

# In Chinese Factories, Lost Fingers and Low Pay

January 5, 2008

By [DAVID BARBOZA](#)



Oded Balilty/Associated Press

Chinese workers can face serious work hazards and abuse. In Hebei Province in northern China, a worker dragged a barrel in a chemical factory.

GUANGZHOU, China — Nearly a decade after some of the most powerful companies in the world — often under considerable criticism and consumer pressure — began an effort to eliminate sweatshop labor conditions in Asia, worker abuse is still commonplace in many of the Chinese factories that supply Western companies, according to labor rights groups.

The groups say some Chinese companies routinely shortchange their employees on wages, withhold health benefits and expose their workers to dangerous machinery and harmful chemicals, like lead, cadmium and mercury.

“If these things are so dangerous for the consumer, then how about the workers?” said Anita Chan, a labor rights advocate who teaches at the Australian National University. “We may be dealing with these things for a short time, but they deal with them every day.”

And so while American and European consumers worry about exposing their children to Chinese-made toys coated in lead, Chinese workers, often as young as 16, face far more serious hazards. Here in the Pearl River Delta region near Hong Kong, for example, factory workers lose or break about 40,000 fingers on the job every year, according to a study published a few years ago by the Shanghai Academy of Social Sciences.

Pushing to keep big corporations honest, labor groups regularly smuggle photographs, videos, pay stubs, shipping records and other evidence out of factories that they say violate local law and international worker standards. In 2007, factories that supplied more than a dozen corporations, including [Wal-Mart](#), [Disney](#) and [Dell](#), were accused of unfair labor practices, including using child labor, forcing employees to work 16-hour days on fast-moving assembly lines, and paying workers less than minimum wage. (Minimum wage in this part of China is about 55 cents an hour.)

In recent weeks, a flood of reports detailing labor abuse have been released, at a time when China is still coping with last year's wave of product safety recalls of goods made in China, and as it tries to change workplace rules with a new labor law that took effect on Jan. 1.

No company has come under as harsh a spotlight as Wal-Mart, the world's biggest retailer, which sourced about \$9 billion in goods from China in 2006, everything from hammers and toys to high-definition televisions.

In December, two nongovernmental organizations, or NGOs, documented what they said were abuse and labor violations at 15 factories that produce or supply goods for Wal-Mart — including the use of child labor at Huanya Gifts, a factory here in Guangzhou that makes Christmas tree ornaments.

Wal-Mart officials say they are investigating the allegations, which were in a report issued three weeks ago by the National Labor Committee, a New York-based NGO.

Guangzhou labor bureau officials said they recently fined Huanya for wage violations, but also said they found no evidence of child labor.

A spokesman for Huanya, which employs 8,000 workers, denied that the company broke any labor laws.

But two workers interviewed outside Huanya's huge complex in late December said that they were forced to work long hours to meet production quotas in harsh conditions.

"I work on the plastic molding machine from 6 in the morning to 6 at night," said Xu Wenquan, a tiny, baby-faced 16-year-old whose hands were covered with blisters. Asked what had happened to his hands, he replied, the machines are "quite hot, so I've burned my hands."

His brother, Xu Wenjie, 18, said the two young men left their small village in impoverished Guizhou Province four months ago and traveled more than 500 miles to find work at Huanya.

The brothers said they worked 12 hours a day, six days a week, for \$120 to \$200 a month, far less than they are required to be paid by law.

When government inspectors visit the factory, the young brothers are given the day off, they said.

A former Huanya employee who was reached by telephone gave a similar account of working conditions, saying many workers suffered from skin rashes after working with gold powders and that others were forced to sign papers “volunteering” to work overtime.

“It’s quite noisy, and you stand up all day, 12 hours, and there’s no air-conditioning,” he said. “We get paid by the piece we make but they never told us how much. Sometimes I got \$110, sometimes I got \$150 a month.”

In its 58-page report, the National Labor Committee scolded Wal-Mart for not doing more to protect workers. The group charged that last July, Huanya recruited about 500 16-year-old high school students to work seven days a week, often 15 hours a day, during peak production months for holiday merchandise.

Several students interviewed at the Guangzhou Technical School, less than two miles from Huanya, confirmed that classmates ages 16 to 18 had spent the summer working at the factory.

Some high school students later went on strike to protest the harsh conditions, the report said. The students also told labor officials that at least seven children, as young as 12 years old, were working in the factory.

“At Wal-Mart, Christmas ornaments are cheap, and so are the lives of the young workers in China who make them,” the National Labor Committee report said.

Jonathan Dong, a Wal-Mart spokesman in Beijing, said the company would soon release details of its own investigation into working conditions at Huanya.

Labor rights groups have also criticized Disney and Dell. Officials of Disney and Dell declined to comment on specific allegations, but both companies say they carefully monitor factories in China and take action when they find problems or unfair labor practices.

“The Walt Disney Company and its affiliates take claims of unfair labor practices very seriously and investigates any such allegations thoroughly,” the company said in a statement. “We have a strong commitment to the safety and well-being of workers, and fair and just labor standards.”

Many multinationals were harshly criticized in the 1990s for using suppliers that maintained sweatshop conditions. Iconic brand names, like [Nike](#), [Mattel](#) and [Gap](#), responded by forming corporate social responsibility operations and working with contractors to create a system of factory audits and inspections. Those changes have won praise in some quarters for improving worker conditions.

But despite spending millions of dollars and hiring thousands of auditors, some companies acknowledge that many of the programs are flawed.

“The factories have improved immeasurably over the past few years,” says Alan Hassenfeld, chairman of the toy maker [Hasbro](#) and co-chairman of Care, the ethical-manufacturing program of the International Council of Toy Industries. “But let me be honest: there are some bad factories. We have bribery and corruption occurring but we are doing our best.”

Some factories are warned about audits beforehand and some factory owners or managers bribe auditors. Inexperienced inspectors may also be a problem.

Some major Western auditing firms working in China even hire college students from the United States to work during the summer as inspectors, an indication that they are not willing to invest in more expensive or sophisticated auditing programs, critics say.

Chinese suppliers regularly outsource to other suppliers, who may in turn outsource to yet another operation, creating a supply chain that is hard to follow — let alone inspect.

“The convoluted supply chain is probably one of the most underestimated and unrecognized risks in China,” says Dane Chamorro, general manager for Greater China at Control Risks, a risk-consulting firm. “You really have to have experienced people on the ground who know what they’re doing and know the language.”

Many labor experts say part of the problem is cost: Western companies are constantly pressing their Chinese suppliers for lower prices while also insisting that factory owners spend more to upgrade operations, treat workers properly and improve product quality.

At the same time, rising food, energy and raw material costs in China — as well as a shortage of labor in the biggest southern manufacturing zones — are hampering factory owners' ability to make a profit.

The situation may get worse before it improves. The labor law that took effect on Jan. 1 makes it more difficult to dismiss workers and creates a whole new set of laws that experts say will almost certainly increase labor costs. Yet it may become more difficult for human rights groups to investigate abuses. Concerned about the growing array of threats to profitability, as well as embarrassing exposés, factories are heightening security, harassing labor rights groups and calling the police when journalists show up at their gates.

At the center of the problem is a labor system that relies on young migrant workers, who often leave small rural villages for two- or three-year stints at factories, where they hope to earn enough to return home to start families.

As long as life in the cities promises more money than in rural areas, they will brave the harsh conditions in factories in this and other Chinese cities. And as long as China outlaws independent unions and proves unable to enforce its own labor rules, there is little hope for change.

“This is a problem that has been difficult to solve,” Liu Kaiming, the director of the Institute on Contemporary Observation, which aids migrant workers in nearby Shenzhen, said of sweatshop labor. “China has too many factories. The workers' bargaining position is weak and the government's regulation is slack.”

There is little that any Western company can do about those issues, no matter how seriously they take corporate social responsibility — other than leaving China.