

North Sails, GST, Boards and More

Headquarters: GST-Holding in Zug, Switzerland, produces North Sails sails; Boards & More AG (address unknown) sells these sails

Branch of trade: Boards & More is world market leader for windsurfing equipment and leading distributor of snowboards in Europe. The portfolio of Boards & More includes the brands Mistral, F2, Fanatic, North Sails, Arrows, Santa Cruz and North Kiteboarding

Owned by: In 2003, Klaus Jacobs AG sold Boards & More to a Swiss group of investors headed by Yves Marchand

Member to the WEF: NO (in January 2004)

Outline

In 2002, the company North Sails Lanka (today GSL Global Sports Lanka Ltd.) in Sri Lanka cancelled the bonus payment to its workers, which had been an essential part of their income. When the staff protested, they were fired and replaced with new personnel. Since then, the Clean Clothes Campaign (CCC) and the local trade union have been striving to obtain re-employment of the dismissed workers, some of whom had been working in the factory for more than ten years. CCC considers independent mediation a solution to the impasse.

General Information on the Case

In March 2002, the management of North Sails Lanka (today GSL Global Sports Lanka Ltd., a subsidiary of GST Holding in Zug) in response to a strike exchanged the entire work force. The cause of the labour conflict was a decision of the North Sails management to cancel the quality bonus that had been paid until then. This bonus was of vital importance for the workers receiving an extremely low basic wage of between €63 and €73 per month.

In reaction to the layoff, in September 2003, CCC organized solidarity actions in favour of the North Sails workers in Sri Lanka. In December 2003, various information events were arranged by CCC in Europe. In the course of the international campaign, the management of Boards & More agreed to a meeting in the former headquarters of the company in Molln, Austria, in which also a representative of FTZ&GSEU (Free Trade Zone & General Services Employees Union) in Sri Lanka and a former spokeswoman of the North Sails personnel participated. A memorandum of understanding on six points was negotiated. The company North Sails basically agreed to comply with the decision of the labour court, where 38 workers had filed against their dismissal. Furthermore the company accepted to negotiate directly with FTZ&GSEU and to permit the

formation of union branches. In January and April 2004, meetings between the local North Sails management and the union took place. On these occasions, the management promised to give preference to previously dismissed workers when hiring new personnel. This promise was not kept. The company hired 90 new workers in the meantime, without even allowing former workers to present their application. CCC therefore reactivated the North Sails campaign in October 2004.

This case exemplifies how companies use the tax haven of Zug, Switzerland, to conceal their social responsibility behind the incomprehensible structures of a holding corporation. Typical in this context is the fact that not even the commercial register is informed of the current headquarters of Boards & More.

Characteristics of Irresponsible Corporate behaviour

- social and wage dumping
- layoff in response to protest
- unions not tolerated in the works
- not respecting agreements (Memorandum of Understanding)
- concealment of responsibility and accountability

Consequences

Some of the dismissed workers were able to find temporary employment elsewhere. Others had to go back to the villages from where they had come. But they would like to go back to their jobs with Global Sports Lanka. It is difficult for them to find new employment because many of them are considered too old, and because the North Sails management blacklisted them as troublemakers. The situation of these workers is getting worse from day to day.

Current Status and Demands

In order to find a way out of the stalemate and to resolve the problem, the Sri Lankan trade union FTZ&GSEU suggests an intervention by an independent mediator. It proposes the Sri Lanka based Center for Policy Alternatives (CPA) which already successfully settled a case concerning sports clothing in the same free trade zone. The GST so far has refused to accept this proposal, preferring instead to wait for the courts to try the cases, a lengthy and costly option. The trade union requests the re-employment of the fired workers by the company and constructive negotiations with union representatives.

Link to the details of the nomination: www.evb.ch/nominations.htm

Further information and links:

- www.cleanclothes.org
- www.evb.ch/index.cfm?folder_id=330