



Tricky Footwork

The Struggle for Labour Rights in the Chinese Footwear Industry

'During the strike, the police set their dogs on us and commanded them to bite.' This statement was made by a worker from a Chinese footwear factory in Guangdong province. Labour law violations are still a common phenomenon in the Chinese footwear industry. Testimonies like the above were collected in interviews conducted in 2015 for the study "Tricky Footwork – The Struggle for Labour Rights in the Chinese Footwear Industry". The people who work at the factories that supply European brands told of, among other infringements, low wages, involuntary overtime, insufficient protection from health and safety risks, state violence to suppress strikes, unpaid social insurance contributions and insufficient severance payments.

This factsheet takes a closer look at labour rights in the Chinese footwear industry and the current situation of workers in the footwear sector.

Chinese Footwear Production

All of the above is happening despite the fact that China has progressive labour laws, especially in comparison with other producing countries. What is more, most large footwear companies today have codes of conduct meant to curb labour law infringements by suppliers. China is by far the global leader in footwear production: it turned out over 15.7 billion pairs of shoes in 2014 alone (fig. 1).

The major footwear production hubs were traditionally to be found in the coastal provinces of Guangdong, Fujian and Zhejiang (fig. 2). Yet rising production costs in the coastal region have led many footwear companies to relocate inland, to Sichuan Province for example. Numerous new footwear production hubs have mushroomed there.

Fig. 1 Top 10 Footwear Producers (2014) SOURCE: APICCAPS 2015

	Country	Pair (Mio.)	Global Market Share (%)
1	China	15 700	64.6
2	India	2 865	8.5
3	Vietnam	910	3.7
4	Brazil	900	3.7
5	Indonesia	724	3.0
6	Pakistan	386	1.6
7	Turkey	320	1.3
8	Bangladesh	315	1.3
9	Mexico	245	1.0
10	Italy	197	0.8

Nonetheless, Guangdong is still the primary location of industrial processing in China, also for the footwear sector. Most of the footwear factories in Guangdong are clustered in the Pearl River Delta region.

The most important production hubs there are Heshan, Huidong and Dongguan (fig. 3). Yue Yuen Industrial Holdings Limited, the world's largest manufacturer of brand sports and leisure footwear, has likewise opened the majority of its factories in the Dongguan region.

Statistics on the regional distribution of the industry are only available for 2010. At the time, almost 75 % of leather footwear producers were located in three provinces: Zhejiang, Guangdong, and Fujian.

Labour Rights Violations in the Chinese Footwear Industry

What are the day-to-day working conditions in Guangdong's footwear factories? To find out, we interviewed 47 workers from three shoe factories in Guangdong Province in late 2015: Yue Yuen Industrial Holdings Ltd., Stella International Holdings Ltd. and Panyu Lide Shoes Industry Co. Ltd. (fig. 4).

Fig. 2 China's Major Footwear Producing Provinces SOURCE: OWN RESEARCH



The average age of our interviewees was 42; the youngest was 18 and the oldest 53 and 79 % were women. Some respondents mentioned that older people are increasingly being hired because the factories now have a hard time attracting young workers. We for example spoke with eight Yue Yuen factory workers who had been there only a few months at the time. Seven of them were between 40 and 50 years old. The average age of workers thus seems to be on the rise. That might explain why industrial action has increasingly focused on the issue of social security, in particular pensions.

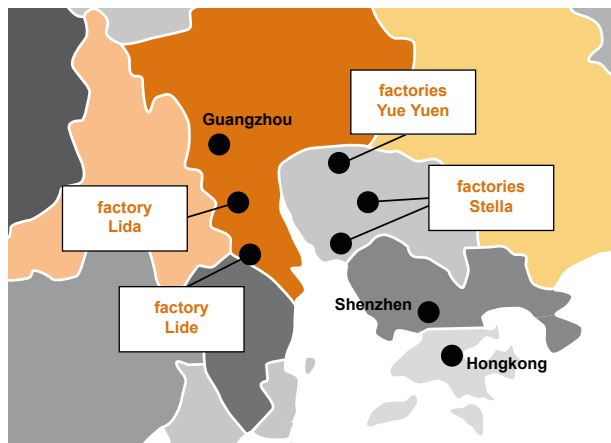
Fig. 3 The Major Footwear Producing Regions in Guangdong Province SOURCE: OWN RESEARCH



Forced Labour: 25 (52 %) of those questioned stated that they were forced to work overtime. Punishments for refusing to do so included disciplinary warnings, the deduction of allowances, demotion and verbal abuse. Many stated that they depended on the money from additional hours and considered it a substantial part of their regular salary. For that reason, some interviewees did not feel like they were forced to do overtime, even when they were working more than 30 hours extra per month.

Discrimination of Women: Only 25 respondents (53 %) said that women are granted paid maternity leave. And nine of those 25 stated that, during maternity leave, salaries were calculated as a percentage of the minimum wage rather than of the average wage as stipulated by law. Nine interviewees (19 %) said that management did not treat women and men equally and 14 of those questioned (30 %), 12 of them women, said they themselves had been subject to verbal abuse.

Fig. 4 Investigated Sites SOURCE: OWN RESEARCH



Right to Association and Collective Bargaining:

The provincial government of Guangdong introduced a comprehensive framework for collective bargaining with a view to preventing wildcat strikes and fostering economic stability. However, industrial lobbyists and associations rejected the provisions that sought to make collective bargaining easier to conduct. The lobbying was ultimately successful; several controversial articles were revised, watered down or even rejected outright, and new more industry-friendly articles were adopted. This is why the final version of the law, effective as of 1 January 2015, turned out to be far less progressive than labour rights organisations had hoped.

43 respondents said they did not know how union representatives were chosen. 37 of them (79 %) have witnessed strikes and police intervention at their factories. However, the trade union did not play a leading role in either the organisation of the strike or in supporting workers who were criminalised as a result of participation in the action. The union branches in the factories studied have as yet made no attempt to begin collective bargaining proceedings. The results of our survey show, that the All-China Federation of Trade Unions (ACFTU) is either not present in the factories examined or ignores its statutory duties.

Living Wage: The average monthly salary of respondents was CNY 3033 (EUR 410). The interviews showed that to cover their basic needs, workers would need an average living wage of CNY 4349 (EUR 590) per month. This is far more than calculated by the Asia Floor Wage Campaign, which set the living wage at CNY 3847 (EUR 523). However, that calculation was done for China as a whole. The cost of living in Guangdong is higher than the national average and furthermore has risen over the past years.

Working Hours: Factories regularly fail to comply with national legislation. On average, respondents worked 10.6 hours per day. Only 9 (19 %) had an eight-hour day and 10 (21 %) worked more than 11 hours per day.

Mr. Hu, 42 years old.

- Worked for five years in one of Yue Yuen's Dongguan factories as spray-painter.
- Dismissed without notice after a strike in 2014.
- Monthly salary: Around CNY 2900 (EUR 391).
- Working Hours: 212 each month (including 36 hours of overtime).

Spray-painting is difficult, dirty and dangerous work, as the paints and varnishes contain poisonous substances. He had to stand on his feet all day in the poisonous fumes. One of his co-workers has meanwhile contracted leukaemia.

On 14 April 2014, when tens of thousands of Yue Yuen workers in Dongguan went on strike, Hu watched police officers beating striking workers. When he took his cell phone out of his pocket, a police cameraman suspected him of taking photos. That resulted in five or six policemen dragging him away, kicking him and hitting him with their batons. Then he became unconscious.

At the police station police again beat him brutally. The wounded man was then brought to hospital. There, it was first determined that his injuries were not life threatening. Next, police officers chained him to the bed and forbade hospital personnel to attend to his wounds. When Hu demanded to be treated, a policeman hit him in the head so hard that he lost consciousness again.

During an interrogation again at the police station the same day, he was subject to numerous verbal assaults and then brought to a psychiatric clinic. There, he was not given any water. To still his thirst he had to drink his own urine. In the clinic, he was again brutally mistreated by police and clinic personnel. He was chained to a bed for the entire night and could not drink, eat or go to the toilet.

At the factory, being accused a troublemaker and a strike leader, Hu was fired. He never received compensation from either the factory or the police. To this day, Hu suffers from his injuries. The physical limitations caused by his mistreatment prevent him from finding a new job. Almost two years after the fact, he is still often haunted by nightmares.

Health and Safety: Implementation of national legislation regarding occupational health and safety in the footwear industry is usually lax. 36 respondents (77 %) said their working conditions were undesirable because of factors such as smell, insufficient air circulation, heat, noise and dangerous machinery. 29 interviewees (62 %) had to work either in standing or seated on uncomfortable furniture. 31 (61 %) worked with chemicals. But only 16 (34 %) were informed about

the possible risks involved in handling those chemicals. What is more, workers at the Stella factory stated that the chemicals were not labelled. Only 8 respondents (17 %) were given regular trainings on occupational health and safety. Furthermore, protective clothing is often insufficient. Respiratory masks, for example, should not be used for longer than eight hours. However, interviewees from the Stella factory said they were given only one or two masks each week. 26 respondents (55 %) stated that they or their co-workers had already had occupational health problems. The most common occupational diseases were benzene poisoning and skin diseases from regular contact with chemicals. 30 respondents (64 %) said that they themselves or a co-worker had suffered work-related injuries. The most common injuries were to the hand and caused by shoe-making machinery.

Relocation compensation: The question of relocation is relevant because footwear factories in Guangdong province increasingly close down, laying off thousands of workers, as for example happened at Lide factory. Workers first heard about the relocation plans in 2014. We interviewed 13 Lide workers (10 women and 3 men). They were not officially informed; rather, the information was leaked. In reaction, workers went on strike from December 2014 to April 2015 to demand reasonable compensation. There were many international media reports about this strike, which was widely regarded as successful. Lide agreed to compensation, but tried to pay as little as possible. At the beginning, the company insisted upon paying compensation for no more than five years of work at the rate of EUR 68 per year. Not



Solidarity with Chinese workers on strike.
FOTO: SACOM HONGKONG/FLICKR.COM

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Health problems of workers in shoe production are often linked to the use of hazardous chemicals and inadequate protective clothing. FOTO: FRITZ HOFMANN

until the second strike did Lide agree to pay for up to six years at a rate based on the average monthly income. The company did not acquiesce to all demands, but the workers agreed unanimously that they were satisfied with negotiation results. The Lide workers' industrial action is therefore a good example of a successful civil society protest, bolstered by labour law.

The Lide case is also a clear illustration of how companies try to use relocation and factory closures to abdicate on their responsibilities to their workforce. Workers need to use all means at their disposal to defend their due rights: both legal avenues and strikes.

Recommendations

Improvements in working conditions are sorely needed in all investigated factories and in the footwear industry as a whole. We therefore urgently recommend that China ratifies and implements ILO Convention 87 on freedom of association and ILO Convention 98 on the right to collective bargaining. Workers shall receive a legally guaranteed right to found and run independent trade unions. Workers shall have the right to strike. Police violence against strikes shall be condemned. We further recommend that the regional government of Guangdong provide better protection for young workers, for example prohibiting overtime for young people, as already implemented in other provinces. The problem of forced labour can in our opinion only be solved if workers in China's footwear industry receive a living wage for an eight-hour workday.

Change Your Shoes is a partnership of 15 European and 3 Asian organizations. We believe that workers in the shoe supply chain have a right to a living wage and to safe working conditions, and that consumers have a right to safe products and transparency in the production of their shoes.

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