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## Survey of Chinese Workers' Working Conditions in 2010

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**Synopsis:**China Labor Watch (CLW) surveyed 46 factories in mainland China in 2010. The surveyed factories are located in Guangdong and Jiangsu, with an average of 20-30 workers surveyed in each factory. Among the 46 factories, the fewest number of workers is approximately 40, while the largest factory employs approximately 30,000 workers. There are an approximate total of 92,000 workers in the 46 factories. Off-site interviews were conducted.

### Summary

Many concerning labor violations in Chinese factories persisted throughout 2010. China Labor Watch (CLW) independently investigated these violations, and discovered that the most pervasive and severe classes of labor violations include workers' organization and grievance mechanisms, wages and working hours.

Although the CLW survey is limited in scope by the quantity, geography, and industries of the factories investigated, its aggregated results comprehensively highlight the most prominent labor issues in China today. As such, the survey enables interested and concerned consumers, stakeholders, the media, and international brand companies to reflect on these issues, and most importantly, to openly discuss how to resolve these issues. This survey reveals that the investigations and exposure of labor abuses in the Shenzhen Foxconn factory, prompted by the spate of suicides in 2010, still exist. Such violations also frequently occur in many other factories, regardless of the industry or size.

Of the survey results and the gravest classes of labor violations, the following statistics are notable:

- A) The ability for workers to organize and express their grievances is extremely limited, and poses a serious problem. In 88.2% of the surveyed factories, there was no functional or effective trade union or grievance mechanism system.
- B) In 87% of the factories, daily overtime work exceeded three hours or there was no guarantee of one day of rest each week. Not one factory met the legal requirements for overtime monthly maximum of 36 hours. In the surveyed factories, overtime hours in excess of 100 hours was the norm, and some were even in excess of 200 hours.
- C) 82.6% of the factories surveyed do not pay wages in accordance with Chinese labor laws, with regards to minimum wage and/or overtime rates. As workers have no means of engaging in collective bargaining, there is little hope of wages increases.

In addition to the aforementioned three primary areas of concerns, the CLW survey reveals that there are seven additional significant problems facing workers: occupational safety and protection problems, social insurance, dormitory conditions, labor contract, forced labor, discrimination, and child labor and minor protection. The survey analyzes the aggregated survey statistics and results, and their relationship to the overall labor situation.

China Labor Watch believes that there are two irreconcilable factors creating the current labor situation and discord, their incompatibility contributes to promotion of a workers' rights movement in China. The first factor or "push" is that buyer companies solely seek profits, and are willing to do everything possible to excessively constrain labor costs. This

breeds poor work environments. The second, conflicting "pull" factor is that, because of globalization and the internet, the Chinese work force is developing a more refined consciousness of democracy and civil liberties. The conflict between the push down of company costs and rise of worker consciousness, we anticipate, will lead to a more entrenched labor movement, through which workers will seek empowerment vis-a-vis safeguarding of their legal rights. With growing tensions in this conflict of interest, CLW believes that workers' rights empowerment and systemic change will only come about when there are functional and effective trade unions in factories with democratically elected leaders. It is only when workers are given a voice and the ability to collectively bargain that real, lasting change will occur.

Since Reform and Opening, the 30 years of Chinese rapid economic development has come at the expense of the interests of the Chinese working class. China has been able to gain a comparative advantage in international markets because of its cheap labor costs. Yet this practice of sacrificing decent working conditions is neither ethical nor sustainable. With growing public discontent and pockper, with growing public dissatisfaction more entrenched labor movement Shenzhen Foxconn factory ia, and in some cases there isets of instability, the government must pursue concrete policies that will improve working conditions and workers' quality of life. If the government instead seeks to block and quell workers' expressions of grievance, an eventual overflow of dissatisfaction will transform into more widespread worker mobilization. Indeed, evidence of growing worker discontent is evident from the reported strikes of 2010. While CLW reported 66 strikes in 2010, there were in reality, many more. Based on CLW's analysis, we believe that the labor strikes in 2010 were unique in that they became infectious or "viral," and that the strike movements increased in frequency. The Foxconn events and Honda strikes that occurred in May drove a higher incidence of strikes in June, when there were 17 strikes reported by CLW. The events in May created an infectious environment such that in June, one quarter of all 2010 strikes occurred. Even with the 17 "viral" strikes from June aside, there were 49 strikes in the other 11 months of the year. With an average of 4.49 strikes per month in the remaining 11 months of 2010, the greatest number of strikes occurred between October and December 2010, evidencing a trend that workers are more and more willing to use a strike as a means of protest.

In recent years of successive labor shortage crises, economists have concluded that China is nearing the "Lewis turning point." The labor supply is no longer unlimited, and labor-intensive industries can no longer rely on low-cost labor. This is reflected in the current national trend to gradually increase minimum wages. In 2010, 30 provinces increased the statutory minimum wage. For example in Guangdong province, the minimum wage increased 22.8% in 2010, and on March 1, 2011 again increased 18.6%. With these legal increases in minimum wage, it will be more difficult for companies to adhere to the norm of extremely low wages and labor costs. Historically, international buyers have squeezed razor-thin profit margins from supplier factories. Not only do buyer companies seek the lowest-cost production, but stress factories through high demands for short order turnaround times, forcing excessive overtime hours, all at the expense of workers.

#### **Overview of Factories Investigated**

Of the 46 factories survey, there are 28 toy factories, 8 electronics factories, 5 footwear factories, and 5 factories from other industries. There is only one factory in Jiangsu province, 45 factories in Guangdong, among which 23 are in Shenzhen, 18 in Dongguan. The majority of the surveyed factories are Hong Kong or Taiwanese invested enterprises that manufacture for export markets. Multinational buyer companies must collaboratively work with supplier companies and factories to improve conditions, ensure protection of workers' legal rights, and implement an ethical supply chain that reflects a holistic socially responsible company.

The table below reflects the grim situation of Chinese labor conditions. With the exception of discrimination and child labor, the other eight investigated factors and their violation of Chinese labor law is in excess of 60%. Five of the ten factors were found to be unacceptable in over 80% of the factories investigates, including issues related to: workers' organization and grievance mechanisms, occupational safety and protection, working hours, wages, and social insurance coverage. As these factors are intimately linked to the safeguarding of workers' rights, improvement in these areas should be the focus of ongoing efforts to promote workers' interests. In many of these cases, protections are

wholly absent, and workers' interests are routinely violated. Workers' rights are routinely violated due to insufficient legal compliance monitoring and insufficient workers' awareness of rights.

	Number of Factories with Acceptable	Number of Factories, Unacceptable	Number of Severe Cases
Workers Organizing and Grievance Mechanism	2 11.8%	15 88.2%	1
Occupational Safety and Protection	4 12.5%	28 87.5%	2
Working Hours	6 13%	40 87%	3
Wages	8 17.4%	38 82.6%	4
Social Insurance	7 17.9%	32 82.1%	5
Food and Dormitory Conditions	14 33.3%	28 66.7%	6
Labor Contract	14 31.1%	31 (68.9%)	7
Forced Labor	13 37.1%	22 62.9%	8
Discrimination	25 65.8%	13 34.2%	9
Child Labor and Protection of Underage Workers	29 70.7%	12 29.3%	10

Table 1. Summary of Factory Survey Results

[The full report is available in Chinese here.](#)

