

Press Release

Action to support the Reinstatement of NagaCorp Workers in Cambodia

The Cambodian Tourism and Service Workers Federation (CTSWF), supported by more than 15 Hong Kong groups staged a protest at the door of the Annual General Meeting of NagaCorp in Hong Kong on 18 May 2008. Sok Narith, vice president of CTSWF and one of the 14 dismissed workers, was present at the protest, seeking to have five minutes to speak with



shareholders about the union's outstanding issues with the company, including reinstatement of the unlawfully dismissed of workers. The labour groups joined in the demands; however, the management of Nagacorp vehemently declined this demand. Instead they made remarks like: "this is a local Cambodian issue and the Hong Kong trade unions and labour groups do not need to be involved in this".

This is ironic considering the fact that Nagacorp, which is incorporated in Cayman Islands, is listed in Hong Kong, thus opening the way for Hong Kong citizens to join in exploitative labour relations by buying the shares. Moreover the company maintains an office in the high profile Central Towers in Wan Chai, and it

has the business operations in Cambodia but not only stops its workers from meeting shareholders to let them know the true labour situation; it wants civil society and labour groups elsewhere not to interfere in its business in Cambodia, so it is free to operate globally in its wealth accumulation without any regard for law or morals.

Sok Narith also read out the statement of demands during the protest and called upon Nagacorp Management and



Shareholders to:

- reinstate the 14 dismissed union activists unconditionally and immediately
- allow and facilitate normal trade union activity as prescribed by the Cambodian Labour Law in Nagaworld , Phnom Penh
- to engage constructively in industrial dialogue and negotiation
- to ensure the welfare and well being of all workers and employees of Nagaworld
- to abide fully by all aspects of the Cambodian labour law.

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STATEMENT

Unlawful layoffs of union leaders and activists in NAGAWORLD a Hong Kong-based hotel / casino, operating in Phnom Penh, Cambodia

BACKGROUND

On 26 February, 14 union activists, including the union leaders and shop stewards, were dismissed and immediately expelled from the compound of Nagaworld, a prestigious hotel and casino operator in Phnom Penh. Nagaworld is owned by Nagacorp, which is based here in Hong Kong but registered in the Cayman Islands.

This happened shortly after a year-long negotiation process over wages and other breaches of the Cambodian labour law ended in a complete refusal by the managers. The financial crisis was brought forward as the major ground for the dismissal, together with an accusation of 'non-proven productivity for the company'. At the same time, the company ceased to cooperate in the due payment mechanism. Clearly, the hidden purpose was to silence the union.

For the Cambodian Tourism and Service Workers Federation (CTSWF), this means a major blow to any union activity in the company. The workers decided to bring the case to the Cambodian Arbitration Council, basically a reconciliation body. While some of the demands could be settled, the main demand, namely the unconditional reinstatement of the 14 workers, remains unsolved.

Today, 18 May 2009, the Nagacorp major shareholders will meet in Hong Kong headquarters to decide how to divide the 40 million USD net profits of last year amongst themselves and the Board of Directors. Last year the CEO reaped off 1.4 million USD in annual compensations. He is also the major shareholder, next to the Bank of America, Fourth Star Finance Corporation and Citigroup.

Sok Narith, vice president of CTSWF and one of the 14 dismissed workers, was certainly not invited to the Nagacorp Annual General Meeting. But he is here today to express his anger and protest about the unlawful dismissal of the workers.

OUR DEMANDS

Together with the workers of Nagaworld and CTSWF, we call upon Nagacorp Management and Shareholders to:

- reinstate the 14 dismissed union activists unconditionally and immediately
- allow and facilitate normal trade union activity as prescribed by the Cambodian Labour Law in Nagaworld, Phnom Penh
- to engage constructively in industrial dialogue and negotiation

- to ensure the welfare and wellbeing of all workers and employees of Nagaworld
 - to abide fully by all aspects of the Cambodian labour law.
- Signed by the following organizations:

UNI – Asia Pacific Region, Global Unions for Skills and Services
Hong Kong Confederation of Trade Unions
Cambodian Tourism and Service Workers Federation
Cambodian Independent Civil Servants Association
Independent Democracy of Informal Economy Association
Coalition of Cambodian Apparel Workers Democratic Unions
Cambodian Food and Service Workers Federation
Cambodian Labour Confederation
Asia Monitor Resource Centre, Hong Kong
Globalization Monitor, Hong Kong
Asia Pacific Mission for Migrants, Hong Kong
Workers Assistance Center, Philippines
Asia Pacific Mission for Migrants, Hong Kong
Association of Concerned Filipinos, Hong Kong
Cuyapo Association in Hong Kong
Filipino Friends, Hong Kong
Filipino Migrant Association, Hong Kong
Filipino Migrant Workers' Union, Hong Kong
Filipino Women Migrant Workers Association, Hong Kong
Friends of Bethune House, Hong Kong
Gabriela Hong Kong
Likha Filipino Migrant Cultural Organization, Hong Kong
Migrante Hongkong Bank
Mission Volunteers (MOVERS), Hong Kong
Pinatud A Saleng Ti Umili, Hong Kong
Sta. Maria de Pila Association, Hong Kong
United Filipinos in Hong Kong (UNIFIL-MIGRANTE-HK)
Abra Tinguian Ilocano Society
Asian Migrants Coordinating Body
Abra Migrant Workers Welfare Association
International League of Peoples' Struggle (ILPS), Hong Kong Chapter
Ecumenical Institute for Labor Education and Research, Philippines
Hong Kong Women Workers' Association
The Hong Kong Christian Institute
Asia Pacific Students and Youth Association
Thai Labour Campaign
FTZ Union, Srilanka



MILLION DOLLAR GAMBLING HOUSE DISMISSES UNLAWFULLY 14 UNION LEADERS CLAIMING BETTER WAGES

Chen Lip Keong is a Malaysian business tycoon with a keen interest in investing in Cambodia, where he is an economic advisor to the Prime Minister himself. Besides exploiting off-shore oil fields,¹ he also set his eyes on a quick and easy profit-making business: gambling! Nagaworld is the name of one of the most prestigious hotels in Phnom Penh, located next to Hun Sen Park. But the hotel is but a side activity to the main business operation. 175 gaming tables and 351 gaming machine stations, of which 36 are dedicated to football betting, operate 24 hours a day, 365 days per year.

To get overseas Cambodians and mid-size players from all over the region to the gambling tables, they cooperate with air carriers and airport authorities.

From the Cambodian government they could secure a 70-year long license – the longest in Asia, a 40-year monopoly within a 200 km radius of Phnom Penh, and no restriction to expansion. Most importantly, the company pays but a fixed gaming tax per month, irrespective of the revenue, until 2018, subject to an annual increment of 12%. This amounted to 142,383 USD in 2007, while the company revenue reached 144 million USD that year. In comparison, in Macao the gambling



business pays up to 40% tax on their revenue.² An excellent business plan indeed.

However, to achieve all this, Chen Lip Keong needed investors' money. When he failed to list in the Singapore stock exchange for not fulfilling transparency requirements, he came to Hong Kong. Headquarters were set up in 1995 in Hong Kong under the name of "Nagacorp", while the company itself registered in the Cayman Islands, known for being a tax haven. Having attracted credible directors who could fix some internal

1 Country for Sale, www.globalwitness.org

2 Macao's casinos pay 35% of their gross revenues as direct tax to the SAR government, and another 4 to 5 % to the government as funds for social, cultural, educational and other public causes.



weaknesses and provide a clean image, he still needed to convince potential shareholders. Nagacorp attracts investors by promising a high dividend policy (45% in 2008—not surprisingly the CEO holds two thirds of the shares) and “competitive labour costs”—as can be read from their website³. The company employed 2,753 workers at the end of 2008, most of them Cambodians of course, working for an average salary of less than 120 USD per month. That same year the company made a net profit of 40 million USD. True, this is a bit disappointing for the investors as compared to 2007 (over 50 million USD), but this can mainly be attributed to increasing working costs and expansion. Revenues kept on growing, in spite of the financial crisis, and the company’s shares are rated as “buy” according to investment firms.

Like many other companies, the financial crisis was good for at least one reason; to allow the company to get rid of the union.

Indeed the Cambodian Tourism and Service Workers Federation (CTSWF) started organizing the workers and monitoring the labour conditions. In spite of the company’s clean image, they found many breaches to the Cambodian Labour Law, so they engaged in a process of collective bargaining. Successful on some points, they failed to convince the management to pay correctly for the night shifts, refrain from wage discrimination, or apply leave regulations correctly. Most of all, the union geared up to bargain for higher wages, given the sharp rise in the cost of living in Cambodia due to the food and oil crisis. On February 17, the negotiation process ended in a stalemate: management invoked the financial crisis as reason to disregard the workers’ request. During the Union meeting on 24th of February, workers rejected firmly the reasons brought forward and considered them as an easy pretext. The company was consequently informed the same evening.

Two days later, 14 workers, all union activists including the elected union leaders and shop stewards, were dismissed

immediately on the following grounds: the world financial crisis, retrenchment programme, and “those who are not proven to be productive for the cause of the company”. Most of them were escorted by security personnel and immediately expelled from the compounds. A dismissal letter had already been prepared for them to sign. To the surprise of the workers, the cheque for the termination compensation also comprised last month’s salary, though salaries are normally paid through the bank. When workers refused to accept the cheque, they were asked to choose: take the combined payment by cheque and thus accept termination, or receive nothing, not even salary. For a worker for whom every cent counts, it means a serious threat. This was but one of the many illegal and irregular aspects of termination carried out by the company.

CTSWF and the Nagaworld workers decided not to leave it there. They organized protests and rallies, sought solutions with the Ministry of Labour and finally brought the case to the Cambodian Arbitration Council, a tripartite reconciliation body. The company however remained adamant in rejecting the demands. While the council meanwhile already ruled that the management should correctly pay out wages, the case of the dismissal remains unresolved up to date.