionally reported, the most common of which is the amended contract. On arrival in the host country the OFW is presented with a new contract, the terms of which are grossly inferior to what was promised. In hock to an employment agent for fees, and faced with the option of immediate repatriation back to the Philippines, the aspiring OFW has a stark choice: accept the reduced terms or go home to penury.

In fairness, the POEA works hard to monitor and improve the welfare, human rights and protections offered to OFWs in host countries, and a variety of government-to-government agreements and protocols have been established to that end. Nevertheless, it has to be said that the Philippine Government is careful not to raise standards and financial expectations too high so not to price the Filipino OFW out of the international labour

market. The Philippines is a low wage economy but its emerging competitors in the migrant labour scene, Vietnam for example, are ultra-low wage economies.

The Philippine Labour Code requires POEA-licensed agents to at least attempt to ensure that OFWs are paid no less than the minimum wage in the host country, where such regulations exist. Contracts of engagement must also incorporate all minimum statutory requirements of the host country including provisions for hours of work and paid holidays. These contracts in practice are often worthless.

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Meet your ‘sweetheart’ unions

Enshrined in the UN Convention of Human Rights, and monitored by the ILO (International Labour Organisation), all workers, including temporary migrant labour, have the right to be treated no less favourably than the native. But apparently not in the UK: Amicus and GMB officials earning a good union salary for servicing the needs of employers in the offshore oil and gas industry seem to have forgotten the principle – assuming they knew it in the first place. In 2006 Amicus/GMB signed an agreement expressly allowing for discrimination against Filipino workers employed on rigs in the UK offshore oilfield.

In June 2006 the offshore construction contractor AMEC hired through an agent 150 Filipino workers to complete the Buzzard oilfield hook-up. Another 200 were employed on other of the company’s offshore UK projects. AMEC alleged that a skills shortage compelled them to look abroad because in the UK hardly a welder, pipe fitter or rigger was to be had. The purpose of a hook-up is to bring a new oil and gas production platform on-stream and the work is covered by the Amicus/GMB/Offshore Contractors Association (OCA) partnership ‘agreement’ covering various aspects of employment such as remuneration and redundancy selection.

Amicus/GMB officials, on signing the agreement, announced that they had achieved for the Filipino workers complete parity of pay and conditions in every respect with UK colleagues. This was lauded as a significant and welcome development, including by OILC the offshore workers’ trade union not signatory to the so-called partnership agreement. The brouhaha claims made by the Amicus/GMB bureaucrats turned out to be untrue.

As a hook-up contract nears completion and first oil is imminent, redundancies among the construction workforce naturally result. A proportion of the hook-up workforce will be retained after the platform has entered its production phase to perform ongoing maintenance. The employment of personnel

surplus to requirements is terminated in a process of phased down-manning except where a suitable similar position exists on another of the company’s contracts.

Selection for redundancy, as well as the order in which transfers are made to alternative worksites, is done according to rules laid out in the Amicus/GMB/OCA “agreement” and in accordance with the relevant employment legislation. The usual regime of “last in first out” has a bearing on selection but comes second to the need to retain particular skills. The redundancy selection procedure needs to be fair, transparent and lawful, and above all applied with integrity. Getting it wrong can cause costly employment tribunal hearings and hefty compensation awards. The Filipino workers, on the other hand, may be run off without recourse to the provisions of the agreement and without statutory compensation, courtesy of Amicus/GMB.

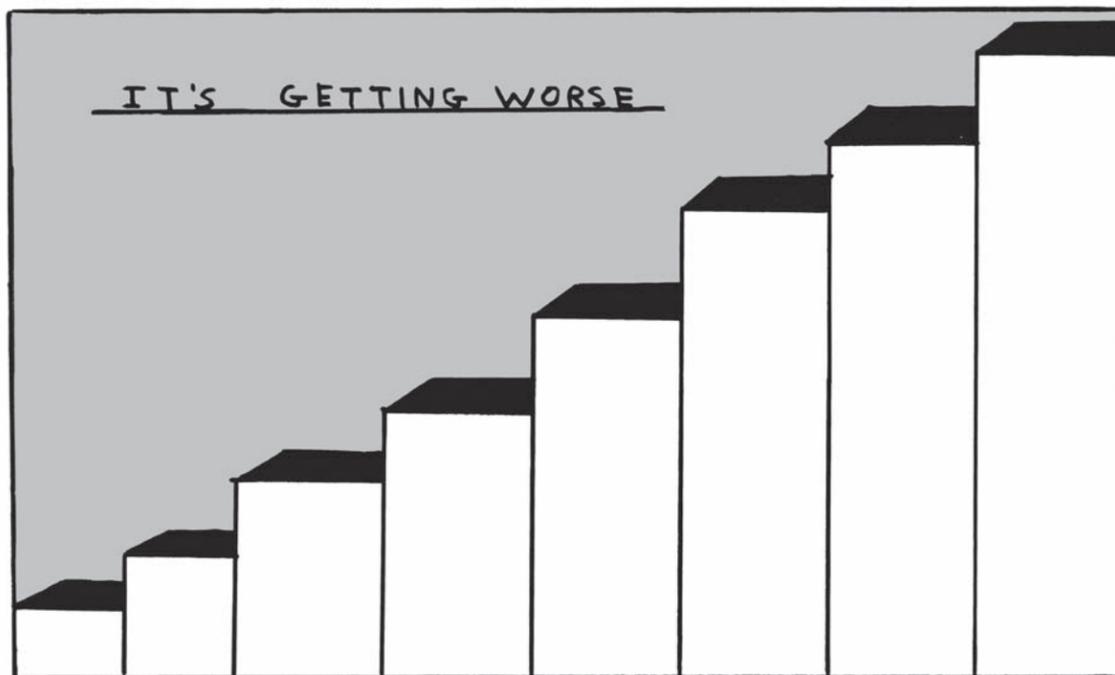
Foreign workers’ entitlement to be treated no less favourably than the native, a fundamental principle of the UN Charter, is dispensed with to allow the Filipinos to be “prioritised”. Institutionally discriminated against. They are sacked ahead of, and in preference to, other nationalities as part of Amicus/GMB partnership “agreement”.

Of course, there are those who believe that the Filipino workers should never have been brought to the UK in the first place and it is therefore correct that they should be the first to go. Others see “skills shortage” as a cover for the real story which is that AMEC saw an opportunity to avoid the buggerance and expense of recruiting and inducting four or five hundred UK nationals for work in the UK oilfield when an off-the-shelf Filipino workforce was already available following the company’s completion of the Bonga hook-up off the coast of Nigeria. Skills shortage is a complete Aunt Sally!

Whatever the truth, the Filipino OFWs are here and as such deserve to be treated no less favourably than the rest of us. The priority for Amicus/GMB was in the first instance to ensure that UK labour was hired. This they singularly failed to do. In fairness, the foreign hiring was almost certainly *fait accompli* by the time the union bureaucrats heard of it, and the most AMEC was prepared to offer was a face-saving form of weasel-words, allowing the officials to claim that parity of terms had been achieved and also to chant the mandatory mantra: “Safety will not be compromised”. Two claims now known to be false.

Those who campaign for equal treatment for foreign workers are often accused of being hypocrites who in reality care little for the welfare of foreign workers. The accusation continues that campaigners’ demands for parity are no more than a ploy to keep foreign workers out. The real motive is to raise the cost and effort associated with employing foreign workers thereby removing the incentive to bring them in. It is true that foreign worker numbers would drop as an intended or unintended consequence of equal treatment. But the temporary migrant workers who remained would at least enjoy the benefits of no less favourable treatment – a fundamental principle of basic rights established under the UN charter to protect all workers, domestic and foreign.

Every western democracy legislates accordingly. Discrimination on racial, ethnic, religious or nationality grounds is forbidden. The UN Charter says so, the European Commission on Human rights says so, and here in the UK the TUC agrees and the UK Race Relations Act makes it a criminal offence. Yet, here is discrimination incorporated into the terms of a so-called “partnership” agreement signed by Amicus and GMB.



In an age of spin where safety is such and emotive issue, it was fascinating to watch the Amicus/GMB attempt to put a positive slant on their ineffectiveness and impotence in the face of employer dictat. Rightly sensing the potential for acute embarrassment, a press statement was issued claiming, with reckless abandon, that the unions had “negotiated an agreement on the use of non-UK labour” which required all personnel “be competent in the appropriate disciplines for which they are employed, consistent with the competence requirements that apply UK employees”. They had negotiated nothing of the sort, as subsequent events proved.

Acting on concerns raised by offshore workers, OILC asked the Health and Safety Executive (HSE) to investigate inadequacies in the competence assurance systems on the AMEC contract. The HSE did indeed find that the management systems were incapable of verifying competence and achieving compliance with safety law. In early September, HSE informed OILC: “The Buzzard project has a significant number of Filipino together with numbers of UK-based “green hats” (persons not yet experienced in offshore work) ... your concerns appear to be justified ... AMEC have failed to demonstrate the competency of riggers on the project ... HSE [has been given] an assurance that where personnel are unable to demonstrate their competency they will not be allowed to work without suitably competent personnel being present. Thank you for drawing this to our attention.”

Ironic that AMEC and its partners Amicus/GMB were so adept at identifying a skills shortage in the UK as a whole, yet failed to notice one under their own noses in the UK oilfield, apparently of their own making.

British workers on the offshore contracts have been treating their Filipino colleagues with courtesy and respect, and that is how it should be. Xenophobia is not evident. The attitude is that the Filipino lads are here for the same reasons as we are: to make a decent living for our families back home. But there is a strong feeling that the full rate should be paid for the job. It is disconcerting when the man working alongside you is paid

a wage only a third of what you regard as the absolute minimum acceptable.

In reality the Filipino workers themselves will have to make the case for better treatment and until they do things will stay as they are. But the prospect of the Filipino workers rebelling is remote. For a start, they would be up against the Amicus/GMB partnership “agreement” that provides for their servitude.

The Filipino workers and the UK trades’ foremen who supervise them have been warned on pain of dismissal that details of pay and conditions must remain absolutely confidential. The reason for the compulsory secrecy enforced by intimidation isn’t hard to work out. In the meantime, reflect on the curse of sweetheart trade unionism: offshore workers, foreign or native, surely have the right to better treatment.

Nursing the debt

According to the International Labour Organisation in 2005 the number of jobless people in the world reached 200 million, 7% of the total labour force. The Philippines has a big slice of that, with domestic unemployment at 12%. Were every overseas worker to return home tomorrow the rate would more than double. Temporary foreign employment is the only realistic option for many and the Philippines is likely to remain the world’s second largest exporter of labour after Mexico. Indeed, so fundamental to the economy has foreign employment become that the higher education system increasingly focuses on enhancing students’ employability prospects abroad.

The Philippine health service trains more nurses than it could ever need. At first this was to compensate for the continuous exodus of qualified nurses leaving the country, but it is now part of a national strategy aimed at maximising the number of OFWs remitting earnings into the coffers of the Central Bank, thereby helping to service the nation’s huge foreign debt of \$50 billion. Another astonishing statistic illustrating the sheer scale and impact of foreign employment on Philippine society is that 2,215 qualified doctors went abroad in 2004 – retrained as nurses!

Monopsony

Proponents of neoliberal globalisation point to the benefits accruing to developing economies through increased mobility of labour. It causes wealth to be transferred from the rich nations to the poorer in the form of wages sent home, so we are asked to believe. The reality is that another facet of exploitation and impoverishment has been added to the burden already carried by the poor on behalf of the rich.

True labour mobility would be immensely beneficial to the temporary migrant, to the host economy, and to the economy to which cash is remitted. But what is happening here is inflexible labour mobility in which the transfer of wealth is deliberately constrained by monopsony employment. Monopsony is analogous to monopoly: the latter being the sole control of a commodity enabling the seller to inflate the price; the former, one single source of employment giving the employer the power to depress pay and conditions and, indeed, to decide if there should be any employment at all. Put simply, monopsony is the opposite of monopoly; it is many sellers facing one buyer.

The Filipino housemaid, employed on a pittance and midway through a three-year contract in an abusive household in Jeddah, contemplating the distant prospect of reunion with her three kids currently in the care of a grandmother in a Manila slum, is oppressed utterly by the unassailable power of her employer. Permission to be in the country is solely on the basis of her presence in that household and she may not seek employment elsewhere. Were she to leave prior to the expiry of her contract she would do so broke and without her passport and airfare home.

Slavery and bonded labour, still depressingly prevalent in many parts of the world, are outlawed by international agreement. Monopsony, on the other hand, remains legal and increasingly used to control and depress the pay and conditions of workers. The employer exercising monopsonistic power over a captured workforce wields the ultimate coercive weapon able to annihilate even the slightest notion of worker rights.

Our 400 Filipino colleagues working in the UK oilfield wear the chains of monopsony stoically. On the other hand, some of the natives are thoroughly ashamed that a link in this chain is the Amicus/GMB ‘partnership agreement’.

Jake Molloy is General Secretary of OILC, the offshore workers’ trade union, and Ronnie McDonald is its previous General Secretary.