China Strike Update: Company Making Shoes For Nike, Timberland, Kenneth Cole Agrees To Pay Workers Their Housing Fund Money

Monday, March 16, 2015

Source: International Business Times

By Angelo Young

A Chinese shoe manufacturer that faced a strike earlier this month has agreed to pay workers in cash from a housing fund program that's part of the country's social insurance system. The Chinese-language Southern Metropolis Daily reported Wednesday that Stella Shoe Co. has agreed to let the workers cash in their housing benefit.

Earlier this month, workers walked off the job in Stella's Dongguan city factory, which makes shoes for well-known brands like Nike, Timberland and Kenneth Cole. They demanded the company pay its government-mandated housing fund money. The issue largely affects migrant workers who don't qualify to become local residents and must leave after their employment ends. Employer benefits have become an increasingly contentious issue in China that has led to a spate of strikes and demonstrations.

"Most of these migrant workers can’t buy housing in the cities where they work, so they withdraw the funds when their employment ends and they go back home," said Kevin Slaten, program coordinator for New York-based China Labor Watch. Chinese need permits to relocate to the big cities, but the process is complicated and difficult.

Housing fund reforms that went into effect in Dongguan, in Guangdong province, on March 1 forbid the practice of letting migrant workers withdraw housing fund money as cash. But Stella agreed to allow a “one-time” withdrawal of workers’ housing fund money paid before the regulations went into effect.

"Migrant workers are not big fans of saving money in their house funds," wrote Jennifer Zhang at the Union Solidarity International blog. "For the majority of them it is a far-fetched dream to use the money inside to buy a flat even after decades of savings."

One Stella employee told Southern Metropolis Daily that some workers have more than a decade's worth of housing fund money saved...
up. Another said three years of working at Stella was equivalent to 10,000 yuan in housing fund money, or about $1,610, equivalent to eight months’ worth of minimum wage work in Dongguan.

Stella had been telling its employees that only workers who bought or rented apartments in Dongguan qualify for the housing fund benefit. In fact, the rules require payments regardless of where the migrant employees live. Until the local reforms went into effect this month, the workers had been allowed to take the benefit as a cash payment.

Thousands of Stella employees walked off the job in the second week of March.