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## Nike, Adidas, Reebok and New Balance Made in China

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Name: Dongguan YueYuen Shoes Factory (YY)

(Chinese name: YueYuen Shoes Factory)

Products: Nike, Adidas, Reebok and New Balance

Location: Gaobu Town

Dongguan City, Guangdong Province, China

Labor force (Peak Season): 50000

Labor Force (Low Season): 40000

### Background

This report covers the period from January 1999 to October 2002. All the information was gathered by China Labor Watch (CLW) through independent investigations.

Pou Chen Corp(Chinese name: BaoCheng Group) has 150,000 Chinese workers in its shoe industry. The factories are located in Gaobu Town Dongguan City, Huangjiang Town Dongguan City, Sanxiang Zhongshan City, Jida Industrial District Zhuhai City .and manufacture shoes for Nike, Adidas, Reebok, Clarks and New Balance and other well known brands.

The YueYuen Shoes Factory in Dongguan is a giant shoe manufacturer with 50,000 employees and is a branch of the Pou Chen Corp (Chinese name: BaoCheng Group),In YueYuen Factory No.1(Labor force:18000), 8000 workers or so produce for Adidas, 3000-4000 workers produce for Reebok. Other factories produce for other brands (For example: New Balance). After the merger of YueYuen Factory No.2 and No.3 in Gaobu Town, Dongguan, there are 12,000 workers producing for Nike. The total number of workers is 50,000 or so.

Beginning in 2000, the Pou Chen Corp (Chinese name: BaoCheng Group) has been gradually relocating shoe production to Vietnam in order to lower costs. YueYuen Factory One mainly produces for Adidas and Reebok; YueYuen Factory II and YueYuen Factory III mainly produce for Nike. YueYuen Factory II production facilities have moved to Vietnam. YueYuen Shoe Factories attract investment from both Taiwan and Hongkong companies, while investment from another shoe factory- the Pou yuan Shoe Factory - is from the Taiwan Pou Chen Corp (Chinese name:BaoCheng Group) Taiwan only. The Pou yuan Shoe Factory is mainly producing for Japanese and European contractors, including the Japanese brand "Yagoda". The focus of this report is not the complicated relationship between the two factories but the working conditions in them.

Before leaving China I visited YueYuen Shoe Factories in Southern China for several times, including the YueYuen Shoe Factory in Dongguan. In June 1999, I obtained a copy of the collective contract between workers and the factory as well as the conduct code of the factory (The contract is a collective contract, signed by the group leaders, kept by the factories, but not the workers). At that time, I sent these documents and payroll-sheets overseas. Just before I left China in January 2000, I visited the factory again. Workers at the factory provided me with a copy of Nike's media policy, copies of pay slips, and detailed descriptions of the products being manufactured at that time as well as information on daily output. I managed to interview more than 30 workers.

Although I left China, the investigations at the YueYuen Shoe Factory continued. My assistant is currently

working at the factory now and keeping records of changes in working conditions and other developments.

My initial visits to the YueYuen factory in November 1999 made a deep impression on me. I entered the factory workshops and saw the production line. I also managed to enter the workers' dorms and talk to the workers. On the same day that I first went to the factory, a female worker committed suicide by jumping off the 8th floor of "B" building, which housed the production line for Nike products. The suicide took place at eight o'clock in the morning on November 1999. The factory did not know the girl's name as she had originally got employment there by using another young woman's ID card. She was under the minimum age limit of 18 set by the employers and had therefore borrowed the ID card of a woman named Zhong Xiaohong. To my knowledge, suicides have claimed the lives of three workers since 1999.

In November 1999, a female worker named Liu Xiaoling, who worked in "tailoring/ cutting department" of the Adidas production line, became ill and requested sick leave from the department manager. The latter refused her request three times and she had to stay at her post until the shift ended at 1:00 am in the morning. The following day her colleagues found her dead in the restroom. The factory paid just 5,000 yuan (US\$ 520 US\$1=8.2 yuan) in compensation to her family. When a senior Adidas representative in China heard about the incident he/she requested that the factory increase the amount of compensation awarded to the family.

According to our information 12 workers have committed suicide by jumping off high buildings at the plant since 1994. (workers tell CLW) The youngest was only 17 years old. Meanwhile, other factories belonging to Pou Chen Corp (Chinese name: BaoCheng Group) Taiwan have had similar incidents. On June 15, 2002, at 4:20 PM, a female worker died after jumping off from the 5th floor of the YueYuen Shoe Factory in Zhuhai City (phone: 0756-3364507). Another female worker died in the same way in February 2002.

This report is the first in a series of investigation reports planned by CLW. We will first examine Nike's Media Policy, which is posted in the security office at the factory gates. It states:

- (1). If someone is found taking pictures of the factory from outside the grounds, he/she should be "invited" into the factory and the factory official who is in charge of labor affairs should deal with him/her. The factory policy should be explained carefully and politely to the person or persons involved. The incident must be reported to Nike production managers.
- (2). If someone who is not employed by the factory is found attempting to enter the factory to take pictures, the factory policy must be carefully and politely explained and Nike production managers notified. If the person taking pictures refuses to cooperate with factory management, he/she should be escorted to the local police station.
- (3). Only interviews and visits arranged by Nike Public Relations are permitted.

We also have information on how Adidas deals with media coverage. The story of workers being physically punished at the Yongxin Shoes Factory in Dingshan Management District, Houjie Town was originally covered by Guangzhou Daily (Guangzhou Ribao). After the story came out, Adidas responded by terminating its contract with the factory leaving the workers unemployed once they had finished producing the last 200,000 pairs of shoes. This shows how Adidas's media policy can impact on workers in a highly negative manner.

From June 1999 to October, 2002, the following practices were recorded at the YueYuen factory III and YueYuen factory I:

- (1) Nike Media Policy: only coverage arranged by Nike PR permitted.
- (2) When poor working conditions at the suppliers, Adidas responded by reducing orders on many occasions.
- (3) Intense pressure of work is one of the major reasons behind the deaths of 12 female workers since 1994.
- (4) The factory paid the workers 33 cents/hour, The workers wage not enough to support a family.
- (5) Union representatives are appointed by the factory management and do not represent the workers' interests.
- (6) The workers are asked to work 60 hours each week. According to China's laws, workers should not be asked to work more than 40 hours each week with overtime limited to 36 hours per month.. The factory violates China's law. The labor law stipulates the overtime working cannot exceed 36 hours per month.

(7) The workers have no insurance and pension system and have no access to welfare if they become unemployed.

(8) The factory only employs female workers aged from 18 to 25.

(9) The factory uses video monitors to spy on workers on the pretext that it is preventing theft and monitoring production.

(10) The pace of production is unreasonably high and contributes to exhaustion, stress and accidents.

(11) Some workers have been unable to visit their hometowns and villages for over six years.

(12) There is evidence of managers sexually harassing female workers.

(13) The factory has Human Rights Managers and Social workers but they will often impose rules on workers by deducting their salaries.

(14) The factory discriminates against female workers.

(15) The factory still uses toxic glue in certain sections.

Problem One: Contract.

China Labor Law chapter 3, article 19 which clearly states the employers shall sign a labor contract with their employees.

Article 19

Labor contracts shall be concluded in written form and contain the following clauses:

(1) Time limit of the labor contract;

(2) Content of work;

(3) Labor protection and labor conditions;

(4) Labor remunerations;

(5) Labor disciplines;

(6) Conditions for the termination of the labor contract;

(7) Liabilities for violations of the labor contract.

(8) Apart from the necessary clauses specified in the preceding clause, the parties involved can include in their labor contracts other contents agreed upon by them through consultation.

Article 98

The employer that revokes labor contracts or purposely delays the conclusion of labor contracts in violation of the conditions specified in this Law shall be ordered by labor administrative departments to make corrections and assume responsibility over compensation for any losses that may be sustained by laborers therefrom.

We have learned that there are collective contracts between the factory and the workers. However, the contracts were signed by "group leaders" in the name of the workers instead of by the workers themselves. The workers never see the contract. The factory keeps the contract but does not issue a copy to the workers. The contract is valid for one year, but the workers are not aware of this and details of the contract expiration dates are not made known to employees who are not informed if and when it is renewed. According to Article 21 of China's Labor Law's an employees probation period should not exceed six months. Moreover, if a worker accumulates over ten years service at his or her place of employment the employer is obliged to sign a long term contract with the employee. At present, many workers have been working at the factory for over ten years, but remain employed on annual contracts.

Our goal is for each worker have a copy of the collective contract, and that the factory signs long-term contracts with those qualified

with those qualified.

Problem Two: Discrimination.

According to China's Labor Law chapter 2, Article 12

Laborers shall not be discriminated against in employment due to their nationality, race, sex, or religious belief.

Since 1999, the factory has adopted a policy of mainly employing female workers. Male workers are only employed with the specific approval of section managers. This has led to a male to female ratio of 1 to 15.

This situation burdens women workers with tasks generally undertaken by male workers. There is also evidence of female workers being sexually harassed by some managers. In China, the average age of a woman getting married is 21, but at the factory more than 60% female workers over 25 years old are still single. According to our investigation, most female workers are anxious to get married and start a family. These factors give rise to considerable psychological problems for female employees contributing to at least 12 suicides.

Our goal is for the factory to offer equal opportunities for both male and female workers.

Problem Three: Working hours.

According to China's Labor Law chapter 4, Article 36

The State shall practice a working hour system wherein laborers shall work for no more than eight hours a day and no more than 44 hours a week on the average.

According to China's Labor Law chapter 4, Article 41

The employer can prolong work hours due to needs of production or businesses after consultation with its trade union and laborers. The work hours to be prolonged, in general, shall be no longer than one hour a day, or no more than three hours a day if such prolonging is called for due to special reasons and under the condition that the physical health of laborers is guaranteed. The work time to be prolonged shall not exceed, however, 36 hours a month.

However, through its private connections, the factory was granted permission by Dongguan Labor Department to have the workers work as many as 86 hours of overtime. Although the factory was offered the privileged policy, the policy itself violates China's labor law. This normalization of prolonged overtime is in violation of China's labor law.

Saturday is the legal off day, but the factory forces the workers to work 8 hours and pays them at standard rates of pay in violation the law which states that work done on rest days must be paid at overtime rates.

A shoe worker's typical working day:

7:30 am to 11:30am: working;

11:30 to 13:00 pm: lunch hour (each division is different from each other);

13:00pm to 17:00 pm: working;

17:00pm to 18:00 pm: dinner time (each division is different from each other);

18:00pm to 20:00pm(20:30pm): overtime working.

The workers are kept in the factory for 12 hours 40 minutes per day clocking up 256 hours each month well over the legal limit of 176 hours.

Following the drop in orders after the September 11 attacks on America, overtime was stopped and many workers were laid off without compensation. In April 2002, the total number of employees had dropped by 10 per cent but overtime was reintroduced.

Our goal is that the factory complies with China Labor Law's regulations; work hours should not exceed 8 hours per day and overtime working should not exceed 36 hours each month.

Problem Four: Intensity of Work.

Since the factory introduced Nike code of conduct of the factory at the factory, the pace of work has increased. For example, before the Nike code was applied, because of Nike's stipulation on overtime working, now the workers have to finish a job in 10 hours that used to take 12 hours. This in effect increases working intensity.

The 95 workers in the formation group were required to finish producing 2400 pairs of Nike shoes before 9:00 pm. After the Nike code was applied, the completion time was changed to 8:00 pm. The yield is the same, but the time is shorter. The factory requests workers to get off work before 8:00 pm. To get round the code's stipulations on working time, management simply increased productivity. If a group can't meet its production target within the required time limit, the group leader and supervisor will be punished, A system that puts further pressure on workers.

Problem Five: Wage Problem.

According to China's Labor Law chapter 4, Article 49

Standards on minimum wages shall be fixed and readjusted with

comprehensive reference to the following factors:

- 1) The lowest living costs of laborers themselves and the number of family members they support;
- 2) Average wage level of the society as a whole;
- 3) Productivity;
- 4) Situation of employment;
- 5) Differences between regions in their levels of economic development

The workers are paid piece- rates with each worker's productivity and therefore wage calculated by her team leader. The legal minimum wage in the districts covered in this report is US 33 Cents per hour.

The factories pay the workers monthly wage RMB 450(\$54.8/176hour), but RMB90 is deducted from the salary for living expenses. Before 2000, the deducted amount was RMB60. After Dongguan municipal government adjusted the minimum wage standard from RMB400 to RMB450 in July 2001, YueYuen factories had to increase the salary to RMB450, but the deducted living expenses increased too. Therefore, the real wage of workers hasn't increased. The deducted dorm fee increased from RMB15 to 45 too. Medical fee RMB15. Other fee RMB5. The total amount of deducted fees is RMB 155.

Generally speaking, a modeling group that has 95 workers produces 550,000 pairs of shoes per month--it reaches 700-800,000 during busy seasons. On average, a worker's wage is US 33 cents per hour. If the cost for food and medicine is deducted, the worker actually gets US24.4 Cents per hour.

Using these figures as a basis, a worker will take home just US\$2.44 for a 10-hour shift. This translates to US\$14.65 per week, US\$62.4 per month and US\$748.8 per year.

A skilled worker of stitching group, which has 57 workers and has a yield of 600 pairs of shoes each day, is paid for 30 Cents per hour,

which means USD \$3 one day,

18 USD one week,

76.8 USD one month,

921.6 USD one year.

A worker in the cutting group at least cut 20 pairs of shoes one day, paid 28 Cents per hour,

one day 2.8 USD,

one week 16.8 USD,

one month 71.68 USD,

861.6USD one year.

According to China's Labor Law chapter 4, Article 44

The employer shall pay laborers more wage remunerations than those for normal work according to the following standards in any one of the following cases:

- 1) Wage payments to laborers no less than 150 per cent of their wages if the laborers are asked to work longer hours;
- 2) Wage payments to laborers no less than 200 per cent of their wages if no rest can be arranged afterwards for the laborers asked to work on days of rest;
- 3) Wage payments to laborers no less than 300 per cent of their wages if the laborers are asked to work on legal holidays.

To count a minimum salary for a worker according to the local law. RMB450 (that is US \$54.8) is the minimum wage for working 176 hours/month (minimum hourly wage is US \$33 cents). Overtime working in Saturdays should be paid two times of minimum wage, US\$66 cents/hour. The total overtime working hours in Saturdays are 36 hours, which means the workers should be paid US \$23.76. Overtime working in weekdays should be paid 1.5 times of minimum wage, US \$ 49.5 cents/hour, which means US \$24.75 for workers because they overtime work 50 hours in weekdays. Therefore, US \$54.8 plus 23.76, plus 24.75, the total minimum income for a worker should be US \$103.3/month, but the actual wage a modeling worker gets is US \$71.68.

A pair of Nike Jordan TYPE 15 Type shoes retails at US\$130 in USA. Of this sum, less than US\$1.5 goes to the workers who made the shoes.

For every pair of Nike shoes, the sum of wages workers from all the three sectors receive is less than 80 cents. Besides these three sectors, other parts required for a pair of Nike shoes include, big soles, middle soles, leather, and other half-made products. This work is sometimes contracted out to other factories. For example, in 1997, YueYuen Shoes factory's middle sole production was temporarily subcontracted to Yongxin Shoes Factory, Dingshan Management District in Houjie Town. Lifeng Trade Mark Manufacturing Company, Sanyuan Management District, Dongguan. [www.chinalaborwatch.org/reports/lifeng.htm](http://www.chinalaborwatch.org/reports/lifeng.htm)

Leather were processed by Weida Leather Factory in Hongmei Town of Dongguan, which is appointed especially to handle leather for Nike shoes by Nike. Raw material processing is given to Jiali Shoes Material Factory, Houjie Town, Dongguan. Adding all these up, on average, Nike pays less than USD\$1 for producing one pair of Nike shoes to China's worker, less than USD\$1.5 for Jordan Series.

Adidas, reebok and New Balance ' workers from the all processes get paid for USD\$1.

According to Dongguan local authorities, the minimum salary for a worker is RMB 450 yuan per month (USD\$54.8)(US\$1: 8.2 yuan) per month, 33 cents per hour. The factory should take responsibility to purchase workers' health insurance, unemployment insurance and pensions.

According to China's Labor Law chapter 9,Article 72

The sources of social insurance funds shall be determined according to the categories of insurance, and the practice of unified accumulation of insurance funds shall be introduced. The employer and individual laborers shall participate in social insurance in accordance with law and pay social insurance costs.

Although the factory reaches the minimum pay level stipulated by the local authorities, they don't buy any insurance for their workers. The problem is, if the workers buy unemployment insurance or pension, she/he will not be able to support her/himself on current wage levels.

A worker at the state-run water factory gets 76 cents per hour, 176 hours per month, so the monthly wage is 146 dollars. He/she does not work overtime, so his/her total income is 146 dollars. On top of the 146 dollars the worker receives, the water factory offers medical, retirement and unemployment insurance. The YuYuen factory does not have anything to offer in this respect. Only people at management positions get some form of insurance and they only account for 5% of the total workforce.

Workers doing the same job in some joint-ventures can be paid up to US\$146 per month before overtime and

with insurance. Workers at the YueYuen Factory get just US\$60. In a state- state-run water factory, if the cost for insurance is deducted, the pay can be over US\$200 per month going up to US\$230 with over time.

The wages of YueYuen factory workers are 70% less than the workers in Nestle Coffee Factory (Joint venture with Chinese and foreign investment) in Dongguan, which located 3000 meters away.

Our goal is that the factory pays workers wages both legal and sufficient to cover basic needs and to raise their family.

Problem Six: Insurance Problem.

The factory doesn't buy the workers pension, unemployment insurance, health insurance, working injury insurance, maternity insurance and so on.

According to China's Labor Law chapter 9

Article 70

The State shall promote the development of the cause of social insurance, establish a social insurance system, and set up social insurance funds so that laborers can receive help and compensation when they become old, suffer diseases or work-related injuries, lose their jobs, and give birth.

Article 72

The sources of social insurance funds shall be determined according to the categories of insurance, and the practice of unified accumulation of insurance funds shall be introduced. The employer and individual laborers shall participate in social insurance in accordance with law and pay social insurance costs.

Article 73

Laborers shall be entitled to social insurance treatment in any one of the following cases:

- 1) Retire;
- 2) Suffer diseases or injuries;
- 3) Become disabled during work or suffer occupational diseases;
- 4) Become jobless;
- 5) Give births.

The dependents of the laborer who dies shall enjoy, in accordance with law, subsidies provided to these dependents. The conditions and standards on the eligibility of laborers for social insurance treatment shall be stipulated by laws and regulations. The social insurance funds for laborers shall be paid in due time and in full.

However, the factory only buys partial insurance for the management team. After leaving the factory, even managers only get a very small amount of compensation.

Medical treatment: the factory has a clinic to handle minor illnesses. If workers get seriously sick, he/she has to take unpaid leave from work and go home and the factory takes no responsibility for the cost of medical treatment. In China, if a worker can't afford medical treatment, the hospital will refuse to treat the patient. It's not uncommon for workers to die because they cannot afford medical treatment.

Unemployment insurance and pensions. Most workers are from 18 to 25 years old as the factory doesn't employ workers over 25 years old. Generally speaking, because of the high labor intensity and psychological problems caused by work, employee turnover is high. Because other factories don't hire workers over 25 either, it is extremely difficult for a worker to find alternative work. Many are forced to return home and either start a small business or do odd jobs. As the factories do not pay into pension insurance funds and regular work is scarce in their home towns and villages, planning for a secure retirement is simply not on the agenda.

At the same time, China doesn't have an effective social security system, so they can't rely on the government. Looked at from this angle, working in a factory like the YueYuen shoe factory can be a potential disaster in the making for young workers. They contribute the best years of their lives working for the factory without any

welfare for their future and when they leave the factory, they are often left with nothing. Chapter 9 Article 72 of China labor law states that employers and workers must take part in social insurance and pay the insurance fee. This is required by law.

Our goal is that the factory should buy the workers pension, unemployment insurance, health insurance.

Problem Seven: Food.

There are three lunch times: 11:00 am, 11:30 pm and 12:00 pm. Different sectors take lunch at different times. The workers are required to finish eating their lunch in half an hour. If they take up more than half an hour, they have to stop eating.

Different standards of food is prepared for general workers, line supervisors and managers. For example, the food for a low-level manager costs 13 yuan per day and just 7 yuan for a worker. The meal fees of 90 Yuan will be deducted from every worker's income. The food is partly subsidized by the factory, and the rest is deducted from the monthly salary. Our goal is that the factory increases the number of dining rooms and allows workers enough time to finish their meals.

We also hope the standard of food for workers is equal to the food prepared for managers.

Problem Eight: Workers cannot get legal vacation time

According to China's Labor Law chapter 4,Article 45

The State follows the system of annual leaves with pay.

Laborers shall be entitled to annual leaves with pay after working for more than one year continuously. Specific rules on this shall be worked out by the State Council.

According to the Regulations on Employee's Rights to Reunion with Families, which is officially recognized a labor and administrative law, employees working for the government, organizations, companies and factories for over one year, but not living with their husbands or wives and unable to visit them on weekends or off-days, are entitled vacation to visit their families once a year, for 30 days. The time spent on the travel can be added in certain circumstances.

YueYuen factory is a foreign-invested factory and subject to the above regulation. Law Moreover, the Regulations on Labor Issues in Foreign-Invested Companies also states clearly, that workers working in foreign-invested factories have the right to take holidays, weekends and vacations to visit family, get married, or for maternity leave.

However, during China' lunar New Year festival, the factory only approves four days holiday. The administrative clause issued by the State Council: If the husband and wife work in different places, they can have vacation time for one month. Most workers in YueYuen factory are from the provinces of Hunan, Sichuan and Jiangxi there are 10,000 workers from Changde city, Hunan province alone). Workers have just two days to get home which may be up to 1,500 kilometres away. Since the factory only allows workers four days leave many choose not to go back home for Chinese New Year. There are workers who haven't gone back home for six years just because the New Year leave granted by the factory is too short. Obviously husband and wife reunions for married workers is very difficult.

Our goal is that the factory grants 30 days vacation for married workers to visit home, 15 days vacation for single workers, so they can have enough time to visit families.

Problem Nine: Labor Unions

There is a labor union in the factory although most workers are unaware of its existence. The chairperson of the union is a senior manager (name : Huo CanYu) in charge of general affairs at the factory.

The daily routine of the official union are managed by general affair managers in each branch of the factory respectively. Committee members of the union are group leaders of workshops. All union members are at least group-level managers. Ordinary workers don't know if they are members of the union.

We ask that the union officials be elected by workers and represent the interests of the workers. Union



representatives should sign the collective contracts with the factory, and negotiate with the factory on issues of wage, welfare and working hours.

Problem Ten: Human Rights.

The factory has a Taiwanese in charge of labor and human rights issues named Lin Shunian. However he frequently resorts to heavy demerits to workers when they fail to meet targets and lays off workers for violating regulations a punishment which itself violates Chinese labor law. If a group fails to complete its quota on time, he will record the group leader a heavy demerit. This forces the group leader to increase labor intensity to meet the production quota without working going over time. Up to date, there are over 20 incidents of punishing workers and dismissing workers for these reasons each month. There is also a system of fine. Warning-10 yuan, recording minor demerit, 30 yuan; recording heavy demerit, 90 yuan.

Before 2001, the person taking charge of human rights in YueYuen Factory was Lin Shunian. Now it's Miss Lin Xiangqu.

We hope Nike will set up direct communication channels with workers, and protect workers from being threatened or laid off from the factory if they fight for their rights.

There are many human rights and labor organizations coming to the factory to monitor the situation but the workers are afraid of losing their jobs, so they are reluctant to tell the truth.

At present, the workers are still paid below the minimum wage stipulated by local authorities. Female workers suffer from sexual harassment. Mandatory overtime is a regular part of factory life. Obligations to arrange Pensions, unemployment insurance and health insurance, all which required by China's labor laws, are ignored. The factory arbitrarily fires workers.

Our requests are: when disputes arise between workers and factory management, all parties including Nike, Adidas, Reebok and New Balance workers' representatives and factory management should negotiate solutions satisfactory to all parties. It is our hope that Nike, Adidas, Reebok and New Balance will assist in concrete improvements to working conditions including increasing the wage to at least the legal minimum, shortening work time and reducing the pace of production. We also ask that the factory fulfils its insurance and welfare obligations to the workforce.

Problem Eleven: Video Monitors.

The factory installed monitors in workshops in order to prevent workers from stealing shoes and monitor production. When the workers leave the workshops, sometimes security guards rummages them.

We ask the factory to stop using these monitors.

Problem Twelve: H chemicals.

The factory uses dangerous detergents to clean machinery. toxic glue is still used in some processes such as marking for the stitching machines and in final shoe-head cleaning procedures. In general, cleaning the shoe heads is undertaken by group leaders. Although they are aware that use of toluene is dangerous to their health they dare not slow production by using less harmful substitutes. We ask the factory to reduce the use of toxic glue to reduce health risks.

Problem Thirteen: Voluntary Resignation and Dismissal.

According to China's Labor Law chapter 3, Article 28

The employer shall make economic compensations in accordance with relevant State regulations if it revokes labor contracts according to stipulations in Article 24, Article 26 and Article 27 of this Law.

Article 24

Labor contracts can be revoked with agreement reached between the parties involved through consultation.

Article 27

In case it becomes a must for the employer to cut down the number of workforce during the period of legal consolidation when it comes to the brink of bankruptcy or when it runs deep into difficulties in business. the

.....  
employer shall explain the situation to its trade union or all of its employees 30 days in advance, solicit opinions from its trade union or the employees, and report to the labor administrative department before it makes such cuts.

If the employer cuts its staff according to stipulations in this Article and then seeks recruits within six months, it shall first recruit those that have been cut.

In the months before and after Chinese New Year, over 2 percent of the workers quit their jobs. According to the labor law, when a worker leaves his/her job, he/she should be awarded a bonus calculated on years' service at the rate of one month salary for one year's working. Some workers worked for six years before leaving but did not receive this bonus. Moreover, management often refuses to issue employees' final month's salary.

The factories do not buy any unemployment and medical insurance, or pension for workers. They do not pay workers basic wage in the dull season, which forces the workers to quit their jobs, and the workers don't get any compensation after leaving the factories. See above.

We request the factory compensate the workers, according to Chinese law, when they leave the factory. The factory also should compensate those workers without medical/unemployment insurance and pension, according to Chinese law.

We request that management fulfil all their legal obligations to workers who leave the factory, including years of service bonus and various labor insurance obligations.

Problem Fourteen: Dormitory Accommodation.

Security staff are stationed at the entrances to all the dormitories. Whenever the workers enter the dorm, they have to show their IDs. For low level managers, four persons live in one room; for group leaders, six in one room; for ordinary workers, twelve or fifteen in one room. The room for workers is 25 square meters with one restroom.

We ask the factory to provide ordinary workers with the same level of accommodations given to group leaders - six people to one room. Rooms with 12 to 15 people are over-crowded.

IX: Conclusion

It is obvious that Nike, Adidas and Reebok suppliers are in constant violation of Chinese law and Nike, Adidas and Reebok Code of Conduct.

Dear friends,

China's workers need your help. Please write to Nike, Adidas, Reebok and New Balance.

We hope Nike, Adidas, Reebok and New Balance will improve Chinese workers living and working conditions so that the workers can have a decent and secure life. Our demand is: these suppliers abide by Chinese laws. Please support our requests to Nike, Adidas, Reebok and New Balance.

Please send or fax the following letter to Nike, Adidas, Reebok and New Balance.

Sincerely,

Li Qiang

Executive Director, China Labor Watch

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