



Dongguan workers stage 24/7 sit-in outside bankrupt factory's gates demanding fair compensation

Thursday, December 22, 2011

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FOR IMMEDIATE RELEASE

After the management at the Dongguan Essential Paper Products Company factory closed the factory and abruptly vanished without giving notice or paying back wages, the workers at the factory were left without any choice but to begin a 24/7 sit-in at the factory's front gates on December 17th, 2011. As of this press release, they are still protesting.

The workers told China Labor Watch that they were constantly awoken in the middle of the night by the freezing cold winter weather, but would continue regardless. They do so for fear that if they are not in front of the factory gates, the government will liquidate factory assets and pay them whatever it feels like. By preventing government personnel from entering or exiting the factory, the workers believe have leverage to extract more compensation from them.

Up until the time it suddenly closed, the Dongguan Essential Paper Products Company factory -- which was founded by Guangfa Feng, "king of photo albums" -- had clients that included a number of domestic paper packaging firms and multinational companies, including MeadWestvaco (NYSE: MWV). One worker says that since 1995, the purchase orders for this factory from its clients have been more or less stable, and a worker reports that the factory had orders to fill through March of 2012. Therefore, this worker said that when on December 9th they received the command to halt production, the factory's workers were very confused.

According to news reports, when the factory closed down, it was 40 days in arrears on salary payments to its workers, for a total obligation of 1.64 million RMB. On December 15th, the Wentang District Committee proposed paying the workers 70 percent of their back wages, which was far less than the total compensation the factory owed them. So far, the workers haven't accepted any of it.

According to one worker, their demands are not only for all their back wages, but for reasonable compensation for abrupt termination based on their length of service as well. The workers believe they are owed this due to the many senior employees at the factory. Over sixty workers at the factory have worked there for more than ten years. Most workers are over forty and approximately 300 workers have worked there from between 5 to 9 years. A worker said, "I gave my entire youth to the factory. Don't tell me that they can't give me a little compensation now."

A great deal of resentment over the district committee's offer stems from the fact that the factory has 10 working machines and two shipping containers full of goods on premises. The workers think that "by selling these things, the government can pay all the compensation every worker deserves".

However, according to the South Metropolitan Daily News, an East Dongguan deputy presiding municipal court judge said that the factory's bank account didn't even have 200,000 RMB in it, much less the 2 million RMB the workers had claimed. Meanwhile, the factory machinery has been seized by the government until such time as they know who has legitimate claim to it and can liquidate the remaining assets.

According to the Labor Law of the People's Republic of China, workers are to be compensated based on their seniority when they are forced to leave their jobs. Yet at the same time, the Dongguan municipal government believes that its responsibility is confined to trying to ensure that managers don't violate this statute, not to fully compensate workers if or when they do. In the past, when managers have fled failing businesses the Dongguan government has typically provided compensation equal to approximately 50 percent of back wages owed to the workers.

China Labor Watch believes that the workers ought to receive the full compensation which they are owed under Chinese labor law. We hope that after factory assets are auctioned or sold that workers can receive a share of the profits to obtain proper compensation as determined by their length of service. Even if the workers are paid 70 percent of their wages in advance of the liquidation of factory assets, this cannot be used as a pretext to deny factory workers the full compensation they are entitled to. We hope that any media outlets who are interested in reporting on this incident or in gaining perspective on its underlying will contact us at their convenience, as we are in contact with a number of the workers.

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