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Reebok's Human Rights Standard and Chinese Workers' Working Conditions

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Chinese Law and Workers' Rights Being Violated

This report is based on information collected by twenty China Labor Watch activists in China between June 2001 and January 2002. The activists work in six factories that manufacture Reebok products. All of them have at least two years of experience working with those factories as technicians, group supervisors or ordinary workers at different production lines. China Labor Watch has received a large number of materials from these workers, such as workers' wage slips, factory regulations and other documentation. All information in this report is about the six factories listed below. We use their Chinese names to help those who are interested to make arrangements to travel there to further investigate. The factories are

Dong Li Footwear Ltd. Co., Dongguan City (manufacturing TPR, PVC soles for Reebok), Phone: +86-769-2260168
Location: Sang Yuan Industrial Area Zushan District Fu Cheng District Dongguan City, Guangdong Province

Sangyuan Junde Moulding Factory, Phone: +86-769-2202568 Location: Sang Yuan Industrial Area Zushan District Fu Cheng District Dongguan City, Guangdong Province

Chang Deng Footwear Ltd. Co., (English name: Dongguan Elegant Top Shoes Co., Ltd.), Phone: +86-769-2204901 Location: Zushan District Fu Cheng District Dongguan, City Guangdong Province

Yong Rong Footwear, Dongguan City, Phone: +86-769-5533355 Location: Chang An Township, Dongguan City, Guangdong Province

Gang Tai Footwear, (English name: Kong Tai Shoes Mfg. Co., Ltd.), Phone: +86-755-8831060 Location: Long Gang Township, Long Gang district Shenzhen City

Bao Yuan Footwear, Zhongshan City, Phone: +86-760-6690568 Location: Sanxiang Town Zhongshang, Guangdong

Reebok Hong Kong Ltd.

3/F, Hong Kong Spinners Building, 800 Cheung Sha Wan Road, Kowloon, Hong Kong Telephone: (852) 2310 6222, Facsimile: (852) 2785 0502

A Glimpse of Workplace Conditions in the Six Factories:

Reebok human rights office and mailbox are not effective in the factory

Discrimination against workers: Among workers manufacturing for Reebok, many husbands and wives do not see each other more than 10 days per year

Overtime work violates Chinese labor law.

Violates the fair labor ASSOCIATION standard

Wages are lower than the local minimum wage.

No medical, unemployment or retirement insurance of any kind.

No rights of freedom of association, the president of the union is appointed by factory management, many workers do not even know what a trade union is.

Constantly working in high temperature and toxic fumes.

1 .Complaints Box

Some workers did file complaints when Reebok first set up some complaint letter boxes. But afterwards, factory management found ways to fire out those who used the boxes. Gradually, workers lost their confidence in the boxes and as a result, Reebok has received little feedback since 2000. Reebok may want to have an investigation to find out how many workers who filed complaints are still at work.

Even in factories that have permanent Reebok Human Rights representatives, management is violating Chinese law and Reebok's own standard publicly. In this environment, how can workers have any confidence in filing complaints against this overt non-compliance with either the law or the Reebok standard?

Suggestion: Reebok should investigate themselves why workers do not want to use their complaint boxes.

2. Non-discrimination

The pressures of this work environment create situation where some of female workers get various kinds of mental disturbances, adopt alcohol problems and even commit suicide.

Factories manufacturing for Reebok do not recruit male workers. Managements in those factories think that it's much easier for them to manage female workers than male workers.

China's huge unemployment population today enabled factories to do so. As a result, in those factories, the ratio between female and male workers reached about 10:1 and male workers can hardly find a job in those factories. Female workers, therefore, have to do male workers' job such as lifting.

Many female workers reported to our activists that they experienced sexual harassment from supervisors, but they have to keep silent for fear of losing their jobs.

Things are not easy for those who did manage to get married. Because husbands can hardly find jobs in those factories, they have to live separately from their wives. And wives have to shoulder most of financial responsibilities, and they usually have to work excessive hours to make ends meet.

Male workers find it very difficult to find a job in those factories. Another consequence of this policy is that many of the female workers working in those factories remain single for a long time. In China, the normal marriage age for women is about 21, especially for women who receive little education. But in the factories we investigated, a great number of women workers who are over 25 years old are still single.

Our statistics indicates that in the six factories, there are more than 2,500 couples living separately. Those couples won't have family life for more than ten days in a whole year. More than 1,500 couples have to leave their children in their hometown hundreds or thousands of miles away from the factories. Some mothers last saw their kids three years ago. When they visit home, their children usually cannot recognize them.

The disproportional ratio of male and female workers and the factories' reluctance to recruit male workers seem to indicate that Reebok's non-discrimination policy is nothing but a written document.

Suggestion for Reebok: Offer equal opportunities for both male and female workers. Pay workers wages both legal and sufficient to cover basic needs and to raise their family.

3. Work Hours

Chinese labor law specifies a standard 40-hour workweek and no more than 36 hours of overtime a month under particular extraordinary circumstances. The law also stipulates that overtime work must be voluntary.

However, according to our investigation, workers in the six factories have to work on average 86 hours of overtime each month.

Prior to July 2001, workers in Kong Tai Footwear (Shenzhen City) usually had to work 86 hours overtime per month. After a China Labor Watch report on this factory and action from some other labor rights groups, Reebok intervened. In August and September, overtime in most shop floors was reduced to no more than 36 hours (a reduction in orders was another major reason for the reduction). However, in December, overtime in some shop floors recovered to 80 hours per month.

Kong Tai management argued that workers chose to work overtime. We believe this is not true. Workers chose to work overtime because they had to consider the salary they could expect. Shortly after the September 11 incident, workers in Bao Yuan factory (Zhongshan City) would work for a week then had to take one week off. During this time they were only paid for the time they worked. In November, overtime went back to normal level.

To deal with Reebok auditors, Chang Deng management obtained an official document from the Dongguan labor bureau approving 86 hours of overtime per month. However, the document itself is invalid because it violates national labor law (Dongguan labor bureau till today does not want to release the document publicly). From January 1999 to July 2001, most workers at Chang Deng had to work 80 to 86 hours of overtime per month. Readers should be able to see that management can find ways to circumvent national law and find supportive documents for their illegal activities.

Reebok human rights staff checks conditions at Dong Li Footwear and Yong Rong Footwear (both in Dongguan city) each month. Each time before their arrival, factory management would broadcast via loudspeakers: "Attention: Reebok Human Rights is coming." Workers at these two factories have to work more than 86 hours' overtime per month.

Sangyuan Junde is a sub-contractor of Dong Li Footwear. Workers there do not even know that there is a "Reebok Human Rights." Overtime there is 100 hours per month, sometimes 150 hours.

In addition, driving workers to work excessive hours will definitely lead to increased accident rates and lowered product quality. And the practice itself violates the principle of fair competition: factories abiding by law and treating workers well have to compete against Reebok's 'agent factories' under unfavorable conditions, at least in the short run.

Suggestion for Reebok: As indicated by the factory management, overtime in those factories is indeed on "voluntary" basis. However, China Labor Watch believes that we need to review a pre-condition of this voluntary overtime: that when workers are getting an extremely low level of wage, they have to work extra hours to avoid starvation. Our suggestion for Reebok is not to ignore this pre-condition.

4. The workers get no compensation at all when they left the factory and even they cannot get their wages for the last working month.

At Dong Li, Sangyuan Junde, and Yong Rong factories, some workers can not get salary they deserve if they want to quit. According to Chinese labor law, employers must give workers who quit a severance pay according to the length of their service. Normally, one month's pay for one year's working experience. However, when workers at these factories decide to quit, most of them can not get legal severance pay, not even their normal salary in some cases. In such circumstances, their only choice is to stay with the factory they don't like.

Suggestion for Reebok: Factories must abide by Chinese labor law and permit workers quit their job if they want to. In addition, factories must give leaving workers their severance pay in compliance with the Chinese labor law.

5. Fair Wage

Wages paid by the six factories producing Reebok products are among the best in footwear factories in China. But compared to some other western funded factories, even to state-run factories, these wages are much lower. Worse than that, the wages are also below the minimum requirement of Chinese labor law.

Minimum wages vary in different areas in Guangdong province. For example, within Shenzhen's Economic Zone it is 574 yuan per month (3.43 yuan or \$0.42 per hour). In Bao'an and Longgang districts (both of Shenzhen) it's 440 yuan per month (2.63 yuan or \$0.32 per hour). Dongguan city's minimum wage is 450 yuan per month (2.68 yuan or \$33 cents per hour).

However, at Dong Li Footwear, Sangyuan Junde, and Yong Rong (all in Dongguan city), workers are getting less than 25 cents per hour, far below legal requirement.

After China Labor Watch's report on Kong Tai (in Shenzhen city) and Chang Deng (Dongguan city), wages are still below legal requirement: less than 28 cents per hour. For details of the reports, please check China Labor Watch's website:

<http://www.chinalaborwatch.org/reports/eleganttop-wages.htm>

<http://www.chinalaborwatch.org/reports/kongtai.htm>

According to our investigation, among the six factories, workers at Chang Deng and Yong Rong are among the highest paid. We want to compare wages at these two factories with wages at a state-run water supply factory, all for workers with three years of working experience:

At Chang Deng, a worker's hourly wage is 30 cents per hour including all benefits/bonus. He/she works 176 hours per month, so the basic monthly wage is 52.8 dollars. He/she works 80 extra hours per month, and get paid 36 dollars. Therefore his/her total income for the month is 86.8 dollars.

At Yong Rong, a worker gets 26 cents per hour including all benefits/bonus. He/she works 176 hours per month, and gets a monthly basic wage of 45.7 dollars. He/she works 100 hours of overtime and receives 39 dollars for that. The total income for this month is 84.7 dollars.

A worker at the state-run water factory gets 76 cents per hour, 176 hours per month, so the monthly wage is 146 dollars. He/she does not work overtime, so his/her total income is 146 dollars. On top of the 146 dollars the worker receives, the water factory offers medical, retirement and unemployment insurance. While the two factories producing for Reebok do not have anything to offer in this respect. Only people at management positions get some form of insurance and they only account for 5% of the total workforce.

Suggestion for Reebok: It is a legal requirement for employers to offer or share insurance premiums. It constitutes a violation of law if the six factories do not begin to do something in this respect.

6. Freedom of Association

In the past few years, many Chinese workers have been constantly pressuring the Chinese government by applying for permission to set up independent trade unions that are able to truly representing workers' rights and interests. In response, the Chinese government has attempted to expand the presence of official trade unions nationwide.

Before January 2000 in Shenzhen City, there were only 63 trade unions in private-owned and foreign-funded factories. By January 2002, however, there were up to 10,000 (mean error 5%) trade unions set up in those factories with a total membership above 800,000. A common feature of these new trade unions is that many workers joined unions without knowing what these trade unions were about. Most workers had no other choice but to join these official unions.

Kong Tai's new trade union was actually set up in such a context.

Ever since 1999, Reebok advised the factories to set up trade unions. In July 2001, under Reebok's pressure, a trade union was set up through election at Kong Tai factory in Shenzhen. Unfortunately, this new union is still under management control.

According to Chinese law, the president of a trade union must be freely elected. However, the president of the new union was appointed by management. Factory management counter argued that ACFTU Shenzhen

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appointed the president. According to Chinese trade union law, a low level trade union should be under the leadership of a high level trade union, but it does not have the authority to appoint a president for the lower level union. In this case, ACFTU Shenzhen's appointment is clearly violating the Trade Union Law.

Article 42 of China Trade Union Law specifies the sources of funding for trade unions:

Membership fees

Enterprises, institutions and government agencies that have set up trade unions should allocate 2% of the wages of the total workforce as trade unions' activity fee.

There are about 5,000 workers at Kong Tai right now. If we take 65 dollars as the average monthly wage, the management should pay the new union 6,500 dollars per month as activity fee. However, since July 2001, the union has not received the fee.

In conclusion, Kong Tai management is violating Chinese union law in appointing a president for the new union and not paying union fee.

Suggestion: Elect a new president and pay the due union activity fee.

7. Safe and healthy working environment

Workers at Dong Li and Yong Rong have been constantly exposed to toxic air at shop floors. Terrible headaches are one common side affect. Workers at Sanyuan Junde have to work at least 10 hours per day in extremely high temperature.

Suggestion: Reebok must offer a list of all the factories manufacturing Reebok products in China with names and addresses and allow NGO groups access into these factories for investigation.

IX: Conclusion

It is obvious that Reebok suppliers are in constant violation of Chinese law and Reebok's Human Rights Standard.

China Labor Watch has two questions for Reebok and hope all our friends will ask the same questions:

Can Reebok guarantee the quality of its products? If so, why cannot Reebok do more to guarantee the quality of the implementation of its Human Rights Standard?

Each year Reebok spends millions of dollars to hire stars and socialites to appear in its commercials. Is Reebok's Human Rights Standard just another advertising effort?

We hope all our friends will write to Reebok with these questions and to urge them to improve their factory conditions. We also welcome you to copy China Labor Watch on any correspondences.

China Labor Watch Li Qiang Executive Director Email: clwatch@hotmail.com

Please direct your appeal to the individuals below:

Reebok International Ltd.

Doug Cahn Vice President, Human Rights Programs 1895 J.W. Foster Blvd., Canton, MA 02021, U.S.A. Phone: + (1-781) 401-4910 Fax: +(1-781) 401-4806 Email: doug.cahn@reebok.com

You may also write to the following organizations to further assist this cause:

The Office of the High Commissioner for Human Rights Geneva, Switzerland OHCHR-UNOG 8-14 Avenue de la Paix 1211 Geneva 10, Switzerland Phone: +(41-22) 917-9000 webadmin.hchr@unog.ch

ILO Regional Office for Asia & the Pacific in Bangkok (ASIE) Phone: +(66-2) 288-1710 Fax: +(66-2) 288-3062 bangkok@ilo.org

Lorne W. Craner Assistant Secretary of State for Democracy, Human Rights, and Labor U.S. Department of State
 Fax: +(1-202) 647-5283

Jorge Perez Lopez Acting Deputy Under Secretary for International Labor Affairs U.S. Department of Labor Fax: +
 (1-202) 693-4780

FACTS:

Reebok employs 75,000 workers worldwide.

Reebok has a Code of Conduct.

1. **NON-RETALIATION POLICY** Every factory producing Reebok products will publicize and enforce a non-retaliation policy that permits factory workers to speak with Reebok staff without fear of retaliation by factory management.
2. **NON-DISCRIMINATION** Reebok will seek business partners who do not discriminate in hiring and employment practices, and who make decisions about hiring, salary, benefits, advancement, discipline, termination and retirement solely on the basis of a person's ability to do the job.
3. **WORKING HOURS/OVERTIME** Workers shall not work more than 60 hours per week, including overtime, except in extraordinary business circumstances. In countries where the maximum work week is less, that standard shall apply. Workers shall be entitled to at least one day off in every seven day period.
4. **FORCED OR COMPULSORY LABOR** Reebok will not work with business partners that use forced or other compulsory labor, including labor that is required as a means of political coercion or as punishment for holding or for peacefully expressing political views, in the manufacture of its products. Reebok will not purchase materials that were produced by forced prison or other compulsory labor and will terminate business relationships with any sources found to utilize such labor.
5. **FAIR WAGES** Reebok will seek business partners who share our commitment to the betterment of wage and benefit levels that address the basic needs of workers and their families so far as possible and appropriate in the light of national practices and conditions. Reebok will not select business partners that pay less than the minimum wage required by local law or that pay less than prevailing local industry practices (whichever is higher).
6. **CHILD LABOR** Reebok will not work with business partners that use child labor. The term "child" generally refers to a person who is younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.
7. **FREEDOM OF ASSOCIATION** Reebok will seek business partners that share its commitment to the right of employees to establish and join organizations of their own choosing. Reebok recognizes and respects the right of all employees to organize and bargain collectively.
8. **SAFE AND HEALTHY WORK ENVIRONMENT** Reebok will seek business partners that strive to assure employees a safe and healthy workplace and that do not expose workers to hazardous conditions.

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