
**Nominated for the Public Eye Swiss Award 2008
by Tribal Welfare Society, India:**

Holcim Ltd.

Headquarters: Jona, Switzerland
Sector: Building materials
Turnover / Profit: CHF 23,969 billion / CHF 2,719 billion (2006)
CEO: Markus Akermann
Owned by: Thomas Schmidheiny (22%), Capital Group Companies Inc. (9.99%), diverse shareholders
Employees: 90,000 in over 70 countries (2006)

In Brief

Ethical corporate behavior, progressive terms of employment, and so on. The CSR principles of the Swiss flagship company Holcim Ltd. sound impressive. But in India, where the conglomerate established itself in early 2005, these principles don't seem to apply. Not only doesn't Holcim pay its employees the statutory industry wages; the world's second largest cement producer also questions the applicability of labor law-related regulations on which the industry wages are based. Small farmers speak of threatening "muscle men" and empty promises. Holcim is also suspected of cement price fixing.

An Industry Association Behaves Badly

After Holcim formed a strategic alliance with the Indian cement company Gujarat Ambuja Cement Ltd. in January 2005, everything ran smoothly: Only two and a half years later, Holcim was India's top cement producer. The Swiss firm owns 14 factories with an annual production capacity of over 34 million tons, and therefore controls roughly a quarter of the Indian cement market. But the strategically-planned entrance into this emerging country has a shady side. Not only did Holcim acquire successful Indian businesses, but also their histories: The land on which the factories are built was acquired from several hundred small farmers over the past 35 years, but the promised compensation has in most cases never been paid to the farmers. Many of them are still fighting for their rights – so far without success. Whoever thinks that things have changed under new ownership is mistaken. Holcim has not addressed this legacy from its Indian subsidiaries, nor has the Swiss corporation changed its ways: Holcim takes advantage of weaknesses in the Indian legal system too. When acquiring land, the firm gets around the compensation practice required by law. Instead of making land purchases through the state, farmers speak of intimidating middlemen who "persuade" them to sell. Thus the firm avoids the obligations of the Rehabilitation and Resettlement

Policy of the state government, which regulates the financial compensation of farmers and their right to employment. Holcim also avoids the rule of law when it comes to wage payments. In the Indian state of Chhattisgarh, the corporation does not accept the labor law regulations that guarantee cement workers a fixed industry wage. Instead of the statutory five euros per day, Holcim pays its workers just over one euro. While the labor unions have won the 17 years long legal battle at the State Industrial Court, Holcim is now challenging – together with other cement producers – the ruling at the High Court of the State Chhattisgarh to deprive their own workers of their legitimate rights. With success, it appears: The NGO Tribal Welfare Society reports that Holcim and Co. already have allies in the government who support Holcim’s “concerns.” As a result, the corporation is extremely successful in India: As early as 2006, its turnover in the country amounted to 2.237 billion Swiss francs. After all, the price for a ton of cement went up by roughly a third between 2005 and 2006 alone. Holcim and other cement giants like the French Lafarge and the Indian Ultratech are suspected of conspiring to fix prices. Investigations by the Competition Commission of India came to the conclusion that the price increase could not have come about naturally. But according to the Tribune India newspaper, the Indian finance minister has had to admit that the competition law would not be sufficient to break up the suspected cartel.

Consequences

If Holcim succeeds in leveraging the legal foundation of industry wages, workers’ wages may face further pressure. The victims of this manipulation are not only the current cement workers; future generations of Indians will also suffer if companies like Holcim manipulate the legal system to their advantage.

Current Situation and Demands

The cement workers’ unions in Chhattisgarh and local NGOs have been campaigning for the observance of labor rights by corporations for decades. Holcim, by making use of the extremely slow juridical system in India, has dragged the case to the High Court of the State Chhattisgarh where it may take several years and the unions may have lost this struggle once and for all. Therefore the Tribal Welfare Society calls on the Holcim management to remember the principles of their CSR policy and to act accordingly – even in the booming Indian market.

Further Information:

- www.holcim.com/CORP/EN/id/1610644016/mod/gnm50/page/channel.html
- www.tribuneindia.com/2007/20070726/biz.htm#11
- www.economicstimes.indiatimes.com/Opinion/Customers_as_enemies/articleshow/2289716.cms