

Press statement by GoodElectronics, Bread for All, SACOM, makeITfair and International Metalworkers' Federation

Foxconn suicides forgotten, back to business as usual?

Amsterdam, Hong Kong, Geneva - Tuesday 12 October 2010 - Today, Hong Kong labour rights organisation Students and Scholars Against Corporate Misbehaviour (SACOM) is releasing an investigative report, entitled 'Workers as Machines: Foxconn's Military Management' that describes labour conditions at three Foxconn manufacturing facilities in Shenzhen Special Economic Zone and Hangzhou City, China. Between January and August 2010, 17 Foxconn workers attempted to commit suicide - resulting in the death of 13 young people. The world was stunned and the electronics industry seemed to share in that shock. Today's report by SACOM makes clear, however, that thus far Foxconn and its high-profile customers including Apple, HP, and Dell have failed to effectively and transparently address underlying labour issues at the Foxconn production facilities. GoodElectronics, Bread for All, SACOM, makeITfair and the International Metalworkers' Federation (IMF) urge the electronics industry to show leadership by taking responsibility for decent labour standards for the workers in the global electronics supply chain. Reforming buying practices would be a first urgent step.

The overall conclusion of the SACOM report is that Foxconn's labour practices are illegal and unethical. The purchasing practices of brand companies sourcing from Foxconn put direct pressure on workers. SACOM bases its conclusions on desk research and on interviews with 100 Foxconn workers at the Longhua and Guanlan plants in Shenzhen as well as the Foxconn plant in Hangzhou, undertaken between 22 May and 21 September 2010.

Wages

On 1 October, Foxconn declared to put through an increase of the basic wage of assembly line workers in Shenzhen to CNY 2,000 per month. Foxconn stated this would benefit about 85 percent of its workers. SACOM puts questions marks to this recent declaration. Until this day, Foxconn workers in Shenzhen have not received any formal notification about this development. Details about the conditions under which workers can benefit from this pay rise, like seniority or type of contract have not been communicated. Moreover, SACOM found that over the past months workers have lost out on subsidies, allowances, and bonuses. Moreover, Foxconn has not spoken about a wage increase for other regions. SACOM advocates a basic wage for electronics workers ranging between CNY 1,686 to CNY 2,293 depending on the varying living costs in different Chinese regions.

Working hours

After the spate of suicides, Foxconn set a limit to the monthly overtime work to 80 hours, still far higher than the legal maximum of 36 hours. Workers interviewed by SACOM mentioned that the newly introduced "overtime control" is resulting in cheating over overtime records, meaning that overtime does take place, but it is not recorded or paid as such. Foxconn production workers are made to attend morning assemblies, end-of-work-shift assemblies and weekly meetings during which the management lectures them about production quota, work targets and discipline. Workers do not get paid for the time spent in these compulsory meetings that may take one hour a day in total. Time spent in training is not fully paid either. As a result, workers do not earn more than before the June 2010 wage increase.

Management system

SACOM describes how a culture of absolute obedience is imposed on workers from the first day of their recruitment. Workers are punished for all kinds of 'misconduct', including not meeting their daily production quota, making mistakes or taking too much time for a bathroom visit. Disciplinary actions include taking away bonus points, making workers publicly confess their mistakes and scolding and humiliating them in front of gathered colleague workers, making workers copy quotations of CEO Terry Gou, etc. Foxconn security guards were found to regularly assault workers verbally and physically. Management control extends beyond the workplace to the dormitory; there are strict rules regulating workers' private life, bordering on the ridiculous. Using a hair dryer, for example, is not permitted. Workers who are found to disobey are made to write confession letters.

Relocation plans

Currently, Foxconn has a huge workforce of over 900,000 workers in China, of whom at least 420,000 in Shenzhen alone. In the aftermath of the suicide drama, Foxconn announced that it would speed up relocating its production to central, western, and northern China, where labour is abundant and official minimum wages are lower than in the coastal areas. Workers have not been informed about the details of these relocation schemes. Clear is, however, that workers have no choice, they can either move along, or accept dismissal. A serious implication of this move is that the announced wage increase for the Longhua workers in Shenzhen will become irrelevant.

“This is the result of permanent pressure from buyers on their suppliers to produce cheaper,” says Chantal Peyer, from the Swiss NGO Bread for All. “A brand like Apple has a very high profit margin on hardware: more than 40%. But it asks suppliers, which have a much lower profit margin of about 4%, to lower production costs. As a result, labour costs are squeezed and workers never get living wages.”

Trade unions

In the Longhua production facility, a trade union exists, but according to the interviewed workers it totally lacks credibility. The trade union committee is not democratically elected. The chairperson of the Federation of Foxconn Technology Group Unions combines this task with the functions of public affairs manager and secretary to Foxconn’s CEO. The Hangzhou factory has a trade union, but the union shares offices with the company’s human resources department. Workers who feel wronged are asked by the union to deposit their complaint directly with the management. In short, SACOM found that workers do not fully enjoy the freedom to organise as stipulated by Chinese Trade Union Law.

“In the aftermath of the series of suicides, Foxconn attributes suicides to ‘the personal problems’ of victims and denies there is problem in its management methodology. Harsh management remains. How can workers communicate and bargain collectively with management in making sustainable improvements? Labour rights training should be provided to workers and the union should be reformed to be more democratic and accountable to workers,” says Debby Chan of SACOM.

Student labour

SACOM found that in some case, the percentage of student workers amounts to 35-50% of the labour force. In June 2010, around 100,000 students from Henan province were deployed at the two of Foxconn’s production facilities in Shenzhen. Government regulations stipulate that when placing students as interns at companies their work should be in line with the school’s curriculum and learning targets, and that working hours should not exceed 8 hours a day. The SACOM report describes how student interns at Foxconn are de facto deployed as ordinary production line workers. None of them can be exempted from overtime work. Moreover, placement is not voluntary – students are placed by their schools.

Health and safety

SACOM found evidence of lacking personal protective equipment and inadequate safety training. Workers explained the high turnover rate in their departments to be caused by unsafe and unhealthy working conditions. When workers resign, Foxconn does not arrange for health examinations. This is a breach of Article 32 of the Law on Prevention and Treatment of Occupational Diseases.

“The electronics industry should acknowledge that the problems at Foxconn do not stand alone; the Foxconn suicides represent a tip of an iceberg of labour issues that occur throughout the global electronics supply chain”, says GoodElectronics coordinator Pauline Overeem. “Foxconn is producing in India, Czech Republic, Mexico, and other countries and is producing for all major consumers brands, as are Foxconn’s competitors. Brand companies and contract manufactures should take responsibility for labour rights abuses and take concerted action. This is the responsibility of the entire industry, and leading roles are expected of the industry associations EICC (Electronic Industry Citizenship Coalition) and GeSI (Global e-Sustainability Initiative). To ensure labour standards are respected, freedom of association and collective bargaining are key.

The EICC has set up a ‘multi-company task force’ after the suicides at the end of May. “It is time the EICC shows us what action they undertook, the situation is urgent and nothing seems to happen right now” says Irene Schipper, project coordinator of makeITfair.

Note for the editor

Student and Scholars Against Corporate Misbehaviour (SACOM) is a Hong Kong-based non-profit organisation. Founded in June 2005, SACOM originates from a students' movement devoted to improving the labour conditions of cleaning workers and security guards under the outsourcing policy. The movement attained relative success and created an opportunity for students to engage in local and global labour issues. SACOM aims at bringing concerned students, scholars, labour activists, and consumers together to monitor corporate behaviour and to advocate for workers' rights.

More information at <http://sacom.hk/>

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GoodElectronics Network is an international network of civil society organisations working for sustainability and human rights in the global electronics supply chain. Besides offering a platform for information exchange and joint strategising, GoodElectronics seeks critical engagement with the electronics industry, on the basis of the GoodElectronics Common Demands, a set of principles and objectives regarding human rights, labour and environmental issues.

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Bread for All is the Development Service of the Protestant Churches in Switzerland. In 2007, Bread for All initiated the "High Tech - No Rights" campaign asking computer brands to improve the working conditions along their supply chain and to engage into a pilot-project focused on independent workers training in China. Bread for All regularly informs a wide-ranging audience of Swiss citizens and consumers about labour issues in the electronics industry. Bread for All is also committed to promoting fair public procurement of computers in Switzerland.

More information at <http://www.fair-computer.ch>

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The **makeITfair** project aims to raise awareness on labour, human rights abuses and environmental problems in the production chain for consumer electronics, including mobile phones, MP3 players, game consoles and laptops. It is co-funded by the EU and participating organisations include: SOMO, Germanwatch, Finnwatch, Swedwatch, Fair Trade Center, DanWatch, Pro Fair Trade Finland, Association of Conscious Consumers (Hungary), CSRSC (South Africa), WAC (Philippines), ACIDH (Congo) and Cividep (India).

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The **International Metalworkers' Federation (IMF)** represents the collective interests of 25 million metalworkers from more than 200 unions in 100 countries. The IMF is a federation of national metalworkers' unions - a 'union of unions' at world level, and one of the oldest Global Union Federations. The IMF aims to improve metalworkers' wages, working and living conditions and defends the rights of metalworkers at a global level.

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1 June 2010, **GoodElectronics**, together with **makeITfair**, issued a [joint public statement](#). Core message: Foxconn and its customers must investigate Foxconn suicides and to address the root causes of this situation. GoodElectronics supported the demands for reform as expressed by Chinese and Taiwanese civil society and the international solidarity campaign. GoodElectronics called upon Foxconn to be a responsible employer and to show humanity to the families of the victims and the injured workers. Besides following the law, Foxconn should provide for adequate financial and psychological support for the victims as well as look after the current workers.

17 September 2010, SACOM, GoodElectronics and Bread for All sent in their nomination of Foxconn as worst company of the year 2010, to compete for the **Public Eye Award**. The nomination of Foxconn is justified by a series of suicides at a number of Foxconn production facilities in China beginning this year, and by Foxconn as well brand buyers' irresponsible and insensitive reactions to this human tragedy.