

GLOBAL TRADE AND LABOR RIGHTS: UNEASY BEDFELLOWS

BY SCOTT GREATHEAD

While much of the western world's attention focused on China's accession to the World Trade Organization at the end of 2001, discontent rumbled among workers demanding fair treatment and the basic right to organize. Scott Greathead chronicles last year's major developments on the labor front, including some positive steps forward.

Business and labor issues are rising to the top of the human rights agenda as manufacturing and other forms of investment in China by U.S. and European-based multinational companies continue to grow at astonishing rates.

The most significant recent developments have involved the most fundamental right of workers – the right to organize. During 2002, local government officials relentlessly cracked down on worker protests at state-owned businesses. At the beginning of the New Year, two of the most prominent leaders of non-violent worker demonstrations were on trial for their lives, charged with subversion.

At the same time this was happening, the International Labour Organization (ILO) ignored the government's repression of workers rights, and placed a prominent Chinese government official on the prestigious Workers' Group of its Governing Body.

Nevertheless, bright spots appeared on the horizon as a few foreign-owned factories took cautious steps toward opening the door to independent worker organizations.

Cracking Down on Protests

The most significant developments last year involved large organized demonstrations by workers protesting lay-offs and cost-cutting measures by state-owned businesses. According to reports by the Hong Kong-based China Labour Bulletin (CLB),¹ the two biggest protests began in early 2002 in the Daqing oil fields in northeast China, and at the Liaoyang Ferroalloy Factory in Liaoyang.

In March 2002, CLB reported that 50,000 oil workers in the Daqing oil fields had staged mass demonstrations and

organized an independent union in a struggle against "retrenchment." The workers reportedly organized the Daqing Retrenched Workers' Provisional Union Committee, which CLB called "the first independent union organizing effort in China since the 1990s." In response, local authorities deployed para-military police and a People's Liberation Army tank regiment to suppress the demonstrations.

The Daqing protests had been brewing since 1999, when the Daqing Petroleum Administration began laying off some 86,000 of its roughly 260,000 workers. Organized protests began after thousands of former employees began gathering each day outside the company's headquarters to demand a hearing with management. By early 2002, 50,000 former workers were gathering each day, prompting officials to dispatch military police to block the gates and arrest some of the organizers.

Workers said they were reportedly offered a lump sum settlement in return for releasing the company from any future responsibilities to them, an arrangement known in China as "pay-and-cut." One employee told Associated Press he received \$16,900, equal to about six years' salary, an amount that must also cover heating, housing and health care in place of company subsidies.²

The Daqing oilfield protests continued through May despite arrests by local authorities. According to CLB, the Daqing workers' struggle inspired protests by oilfield and petroleum workers in other parts of China, including Gansu and Hebei provinces.

In September, laid-off oil workers in the Chongqing-based Chuandong Oil Exploration and Drilling Company (COEDC), a subsidiary of Sichuan Petroleum, reportedly organized to demand higher pensions and better employment conditions.³ The protests followed the company's rejection of workers' demands for an unemployment allowance and job placement help, according to CLB. After a sit-in by 800 workers outside the COEDC building on September 2, some 500 laid-off workers began maintaining daily sit-in protests. COEDC organizers are also reportedly seeking to initiate litigation against Sichuan Petroleum and its subsidiaries on the grounds that Chinese labor law bars employees from being forced to sign lay-off agreements.

The Liaoyang protests began in March, when representatives of workers staged mass street protests against corruption,

bankruptcy and lay-offs at the Liaoyang Ferroalloy Factory. On March 20, local authorities arrested four worker representatives — the “Liaoyang Four” — for their alleged roles in leading the demonstrations.⁴

The Liaoyang Four were held without charge until December — a violation of their rights under China’s criminal procedure code — when two of the four were released without charge. In January, the remaining two, Yao Fuxin and Xiao Yunliang, were charged with subversion, a capital offense. The treatment of the Liaoyang Four has drawn international protests. On March 27, the International Confederation of Free Trade Unions filed a complaint with the International Labour Organization’s Committee on Freedom of Association protesting the arrest of the four. An editorial in *The New York Times* on January 20, 2003, headlined “China’s relentless Repression,” had this to say about the subversion charges lodged against Yao Fuxin and Xiao Yunliang:

“China’s new generation of Communist leaders seems determined to pick up where its aging mentors left off, by putting peaceful protest leaders on trial for their lives.”

Receiving considerably less attention last year was the election of Xu Xicheng, the Vice-Chairman of China’s official All-China Federation of Trade Unions (ACFTU), to the Workers’ Group of the Governing Body of the International Labour Organization during the ILO’s 90th International Labour Conference in Geneva.

The June 10 election followed close on the heels of a massive complaint against China submitted on June 2 to the ILO’s Committee on Freedom of Association by the International Confederation of Trade Unions (ICFTU). The

Brussels-based ICFTU asserted that “China continues to blatantly ignore international standards on labor and human rights,” and cited at least 41 independent trade unionists and workers’ rights activists currently detained in China, many of them since 1989.

Chinese labor rights advocates strongly opposed Xu’s election to the ILO Governing Body. One labor advocate, Han Dongfang, said that the election would be used by the Chinese government to avoid responding to international charges that the All-China Federation of Trade Unions has betrayed the interests of workers in China.⁵

Some Bright Spots on the Labor Scene

Among last year’s positive developments were the adoption of new worker safety regulations, and moves by a handful of foreign factories to allow the formation of independent worker bodies.

Industrial accidents are endemic to China, and occupational health and safety laws continue to be honored mainly in the breach. Tens of thousands of factory workers are seriously injured or killed every year in work-related accidents caused by exposure to toxic chemicals, fires and explosions.

In January the Chinese government released a report showing that in 2002, 5791 miners were killed in China’s coal mining industry, most of them in small township mines with poor safety equipment. According to the report, the number of serious accidents with ten deaths or more increased 12.5 percent in 2002.⁶

China Labour Bulletin cited the report in criticizing the government for “denying the miners the ability to organize themselves against the appalling working conditions that create these abhorrent statistics.” According to CLB, which



Workers protest in Shanghai. Photo: Reuters.

advocates setting up workers' committees democratically elected by the miners, "It is the miners themselves who are best placed to understand the importance of occupational health and safety."

In May 2002, a new labor law went into effect, allowing workers to sue employers for compensation, and requiring factory owners to provide employees with insurance against workplace accidents. However, knowledgeable observers cautioned it could take years for courts to interpret the new regulations, and even then local officials would be reluctant to enforce them.

A few foreign manufacturers and factory owners have taken steps to address the safety issue by opening the door to the election of independent worker organizations – a small step toward an independent labor movement in China.

In June 2002, a U.S.-based NGO, the Maquiladora Health & Safety Support Network, issued a report on a novel two-year project to create worker health and safety committees at three giant Chinese footwear factories making shoes for Reebok, Nike and adidas-Salomon in southern China. The project involved three factories employing 30,000 workers, 16,000 workers and 5,000 workers, respectively.⁷

The project involved a unique partnership between the three international brands, workers and supervisors from three contact factories: Kong Tai Shoes, Pegasus Shoes and Yue Yuen II; and four Hong Kong-based NGOs: Asia Monitor Resource Center, Chinese Working Women Network, Hong Kong Christian Industrial Committee, and the Hong Kong Confederation of Trade Unions.

A four-day workshop program in August 2001 at the 30,000-worker Yue Yuen II shoe factory in Dongguan City trained 90 workers on health and safety issues and inspection techniques. Following the workshop, the three footwear factories established plant-wide health and safety committees involving workers as full and active members.

One foreign manufacturer – the footwear brand Reebok International Ltd. – has gone even further by facilitating worker elections at two of the foreign-owned factories making its products in southern China.

In September an independent election was held to select worker representatives to a union in a Taiwanese-owned Reebok contractor in Fujian province. In secret balloting, the Fu Luh factory's predominately female workers elected 19 women and 12 men to represent them, ousting the incumbent chairwoman who had been supported by local officials of the state-controlled ACFTU.

The election followed a similar election in September 2001 at a Hong Kong-owned factory in Shenzhen, Guangdong province, which also manufactures Reebok footwear. Both elections were sanctioned by the local offices of the ACFTU. The *Financial Times* reported that the two worker elections were "thought to be unprecedented in mainland China."⁸

"They are the first two foreign investment companies to have open union elections, with the brand company and factory support, as well as outside organizations as observers," said Monina Wong of the Hong Kong Christian Industrial Committee, a Hong-Kong based labor rights organization. The

Financial Times reported that Wong observed the Fujian election along with Anita Chan and Jonathan Unger of the Contemporary China Centre at the Australian National University.

Pressure from Reebok and support from the factory's Taiwanese owners was reportedly critical in bringing the election about. The managers of the two factories arranged the elections at the urging of Reebok, The *Financial Times* reported. "If Reebok wanted it and Reebok was pushing for it, they were going to go along," Jonathan Unger was quoted as saying.

According to Unger, local governments are competing fiercely to attract foreign companies, which can threaten to move elsewhere if they encounter bureaucratic or financial obstacles. The *Financial Times* reported that the Fu Luh factory's Taiwanese owners are influential in the foreign investment zone of Fuzhou, a city in which they employ nearly 80,000 people to produce shoes for Adidas as well as Reebok, which "helps explain why the authorities did not interfere."

Reebok, which declined comment following published reports about the September 2001 election in Shenzhen, is now speaking publicly about its initiative in urging the worker elections on factory owners. "We were reluctant to do anything that might jeopardize its success," explained Doug Cahn, Reebok's director of human rights programs. Cahn said Reebok's involvement was grounded in its commitment to sustained improvement in working conditions. "We have a code of conduct that says we will respect the rights of workers to freedom of association and collective bargaining," says Cahn. "We can throw up our hands in China and say: 'The ACFTU is government-controlled and therefore we can do nothing.' Or we can engage in experiments like this in democratizing the union in the hope that workers will take advantage of the opportunities this provides them."

Notably, both new unions have become officially affiliated with the ACFTU. The Christian Industrial Committee's Monina Wong told *The Financial Times*, "The challenge now for Reebok and the factory management is to respect them for what they are: independent representatives of workers' interests."

1. See reports on the China Labour Bulletin Web site, www.china-labour.org.hk.
2. "Laid-Off Chinese Protest en Masse," Associated Press, March 18, 2002
3. "Retrenched Oil Workers in Sichuan Get Organised For Legal Action," China Labour Bulletin, September 17, 2002, http://www.chinalabour.org.hk/iso/article.adp?article_id=3126&category_name=Labour%20Disputes%20%26%20Actions%20
4. China Labour Bulletin press release, September 20, 2002, http://www.chinalabour.org.hk/iso/article.adp?article_id=2114&category_name=Labour%20Disputes%20%26%20Actions%20. See also other CLB reports on the Liaoyang situation.
5. Unattributed quote in "Vice-Chair of China's Official Union Elected to ILO Governing Body," EMONITORS Newsletter, Issue #185, Wednesday, July 10, 2002
6. "Taking stock of extremely serious accidents in 2002," posted on the official website of the State Administration for Coal Mine Safety Supervision (SACMSS), <http://www.chinasafety.gov.cn/aqzwzy.htm>.
7. The report is posted on the Maquiladora Health & Safety Support Network's Web site at <http://mhssn.igc.org/China3.htm#1>.
8. Alison Maitland, "Sewing a seam of worker democracy in China," *Financial Times*, December 11, 2002.