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AT&T and NEC Contract with Sweatshop Operators

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By: Eli Friedman, China Labor Watch

October 29, 2003

Name: Dong Guan S Megga Telecommunications Ltd

(Chinese name: Dongguan changde Telecommunications Products Company)

Products: for AT&T and NEC

Location: ChengQu

Dongguan City, Guangdong Province, China

Labor force (Peak Season): 1800

Introduction

Critics of labor and human rights violations in China have tended to focus on factories that are engaged in garment, toy, and textile production. Many of these factories are sweatshops that have committed egregious violations of international and Chinese labor laws and standards. Although many in the west believe that Chinese electronics factories are better places to work, our investigation of the conditions in a wireless phone manufacturing facility under contract to AT&T and NEC and owned by DongGuan Chengde Telecommunications Products Company Ltd (English name: Dongguan S Megga Telecommunications Ltd).revealed that workers were over-worked, under-paid, and inhumanely treated. The company even violated Chinese labor laws. The Dongguan Chengde factory facility closed down in October 2002. This investigation is based on data gathered between August 2001 and July 2002, but in the current global economic environment it is probable that these findings accurately represent conditions in electronics factories in China.

Daily Schedule

During the off-peak season, from August of 2001 until April 2002, workers worked eight and a half hour shifts, followed by four-and-a-half to four-and-a-quarter hour overtime shifts. Overtime work was remunerated at the same rate as regular hours. Supervisors allowed forty five minutes for lunch and one hour between the regular shift and the overtime shift. Workers had Sundays off as well as legal holidays (six per year). During the peak season, from April 2002 to July 2002, workers worked a normal eight and a half hour shift, and then worked between six-and-a-half and six-and-a-quarter hour overtime shifts. During this period, managers extended the lunch break to one hour and permitted workers to rest one hour between the end of a regular shift and the start of an overtime shift. However, the day of rest on Sunday was taken away, leaving only legal holidays to break the seven day work week.

Wages and Cost of Living Subsidies

The financial situation of the workers at Chengde factory was also substandard. Before 1998, workers received regular wage increases of approximately 3% a year. After 1999, all wage increases were eliminated. During 2002, production workers received only 270 Renminbi (RMB) per month, and machine repair workers got 450 RMB. Both groups of workers received 60 RMB per month in living subsidies, which brought their total monthly salaries to a mere 330 RMB and 510 RMB respectively. Perhaps even more troublesome is the fact that workers

did not receive paychecks until they had been working in the factory for 60 days. Furthermore, these first checks did not include the first month's wages, which managers claimed was held-back as a security deposit (in addition to an initial deposit of 30RMB). If workers quit, managers generally did not refund the deposit or pay any remaining wages owed to workers.

Non-production employees (including section heads, technicians, engineers, assistant managers, and managers) was comparatively much better. Lower level employees, such as section heads and technicians, earned 600RMB/month with between 100 and 300RMB in subsidies. Middle level employees received 1000RMB/month and between 300 and 500RMB in subsidies. Finally, upper level employees, such as managers, took home 2000RMB/month with between 500 and 2000RMB in subsidies.

Living Conditions

The majority of production workers shared a single room with nine other people, all of them sleeping in bunk beds, while managers generally shared their rooms with only one other person. About 150 production workers lived on each floor, the total space of which was about 1000 square meters. Approximately sixty production workers shared one bathroom, and in the workshop there were 120 people to a bathroom. Managers shared the bathroom with about twenty people, while the bathrooms in the offices were for around forty people.

Factory Rules and Regulations

Perhaps it was the factory's rules and nearly draconian punishments that seem to be the most inhuman aspect of the operation. Not wearing the proper uniform or I.D. Card, gambling, reading while at work, turning on a light after 11:30p.m., and lending a I.D. Card to someone all resulted in strict fines for workers. Contrary to International law, organizing a strike was regarded as severe offense and tantamount to stealing or purposefully damaging factory property. Offenses resulted in firing, without receiving owed wages. Additionally, if someone quit their job of their own accord, they did not receive their remaining wages and their deposit was automatically withheld. Arriving late to work or leaving early was strictly forbidden, and managers deducted a day's wages for infractions.

Problems with Health Conditions

In addition to the issues outlined above, there were other serious problems with the working conditions in the factory. Methane, alcohol, and other toxic materials were used in the factory. Production workers were not provided with any insurance.

Conclusion

Perhaps most indicative of the illegality of management's attitude, was their ban on unions, which was contrary to both Chinese and International law. Banning worker organizations and firing those who attempted to create them enabled management to remove workers' most effective method for addressing and resolving workplace grievances. Because of such management conduct and the inability or unwillingness of officials to enforce extant law, electronics factories in China are not free of the human and labor rights violations associated with the more well-known sweatshops in sectors such as textiles and apparel. Low pay, poor working and living conditions, and the denial of basic worker rights are all present in electronics factories, proving that without better legal enforcement any manufacturing sector is susceptible to sweatshop conditions and the maltreatment of workers.

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