

In the last quarter, numerous news reports on China highlighted corporate accountability, pollution, and labor rights. Perhaps because of the intense retail market around the globe during the holiday period, stories of recalls and defective products garnered a large share of attention. Despite numerous announcements concerning the success of a drive to improve product quality and reassure consumers, new reports surfaced regarding sub-standard food, drug, and manufactured products, and environmental degradation resulting from industrial activity. Authorities in China recognized the need to address these concerns but the success of these efforts has yet to be determined.

The new Labor Contract Law, which came into effect on January 1, 2008, continued to generate press. This law requires employers to sign open-ended contracts with those employees that have worked continuously at their company for over ten years. Persistent reports emerged of employers firing long-term employees before the new law went into effect, in spite of warnings by Chinese officials not to engage in such practices. In addition to questioning continued abuses of PRC labor law, the reports call into question the efficacy of the new law in the face of lax implementation and insufficient official oversight.

Other labor laws, or lack of implementation thereof, also appear ineffective in providing rights to workers—migrant laborers in particular. Amid continued reports of hardship and overdue pay, the authorities referred to several new regulations and policies during the quarter that reflect growing recognition of the difficulties facing migrant workers. A report by the Chinese Academy of Social Sciences also addressed marginalization of migrants.

And while reports of fatalities in the workplace continued through the quarter, the State Administration of Work Safety (SAWS) announced on January 2 that 98,340 people died in more than 500,000 work accidents in 2007, down 19.5 percent and 12.9 percent, respectively, from the previous year. This figure included mining disasters that killed 3,770 people, and

the deaths of six workers resulting from Olympics-related construction projects.

A more detailed examination of the news related to corporate social responsibility follows. For an in-depth review of news during the quarter November 2007 through January 2008, please see the Monthly Briefs posted on HRIC's website: <http://www.hr china.org>.

CORPORATE SOCIAL RESPONSIBILITY

Beginning on November 1, officials claimed that a four-month campaign to improve the quality of Chinese products had been successful and helped boost the credibility of products made in China. Over 1,000 people have been detained and more than 60 arrested following investigations into the production and sale of bogus food, pharmaceuticals and agricultural products. Also in November, delegates from more than 50 nations and international organizations met in Beijing and signed an agreement to establish food safety authorities and recall and tracing systems for problematic products. Delegates also pledged to develop regulations based on risk assessment and strengthen enforcement of food safety laws. (AP, SCMP)

Toys

Subsequent reports seemed to contradict this claim of success. Australia and the U.S. announced a nationwide ban in November on millions of Chinese-made toys after investigations showed they contained a chemical which, when swallowed, metabolizes into a date-rape drug. (RTR)

Also in November, the Shenzhen toy factory behind the recall of Bindeez beads was still making other toy products, despite a central government ban on the export of its goods. A quality control team was sent to Wanqi Manufacturing to monitor the situation. (SCMP)

Chinese authorities tried to combat the bad press through other means as well. On November 7, it was reported that provincial authorities from Guangdong



Liang May, Executive Vice President and Secretary General of China Toy Association, speaks during a media conference in Beijing on August 17, 2007. Photo credits: REUTERS/David Gray.

are planning to sue U.S. toy giant Mattel. The basis of the suit, according to officials, is the loss of reputation of Chinese toy manufacturers. (BBC)

Food and Drug Safety

On December 1, the Standing Committee of the Guangdong People's Congress passed laws that will impose tough penalties on food retailers and restaurant owners who fail to recall all food products that are found to be unsafe in the first ever food safety law enacted in China. Government officials may also be punished for any serious food safety incident. (SCMP)

In late December, the National People's Congress (NPC) considered a draft law that would ensure food safety in an attempt to increase confidence in domestically produced food. The draft law imposes strict standards upon food imports and exports and includes a strict supervision system, covering food production, processing, delivery, storage, and sales. (XH)

But as storms plagued China toward the end of January and disrupted distribution networks, on January 30, the State Food and Drug Administration (SFDA) told its local bureaus to heighten inspection of food safety. (XH)

Drug manufacturers also came under fire. In a report on November 1, the *New York Times* uncovered Chinese chemical companies producing and exporting pharmaceutical ingredients that are neither certified nor inspected by regulators. The report stated that because chemical companies are not required to meet even minimal drug-manufacturing standards, there is little to stop them from exporting unapproved, adulterated or counterfeit ingredients. (NYT)

On December 3, it was announced that Chinese authorities would extend their campaign to clean up the troubled pharmaceutical industry. The SFDA's lack of resources has reportedly made it difficult to adequately pursue companies that breach regulations. (RTR)

On December 12, the central government launched a nationwide system that makes companies responsible for the recall of harmful drugs, following U.S. and Chinese negotiations in which an agreement was signed on the safety of medicine and medical devices. Firms are also encouraged to carry out voluntary recalls and may be excused from punishment if they do; the central government, however, retains the power to order a compulsory recall of harmful drugs. (AP)

Environmental Protection

During the quarter, reports showed increasing costs to companies for polluting the environment. On November 1, it was announced that the State Environmental Protection Administration (SEPA) and the Ministry of Commerce combined forces in order to introduce new antipollution regulations for export industries. The new measures will ensure greater adherence to environmental regulations, which had been ignored by firms in the past because of the low impact of the potential penalties. (WSJ)

On November 15, a spokesperson from SEPA announced that banks had rejected the loan requests of 12 firms blacklisted as in breach of environmental regulations in a list submitted in July 2007. As part of the Green-Credit Policy, SEPA hopes this will act as a disincentive to pollution for firms. (China Youth Daily)

Major polluters will be barred from raising capital on the stock market in new regulations issued by SEPA, according to a report issued on November 21. Officials are calling upon listed companies to open up their environmental records to public scrutiny. Additionally, beginning in 2009, all enterprises that discharge pollutants will be required to obtain environmental permits or they will be forced to shut down. (CD)

On November 27, the State Council belatedly released the country's plan for environmental protection from 2006 until 2010. The five-year plan places greater emphasis upon cutting pollution, including tying environmental goals to policy measures that will hit polluters through tougher fines and revenue restrictions. (RTR)

NEW LABOR CONTRACT LAW

Beginning in November, authorities renewed calls warning firms not to take actions that would allow them to avoid implementation of the new Labor Contract Law. Under the new law, employers must sign open-ended contracts with employees that have worked continuously at a company for over ten years. The Guangdong Labor and Social Security Department authorities warned firms not to void current agreements with workers in anticipation of introduction of the law. Authorities said firms must honor existing contracts for all workers or face penalties. (SCMP)

The All-China Federation of Trade Unions warned employers in early December not to fire and rehire employees before the new law came into effect on January 1, 2008. According to the *South China Morning Post*, many employers across China attempted to convince workers to quit before the year-end deadline, so that they could be rehired under weaker contracts. The paper also reported on December 18 that Guangzhou authorities are requiring firms that made lay-offs ahead of the new law's introduction to continue paying into social insurance schemes for laid-off workers. In December, the Guangdong Labor and Social Security Department deployed seven teams to 21 cities in order to prevent massive layoffs. (SCMP)

Despite these warnings and official interventions, many companies and bureaus throughout China have reportedly been firing and rehiring employees under new contracts before the Labor Contract Law came into effect.

The following companies have been accused of cutting or firing staff before the 2008 deadline in order to circumvent the new law: Liangshanzhou Post Office in Sichuan Province; the Wenshang County Post Office in Shandong Province; Haikou Hospital in Hainan Province; Transpo Electronics in Shandong Province; Huawei Technologies; LG Electronics (China); an Anhui TV station; Nine Dragons Paper Industrial Limited; Shenzhen Yuansheng Company (listed in Hong Kong); and Wal-Mart. (RFA, SHD, AT, SCMP, XH)

In addition, there were reports of worker protests and

TIMELINE | HUMAN RIGHTS DEFENDERS

Human rights defenders and their families continued to be harassed, detained, and arrested throughout this quarter. For more information on the cases noted in the timeline, see HRIC's Monthly Briefs, available at <http://www.hrichina.org>.

NOVEMBER

- 2** Lawyer and corruption whistle-blower **Chen Yuefei's** (陈越飞) law license revoked
- 5** Environmental activist **Wu Lihong** (吴立红) lost appeal
- 9** Rights defender **Hu Jia** (胡佳) beaten
- 14** Legal advisor **Guo Feixiong** (郭飞雄) sentenced
- 15** Legal advisor **Tang Jingling's** (唐荆陵) and rights defender **Li Weizhong's** (李维忠) travel impeded
- 20** Journalist **Gao Qinrong's** (高勤荣) travel denied
Former newspaper editor **Li Changqing** (李长青) received press freedom award
Yuan Weijing (袁伟静) barred from visiting her husband, blind barefoot lawyer **Chen Guangcheng** (陈光诚)
- 22** **Yuan Weijing** (袁伟静) barred from visiting her son
- 25** Legal advisor **Zheng Enchong** (郑恩宠) beaten
- 27** Uyghur Christian **Wusimanyiming** sentenced

DECEMBER

- 4** Labor activist **Huang Qingnan** (黄庆南) assaulted
Peasant representatives **Chen Sizhong** (陈思忠) and **Xi Xinji** (郗新继) detained
- 6** Humanities professor **Guo Quan** (郭泉) demoted
- 7** AIDS activist **Wang Xiaoqiao** (王小巧) arrested
- 9** Labor activist **Xu Guangfu** (徐光福) beaten
Buddhist monk **Master Shengguan** (圣观大师), barred from Human Rights Day conference
- 11** Rights defenders **Wang Fengshan** (王凤山), **Chen Xi** (陈西), and **Xie Changfa** (谢长发) barred from UN-sponsored anti-discrimination training seminar
- 13** AIDS activist **Li Xige** (李喜阁) and her husband **Sun Jianfeng** (孙建峰) barred from UN-sponsored anti-discrimination training seminar

strikes surrounding these layoffs. About 200 miners who worked for the Xishan Coal Electricity Group were prepared to take to the streets in Taiyuan on November 13 after the mainland's largest coal-mining enterprise told them their contracts would not be renewed. (SCMP)

It was reported on November 26 that workers in Dongguan, Guangdong Province, carried out a strike after receiving unsatisfactory severance packages. The workers, who were laid off in November, wanted to be paid under the more favorable conditions of the Labor Contract Law. (SCMP)

The proponents and opponents of the new law continued to argue even as the law came into effect. On December 21, the NPC claimed that the new law will benefit workers by providing greater protection and stability; the legislature is to introduce more regulations to ensure that firms comply with the law and prevent employers from carrying out illegal practices in signing contracts with employees. And in a January report, a professor from the Research Institute of Labour Relations at Renmin University said that while the law raises human resource costs for companies, it is expected to enhance staff loyalty and reduce invisible costs. (XH)

It was reported in January that many factories had shut down since the Labor Contract Law took effect this year because it significantly raised the cost of running the factories. The law ensures that the workers are entitled to healthcare benefits, insurance, and dismissal compensation, which were previously neglected by most companies. (RFA)

And as reported on January 16, the new law has come under attack from several Hong Kong members of the Guangdong provincial Chinese People's Political Consultative Conference, who are worried it will hurt Hong Kong businesspeople in the Pearl River delta. The Federation of Hong Kong Industries and the Chinese General Chamber of Commerce sent teams to Beijing to negotiate with the central government, attempting to revise the law. (SCMP)

Further reforms to labor law and policies were also reported, including regulations for the implementation

of the new Employment Promotion Act, also effective January 1, 2008. According to the Ministry of Labor and Social Security, these regulations include a ban on “wages to be negotiated” ads, restrictions on discrimination against Hepatitis B patients and women (with particular focus on marriage and pregnancy), and a new law outlining the specific jobs unsuitable for women in an effort to reduce employment discrimination. Vice Minister of Labor and Social Security Zhang Xiaojian, however, argued that this last law might hurt job freedom for women if gender restrictions were not scientifically supported. (LD, XH, SCMP)

On January 1, Vice Minister of Labor and Social Security Sun Baoshu hailed a newly adopted law on labor dispute mediation and arbitration as vital to an “efficient and just legal remedy to laborers.” This law, which comes into effect on May 1, 2008, reduces the cost of initiating labor disputes, extends the application deadlines for disputes from 60 days to one year, and cuts down on the length of the arbitration period in order to make the process cheaper. According to NPC statistics, from 1987 to 2005, there was an annual growth rate of 27.3 percent in labor disputes. (XH)

WORKERS' PROTESTS AND DEVELOPMENTS

Reports continued during the quarter of protests and strikes over the rising cost of living and back pay. These protests were often met with harsh tactics—both official and unofficial. For example, in November, a representative of migrant workers demanding back pay was brutally beaten, while several others were threatened. These migrant workers from Gansu worked in a factory under China Datang Corporation and had yet to be paid for wages due a year ago. (RFA)

It was reported in November that more than 570,000 people had signed up for an ID/wage card for migrant workers since its introduction in April. The card is to ensure that migrant workers are paid and avoid infringement of their rights by monitoring payments issued to the cards. (RTR)

On November 27, several thousand workers at the Alco Electronics factory in Houjie Township, Dongguan,

(continued from previous page)

Internet writer **Wang Dejia** (王德佳) detained

Labor rights defender **Li Mingtao** (李明涛) threatened

15 Peasant representative **Zhang Sanmin** (张三民) detained

17 Anti-corruption policeman **Liu Zhengtian** (刘正天) harassed

18 Labor activist **Xiao Qingshan** (肖青山) detained

19 Writers and scholars **Li Jianhong** (李剑虹), **Liu Xiaobo** (刘晓波), and **Jiang Qisheng** (江棋生) under house arrest

Yuan Weijing (袁伟静) barred from visiting **Chen Guangcheng** (陈光诚)

22 Internet writers **Zhao Dagong** (赵达功) and **Liao Yiwu** (廖亦武) barred from Chinese PEN event

24 **Sun Haiyan** (孙海燕), daughter of environmental activist **Sun Xiaodi** (孙小弟), beaten

27 Rights defender **Hu Jia** (胡佳) detained

28 Rights defender **Li Jinping** (李金平) intimidated

JANUARY

8 Democracy activist **Yue Tianxiang** (岳天祥) released

9 **Yuan Weijing** (袁伟静) interview by foreign journalists denied

Rights defender **Ye Guoqiang** (叶国强) released on bail

10 Democracy activist **Hu Jing** (胡敬) released

11 House church leader **Ma Chao** (马朝) released

12 Internet writer **Wang Dejia** (王德佳) released on bail

17 Legal advisor **Li Xiangyang** (李向阳) beaten

21 Legal advisor **Guo Feixiong** (郭飞雄) denied external communication

23 Rights defender **Xu Yongchun** (徐永春) beaten

24 **Yuan Weijing** (袁伟静) interview by foreign journalists denied

Yuan Weijing (袁伟静) barred from visiting **Chen Guangcheng** (陈光诚)

Rights defender **Li Jinping** (李金平) beaten

30 Rights defender **Hu Jia** (胡佳) formally arrested



Laborers, each with a monthly average income of around 1,000 yuan, work at a musical instrument factory in Jiangsu Province. Photo credits: REUTERS/Patty Chen.

Guangdong Province, staged a sit-in in the main streets near the factory. Workers were protesting the factory's decision to deduct 250 to 300 *yuan* from the workers' wages for the provision of meals. (RFA)

On December 1, it was reported that authorities in Yunnan Province recently found that as much as 100 million *yuan* in back pay was due to more than 40,000 migrant workers in the province. Construction workers were the most vulnerable because real estate developers often delayed payment of construction fees. (RFA)

On December 3, it was reported that workers at Aigao Electronics Factory in Guangdong Province went on strike after the company announced that it would raise food prices. Police used batons and dogs to keep thousands of workers from leaving the factory premises, with many workers injured or beaten. In addition, some workers were arrested following the strike. (AFP)

A mid-December report by the Chinese Academy of

Social Sciences (CASS) warned that rural migrant workers face increasing marginalization in their access to cultural life and entertainment because of their long working hours and low wages. The report surveyed more than 8,000 workers from rural areas, and found that 27 percent of employers provided no cultural, recreational, or entertainment facilities. (RFA, LD)

According to a circular issued by the National Population and Family Planning Commission in late December, local governments should not force married female migrant workers of child-bearing age to return to their hometowns for pregnancy tests. The cost of traveling home for tests, in addition to the difficulty in securing time off work, has been a problem for many migrant workers. (XH)

Six thousand shoe factory workers demanding back pay gathered on Shisha Road in Baiyun and caused traffic congestion for five hours on January 10. The Taiwanese-owned company reportedly reduced wages and

deprived workers of overtime payments. (Nanfang Daily)

On January 10, five state bureaus issued an opinion demanding improvement of migrant workers' housing conditions. Some suggested improvements include subsidies, setting affordable rents, and building apartments suited to migrant workers. (XH)

Sixty hotel workers reportedly protested at the Xinhui Labor Bureau, Jiangmen, Guangdong Province, over the authorities' inaction in dealing with their back pay claim on January 14. After the workers refused to leave when local authorities requested, 200 police officers came to the scene and allegedly used violence to disperse the protestors. (RFA)

On January 15, authorities in Guangdong Province arrested 29 employers wanted for defaulting on wages due to migrant workers in the past 20 months. The authorities recovered 46.71 million *yuan* for those workers who left poor rural areas to work in cities, said Liu Youjun, chief of the Guangdong Department of Labor and Social Security. (XH)

Sixty workers were beaten and detained by police in Jiangmen, Guangdong Province, on January 16. They were protesting outside the Ministry of Labor building to call for action in demanding more than a year's unpaid wages, totaling 180,000 *yuan*, from the Mayflower Hotel. Over 200 police officers surrounded the protesters before beating up some workers and detaining many others. (RFA)

As reported on January 18, many workers with unpaid wages are moving out of Shenzhen. A survey by the Southern Metropolis Daily showed 18 percent of Shen-

zhen's migrant workers decided to leave for good. According to the Shenzhen labor authority, the labor shortage grew to about 700,000 in the third quarter, up from 470,000 in the second quarter. (XH)

As these reports emerged, Chinese officials acknowledged the increasing pressure on and disadvantageous environment for migrant workers. In November, the head of the All-China Women's Federation said that female migrant workers are at high risk for domestic violence because they face greater difficulties in seeking legal assistance if they want a divorce. She said that their rural status makes it difficult to obtain access to such services in the cities. (SCMP)

As reported on January 23, the Shanghai Education Bureau was to commit more financing for schools for migrant children and close down those schools that cannot fulfill safety and education regulations by 2010. (RFA)

ABBREVIATIONS

AFP	Agence France Presse
AP	Associated Press
AT	Asia Times
BBC	British Broadcasting Corporation
CD	China Daily
LD	Legal Daily
NYT	New York Times
RTR	Reuters
RFA	Radio Free Asia
SCMP	South China Morning Post
SHD	Shanghai Daily
WSJ	Wall Street Journal
XH	Xinhua News Agency