

Automation, Contractualisation and Nike Withdrawal From Indonesia?

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“For many years, I’m willing to start off my work early. I begin at 6 AM even though our work hour starts at 7 AM,” N said, a 41 years old woman. It has been nineteen years since N worked at Kaho 2, Inc. Bekasi West Java. “What is the feedback from the company?!” N yelled.

“My line make clothes for Nike,” told N, that she works in the sewing section. “I made shorts for women. I must finish 200 pieces in an hour. 1800 to 2000 could be made in a day. If we are making sports club pants, we can make until 500 pieces a day. The work is overwhelming.” N knows that the clothes she made are expensive therefore the company and Nike could gain enormous profit from her hard work.

“In the sewing section, it will always be rushed by targets,” N’s friend chimed in. “When it is time to rest, we can only just eat. Sometimes even when it is not the time to pray, we pray first. Our friends said, even though it is not the time to pray yet, it is alright, God is omniscient.” T said, a 37 years old woman who has been working for twenty years.

“If we don’t reach the target, we would be yelled using rude words,” said another woman worker. “In 2014, there was a line which didn’t reach its target. Everybody in that line were put in the scorching sun for four hours,” she added.

“My section (printing) is just normal,” R replied, a 39 years old woman. “But there is one time when I started off the work at 6 am for an export. It wasn’t considered as overtime. We didn’t think it as a problem, as long as the company keeps moving forward and we can still work.” R has been working for seventeen years. Since her husband had been fired from Gunung Garuda, Inc. R became the backbone of the family.

N, T and R do not deny the fact that their job can support their family, even if their wage are not sufficient to make ends meet. for all their family’s needs. “I am a single parent. My kid is in college, she will be graduated soon. . *Alhamdulillah*. But if I don’t work, where can I get the money for my family from?! ,” N complained while explaining that besides working at the factory, she also sell things. “If I only rely on my wage, it won’t be enough.”

“I also sell (through media) online,” T responded. Although her husband works, his wage is barely enough to cover both of their children’s needs. “To get more income, my husband also is become a *Grab* driver. But if the company is shut, what will happen to us? !”

July 2nd, 2018 the management of PT Kaho 2 announced to stop the production in October 2018. The production will be moved to PT Kaho in KBN (Kawasan Berikat Nusantara/Nusantara Bonded Zone) Cakung ,Jakarta. In the letter, the labours are given two choices: to resign or to continue working in Kaho.

“All this time, we did not demand anything. Why are we treated this way,” R protested. R felt being neglected and underestimated. PT Kaho applied for minimum wage suspension twice in a row, in 2013 and 2014.

PT Kaho 2 previously was PT Karwell Indonesia, is an apparel company. In 2006, all of Karwell shares were acquired by Kaho. In the same year, PT Kaho 2 received orders to produce Nike sports clothes. The total Nike order was 80 percent from the total production. The rests came from Magistic and Fantastics.

Not long after the announcement, sewing machines in the printing, embroidery and packing line were moved to KBN. Around 300 workers were asked to resign. Up to September 2018, the number of workers who resigned reached 1500. Then workers who had resigned were offered to work in different section under the status of probation. Today, there are 500 workers left.

It seems that there was no options. The only option was to resign. “The workers were approached by their chief and forced to resign. There were some who were called one by one. Even the ones who were willing to move were also asked to resign,” explained T.

On October 1, 2018, PT Kaho 2 announced that production ended on October 12, 2018. Again workers were only given two choices: resign or participate to move. Unfortunately, the letter did not mention the mechanism for the transfer of workers. Meanwhile, among the workers there were rumors. He said, workers who refused to move would not get anything. About 1800 workers resigned. Finally, the survivors refused to relocate and demanded clarity on the mechanism for transferring around 200 people.

On October 12, another report letter from PT Kaho 2 management regarding production closure came out again. In the letter also affirmed, workers who do not resign means automatically become workers at PT Kaho on KBN. For the umpteenth time, PT Kaho 2 ignores the existence of trade unions.

One of the workers who signed the move to PT Kaho KBN Cakung showed his work agreement. In the letter said that the amount of wages received did not change. However, the allowance, compensation and work placement policies follow PT Kaho KBN Cakung's policy.

Why the company offered a ‘resignation’ program? Because the compensation that must be paid for ‘resignation’ is smaller than that of termination of employment (PHK). However, the regulation said that one of the conditions for resignation is that it must be done upon workers’ own will without any indication of pressures from the company. It means that resignation scheme offered by the company violates the law.

Manpower Act Number 13 of 2003 and Law Number 39 of 1999 concerning Human Rights regulates the right to work: everyone has the right to freely choose the job he likes and has the right to fair employment conditions. In the context of termination of employment, it is said that the termination of the employment relationship should be based on an agreement between the worker or labor representative (Article 155 Paragraph 2). If you do not find an agreement, only the court has the right to make a decision (Article 155 Paragraph 3). Forcing individual resignation to trade union members means attacks on trade unions.

PT Kahoindah Citragarment 2 usually known as PT Kaho 2 or Kaho Tambun since it is located in Kecamatan Tambun, Bekasi, West Java. With 54 production line, the company is able to produce 700.000 pieces of clothes each month. More than 4000 workers who mostly are women with the same age as N, T, and R. If each worker has two dependents

and the company really shuts down its production, it means there will be 11.100 people who will lose their future.

“People in our age will not be able to find job. Besides, there are only contract workers now. Therefore we will fight to keep our job,” explained the three women, when I met them on September 13th 2018

PT Kaho 2 workers' concern is reasonable. For the last ten years, almost all private or state-owned companies employ contract workers or outsourced workers. Frequently, job seekers must apply through employment agency by paying huge amount of money.

Hunting for Bigger Profit

PT Kahoindah Citragarment 2 is one out of six Hojeon's subsidiaries. Hojeon is a garment business group based in South Korea. Hojeon's subsidiaries are operating in Indonesia and Vietnam. Hojeon stepped its foot on Indonesia in 1991 through PT Kahoindah Citragarment 1 then PT Kahoindah Citragarment 5. Both are in KBN (Kawasan Berikat Nusantara Cakung). Then, PT Kahoindah Citragarment 2 (1994) and PT Daehwa Leather Lestari (1994) in Bekasi District, West Java, PT Yongjin Javasuka I (2005), PT Yongjin Javasuka II (2008), PT Yongjin Javasuka III, (2015) in Sukabumi, West Java, and Viet Thanh Garment (2015) in Vietnam.

September 2017, PT Kahoindah opened a new factory in Garut, West Java. It is 150 thousands square-meter. Garut is one of the districts with lower minimum wage compared to Jakarta or Bekasi. Garut minimum wage for 2018 is Rp 1.6 million per month, meanwhile Jakarta's minimum wage is Rp 3.6 million and Bekasi District is Rp 3.8 million per month.

Hojeon supplies famous brands: Under Armour, Nike, The North Face, Adidas, Athleta, Oakley, Majestic, Vf, Swix, Kjus, Fanatics, Louis Castel Paris, Berghaus, Bauer, Salomon, Ulvine. The orders are spread into Hojeon's subsidiary factories. For instance, Nike apparel is made in Kaho 2, Nike material is made in Daehwa, and Under Armour is made in Kaho 1.

Hojeon was established in 1985. Hojeon was expanded during GSP (General System of Preferences) Policy. GSP is a free scheme of import duties for goods sold to the United States, which is valid since 1974. The scheme is also applicable in Hong Kong, Singapore, Taiwan, Indonesia and other developing countries.

On January 2, 1989, GSP for South Korea, Hong Kong, Taiwan and Singapore were retracted. But those countries still held the license to produce goods. In that period, the countries whose GSP was retracted, encourage their companies to expand to other countries, such as Thailand, Cambodia, Malaysia, and Indonesia. This explains the fact that many garment factories in Asia are owned by those four countries.

When the GSP of the four countries was revoked, Indonesian Government still struggling with industrial strategy modification: from import substitution into export oriented. Indonesian Government opened free trade zones: Batam (1973), SIER (Surabaya Industrial Estate Rungkut/1974) and KBN (Kawasan Berikat Nusantara/1986). Minimum wage regulation was introduced and control towards labor unions was intensified. With export oriented industrial strategy, Indonesian market is more open to foreign capital and left domestic businessmen out.

Upon knowing the closure plan, the Labor Union makes a move. In Kaho 2, there are two Unions, which are FSBB KASBI (Federasi Serikat Buruh Bekasi Kongres Aliansi Serikat Buruh Indonesia) and SPN (Serikat Pekerja Nasional). FSBB KASBI is willing to move as long as their entitled rights are fully given. SPN demands that the process of the company closure must be done through termination of employment mechanism.

On July 16, a negotiation between SPN and management representative occurred. One of the agreed terms was that the company would ensure that it will give workers rights fully and there will not be any forced resign. However, the company did not agree to pay severance for terminating its workers as demanded by workers who refuse to move.

“I have sent a letter to Nike in America. There is no response,” explains Muhammad Nur, Chairperson of SPN Kaho 2. He felt disappointed by Kaho management and was confused with Nike. Everyday, his members ask him what will happen to the future of their job. “Last week, we sent a letter to Nike Indonesia, to request a hearing. The letter was received by the security unit.”

“They promised they would move us to new factory. But it wasn’t clear about the mechanism,” said Asep, Chairperson of FSBB KASBI PT Kaho 2.

The company’s promise to move workers to Kaho Cakung, Jakarta, made Muhammad Nur curious and tried to get information on the the company they were going to move to. He then found out that PT Kaho 1 and 5 have been operating for so long. Rumor has it, there will be Kaho 6 for printing and Kaho 7 for warehouse. However, Muhammad Nur doubts that his members will receive the same rights as they did in Kaho 2. Let alone, minimum wage in Jakarta is far lesser than Bekasi District.

Muhammad Nur knows well that KBN Cakung is flood prone. Although it is just 50 km away from Bekasi District and the public transformation is available, but Bekasi-Cakung highway is polluted public road, jammed and prone to accidents. [Because of it, the public named the lane as ‘jalur tengkorak’ \(skeleton lane\).](#)

With an area of 176,7 hectares, KBN Cakung is inhabited by various garment companies. Most of them are South Korean and Taiwanese companies. GAP, Adidas, H&M, JC Penny, Under Armour and other well-known apparel brands are produced in KBN Cakung.

The last three years, the number of the companies in KBN Cakung is drastically decreased. In 2017, there are only 30 companies recorded from 200 companies in 2014. Some companies moved their production to suburbs in West Java and Central Java. This of course because those areas have more water supply, lower minimum wage and abundant laborers. There are also companies which moved to other countries such as Ethiopia and Malaysia.

[Interviewed by KBN Factory Magazine](#), The manager of Kahoindah Citragarment, Djauhari Sutiono, mentioned that the relationship of the laborers with the management is like a family. According to him, “Kaho does not only pay its workers minimum wage as stated by the law, but there facilities needed by workers. Such as sanitation, polyclinic, recreation, even some sports facilities are provided by the company.”

Further observations revealed a different story. [In 2013, PT Kaho was one of the seven companies which was involved in wage deferral scandal.](#) The suspension of paying

minimum wages was done by violating the regulation. Union sued the wage deferral, filed a case to the court and won. [Moreover, it is known that the garment companies in KBN Cakung are cruel and greedy.](#) Those companies in Cakung have something called “skoring” system –excess working hours which are not considered nor paid as overtime–, violence is a routine towards female laborers, and contract basis workers which violates the law.

[Other research shows that violence towards women becomes a pattern to make profits.](#)

Perempuan Mahardika, a women organization in Jakarta, said that from 773 women workers from 45 factories in KBN experienced various daily violence such as coercion to work overtime even for pregnant women, no facilities for breastfeeding mothers, and termination of employment because of pregnancy or giving birth.

“We found 7 women workers who had miscarriage during work. Ironically, 3 out of 7 workers who had miscarriage were not given their right to leave ,” [explained the Coordinator of Perempuan Mahardika, Vivi Widayawati.](#)

It is reported that KBN Cakung is improving. However, it is not improving workers’ rights fulfillment. [Director of Development of PT KBN, Rahayu Junaedi, stated that PT KBN will transform KBN Cakung into a logistics area and KBN Marunda into a harbor.](#)

“It means even if we work in KBN, it will be only temporary. We will be moved somewhere else eventually,” explained Muhammad Nur.

“If we move to KBN, that means there will be more expenses,” replied R. Muhammad Nur, N, R, and T wished they could still work at PT Kaho.

MANUFACTURING DISCLOSURE / 44 LOCATIONS LISTED / FILTERS: INDONESIA DATA AS OF AUGUST 2018 [RETURN TO MAP](#)

Export as PDF EXCEL JSON NOTE: At this time, contact information is only available for factories that manufacture licensed collegiate products.

PT PRAJAWA ABADI INDUSTRI	FINISHED GOODS	FOUJ WEAR	NIKE		PRAJAWA	JL. RAYA SUKABUMI CIANJUR KM 14
PT R PRIMA JAYA	FINISHED GOODS	APPAREL	NIKE, CONVERSE, HURLEY		NO SUPPLIER GROUP	JL. RAYA KALIGAWA KM 8
PT SEMARANG GARMENT	FINISHED GOODS	APPAREL	NIKE	COLLEGIATE	KUKDONG	JL SUKARNO HATTA KM 25
PT TRIGOLDENSTAR WISESA	FINISHED GOODS	APPAREL	NIKE		TRIGOLDENSTAR	JL. RUMAMBE DESA ANGGADITA KEC. KLARI
PT TUNTEX GARMENT INDONESIA-CKP	FINISHED GOODS	APPAREL	NIKE, HURLEY		TUNG MUNG	JL. RAYA SERANG KM 18.8
PT TUNTEX GARMENT INDONESIA-TGR	FINISHED GOODS	APPAREL	NIKE, HURLEY		TUNG MUNG	JLN. MOH TOHA KM.2 NO.29
PT VICTORY CHINGLUH INDONESIA	FINISHED GOODS	FOOTWEAR	NIKE		CHINGLUH	JL. OTONOM PASAR KEMIS NO.48/49 RT.003
PT YONGJIN JAWASUKA	FINISHED GOODS	APPAREL	NIKE	COLLEGIATE	HOJEON	JLN SILIWANGI KM 35, DESA BENDA
PT YOU YOUNG SU INDONESIA	MATERIALS	MATERIALS	NIKE, CONVERSE		YOU YOUNG	KAWASAN INDUSTRI MEKAR JAYA, KARET -1
PT YOUNGIL LEATHER INDONESIA	MATERIALS	MATERIALS	NIKE, CONVERSE		YOUNG IL	MILLENIUM INDUSTRIAL ESTATE NO. 1 BLK
PT. ADIS DINAMIKA SENTOSA	FINISHED GOODS - COMPONENTS	FOOTWEAR	NIKE		SHOETOWN	JALAN RAYA SUMEDANG CIREBON
PT. CCH INDONESIA	FINISHED GOODS	APPAREL	NIKE		CHUAN CHENG	JL. DESA GIRIASIH NO.16
PT. FENG TAY INDONESIA ENTERPRISES	FINISHED GOODS	FOOTWEAR	NIKE		FENG TAY	JL. RAYA BANJARAN KM. 14.6
PT. GRAND BEST INDONESIA	FINISHED GOODS	APPAREL	NIKE		TUNG MUNG	JL. COASTER NO. 8 BLOK B 18, 19, 20, 21, .
PT. KANINDO MAKMUR JAYA	FINISHED GOODS	EQUIPMENT	NIKE, CONVERSE, HURLEY	COLLEGIATE	KANAAN	JALAN RAYA JEPARA-KUDUS KM 19
PT. POU YUEN INDONESIA	FINISHED GOODS	FOOTWEAR	NIKE, CONVERSE		POU CHEN	JALAN RAYA CIANJUR BANDUNG KM7, KAMP
PT. SED HEUNG INDONESIA	FINISHED GOODS	FOOTWEAR	NIKE		CHANGSHIN	JL. IR. H. JUANDA NO.008, RT. 001 RW. 005
PT. TK INDUSTRIAL INDONESIA	FINISHED GOODS	FOOTWEAR	NIKE		TAEKWANG	BELENDUNG II RT/RW 17/16 NO. 046
PT. YC TEC INDONESIA	FINISHED GOODS	FOOTWEAR	NIKE		NO SUPPLIER GROUP	KP. CISANTRI RT.002 RW.001
SAN FANG (INDONESIA)	MATERIALS	MATERIALS	NIKE, CONVERSE		SAN FANG	KAWASAN MODERN INDUSTRI CIKANDE, JL.
SHINTA WOOSUNG	MATERIALS	MATERIALS	NIKE		SHINTA WOOSUNG	JL.RAYA KOPO MAJA KM.01, GABUS-KOPO
TAITAT PUTRA REJEKI	FINISHED GOODS	EQUIPMENT	CONVERSE		NO SUPPLIER GROUP	JL. INDUSTRI NO. 54 CITEUREUP KAB. BOG

Illustration 1: Nike apparel. Source: Nike Manufacturing Map, August 2018

Automatitaton: Maximum Work, Minimum Wage.

There is different information. On June 28, 2018, the HRD (Human Resource Department) of PT Kaho 2 sent a notification letter to Labor Department of Bekasi District. The content in the letter was quite different from the one announced to workers.

he letter from HRD mentioned that the production stoppage in of Kaho 2 is because Nike stops its order. “Workers can keep their job but move to PT Kaho 5 or take the compensation through as regulated by the law,” explained the letter.

The clause that says Nike stops its order from Kaho 2 was seemed covered. PT Kaho 2 tried to look like a law-abiding company. Nike’s plan to pull out its order from Kaho 2 is hard to believe. Nike has been operating in Indonesia for more than 30 years by sourcing sport shoes and equipment. [There are 38 Nike supplier companies in Indonesia, employing more than 193 thousands workers.](#) In the apparel section, Nike depends on 17 factories. The total of workers who work for Nike reaches 35 thousand. And in April 2013, President Director of Nike Indonesia met Ministry of Industry. [Nike planned to make Indonesia as its production base. President Jokowi also shows off one of Nike’s shoes in different state events.](#)

The Director of International Union Education League, [Jeffery Hermanson](#), confirmed the Nike’s closure plan. According to him, Nike will cut some of its supplier factories, especially in the apparel section in Indonesia. He then invited Indonesian business and unions to respond the plan because it will affect negatively on Indonesia’s employment.

On April 2018, Jeffery Hermanson met one of employer association representative in Jakarta. “They (employers) do not respond seriously towards the Nike apparel closure plan. Even they said that Nike apparel’s closure plan was because the minimum wage in Indonesia is too high,” explained Jeffery Hermanson.

For the time being, It is only PT Kaho 2 that has the information about Nike’s closure plan. There is also news about Nike’s shoes order pull out from PT Dean Shoes Indonesia and Nike accessories from PT Dream Sentosa Indonesia. [Local Labour Department said that the closure of the two companies because of high minimum wage in Karawang District.](#) Using minimum wage as the reason for company closure does not many any sense. Since 2015 the minimum wage was set based on the formula of Wage Regulation Number 78 of 2015. The formula of minimum wage which is highly supported by employers and the government.

PT DSI (Dream Sentosa Indonesia), an accessories supplier company for Nike is located in Karawang. This company employs 10,000 workers, mostly women. In 2013, PT DSI filed wage suspension payment by violating the law. In December 2017, this company announced its closure and forced its workers to resign. Workers who refused were sued by the company under the charge of act against the law. The lawsuit was declined by the court. But workers who refused to resign were not reinstated yet.

How about other Nike apparel suppliers? Everything seems to be normal. Workers representative in Nike apparel suppliers such as Dong A Decal Jakarta, Inc., Eagle Nice Banten, and Kukdong Bekasi mentioned that the production runs as usual.

“In our workplace (Eagle Nice), there is a recruitment and the company opens a new building,” said one of the Eagle Nice, workers.

Worried of a sudden shutdown, a workers representative of PT Kukdong, Bekasi, sent a message to PT Kukdong’s management and Nike. Nike’s reply is not satisfying. “There is a plan to end the order by the end of 2018. But the reason is remain unclear. Nike mentioned the reason of the stoppage was because Nike suppliers reconsolidation,” said a Kukdong worker.

Kukdong International is a giant company from South Korea. It has two factories, in the Bekasi Regency of West Java (PT Kukdong International) with a number of workers of more than 1000 people and in Semarang Regency, Central Java (PT Semarang Garment) with more than 2500 workers. Workers' representatives were informed that PT Kukdong Internasional Bekasi would approach production in March 2019 and PT Semarang Garment in 2020.

The workers' representatives were informed that PT Kukdong Internasional Bekasi would approach production in March 2019 and PT Semarang Garment in 2020. "He said management would survive and would look for another order. If other orders enter, especially in small numbers we are worried that the rights we had been receiving will be reduce,"complained a worker at PT Kukdong International.

Kukdong workers' concern is reasonable. Similar to what happen in KBN, for the last five years, garment companies in Bekasi, Bogor, Tanerang, Depok, and Bandung move their production of West Java periphery and Central Java. The reason varies. Form compaining high minimum wage to expiry of their rent. However, generally, before they move, the companies always lay off their workers using early retirement or resign.

In PT Kukdong Bekasi, Nike's production is 100 percent. It employes more than 1000 workers, mostly are women who have been working for more than 20 years. Not only that. Workers think that their income has brought lives to the community around the factory. "If the company is shut down and we don't work, there is a posibility that our children cannot pursue their education anymore," added the worker.

Nike workers must be vigilant. All this time, relationship between suppliers and brands is not widely known. The auditor buyers who work for the brand are not necessarily willing to disclose information, let alone help if the company really closes. Companies just shut themselves down without noticed, didn't they? Just to name a few Kizone, an Adidas supplier in Tangerang was closed in 2012; Miyungsung, an Inditex, Walmart as well a Aeropostale supplier in KBN Cakung was closed in 2013; and Hansoll Hyunn in subang, West Java, was closed in 2017. If we see Kaho 2's explanation to workers; it did not mention Nike's order stoppage. If a company closes, it is workers and unions who are left to blame.

Date of end Nike Contract	Supplier	Workers affected	Union
December 2017	PT Dean Shoes Indonesia	15000 workers (Company get new order from Under Armour)	KASBI and SPSI
December 2017	PT Dream Sentosa Indonesia,	10.000 workers	KASBI
October 12, 2018	PT Kahoiindah Citragarment Bekasi	3000 workers	SPN and KASBI
December 2018	PT Dong A Decal Jakarta	500 workers	SBSI 92, SPN, SPTP
Maret 2019	PT Kukdong International Bekasi	10.000	SPN and FSBDSI
2020	PT Semarang Garment	2500 workers	SPSI

In order to know the truth on Nike's order retraction, one could check the company's general plan. In October 2017, in the presence of investors, Nike's CEO, Mark Parker and Eric Sprunk, promised to be ready to paralyze its main competitor, Adidas. [Adidas issued a SpeedFactory and opened new plants in Germany and Atlanta](#), while Nike will implement automation for all its products. With automation, production can be faster, more, and reduce the cost shipping, customs, the risk of accumulating goods and cutting the number of workers. [Orders that usually could be completed in six months, now they can be completed in only 60 to 10 days](#). "For us, all of this is about the scale of automation, digitization and robotics in all our sources and production lines," [Sprunk said as quoted by Quartz](#).

Previously, in 2015, Nike collaborated with Flextronics, a global electronics company, which one of its factories located in Batam. [Flextronics provides automatic machines for Nike](#). By the end of 2018, [Nike will send more than 1200 new automatic machines to its suppliers all over Asia](#). Those machines are believed to be able to automate cutting, printing, assembly and sole making.

Nike calls its tactics as "manufacturing revolution". "Manufacturing revolution" is a term refers to the supply chain modernization process. Nike believes that the new method will reap greater profits, [because it was tested on the production of Flyknit Nike shoes. The results of the trial successfully cut the number of suppliers by 15% while increasing the number of production and profits](#). Not only that. In the coming years, [Nike will only rely on high-tech suppliers or the ones based in Latin America or around North America](#). Reductions will also be made to the number of Nike seller retailers to 40 stores and online-based.

[In May 2018](#), Nike Inc said that it has 542 suppliers in 42 countries. That number of suppliers is controlled by 30 corporate groups. Five months after that, the data showed that the number of Nike suppliers were only 529 in 41 countries. Furthermore, [International Trade Union Confederation \(ITUC, 2016\)](#) data shows that the number of Nike suppliers reached 709 suppliers in 44 countries. It means that since the last two years 167 factory suppliers in two countries have been trimmed.

To the mass media in Jakarta, Nike Indonesia gave information. Global Nike has planned to reduce its supply chain since the last ten years. "We are working with each supplier group to carry out responsible exit processes, provide clear notifications and clear volume reduction schedules, which allows suppliers with opportunities with opportunities to get new buyers," [explained Nike on his website](#).

Surprisingly, the information submitted by Nike from its website still mentions the reduction in the number of suppliers from 785 to 529. Though the Nike 'manufacturing data' that has been updated in 2018 mentions 41 countries with 529 suppliers.

Without thinking about labor protection strategies, [the Ministry of Industry and the Indonesian Textile Association \(API\)](#) believe that Nike will not revoke its order.

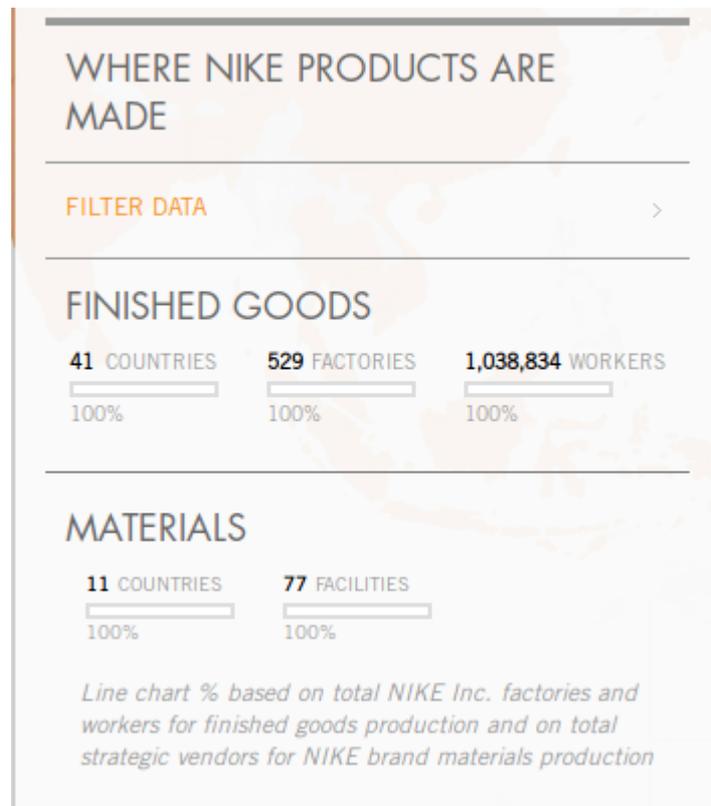


Illustration 2: Nike Manufacturing Map, August 2018

On October 15, 2018, the representative of Dong A Decal KBN Cakung said that Nike would end its production by the end of 2018. Dong A Decal is South Korean company began operations in 2011 employing 960 people. Since its establishment, Dong A Decal has produced Nike apparel as much as 90 percent of its total production. Nike's production line has been reduced from 15 lines to 5 lines. Currently there are 528 workers who work.

By automating production, human resource observers usually emphasize the need for new abilities and skills for workers and prospective workers. While business associations often use new technology as a tool to conquer workers. Most new technological presence in Third World countries is accelerated by various free trade agreements. Workers' daily experience shows that the emergence of new technologies will be accompanied by dismissals, making workers work more intensive and longer with lower and lower wages.

In 2017 at PT Kaho 2 there came new machines in printing section. "The work which used to be done manually. Now everything is automatic. The production is increased from 200 pieces to 1,000 pieces," said R. At that time, Kaho 2, reduced its production line, from 52 to 30 production lines. The process of reducing the production line is followed by an early retirement offer.

The change in the supply chain relates to other things, [namely a 15-dollar-hour-minimum wage increase in the United States throughout the United States and NAFTA \(North America Free Trade Agreement\)](#). Thus, other brands are planning to change their supply chains.

"If a production sector succeeds in closing without responsibility from Nike, it means that other production sectors will follow soon. This can also be followed by other brands. Therefore, the trade union must urge to refuse the withdrawal of Nike orders from factories in Indonesia," said Jeffery Hermanson.

Translated by: Arif Nursyamsi and Dina Septi

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<http://majalahsedane.org/robotisasi-generasi-buruh-kontrak-dan-pencabutan-order-nike-dari-indonesia/>