China: Suicide and strike at Foxconn

By John Chan
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Labour unrest has erupted again in the world's largest outsourcing manufacturer, Foxconn. It is a sharp sign that the working class in China is now under enormous economic pressure.

Last Thursday, a dissident Chinese language web site, *China Jasmine Revolution*, reported that several thousand workers at a Foxconn plant at Fushan city, in southern Guangdong province, began a strike against management's secretive redundancy plan. Foxconn is shifting the facility to Yangtai, in Shandong province, where wages are lower.

The Foshan Pulihua Technology plant was originally a Taiwanese operation, established in 1990. Foxconn, another Taiwanese company, took over in 2006 and became one of the largest manufacturers of digital cameras and projectors for global brands such as Konica, Minolta and Nikon. With 20,000 workers in this plant, it is estimated that one in every 7 or 8 digital cameras in the world is made there.

China Jasmine Revolution reported that because of the global economic slump, orders for the plant were falling, forcing Foxconn to retrench workers in groups, starting with an initial batch of 5,000. Workers threatened to continue to strike until the company outlined its whole relocation plan. Police were deployed to confront striking workers. (See photo)

Another dispute over job cuts erupted at Foxconn's giant Longhua complex, in the manufacturing centre of Shenzhen city, also in Guangdong province. The *AppleInsider* web site, citing accounts on China's micro-blogging service Weibo, reported that last Friday morning a worker tried to commit suicide by jumping off the factory roof, but survived. Later three more workers climbed onto the roof and threatened to jump.

Foxconn issued a media statement, saying: "We can confirm that on March 29, three employees at our campus in Longhua, Shenzhen were involved in a workplace dispute over the company's decision to offer them an opportunity to relocate to another Foxconn China facility as part of a shift in production linked to their business group."

China National Radio reported last Friday that orders at the Foxconn plant were falling. The corporate giant was forcing workers to resign by "provoking discontent." The report added that at another Guanlang complex in Shenzhen, workers were forced to take long stretches of leave on a rotating basis, in order to encourage to them to resign. Those who took up retrenchment were offered just 600 yuan ($US96) as "compensation."

After the Chinese New Year holiday in February, Foxconn did not follow its usual practice of hiring more workers, as there was no overtime work for the existing workforce. Without overtime pay, the wages paid to experienced workers are less than 2,000 yuan a month. After deductions for accommodation, meals and superannuation, "there is not much left for workers, it is hard for workers to stay even if they want to," *China National Radio* stated.

Since 2010, Foxconn has been rocked by the suicide of 14 employees, mainly in Shenzhen, resulting from onerous sweatshop conditions and military-style management. Under pressure from its Western corporate clients, such as Apple, Foxconn's billionaire chairman Terry Gou promised to give wage rises and other minor concessions to workers.

At the same time, however, the company initiated a massive plan to relocate production facilities to inland Chinese provinces and other Asian countries where wages are even lower. Foxconn's profits in 2012 jumped by 16 percent to $3.2 billion—the highest level since 1995.

Chinese companies are also facing greater competition from advanced industrialised economies. According to Miami-based consulting company Hackett Group, the gap between manufacturing costs in the US and China has almost halved in the past eight years and is likely to fall to just 16 percent this year. Huge wage cuts have been imposed on American workers in the wake of the 2008 financial crisis.

Other export companies in China are also being hit by the global economic slump, leading to protests and strikes.

A thousand workers at the Second Division Factory of Liangneng Technology in Shenzhen, owned by Taiwanese-owned Unimicron, stopped work last week over plans to reassign them to other facilities, without compensation, and unpaid overtime wages. On April 1, hundreds of workers marched to raise their demands, prompting local authorities to deploy large numbers of police. (See photo)

In online comments, striking workers explained that they had been locked inside the factory, under the supervision of government officials and police. Management refused to provide food to hundreds of striking workers, until reporters arrived. Another worker wrote that they worked 12 hours a day, plus 2.5 hours overtime, with only quarter of an hour for lunch.

Shipbuilding has also been affected. Last Thursday and Friday, 2,000 workers at the South Korean-owned STX shipyard in Dalian in eastern China took strike action. They gathered in front of the government office in the Changxingdao Technology Zone to protest against unpaid wages, and called for a ban on the transfer of assets by the company. A large number of police was deployed to guard the building. (See photo)

STX's Chinese operation, which was only established in 2008, as part of STX's aggressive global expansion, now has 30,000 workers. But the global financial crisis has sent the company into debt because of a rapid fall in ship orders. Workers posted "insider" information online, saying STX was unable to pay major Chinese banks debts of 5.89 billion yuan ($950 million) that matured on March 21. STX's overall debt is estimated to be 200 percent of its assets.

The ongoing labour unrest in export enterprises indicates that slowing Chinese economic growth is intensifying sharp social tensions, which are set to worsen in the coming weeks and months.
