Strikes rock manufacturing centres in southern China

By Ben McGrath
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Thousands of factory workers in the manufacturing cities of Shenzhen and Dongguan in China's southern Guangdong province have taken part in strikes over the past two weeks to protest cuts to wages and other conditions.

On November 17, 7,000 workers stopped work at a Taiwanese-owned shoe factory in Dongguan. The Yue Cheng facility had recently fired 18 middle managers and cut overtime. Many workers also faced losing their jobs as the company prepared to shift production to inland China or another country, such as Vietnam, where labour costs are lower.

Workers protested outside the Yue Cheng plant in Yue Yuen Industrial Park, then marched to the local government office. Ten workers were injured and 19 arrested during a confrontation with the police. The factory is owned by Pou Chen—one of the world's largest shoe manufacturers, producing for brands such as Nike and Adidas.

The tensions continued this week, with security guards patrolling the industrial park. Workers told Reuters that the strike continued. They were clocking in, but refusing to work at the assembly lines. "We are willing to work but you must also pay us enough to survive," one worker said. Another declared: "Even during the financial crisis [in late 2008 and early 2009] we didn't see pressure like this."

Starting from November 21, two-thirds of the 800 employees at lingerie maker Top Form International Holdings' factory in Shenzhen staged a five-day strike against a piece-rate wage system and onerous daily production quotas. Workers do not receive extra pay for up to 300 hours overtime a month during the peak seasons, and receive a monthly wage of just 2,000 yuan ($US314).

Company chairman Fung Wai-yiu told the *South China Morning Post* last week that the man had been involved in a dispute with a worker that sparked the strike had resigned and three "trouble-makers" had been fired. He admitted: "Labour issues are explosive." Top Form is one of the world's largest brassier exporters, mainly to Vanity Fair, Warnaco, Komar Intimates and Wacoal in the US and Etam, VDV, DBA Group and Hunkemoller in Europe.

On November 22, 1,000 workers at a Taiwanese-owned computer factory in Shenzhen went on strike over excessive overtime from 6 p.m. to midnight. Jingmo Electronics Technology (Shenzhen) Co. makes keyboards, wireless cameras, hard-disk drives and computer displays for transnational corporations like Apple, IBM and LG. Employees have to work 100 to 120 hours overtime each month, but the management deliberately avoided overtime on Saturday to avoid paying more. Workers also complained about high rates of injury, the layoff of older workers and verbal and physical abuse by the management.

China Labour Watch, based in New York, reported: "On the morning of November 22, 1,000 workers at the factory held a meeting in which they decided to strike, owing to the unreasonable overtime demands made on them by management. One by one, they walked off the job and moved to block National Highway 107 in protest. By the time the protesters decided to end the demonstration and disperse, authorities had assigned several hundred police officers, including riot police, to the protest."

Many factory workers in southern China are facing wage cuts and harsher conditions as companies struggle to survive in the face of the growing international economic turmoil. Orders from Europe, China's biggest export market, have drastically declined as a result of the sovereign debt crisis. The weak economic recovery in the US has also caused exports to drop.

A World Bank report last week lowered the growth forecast for China to 8.4 percent in 2012, down from estimated 9.1 percent this year. The World Bank chief China economist Bert Hofman warned that as China sent one-fifth of its exports to the European Union, the crisis there was hitting every industry “from toys to flat-screens,” with a particular impact in the electronics sector.

About 450 small- and medium-sized firms in Dongguan have closed in the past 10 months as exports orders have plunged. The prospects are so severe that Xia Bin, a member of the Chinese central bank monetary policy committee, warned last week that China—the world’s largest exporter—could face a trade deficit in 2012. Vice Premier Wang Qishan stated last week that “the one thing we can be sure of is that the global economic recession will last for a long time.”

Fears that China could actually see its first trade deficit in two decades have forced the Beijing regime to dramatically rethink its export focus. Yet the industries that are supposed to reorient to domestic consumption are also in trouble.

On November 14, several thousand workers at bottling plants in five Chinese cities held a co-ordinated demonstration against a takeover of the PepsiCo China operations (24 bottling plants) by Taiwanese food and beverage conglomerate Tingyi Holdings. The protest was started by 1,100 workers at the Fuzhou plant, but was soon joined by workers in Chongqing, Chengdu, Nanchang and Changsha. Workers then launched an online campaign threatening action by all 20,000 employees.

Fearing job losses and other cuts once Tingyi takes over, the workers demanded a halt to the deal or compensation as a result of PepsiCo’s failure to consult them prior to the sale. The American-based transnational, the world’s second largest soft drink maker, would in turn receive a 5 percent stake in Tingyi’s beverage business.

Despite PepsiCo’s assurances that workers would be protected, employees are far from convinced. One worker at the Fuzhou plant explained: “PepsiCo agreed to keep everything in the contract unchanged in the next two years, but we are worried that when the new employer takes over the business, some of us will be laid off.”

China’s export industry is based on cheap labour and sweatshop conditions. A shift toward domestic consumption would necessitate higher wages for workers, undermine export competitiveness and therefore accelerate job losses in the export sector.

In April, in an attempt to ward off growing social discontent, the Shenzhen authorities increased the minimum wage slightly from 1,100 yuan to 1,320 yuan a month. Even this meagre increase caused companies to speed up plans to reduce their workforces and shift production to cheaper provinces and other countries. Top Form International, where one of latest strikes occurred, is reducing its sewing workforce from 1,000 to 400 by moving to Thailand, where wages are even lower.

The ruling Chinese Communist Party is deeply concerned that rising labour unrest will evolve into a broader working class rebellion. Already, the Internet police have censored the word “Pepsi strike” from popular micro-blogging services like Sina Weibo. The regime is particularly nervous about this strike as it involves not just one workplace, but coordinated action by workers in a number of factories in different provinces.