

What role for Trade Unions in GVC?

Insights from the Vietnamese and Malaysian
Electronics Sector

Nicolò Deiana, PhD candidate

Scuola Normale Superiore – Florence

nicolo.deiana@sns.it

Why Malaysia and Vietnam?

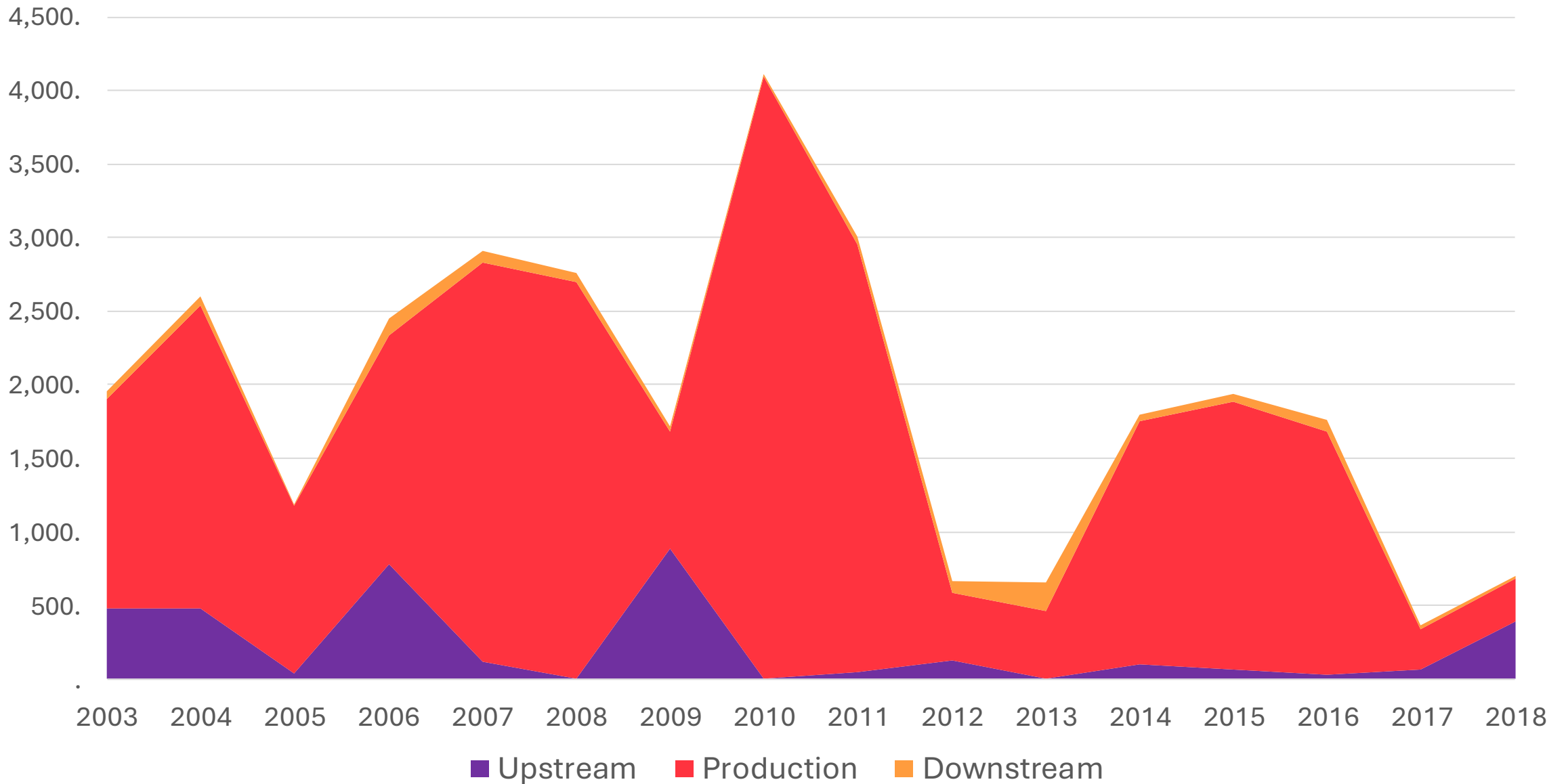
Malaysia as exporter of electronics intermediate goods (IC, SC)

- 7th global exporter of electronics goods (2022); global share of 4.5%
- 29% of total exports (2022)
- Domestic VA in total gross exports: 13.5% (2018)

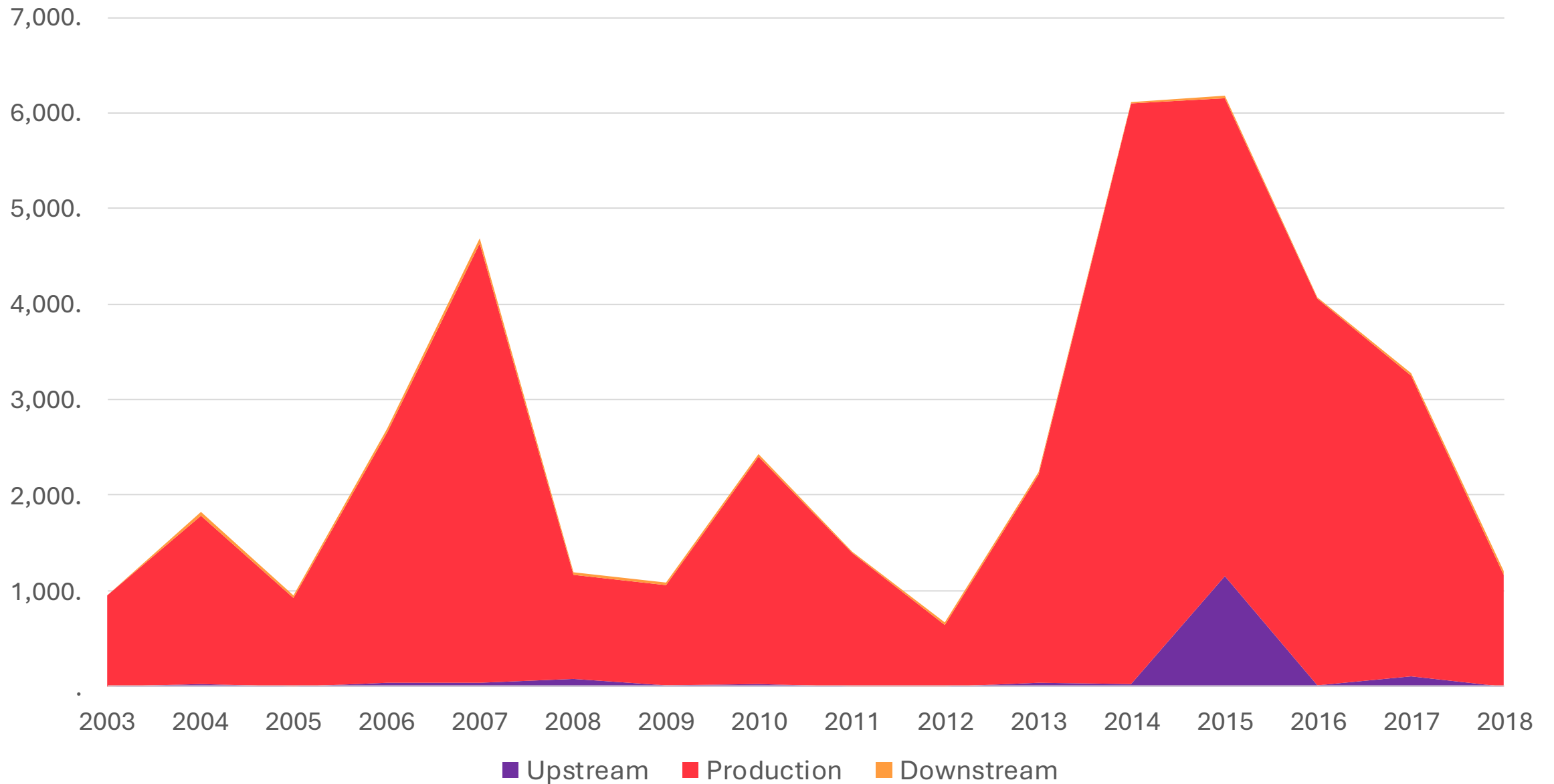
Vietnam in the telephone sector

- 2nd global exporter of phones; 10.9% in 2022
- Electronics export in total: 33.72% in 2022
- Domestic VA in total gross exports: 16.6% (2018)

Malaysian electronics IFDI by function (constant 2015 million USD)



Vietnamese electronics IFDI by function (constant 2015 million USD)



Trade Unions in Malaysia

Ban on trade unions in the electronics sector since the targeting of the sector for FDI attraction in the early 1970s.

Mechanism: registrar of trade union has discretionary power over the authorization of the creation of trade unions, every application from electronics companies is declined.

Problem: the trade union is the only institutional actor authorized to raise grievances at the level above the factory → without a TU, company's management decides over disputes.

1989-2009: struggles to institute trade union in electronics companies; eventual success due to ILO pressure, diminished power of the historical anti-labor coalition and labor activists' efforts.

Outcome in Malaysia

The institution of a union is still a matter of discretionality, with decision in the hand of the RTU (now Director General of Trade Union):

- Distinction between electrical and electronics sector as two different sectors: prohibition of building cross-sectoral TUs.
- Silterra case: Government Linked Company strategic for domestic production of IC, rejection of unionization attempts to secure production stability.

Union building does not counter segmentation of labor and over exploitation of migrant workers:

- Social upgrading for Malay citizens: diminishment of turnover, increases in wages, change in shifts' organization.
- Improvement are not extended to contracted migrant workers: bounded labor, risk of deportation, industrial action is unfeasible.

Trade Union(s) in Vietnam

One Trade Union, VGCL:

- controlled by the party
- its leader sits in the central committee of the party.

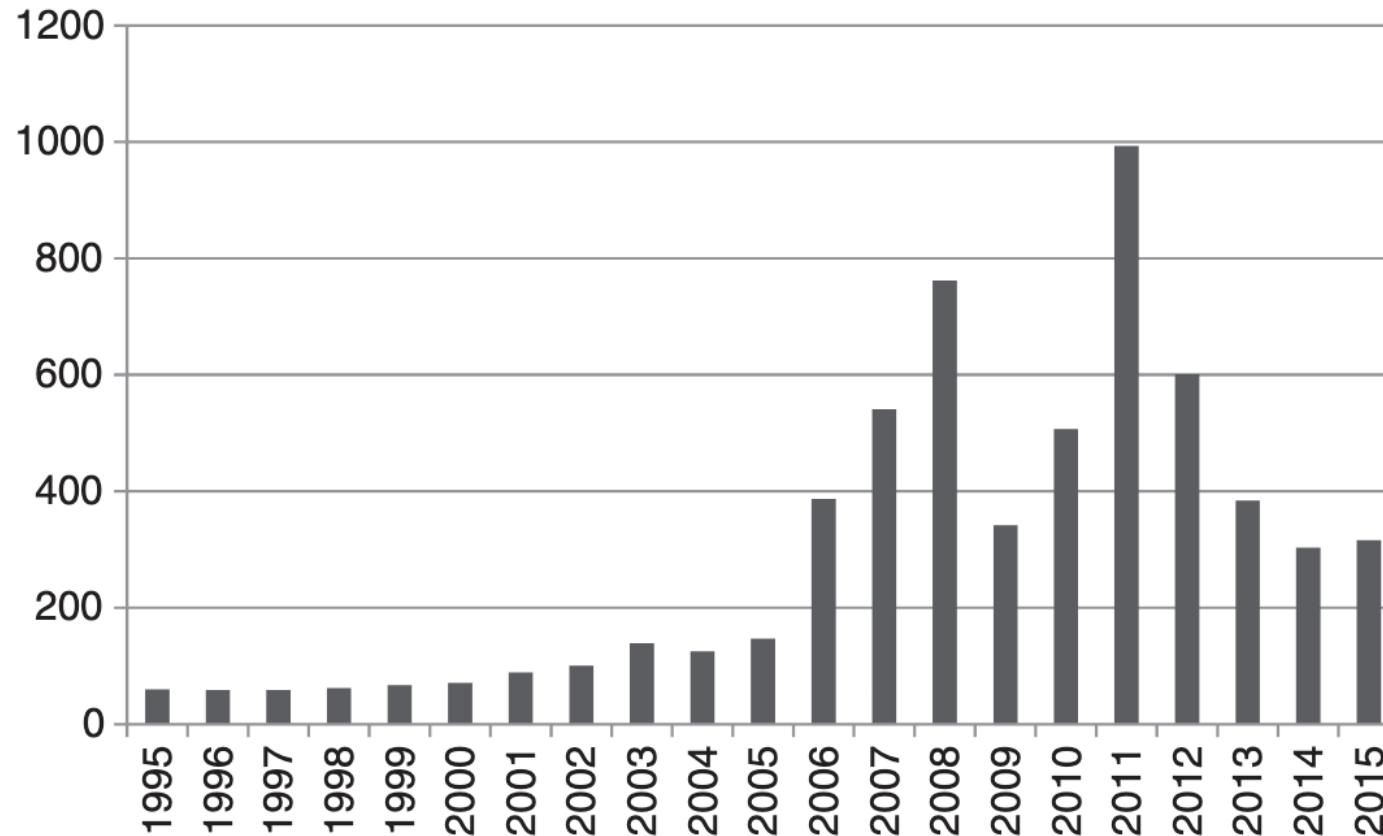
Historical function: born under planned economy, no ideological recognition of class struggle, since it worked mainly within SOEs.

≠**After Doi Moi:** the institution is not equipped to represent workers' interests during ongoing liberalization.

Problems intensify after WTO accession: FDI spike in garment and electronics, ramping workers' exploitation.

Outcome in Vietnam

Workers systematically rely on wildcat strikes: several strikes' waves in the foreign-invested sector between 2006 and 2012, driven by inflation.



Source: Do, 2017

Outcome in Vietnam

2012: New Labor Code: concessions to workers, but also restrictions on strikes.

→ Regularization of increases in wages and collective bargaining process, but most of strikes are now illegal.

2019: Workers Representatives Organizations, autonomous in-house organizations

2023 TU Law: VGCL is still the only authorized union

WRO implementation risks to lead to the capturing of dispute resolution mechanisms by management

- All in-house unions.
- No experience.
- Requested by local officials and employers' associations.

Discussion and conclusions

Opposite trajectory between the two cases:

Malaysia: from no trade union to union building → system to solve dispute

Vietnam: VGCL institutionally strong, but no involvement in workers' struggle → Risk of WRO hijacking

What does it change for workers and what impact on social upgrading trajectories?

Segmentation of beneficiaries in **Malaysia**: Malaysian citizens are more unionized, but lower tier companies are sustained by migrants' labor: no unionization, risk of deportation, one single wildcat strikes.

→ How much of improvements could be possible thanks to migrants social downgrading?

Vietnam: wildcat strikes have driven improvement in workers' conditions, institutionalization of activism might hinder this dynamic.

Segmentation of the workforce by place of origin put workers constantly just above earning living wages, wildcat strikes are just an emergency corrective. Strong institutions/strong labor movement also have a prefigurative perspective addressing the position of workers in society overall.