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December 2005

Holiday Cards of Abuse

Wal-Mart in China *What they do not want us to know*

This year, ninety percent of American families will participate in sending **1.9 billion** holiday season cards for Christmas, Hanukkah, Kwanzaa and New Year's. According to the greeting card industry, nine out of ten Americans look forward to receiving holiday cards, not only as a way of reaching out to family and friends at such a special time of year, but also because receiving a card makes them feel they are important to someone else.

But what about the workers who make these cards? What do we know about their lives?



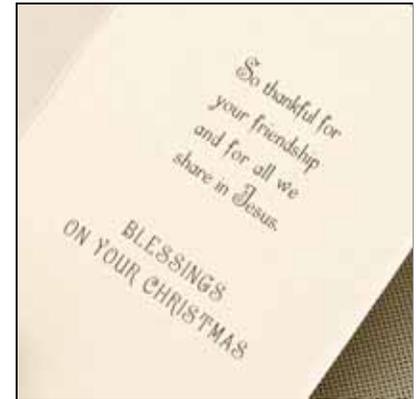
Increasingly, holiday season cards—especially the more elaborate and labor-intensive ones—are being made in China, in factories like **Panyu United**, which is a supplier for **Wal-Mart**. There is a huge gap between the messages these cards deliver—of holiday cheer, warm family ties and inspirational religious themes—and the exploited lives of the workers who make these cards. When we purchase holiday season cards in Wal-Mart which were made in China, can we possibly imagine workers...

- Kept at the factory 13 ½ hours a day, seven days a week, for 94 ½ hours a week;
- Paid just 34 cents an hour—20 percent below China's already below-subsistence-level legal minimum wage;
- Forced to work **40 ½ hours of overtime** a week, but then shortchanged on their legal overtime pay;
- Suffering constant exhaustion from the excessive hours, and burning tropical heat and humidity;

- Housed 12 to each dark and gloomy dorm room and fed factory food everyone describes as terrible;
- Terrified and aware that if they were ever to speak one word of the truth about factory conditions and treatment, they would be immediately fired.

Especially during the holiday season, Wal-Mart likes to talk a great deal about its commitment to family values. Wal-Mart says there is no contradiction between their business model—of constantly driving down prices—and their being an excellent corporate citizen. But what is moral about:

- Denying women their right to maternity leave with pay;
- Denying workers their legal right to paid leave to get married or to bury a family member who has died;
- Denying workers their legal right to national holidays, especially the most important Spring Festival, when everyone in China longs to travel home to be with their family;
- Denying dorm rooms for married couples, who are kept apart because factory management prohibits husbands or wives from even visiting the dorm to see their spouses; or,
- Denying workers their rights to freedom of association, to organize and demonstrate for more humane conditions.



The sad truth is that the workers at the Panyu factory in the south of China who are making Wal-Mart goods feel their lives have been robbed of meaning and that they live only to work.

Once again—this time regarding holiday season greeting cards and stationery products—the bargain Wal-Mart offers is based on starvation wages, 80-hour work weeks, miserable living conditions and the denial of every fundamental human, women’s and worker right.

Especially during the holiday season, we have to ask ourselves if this is really a bargain worth having. Or, can we do better? Can we demand that the workers who make the products we buy be treated fairly, paid correctly and that their rights be respected?



Panyu United Stationery Products Factory

Shipai Village, DongyongTownship
 Panyu County, Guangzhou, Guangdong
 CHINA

- Hong Kong-owned
- Over 2,000 workers
- Production: Stationery and paper products such as English-language greeting and holiday cards, soft-

and hard-covered notebooks. In 2004, the Panyu factory began producing notebooks for Wal-Mart.

Hours

- 12-to-13 ½-hour shifts, six and seven days a week;
- Workers are at the factory 72 to 94 ½ hours a week, routinely working 60 to 80 ½ hours;
- During the peak holiday rush period, 40 ½ hours of overtime is required per week, exceeding China's legal limit by 487 percent;
- Workers report that they suffer constant exhaustion from the excessive hours and unbearable heat.

During the peak holiday rush period—generally July, August and September—the standard shift is from 7:30 a.m. to 9:00 p.m., 13 ½ hours a day, seven days a week. This means that the workers are at the factory 94 ½ hours a week. With one hour off both for lunch and for supper, the Panyu employees are working 11 ½ hours a day and 80 ½ hours a week. The 40 ½ hours of mandatory overtime exceeds China's legal limit of no more than 36 hours per month by a shocking **487 percent**.

Peak Season Hours

13 ½-hour shifts / At the factory 94 ½ hours a week

7:30 a.m. to 12:00 noon	(work; 4 ½ hours)
12:00 noon to 1:00 p.m.	(lunch; 1 hour)
1:00 p.m. to 5:00 p.m.	(work; 4 hours)
5:00 p.m. to 6:00 p.m.	(supper; 1 hour)
6:00 p.m. to 9:00 p.m.	(overtime; 3 ½ hours—including starting the shift a half hour early, at 7:30 a.m.)

During the peak season, the workers are routinely required to work 40 ½ hours of overtime per week and 175.37 hours of overtime a month.

Even during the “slow season,” 12-hour shifts, six days a week, from 8:00 a.m. to 8:00 p.m., are the norm. This puts the workers at the factory 72 hours a week, while working 60 hours, given the two hours off for lunch and supper. During the slow season, the workers are still required to put in 20 hours of overtime per week and 86.6 hours of overtime each month, which exceeds China's legal limit by 2.4 times.

Slow Season Hours

12 hours a day / Six days a week

8:00 a.m. to 12 noon	(work; 4 hours)
12:00 noon to 1:00 p.m.	(lunch; 1 hour)
1:00 p.m. to 5:00 p.m.	(work; 4 hours)
5:00 p.m. to 6:00 p.m.	(supper; 1 hour)
6:00 p.m. to 8:00 p.m.	(overtime; 2 hours)

As we shall see, not only are the Panyu workers paid below the legal minimum wage in China, they are also short-changed in their overtime pay.

Wages:

- Paid just **34 cents an hour**, which falls 20.5 percent short of the legal **41 cent-an-hour** minimum wage;
- Illegally, the workers are not paid overtime for working on Saturdays and are paid just half the legal premium for Sunday work;
- Workers are not paid for statutory national holidays, or sick days.

The Panyu Stationery workers are paid 22 yuan per day, or **\$2.71** for eight hours of work, which amounts to just **34 cents an hour**. This is well below China's legal minimum wage in Guangzhou Province, which is set at 41 cents an hour and \$3.27 a day. The Panyu workers are being short-changed of **20.5 percent** of the wages legally due them, or approximately \$2.80 a week in regular wages. This might not seem like a lot of money, but it actually amounts to the loss of a full day's wage.

**Wages at the Panyu Factory
Are below the legal limit
[22 rmb (yuan) a day]**

- 34 cents an hour (.3390875)
- \$2.71 a day (8 hours)
- \$13.56 a week (40 hours)
- \$58.73 a month

**The Legal Minimum Wage in Guangzhou
Is at Least 41 Cents an Hour
(26.5 rmb a day)**

- \$ 41 cents an hour (0.4086421)
- \$ 3.27 a day (8 hours)
- \$16.35 a week (40 hours)
- \$70.78 a month

This situation gets much worse in that not only are the workers being paid below the minimum wage, they are also being shortchanged of an enormous amount of overtime they work each week and month. Illegally, the workers receive no overtime premium for Saturday work, which is mandatory year round. Furthermore, Sunday work is paid at only a 50 percent premium whereas the law mandates that a hundred percent premium (double time) must be paid. Nor are the Panyu workers paid for statutory holidays, and if they are required to work during these national holidays they receive an overtime premium of just 50 percent, whereas the law demands payment of a 200 percent premium (triple time).

(The major statutory holidays in China are New Year's, the Spring Festival, May Day and National Day. Many of these are week-long holidays, but Spring Festival, which is traditionally the week after Chinese New Year, is the most important since people travel long distances to gather with their families. The law requires that everyone have at least one week off. Across China, this is the most special time of year for families, and for the factory workers who cannot travel home, this is a time of great hardship. For example,

many of Panyu's workers come from rural Sichuan Province, which is over 1,400 miles from Guanzhou. Without at least a week off and without being paid, it is impossible for most Panyu workers to travel home.)

During the peak season, due to the underpayment of legal overtime premiums, Panyu workers can lose \$7.76 of their weekly wages, or approximately 20.5 percent of the regular and overtime wages legally due them. Again, while this might not seem like a lot of money to us, for the Panyu workers this amounts to the loss of nearly three days' regular wages.

If the workers miss time at work, those hours will then be deducted from the workers' overtime hours, meaning that, here too, the workers lose the 50 percent premium pay due them. Panyu workers are also not paid for sick days, which is another violation of the law, which requires payment of at least 50 percent of the regular wage. Moreover, when the factory is busy, the workers are prohibited from taking sick days no matter how ill they may be.

The Panyu workers are paid once a month, but they are not paid regularly on the same day each month, which makes it more difficult for the workers to plan their monthly budgets. Under this system, it is difficult for the workers to know how long they will have to stretch their money until the next payday.

There is no year-end bonus at the Panyu factory.

Overtime Laws in China

China's labor laws permit no more than three hours of overtime per day, nine hours of overtime per week and no more than 36 hours per month. All overtime is to be voluntary. Overtime work during weekdays is to be paid at a 50 percent premium. Weekend work is to be paid at a 100 percent premium, and work on national holidays must be paid at a 200 percent premium. The regular workweek in China is eight hours a day, five days a week, with Saturday and Sunday off, for a regular workweek of 40 hours.

Women's right to maternity leave violated. Paid holidays for marriage and funerals are also denied:

China's labor law clearly establishes a woman's right to maternity leave with full pay for at least 90 days, which can be extended in the case of any complications. The legal base wage of 574 yuan, or \$70.78 per month, must be paid. In practice, the Panyu factory violates this fundamental women's right.

Most factory workers in the south of China migrate from distant rural provinces and are unaware of their legal rights under China's labor laws, making it easy for management to exploit them. As there is no independent union to train the workers as to their rights, when a woman wants to get married or is going to give birth, she feels she has no other option but to quit. Management does not attempt to inform the workers of their right to paid leave. It is the same with marriages and deaths in the family. Unaware that they are due paid leaves, the workers request permission from management to take an extended leave, and even if the factory agrees, it is always without pay.

Workers report constant exhaustion due to the excessive hours and extreme heat:

As we have seen, during the peak holiday production season the Panyu workers are at the factory 13 ½ hours a day, seven days a week, for a total of 94 ½ hours each week. Even during the slow season, the workers are routinely at the factory 72 hours a week.

The hours are bad enough, but the extreme heat and humidity make it worse. Guanzhou in the south of China is a tropical area where temperatures hover at 90 degrees during the peak season months of July and August and even at night rarely fall below 79 degrees. The humidity is also excessive, remaining at a level of 93 percent.

There are fans in both the factory and the dorms, but the workers report that they are simply not enough. At work, “it’s too hot to bear.” People feel they are “burning up” and “everyone is always really exhausted.” Workers curse their machines, hoping they will break down so they can at least get a few minutes rest, saying, “how do you not break? You’re killing us!” Workers curse the blazing sun while they are working, saying, “If it gets just a little hotter, the factory will light on fire, and then we can rest!” In their crowded dorm rooms, it is the same, with the heat and humidity making it difficult for the workers to rest, let alone sleep.

Especially during the peak holiday production season, the Panyu workers are exhausted, bored and feel that their lives have little real meaning. As one worker put it, *“There is just nothing interesting going on in my life. The one single purpose of our existence is to work, not to enjoy our lives at all.”*

Twelve workers share each sparse, dimly lit dorm room

Twelve workers share each dorm room, measuring approximately 13 by 20 feet in size. Besides the double-level bunk beds, the only other piece of furniture in the room is a small cabinet three feet long and two feet wide containing several small drawers for the workers’ belongings. Each room has two ceiling fans and is lit with just two small 15-watt bulbs, leaving the room, according to the workers, “dark and gloomy.”

Each floor holds 20 rooms housing a total of 240 workers. The rooms lack private baths or toilets. Each floor has two public bathrooms, with 16 workers sharing each toilet and shower stall. Hot water is only available at night.

Workers often complain of being very bored. When they are not working, there is very little for them to do other than watch TV, take a walk or play ball.

Thirty yuan is deducted from the workers’ pay each month for dorm fees. Thirty yuan is almost nothing, just \$3.70. But as we shall see, then it is combined with monthly cafeteria fees of 130 yuan, the total 160 yuan, or \$19.73, actually lowers the workers’ take home wages by 34 percent, leaving them with a regular wage of just \$9.01 a week and 23 cents an hour.

There are no rooms for married couples

There are no dorm rooms for married couples and in practice management routinely prohibits husbands and wives from even entering a company dorm to see their spouse. This is a huge problem for the workers, as most families are split with husbands and wives traveling to the south of China in search of factory work, often ending up in different cities or with one spouse remaining behind in their rural province a thousand or

more miles away. Even if a husband or wife could save the money and were lucky enough to arrange for sufficient time off to travel to see their spouse, there are no dorm rooms for them to stay in. Renting a room in a nearby hotel could cost 200 to 300 yuan, or \$25 to \$37 a night, which is totally beyond the workers' means. This is a major complaint and hardship for many of the tens of millions of migrant workers in China. (In Guangdong Province alone, there are an estimated 42 million migrant factory workers.)

Everyone agrees the cafeteria food is terrible

The factory cafeteria serves three meals a day, for which it charges the workers 130 yuan (\$16.03) a month, which is more than one week's regular wages.

Everyone agrees that the quality of the food is terrible, explaining that there is very little meat or oil, and the food often smells awful.

A typical breakfast could consist of millet soup, a bun or some other piece of bread and a few tiny slices of pickle no bigger than a paper clip. Common for lunch and dinner would be squash, Chinese cabbage and stir fried meat, usually pork, and very little of it. The workers complain that there is very little meat per dish. Nor can the workers typically afford to supplement their diets by eating out occasionally at one of the small roadside restaurants, since even the cheapest meal would still cost three to five yuan, meaning the loss of one to two hours' wages. (It is rumored that these fast food restaurants keep their prices down by cooking with used oil discarded by the more expensive restaurants.)

The factory cafeteria does allow the workers unlimited access to rice.

No union and phony work contracts

As has been mentioned, there is no independent union allowed at the Panyu factory. Independent unions are still outlawed in China.

China's labor law requires that workers be provided a legal work contract. However, at the Panyu factory the work contracts are fakes meant to be provided to gullible Wal-Mart and other corporate monitors. The workers must sign a model contract, but they are not permitted to have a copy. The workers can only imagine the higher wages and all the fine legal rights guaranteed them in these fake contracts—rights and wages which in reality they never see.

Corporate monitoring is a sham

It is part of a game that everyone knows is going on. Before the buyers arrive the factory is notified in advance. Management then provides the workers with likely questions regarding factory conditions and treatment and model answers, which they must memorize. Management goes so far as to provide prizes of 50 yuan (\$6.17), more than two days wages, to the workers who best memorize and parrot the proper company answers. At any rate, all the workers are terrified and would never dare say a word of the truth to any buyer or corporate monitor for fear of retaliation by management, including the possibility of being fired without back wages.



Panyu United Stationery Products Factory

Like the holiday cards they make, the Panyu factory looks great on the outside. But behind the façade, it is a very different story.

