Strike by Chinese footwear workers shut down

Alan Leigh
1 May 2014

One of the largest strikes in recent Chinese history all but ended last Friday after the state-controlled Guangdong Federation of Trade Unions, working closely with police, pushed tens of thousands of footwear workers back to work.

According to Yue Yuen Industrial Holdings, 80 percent of the 45,000 employees have now returned to work inside its huge factory in the southern city of Dongguan in Guangdong province. Other estimates put the figure lower. Associated Press reported that about 10,000 workers were still on strike but the numbers appear to be dwindling.

Workers have accused local officials and the company of using force. The state news agency, Xinhua, reported that riot police took away dozens of workers. The China Labor Bulletin said four workers were hospitalised after clashes between police and workers.

Agence France Presse reported that labour activist Lin Dong, from the non-government organisation, Shenzhen Chunfeng Labor Justice Service Department, was detained last week for "picking quarrels and stirring up trouble."

Workers, many of whom live in dormitories inside the facility, told the media that the company took away their electronic card readers, which give them access to the plant, to put pressure on them to return to work. "They're making us sign a timesheet once an hour to make sure we're in the factory," one worker said.

Yue Yuen workers had been on strike since April 5, demanding that the Taiwanese-owned company pay their long overdue retirement and housing benefits, as obligated by China's Social Insurance law. The strikers also demanded a 30 percent wage rise and negotiations with their own representatives, rather than state-run trade unions, to which they are bitterly hostile.

The company rejected demands for the 30 percent pay raise. It offered only to pay back-dated retirement and housing benefits, starting from May 1, and provide an extra $37 monthly living allowance. The company is yet to indicate at what wage level the benefits will be paid.

"We are not quite sure who to come to deal with," executive director George Liu said, indicating that workers placed no faith in any deal struck by the official trade unions. According to Liu, the company had prepared a contingency plan to shift the work to its factories in Vietnam and Indonesia.

Confronted with the prospect of losing their jobs, and strong-armed by state officials, Yue Yuen workers were forced to accept the offer. Clearly they were unwilling. "As far as I know, none of the workers around me would like to accept the offer," Cui Tiangang said.

Liu denied that the company had violated any laws or regulations with regard to Social Insurance payments. "There is no wrongdoing. We have always been in compliance with the relevant government laws and regulations," he told reporters.

However, one worker explained: "Many of us began to find out that our social insurance contributions from our employers were at least 200 yuan short every month, dating back nearly two decades."

Non-payment or under-payment of wages and benefits is commonplace in China, which has been transformed into a giant cheap labour platform over the past 25 years. Export manufacturers often operate on small margins, producing goods on contract for giant global corporations, and seek to boost their profits at the expense of workers.

Zhang Zhiru, another Shenzhen Chunfeng Labor Justice Service Department representative, pointed out that companies in the Pearl River Delta avoid paying social benefits with the tacit approval of the local government, which is concerned to prevent plants moving overseas. The Guangdong Federation of Trade Unions works alongside the local government and management to suppress discontent, urging workers to act “rationally.”

Yue Yuen’s Dongguan factory is one of the world’s largest shoe manufacturing plants, producing footwear for corporations such as Nike, Adidas and Puma. The facility accounts for 10 percent of the company’s total production.

More broadly, the Chinese government is fearful of rising unemployment, social tensions and industrial unrest as the economy continues to slow. China’s economy grew at an annualised rate of 7.4 percent in the January-March quarter, lower than the official growth target of 7.5 percent and down from 7.7 percent in the final quarter of 2013. The figure is markedly less than the growth rate of 9.3 percent in 2011 and 10.4 percent in 2010.

Strikes and disputes have been on the rise. The China Labor Bulletin recorded a 31 percent increase in the number of disputes during the first quarter of 2014, compared to the same quarter last year, and 119 disputes in March alone.

Disputes over unpaid social benefits have been rising because companies have been relocating their factories to cheaper inland provinces, or to Southeast Asian countries. “A lot of the low-end, labour-intensive sweatshop industries, such as toys, garments and shoes, have already moved to Bangladesh, Vietnam or Cambodia,” China Labor Bulletin researcher Geoffrey Crothall said.