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Introduction

China is one of the world's top exporters and top recipients of foreign direct investment. The vast majority of this activity is concentrated along the country's coast, especially in the Pearl River Delta of Guangdong Province, where a sprawling network of major cities like Shenzhen and boomtowns like Dongguan draw in millions of migrants from around the country to work in light manufacturing. Often, the region's factories are owned by or producing for foreign companies.

Labor conditions in the Pearl River Delta have improved somewhat in recent years but remain devastatingly brutal—long hours, unsafe workplaces and restricted freedom of association—and in blatant violation of Chinese and international labor law. The case of multinational toy companies, shows that corporate codes of conduct and checklist auditing are not enough by themselves to strengthen workers' rights if corporations are unwilling to pay the real price it costs to produce a product according to the standards in their codes.

The US toy market is worth an estimated \$22.3 billion USD, and 80 percent of toys are made in China. The international community's attention has recently focused on the dangers that cheap Chinese toys pose for consumers. China Labor Watch believes that these toys' low quality is a result of multinationals' single-minded pursuit of ever lower prices and neglect of other considerations.

Short-sighted policies drive corporations like Hasbro to turn a blind eye to safety—and to ignore the labor conditions in their supplier factories, as well. Instead of concentrating on improving product safety and workers' lives, companies spend their energy creating beautiful pamphlets on social responsibility, disputing critical reports and shifting blame. In the end, they too may pay the price.

Beginning at the end of 2006, China Labor Watch (CLW) has conducted research on eight toy factories in China. The following is the timeline of CLW investigations:

- | | |
|--|----------------------------|
| • Duoyuan Plastic Production Co. LTD: | Complete in August 2007 |
| • Pearl Tower Garments & Toys (Shenzhen) Co. LTD: | Complete in August 2007 |
| • AOYAGI (Qingliu) Toy Factory Report: | Completed in August 2007 |
| • Yu Bao Report: | Completed in 2006 |
| • Xin Wei Report: | Completed in January 2007. |
| • Zheng Run Report: | Completed in January 2007. |
| • Three Stars Report: | Completed in January 2007. |
| • Yong Qin Report: | Completed in January 2007. |

Affiliated brands: Bandai, Chip Jap Co, LTD, Disney, E.Box and Eager, Fox TM, Gosh International, Hasbro, Meid LTD, Russ Berrie, Sanrio, Seeds Co. LTD, SEGA, Takara and etc.

environments are dangerous; and living conditions are humiliating.

Contracts

All eight factories investigated in-depth violate Chinese labor law by failing to comply with contract details.

Work Hours

Among the factories investigated, compulsory overtime with inadequate, illegally low compensation is prevalent. Many workers say that they are penalized or would lose their jobs if they decline overtime work. At some of these factories, workers put in 10 to 14 hours daily during the peak season. Workers are often not provided with a legally mandated rest time, not even one day off per week or time off during holidays. In some cases, workers are not given a single day off for a month straight.

Wages & Benefits

The wages and benefits of toy suppliers are a rebuke to anyone who hopes that businesses alone, unsupervised, will push forward the rule of law in China. These factories pay little heed to the most basic standards of the country. Cutting corners and duping authorities is the norm.

Factories illegally impose fines and fees. The resulting wage is well below Shenzhen City's minimum wage of 700 RMB (\$91.86) per month. In order to avoid audits from clients, labor departments and other independent organizations, factories such as Pearl Tower even make fake wage statements.

Besides forcing overtime and illegally low wages upon their workers, CLW has discovered that many toy supplier factories do not provide medical or work injury insurance or the most basic pensions to workers. In most cases, the factories only purchase insurance for a few of their workers —and then only when Labor Department and other agencies are conducting factory audits. Those few workers who have insurance are responsible for most, sometimes even all of the insurance costs.

Besides constant weekend overtime, workers rarely have the benefit of paid vacations, something they deserve by law. It is difficult for them to apply for days off, too, even for important life events like weddings, funerals or pregnancy.

Workplace Conditions

In the factories investigated, working conditions are simply unacceptable. Employees suffer verbal and occasionally physical and sexual harassment, as well as unfair and onerous fines. In Duoyuan factory, raw materials, work equipments, garbage, unfinished products and finished products piling up at random locations, including the emergency exits. Cafeterias frequently do not meet hygienic standards, work place and dormitories do not abide by safety regulations.

Factories fail to provide sufficient information and adequate training to workers using chemicals at work posts. Hundreds of workers worry that they are subjected to harmful chemical substances, and could be in danger of lead poisoning, plastic poisoning, or welding accidents. Many investigated factories have

poor ventilation systems and issue face masks that have no purpose other than show. One worker explained that wearing a mask or any other safety equipments is only required when clients are present.

Workers are not offered insurance as mandated by the law. Surveys reveal that when workers are hospitalized they sometimes do not receive any salary and might be fired after injuries.

Many factories verbally or even physically abuse employees.

Recommendations

China Labor Watch (CLW) demands that toy companies to take the following actions:

- Obey Chinese labor laws and regulations to the letter.
- Pay their supplier factories a reasonable price for their products.
- Not abandon supplier factories, but rather commit to them and be resolute in making sure that violations are corrected.
- Not retaliate against workers who file complaints.
- Not only take responsibility for their suppliers' legal infractions, but go a step further and strive to actively improve its workers' lives.
- Offer workers a living wage, which sustains a worker's basic needs, not just a minimum wage.
- Urge their supplier factories to provide workers with high quality safety training and generous work injury insurance—not grudgingly doled out, bare protections.
- Publicize all the results of factory audits.

Toy companies must do they wish to be a positive force in China, befitting their economic clout.

Living Conditions

Many factories charge workers meal fees and workers have no choice but to pay the fee—even if they don't eat! In fact, fees are charged at every turn—for arriving a couple minutes late for work, for not standing in line, for the uniforms they wear, for various supplies they use, etc. Workers' earnings are slowly whittled down in this way, leaving little over for daily necessities or just enjoying a night out, away from factory life.

Workers often live in dormitories on the factory grounds with exceedingly poor conditions. In many cases, many workers are sharing one small dorm room. In Duoyuan, over a hundred workers are forced to share the only bathroom installed in the dormitory—another small, daily humiliation.

To escape, workers rent apartments offsite and thereby lose a significant portion of their wages.

The blame for these abuses does not rest solely—or even principally—with the manufacturers themselves. Toy companies' pitiful prices are the main culprit.

Multinational toy corporations are on the top of this pyramid. At the very bottom are the workers standing in front of the production belts, day in and day out, making toys and electronic gadgets and furniture and picture books and clothes.... The brands race to the bottom, forever lowering the prices

of their products.

These companies do not directly buy, build or maintain factories; instead, they give orders to local, supplier factories (often owned by Taiwanese or Hong Kong businesspeople). In order to maintain even modest profits, many of these factories have no choice but to accept toy companies' low prices. Sadly, workers' salaries and general treatment are the only flexible factor of production—especially when wage laws and pension laws and safety laws are ignored.

Many foreign companies spread their orders to tens or even over hundreds of supplier factories in order to ensure that the total amount of their goods only consist of a certain portion of every supplier factory's production. Generally speaking, a company's purchases from a factory will not be over 20 percent of the supplier's total orders received. Thus, if workers begin to file complaints or lawsuits, or when labor organizations make criticisms, the accused company can pass on the blame.

Should Chinese toy workers work to live or live to work? To multinational toy companies, workers are merely tools to use to build their massive profits. Workers try to reach out to the society, but are often ignored. Their voice slowly drowns in a world where multinational corporations pursue wealth and disregard workers' rights, and only when these corporations begin to commit to their own stated standards and the standards enshrined in national and international labor provisions will the toy workers' conditions improve.

Duoyuan Plastic Production Co. LTD

August 2007



--Basic Facts--

Duoyuan Plastic Production Co. LTD sources from two major factories. The first, established in 1998, is a Hong Kong based toy factory. The second (Kaipin Duoyuan Plastic Production Co. LTD), established in 2004, is located in Guangdong province and occupies 40,000 square meters of land.

Duoyuan's primary products consist of PVC inflatable toys, furniture, outdoor products, PVC, EVA TPU and other advertising gifts. The products are most commonly exported to Europe, Japan and the United States. The factory's primary clients include Hasbro, Sanrio, and annual production revenues amount to over \$USD 10 million.

- **Factory Name:** Duoyuan Plastic Production Co. LTD (深圳市铎源塑胶制品有限公司)
- **Address:** Guangdong province, Shenzhen City, Bao'an District, Shiyan Street, Guantian Industrial District, Yueming street #9. (广东省深圳市宝安区石岩街道官田工业区月明街9号)
- **Contact Number:** 0755-27608272
- **Number of Employees:** About 250

Image: Game manual obtained from Duoyuan factory.

Twister is a trademark of Hasbro.



The factory currently employs 250 workers. According to a Duoyuan representative, the company currently has a small work force because it is in the process of relocating to Kaipin City.

Data from the company's official website indicates that the main Duoyuan factory is O9001 quality control certified.

--Contract & Hire--

Upon recruitment, new-hires are required to provide an ID card, a photocopy of the ID card, a health certification fee, and four photos. Employees must also fill out a factory resume. The resume includes personal information, education, work experience, and family member information. The other components of the contract consist of the management's opinions of the new-hire which are kept confidential.

Workers are not offered contracts by Duoyuan, and are not provided with information on work posts, work hours, wages, or insurance. After completing the personal resume, Duoyuan will request the new-hire to complete a "notice upon recruitment" form. The form stipulates a

probationary period of one week for the new-hire, and an unqualified worker or a worker who chooses to leave during the period will not receive any payments. Workers resigning after the probationary period, and before completing one full year of employment, will be asked for a \$200 RMB training fee (though no trainings are provided to workers). Following one full year of employment, if a worker chooses to leave, the training fee will not apply. The worker is only required to apply for resignation one month in advance. The form also lists the various fines and regulations that may be incurred by workers.

此 部 份 由 公 司 填 写

面试日期：_____起薪点：_____

测试范围：_____成绩：_____

备 注：_____

录取职位：_____评 核 人：_____

到职部门：_____到职日期：_____

人事评语：_____

_____ 签 名：_____ 日 期：_____

部门主管评语：_____

_____ 签 名：_____ 日 期：_____

批准聘请：_____

人事部签名：_____

Image: Backside of the personal resume for managers to fill out information about applicants

简 历 表

姓 名	性 别	身 份 证 号 码														
曾用名	年 龄	出 生 日 期	年 月 日	文 化 程 度												
政治面目	户 口 所 在 地		申 请 职 位													
现 住 址	省 市 (县)	镇 乡 村	民 族	婚 况												
懂 何 种 语 言	国 语	粤 语	其 他	有 何 种 技 术 特 长												
个 人 学 历 和 工 作 简 历	自 年 月 日 至 年 月 日		在 何 地 何 部 门		任 何 职 备 注											
与 本 人 家 庭 主 要 成 员	姓 名	年 龄	政 治 面 目	现 在 何 地、何 部 门 工 作												
申 请 人：_____ 日 期：_____ 年 _____ 月 _____ 日												照 片				
备 注 邮 编 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>																

Image: Front page of the personal resume.

--Work Hours--

Work Schedule

Morning	8:00AM ~ 12:00PM
Afternoon	1:30PM ~ 6:00PM
Overtime	7:00PM ~

Duoyuan enforces mandatory overtime and workers are required to comply with work arrangements. Overtime is usually determined by a worker's production load. On average, employees work about three hours of overtime daily, and can sometimes be made to work through the night.

Workers generally do not benefit from vacation days, and sometimes only receive one day off, that being immediately after they receive their wages. In addition, workers have complained about only receiving one day off on Labor Day. Moreover, each worker average a total of 300 hours per month.

Because of its small work force, Duoyuan lacks a strict management system. It does not regulate the time that workers take for restroom or water breaks during work hours. Major production departments give employees work quotas to complete, and these are usually difficult to manage during regular work hours. Thus, workers often are required to work overtime.

In addition, Duoyuan has stipulated that only factory management can schedule overtime and workers cannot choose to work for paid overtime.

--Wages--

Duoyuan workers are usually paid at a piece-rate and only movers are paid at an hourly rate. Without any wage deductions, each worker receives about \$1,000 RMB per month, including overtime pay. Only the total wage amount is printed on the wage payment sheet, and work hours, the production amount etc., are not included.

Moreover, Duoyuan's overtime wage calculation remains unchanged regardless of a worker's regular or overtime hours. Under Chinese labor law, factories paying by piece-rate are required to pay workers according to regular hours and overtime hours. For example, during regular overtime, a factory must pay by the rate of 150 percent of the regular piece-rate product, 200 percent for off days, and 300 percent for national holidays.

There have not been instances of wage arrears; Duoyuan always distributes salaries on time at the end of the month.

--Benefits and Remuneration--

According to some of Duoyuan's senior workers, the factory does not offer any type of insurance or paid holiday benefits.

--Work Conditions & Safety--



Image: Boxes of Hasbro toys stored in Duoyuan waiting to be shipped to their destinations.

Duoyuan consists of four departments; cutting, silk print, high frequency induction heating, and packaging. Each product must first go through the cutting department, and the department will then cut the PVC materials according to each brand's request. The PVC material will then be ported to the silk print department to print brand names. After printing, the material will be sent to the high frequency induction heating department for compression. Finally, each product will be sent to the packaging department for packaging.

Everyday, movers are required to move bundles of materials such as PVC to different departments. Each bundle averages 50kg, and movers describe their work posts as extremely labor intensive and not fit for the average worker.

Production departments are often installed with large machines and with irregular check-ups. In addition, workers are often

China Labor Watch

denied the necessary training upon recruitment, and are thus further susceptible to the risks involved with using factory machinery. Induction heating machines and cutting machines are particularly high-risk. However, the only notice posted on induction heating machines is "careful of high temperature."



Image: Fire extinguisher found in Duoyuan, the meter pointed in red.

Chemicals such as paint and diluents are used in the silk print department. However, Duoyuan does not provide any related chemical information nor does it distribute any safety equipment.



Image: Image of a pile of Twister, Hasbro's product being tossed aside in the factory.

Image: The factory is unorganized and dirty, image shows Duoyuan's true color.



The work environment is very dirty and unorganized. One can see raw materials, work equipment, garbage, unfinished products and finished products piled up at random locations, including the emergency exits.

Image: Ordinary work environment of Duoyuan makes one wonder the quality and safety of production.



Duoyuan installed fire extinguishers in the dormitory hallways, the extinguishers are rusty and dusty, pointing to the absence of safety check-ups. In addition, many fire extinguishers lack pressure, thus incapable for its purpose. According to China's national regulatory laws, fire extinguishers need to be recharged if the pressure is below standard.

--Accommodation & Meals--

The Factory provides a dormitory for workers. The dormitory is located above the cafeteria, on the second and third floor. Each floor consists of seven rooms, and each room houses ten workers, has two lamps, and one fan and five bunk beds. There are two pay phones; one installed on each floor of the dormitory. There is also a public bathroom on the first floor of the dormitory which contains ten shower rooms and two wash rooms. Since only one public bathroom is installed on the first floor, it is very crowded every morning before work, making it very inconvenient for workers.



Image: An image of a Duoyuan dormitory room. This small room houses ten workers.

Duoyuan enforces a \$2 RMB/day meal fee on all workers. The cafeteria offers three meals daily, breakfast consists of congee, and lunch and dinner include three dishes per meal. The dishes consist of tomato and potato etc. Each meal is provided before the worker's meal break, though it lacks quantity and quality.



Image: Photograph of workers eating in Duoyuan cafeteria.

--Fines & Awards--

Workers have reported that Duoyuan does not implement awarding systems, yet many fines are imposed.

Duoyuan's 2006 "notice upon recruitment" form (fines are listed as below):

- | | |
|---|------------------------------------|
| - Total Monthly early leave time (under five minutes): | \$1 RMB per minute |
| - Total Monthly early leave time(6 ~ 29 minutes): | \$2 RMB per minute |
| - Total Monthly early leave time (30 minutes ~ four hours): | Treated as half day absence |
| - Total Monthly early leave time (Exceeding four hours): | Three day wage deduction |
| - Total Monthly early leave time (Three day= 72 hours): | Automatic dismissal |
| - One day absence: | Three day wage deduction |
| - Slow work process, stealing, gambling, fighting, damaging factory property: | Over \$200 RMB fine. |
| - Not wearing work badge upon entering/exiting: | \$50 RMB |

Pearl Tower Garments & Toys Co.

August 2007



Pearl Tower Garments & Toys (Shenzhen) Co. LTD is invested by Bao Tai, a Hong Kong-based corporation. The factory mainly produces stuffed dolls, doll garments, stationeries, handbags, plastic toys and etc. Products are mainly exported to Europe, Japan, the U.S. and etc. The factory's original name was Shishen Toy Factory. On November 21st 1992, the factory registered itself as Pearl Tower (Bao Tai) at the department of industry and commerce and moved to current location.



Image: Product provide by a Pearl Tower worker. Mickey Mouse is a trademark of Disney.

Basic Fact

- Factory Name: Pearl Tower Garments & Toys (Shenzhen) Co. LTD 宝台制衣玩具(深圳)有限公司
- Shenzhen City Shishen Toy Factory (深圳市时势玩具厂) Before 1992.
- Old Address: Guangdong Province, Shenzhen City, Bao'an District, Shiyan Town, Lanxing Village, First industrial Zone. 深圳市宝安区石岩镇浪心村第一工业区
- Current Address: Guangdong Province, Shenzhen City, Bao'an District, Shiyan street, Yong he street #3. 深圳市宝安区石岩街道永和路三号
- Contact Number: 0755-27649538-263
- Contact Person: Dai Huan Cheng (戴焕成)
- Number of Employees: About 1,000 workers.

about 15,000
Meter square. The factory owned four production centers and employed about 4,000 workers during its peak. Due to production reduction, the factory reduced its production centers down to two, employing about 1,000 workers with the male to female ratio of 2:8.

The factory is ICTI certified, and its primary clients are Disney, Fox TM, Gosh International, Russ Berrie and etc.



Image: Tag obtained from Pearl Tower. Simpson is a trademark of Fox TM.

Image: Box found in Pearl Tower. Gosh International is a UK invested company.



--Contract & Hiring--

Pearl Tower provides labor contract and offers a copy to workers. However, workers reported the factory does not follow the contract agreements by providing workers pension, unemployment insurance, and maternal insurance. Only a small group of managers retain such benefits.

The factory mainly hires female workers. In the past, Pearl Tower offers higher wages than other local factories due to sufficient client orders, and new hires were usually hired directly by the factory management or introduced by other Pearl Tower workers. Due to the difficulties they are facing in terms of recruiting; besides using the previous hiring system, Pearl Tower also recruits workers from job markets. Moreover, Pearl Tower also hires students under the age of 16 who are seeking for a summer job.

--Work Hours--

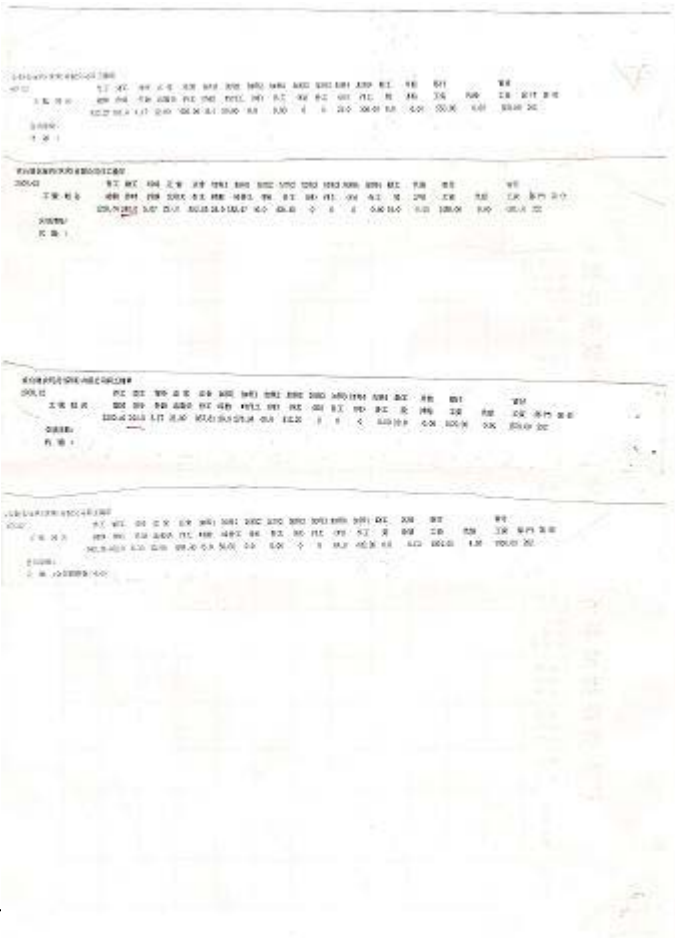
Monthly-waged workers and piece-rate workers have different work schedules.

Morning 8:00AM (Pearl Tower usually requests monthly-waged workers, especially managers at high management level to arrive to their work post at least 20 minutes earlier).

Break time 12:00PM ~ 1:30PM

Afternoon 1:30PM ~ 5:30PM

Overtime Overtime is mandatory at Pearl Tower. Monthly-waged workers usually do not work over 9:00PM, and piece-rate workers generally work overtimes until about 11:00PM.



Workers have reported, during the peak season, overtime for piece-rate workers usually ends around 12:00AM. During those period, piece-rate workers generally work overtimes exceeding 100, sometimes 150 hours. Sometimes Pearl Tower allows workers to finish incomplete products in the dormitory in order to meet production quota.

Image: Wage statement provided by a Pearl Tower worker. The statement shows the worker's monthly work hour is 244 hours, a violation of Chinese labor law.

--Wages--

In most cases, Pearl Tower calculates managers' salary by monthly wage and regular workers by piece-rate. According to the wage payment sheet provided by a worker, the monthly based wage is \$580 RMB, with 21.75 regular work days. The additional salary calculation is composed by piece-rate, and the factory does not comply with the Chinese labor law by offering workers overtime wages on regular and off days.

Under the Chinese labor law, factory is required to pay workers 1.5 times of the regular hourly wage for each regular overtime hour, and 2 times of the regular hourly wage for each off-day overtime hour. Moreover, monthly-waged managers do not have overtime pays, and piece-rate workers are always paid by regular overtime hours disregarding regular work days or off days.

In order to deceive clients, labor departments and prevent worker complaints, Pearl Tower offers fake pay statement to workers. Besides the statement obtained by CLW investigators, majority of the wage statements from workers are fixed by the factory thus making it difficult to identify its violations.

Salaries between piece-rate workers differ due to different products being manufactured. While some piece-rate workers have monthly salary up to \$2,200 RMB, some only make \$400 to \$500 RMB per month.

Generally, Pearl Tower does not delay wage distributions, the factory sets the distribution date on the 20th of each month and workers are able to receive their salaries on that day.

--Benefits--

Regular workers do not have paid sick days or relative-visit days. In the past, female workers do not have maternal leave. Although the factory now

--Fees and Fines--

Factory provides accommodation and meals to workers and deducts \$60 RMB fee from new hires' monthly salary, only workers working in the factory for over three years may enjoy free accommodations and meals.

Pearl Tower imposes clear rules and regulations; each violation is generally at least a \$10 RMB. One Day absence is a three day wage deduction along with a letter of self-analyzing.

--Living conditions--

Each dormitory room houses ten workers, with bunk beds and a fan installed in the room.



Image: Pearl Tower Dormitory image taken by CLW investigator

--Other--

Pearl Tower does not search workers upon entering/exiting the factory, only workers with belongings will face inspections.

No union is established in the factory. Thus, workers are in disadvantage in terms of negotiating with the factory management. Because of unfair treatments, workers organized number of strikes. The factory conditions usually improve after each course of strike.

AOYAGI (Qingliu) Toy Factory Investigation Report

August 2007



Factory Name: AOYAGI Toy Factory
深圳市宝安区观澜青柳玩具制造厂
Address: Shenzhen City, xianlan Town,
Dashuiken Village, julingzhongxin Industrial
District Building B1. 深圳市观兰镇大水坑
村桔领钟兴工业区 B1 栋
Contact Number:(86) 0755-28055345
Number of Employees: About 800
workers

--Basic Fact--

AOYAGI is a toy factory invested by Qingliu Corporation in 2002. The factory is located in Shenzhen, with a size of 10,000 square meters. In 2002, an audit was conducted by Disney of the factory. In 2003, AOYAGI obtained ISO 9001 and ICTI certifications. In 2004, Hasbro conducted an audit of the factory.

AOYAGI mainly produces electronic toys, candy toys, educational toys, and plastic toys. The products mainly are exported to Japan and Hong Kong . The factory's main clients are Bandai, Disney, Chip Jap Co, LTD, Meid LTD, Hasbro, Takara, and Seeds Co.

--Contract & Hiring--

No fees are needed upon recruitment, though applicants are required to provide a health certification, a migrant population Birth Control Certification, and an ID. After being recruited, AOYAGI will arrange a probationary period for new workers, a contract will be offered after the period, and a copy of the contract will be given to workers. Moreover, AOYAGI provides work injury insurance, medical insurance and pension to new workers. The factory generally follows the contract details.

--Work Hours--

AOYAGI requires workers to work five days a week. Each work day is eight hours, and there is also three hours of regular daily overtimes. Overtimes on Saturdays are depending on the situations, and Sundays are usually off days.



Image: Factory is ICTI certified industry written in Chinese.

Work Schedule

Morning 8:00AM ~ 12:00PM
Afternoon 1:45PM ~ 5:45PM
Overtime (Factory offers an hour of break after dinner to workers working overtime).

There is group of workers with an afternoon shift from 2:00PM ~ 6:00PM, and these workers have a total of two hours of break. Overtime work is often requested by AOYAGI; however, some workers will work overtime voluntarily. A system of quotas is established; though workers can generally complete their quota, it usually takes overtime to accomplish.

--Wages--

AOYAGI pays workers by the hour. The factory offers a monthly base wage of 700 yuan, 22 working days per month, and eight work hours in each day. The factory offers the rate of 4 yuan/hour for regular hours, 6 yuan per regular overtime hour, 8 yuan per weekend overtime hour, and 12 yuan per national holiday hour. Including overtime wages, AOYAGI's average monthly wage is about 1,000 yuan. Salaries are usually distributed on the 12th of each month, and the factory also offers wage statements to workers on the day of salary distribution.

--Awards & Remunerations--

AOYAGI offers paid sick days, relative visit days, maternal days, and annual vacations to its workers.

--Accommodation & Meals--

Accommodation is provided by AOYAGI at no charge, and each dorm room houses four workers.



Image: Photograph shows AOYAGI's cafeteria and dormitory.

A cafeteria is installed in the factory, but AOYAGI does not require workers to eat in the cafeteria. If workers wish to dine in the factory cafeteria, a 120 RMB monthly meal fee will be deducted from their monthly salary.

--Safety Issues--

AOYAGI provides safety equipments, such as protection hats, masks, and gloves to workers. Most of the departments that have installed air conditioners are dustless, while those other departments that have installed only fans are more humid.

New hires received adequate trainings. AOYAGI is stricter in terms of machine check-ups, and always conducts regular check ups.

--Other conditions--

The factory does not have an independent work union. Occasionally, the factory will hold cultural or athletic activities though not many workers participate.

There have been cases of managers insulting workers for working slow or not following the factory regulations.

AOYAGI trains workers to answer questions accordingly to factory arrangements in order to deceive inspectors.

Guangzhou City EBOX (Yu Bao 宇宝数码科技) Digital Science and Technology Manufacturing Corporation Report 2006

1. Factory Background

Guangzhou City Yu Bao Digital Science and Technology Manufacturing Corporation [Guangzhou E.Box Digital Technology Product Company Limited] is a subsidiary of Yu Bao Wei Ye Group [E.Box Great Enterprises Group]. Yu Bao Wei Ye Group (www.ebox.cn/indexcn.asp) is also a wholly owned subsidiary of Yu Bao Wei Ye Group (Hong Kong) Corporation [E.Box Great Enterprises Group (Hong Kong) Company Limited]. Contact number: 86-20-86160988 (ext. 20).

Guangzhou City Yu Bao Digital Science and Technology Manufacturing Corporation is located in Guangzhou City Bai Yun District Xia Mao Industrial Zone.

Aside from producing its own brand names such as E.Box and Eager, they are also the sole brand name manufacturer and dealer in China of the CD holder for the United States Walt Disney Corporation. Their purchasers include Carrefour, Best Buy and others. They produce CD holders and computer bags. The staff numbers over 800.

2. Labor Contract

When a worker signs a labor contract, the company relies on resorting to fraud.

They have worker sign two contracts. The company's first labor contract with the worker is used to deal with all sorts of inspections. The other one is the "real" contract with the workers. However, the contract is used to restrain workers since basically, there is little of substance on workers' rights and safeguards. Moreover, the contract blatantly breaks the law and violates workers' legal rights and interests.

For example, the contract stipulates to the worker the following: "during work period: In case of injuries and/or disabilities as a result of not following [machine] operating rules, which the supervisor certifies to be true afterwards, the first party [the factory], without exception, does not grant or bear any responsibility, and without exception, the second party (the worker) is himself responsible." Although under the Worker Injury Compensation Regulations promulgated by the Ministry of Labor and Social Security, when a worker fails to follow the rules for operating machinery which results in an accident of a serious nature [an injury and/or disability], the employing company nonetheless bears full responsibility of the work related injury.

A further example, the contract stipulates that the worker "work for 12 hours every day, 7 days a week" and "while an employee is on his rest day or on vacation time, or in any circumstances away from the factory, without exception, the first party (the company) has no relationship [with the employee]; and the second party [the employee] must not for any reason raise the issue of litigation." Not only is this an attempt to deprive workers of their right to litigation but also of national laws regarding on and off-duty work-related traffic accidents which are considered to be work-related injuries, as well as of the injury/sickness wage level in non-work injury related deaths. As well, the company fails to conform to laws regarding work-related injury deaths. In which case, workers ought to enjoy the rights of injury pay and sick pay, as well as bereavement

leave etc... However, every one of these rights is rejected without exception.

Moreover, the two contracts only have originals and no copies. Workers are not allowed to keep a copy of the original contract. Further, on the original contract there is no official seal of the factory; only the worker's signature. Therefore even if the original contract has some content regarding worker safeguards, because workers don't possess the contract, or even if workers do what they can to obtain the contract, once again because there is no company seal, they are thus unable to depend on the law to carry out litigation against the company. (see Worker Agreement Document)

Factory rules regarding resignation require 30 days prior notice for applying along with the subsequent supervisor approval to quit. But as soon as the worker once enters the company, the company always never approve an application for resignation. Thus, if the worker has to leave the factory, the company can just describe the worker as having taken "voluntary leave" and withhold the worker's wages and distribute his possessions.

Even if the resignation is made during the probationary period, the company will still not approve the worker's resignation application nor settle the worker's account. However, Labor Law stipulates that during the probationary period, a worker can resign at any time and that the chosen work unit should settle and pay all wages to the worker on the same day of his termination.

3. Work Bonuses

The factory pays wages both by the hour and by piece-rate. Workers who are paid by the hour constitute about 30% of the overall staff.

A new employee is on a probationary period for 2 months. He is paid at 13 yuan per day, and after the probationary period, he is paid 15 yuan per day. Whatever the type of overtime, it is all calculated at time and a half.

These wages are a far cry from the local government's regulations on the "Minimum Wage Standard." On the basis of the local government's regulations of the "Minimum Wage Standard," a worker's day rate should not be lower than 32.69 yuan per day. And according to Labor Law on overtime wages stipulations, regular overtime is time and a half, rest day overtime is double time, and statutory holiday overtime is triple time.

Of the entire factory, about 70% receive piece-rate wages. The product unit price is announced beforehand.

There are 2 rotating shifts for piece-rate workers. Each shift is 12 hours. Beyond the 12 hour factory schedule, the workers go into overtime. The overtime wage and regular wage are completely the same. Only the night shift will receive an allowance for snacks (the workers are all basically unclear on payment criteria).

From the pay statements of Qing Yue Hua, a worker at the company, we can make out what the company was paying her for piece-rate work. The company is not following the "Guangdong Province Wage Payment Regulations" stipulations concerning calculating minimum wage and overtime separately. And in fact, every day this worker had at least 4 hours of work beyond the regular 8 hour work day as set out by Labor Law regulations. Every month results in there being the equivalent of 8 extra days of work which violates the Labor Law's regulation that "one work week be 40 hours." According this law's regulations, they should pay for

overtime work at time and a half and double time.

There is no pay for requested leaves of absence, sick leave and the like.

Statutory holidays are not scheduled as rest days. Work on a statutory holiday is also usually calculated at the same rate as regular pay. During slow periods, the company schedules a rest day, but the rest day is not paid.

On the last day of every month, wages are paid, but frequently they are delayed several days (one week). The company will usually give a day off (not paid) the day after payday.

The company sometimes still cheats workers. For example, according to employee accounts, on the 2005 May 1st holiday, the company scheduled overtime, beforehand coming to an agreement that overtime would be paid at triple time. However, when wages were paid, the workers discovered the company did not honor their promise. Not only was the triple time overtime not paid, but even that very day's regular wages were not paid.

The worker representative made a query to the company. The company said, on the contrary, the workers had no prior written application demanding triple time overtime wages. Therefore, the company did not pay the overtime costs, but Labor Law clearly states that statutory holiday overtime is the regular wage at triple time.

4. Work Hours

The factory regulations stipulate that a piece-rate worker's regular work schedule is 12 hours per day with no fixed rest days. Their usual schedule is 8am to 12pm, 1:30pm to 5:30pm, 6:30pm to 10:30pm, making 12 hours altogether. But according to Labor Law rules, a regular work day is 8 hours and a regular work week is 40 hours. This company constantly schedule 11 or 12 hours of work, so much so that overtime goes over into the second day early in the morning until 10am.

The company work schedule for workers paid by the hour consists of regular work of 8 hours per day as well as demanding 4 hours of overtime.

As a result of so much overtime work, every month the company will maybe have 1 or 2 days when the factory is not busy, so the company then suddenly determines a certain day of rest for the whole factory. In half a month, workers just have 1 or 2 rest days; sometimes in the entire month there are no rest days. In this way, the company can decrease payroll costs.

The factory basically does not provide pay for rest days or vacation. In the 2006 Spring Festival, employees were given a six-day holiday, but none of the workers received any pay.

5. Food and Housing Conditions

It is unlikely that a worker will be charged for living at the dormitory provided by the factory, but the living conditions are extremely poor: the dormitory doors are broken, so they will not close; the windows are also broken, so they will not open; there is no air-conditioning nor fan; the fluorescent lights are very dim; and there is no furniture – just mosquitoes.

Over 10 people live in one room, sharing one bathroom which is very rudimentary with no doors. There are

broken windows on one side with no drapes or anything else to cover them with. Workers wash with cold water which is uncomfortable.

Because many workers use just one bathroom and often do not get off until 11pm or midnight, they usually have to wait until 1am or 2am before getting to sleep.

The dormitory even has posters announcing very harsh management rules that list all sorts of financial penalties for transgressions.

The factory dorm provides 3 meals. Every month, 130 to 150 yuan (there are 2 types of meal plans) is deducted from wages as a meal fee. Every meal consists of 3 dishes and 1 soup.

Meal time is very chaotic since there is nobody running things. If one arrives at the end of the line or perhaps late, then there are only vegetables and soup available.

Eating conditions are dirty and crowded. According to worker accounts, meals are around 10 yuan per meal in the the factory's 2 types of meal plans. Many workers are disgruntled with the factory's dormitories and meals, so they then take it upon themselves to rent a room away from the dormitory and cook for themselves. However, the company does not provide any subsidy for workers living and eating away from the factory dormitory.

6. Worker Protection

For the vast majority of workers, the company does not arrange any social insurance, pension or workers compensation. But these protections, according to the law, must all be provided to workers.

The factory does not have disposable gloves, respirators nor protective goggles for employee use.

The packaging shop reeks and is over-crowded.

On false pretences, the company wants workers to pay for a resident certificate where every month 10 yuan will be deducted for the resident certificate fee. However, it is in no way a real resident certificate. So when workers asked about what to do when away from the factory and questioned by the police or other security to show one's resident certificate, the company responded that if you are away from the factory and are questioned, then just show your factory ID card.

If the company arranges the physical exam for an employee, the costs is 10 yuan to the company; if a worker has it done herself, she pays 13 yuan.

7. Rewards and Punishment System

Arriving half and hour late is considered as abstaining from work without reason and results in a 50 yuan deduction.

Every month there is a 30 yuan bonus for full attendance.

8. Other Conditions

New workers entering the factory must hand over 10 yuan for an ID card. Regarding buying factory clothes: there are two sets for summer where for each set the factory receives 15 yuan; also two sets for the winter at 30 yuan each.

Every month, a resident certificate fee of 10 yuan is deducted (but the resident certificate is never issued).

Every month there is a meal charge of 130 yuan or 150 yuan.

Every month every employee will be charged a drinking water fee varying between 4 and 10 yuan.

Upon resigning from the factory, one cannot return the clothes and neither will the factory return the fee for the clothes.

The company is rather terrible in not respecting worker rights; even going so far as the violations being human rights issues. For instance, one day in November 2005, the power was suddenly shut off. A well-known employee (a man around 40, last name uncertain) then just dozed off on the shop floor, but the shop floor inspection security caught sight of him and made him hand over his factory ID and imposed a fine which the employee initially refused. So then the company's 3 inspection officers altogether beat this fellow worker causing physical injury. This incident led to 800 regular shop floor workers going on strike. They sat on the shop floor refusing to attend their stations. Afterwards, the company dismissed the beaten worker, and workers who participated in the strike were not paid for that day.

Workers reported that the factory uses child labor. Employees can confirm that there are 2 child workers.

When a worker resigns and leaves the factory, security will inspect the worker's luggage.

The factory has no trade union nor any department capable of upholding worker rights and interests.

A lot of workers say that this factory is run by the criminal underworld. They are very many that constantly say they have been cheated by the factory: workers say that before entering the factory, the human resources management and factory gate security requested all sorts of special favours, so it's all a sham.

Xin Wei (新威) Toy Factory

January 2007



Image: Xin Wei Toy Factory

-- **Factory Profile** --

The Xin Wei Toy Factory is a large high-grade toy factory that belongs to a Hong Kong single-venture enterprise. Its main products are plastic, alloy and electric toys, infrared remote control heavy-duty car toys, BMW toy motorcycles, old fashioned toy cars, etc. The products are mainly sold in the Americas, Europe, China and the Asia-Pacific region. This factory has approximately 6000 employees. It is located in Dongguan City, Dong Keng Town, Bao Bai Industrial Zone. The telephone number is 0769 8338 4113.

-- **Contract and Recruitment Policy** --

New hires only need their own identification card.

As the factory pictures show, this place hires a lot of people. We have heard many workers say that anybody can get a job here. To confirm what the workers were saying, we purposely went to the factory gate to watch people leave. There we saw workers over 50 years of age, hunchbacks, people with one eye and all sorts of people in various states of health. We can briefly summarize the situation as such: "if you have two hands that function, you can work in this

factory." Of course, if a worker speaks about having some connections, he or she can arrange to get an easier job.

Chinese Labor Law does not allow the employment of children under 16. However, this factory's employees made it known that in July the company hired 1000 junior high school students who had not yet graduated. They were mostly from Guangxi Province. The factory was afraid of being caught by the Labor Bureau inspectors, so they gave the students trainee certificates. Thus, what was illegal became legal. The children fill in a form for the trainee certificate and then it is legal.

ID cards are held for approximately 1 week, and one has to hand over 20 Yuan, but none of the employees knew why the 20 Yuan was paid. The contents of the contract include a work schedule, salary conditions and basic personal information. However, there is basically nothing regarding rest days, medical insurance, and pension.

More or less, the contents of the contract state the following: One month's work is 22 days; every day of work is 8 hours; the minimum salary is 574 Yuan per month; Saturday and Sunday work is calculated as overtime; and ordinary overtime is time and a half, with Saturday and Sunday overtime being double time. Employees can resign but must give one month's prior notice. However,

resignation is rarely approved; only those applying for "quick resignation" have a chance to leave.

-- **Work Schedule** --

Factory punch cards indicate the work schedule below:

8:00am - 12:30pm: work
12:30pm - 1:30pm: break
1:30pm - 6:00pm: work
6:00pm - 7:00pm: break
7:00pm - 11:00pm: overtime work

We want to clearly state that this factory's printing section, spray paint section, and extrusion section each have 2 shifts. Each shift is 12 hours from 8am to 8pm with a half hour break in the middle.

From what is indicated on the schedule, we can see that where there is overtime, workers are scheduled to work for 13 hours every day. However, not all sections have a work schedule that is this long. During the slow season, even on the slowest days, workers are still working 10.5 hours every day. The slow season is from June to July, but the rest of the year is the peak season. Slow season overtime is 2 hours and 50 minutes, from 7:00pm - 9:50pm. In the peak season overtime is every day for 5 hours.

The factory rules say that on the second day that wages are paid, there should be one rest day. However, this is only practiced in the slow season; in the peak season, in an entire month there will be no rest days. Workers say that in March and April no holiday is given. According to worker accounts, the factory says that overtime is done voluntarily, but in reality it is done out of coercion. The reason is as follows: the factory has piece-rate work, so the more work you do, the more money you get. So they think workers will take more hours to get more pay, and if workers are not doing overtime, not only is there no bonus but there will be deductions.

During regular circumstances (i.e., without overtime), the shortest workweek is 56 hours. During the peak season, the workweek is over 90 hours. The Labor Law, article 36, stipulates that a workday shall not exceed 8 hours and that a regular workweek shall not exceed 44 hours. In special circumstances one can demand overtime; however, this cannot exceed 36 hours per month. No matter if it is during

the slow or peak season, this factory violates the Labor Law regulations.

-- **Wage Remuneration** --

The factory rules have two ways of calculating wages: by the hour and by piece rate. They state that new hires need not hand over any money; for the first seven days workers are paid by time. They are paid 19.32 Yuan per day for nine hours of work. The extrusion section is paid by the hour: 1.61 Yuan per hour up to 20.93 Yuan per day. Other sections, such as the spray paint section, packaging section and the assembly line, are paid by piece-rate. A worker receives 0.0092 Yuan to assemble the toy motorcycle with the serial number 5312 and 0.0012 Yuan for the toy car with the serial number 00501. Calculated in this way, a worker being paid by the hour who works a full 30 days receives 627.9 Yuan per month. According to what piece-rate workers say, every month they should receive 700 to 800 Yuan. They only receive 600 Yuan, however, and they do not know where the other 100 Yuan goes. Many people called upon the factory to explain, but they paid no notice. As a result of many other avenues of inquiry, the 100 Yuan was found to be a living expense fee.

As reported by employees, the basic salary is 610 Yuan, as stipulated by factory rules. The lowest wage a worker can receive is 610 Yuan per month, regardless of whether an employee asks for leave, is absent without reason or arrives late. However, this 610 Yuan includes the full attendance bonus, seniority bonus and overtime pay. Upon first examination, it seems to fulfill the Dongguan minimum wage standard, but in reality it is lower than 574 Yuan per month.

According to Labor Law regulations, regular overtime is paid at time and half, rest day overtime at double time and statutory holiday overtime at triple time. This factory's rules are completely illegal, since no matter when the overtime, it is always 1.61 Yuan per hour.

The factory distributes the salary around the 15th of each month, but it does not issue a pay statement. Every worker is assigned a piece-rate card, but the piece-rate card is not handed over to all workers, since group leaders take care of it. Wages are calculated every month according to this card.

Furthermore, the factory rules say that around the 15th of the third month, the first month's salary will be paid. This salary, therefore, is withheld for 45 days. According to

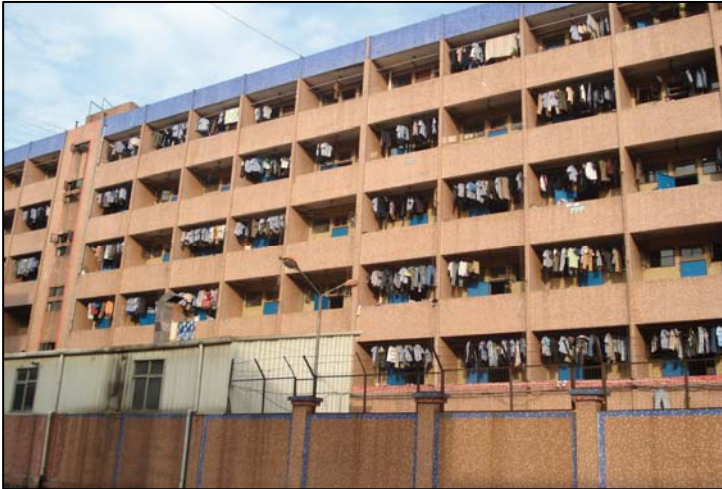


Image: Xin Wei Worker Dormitory

worker statements, it is difficult to resign from this factory. The factory generally does not allow it; in order to resign, one must get approval from the group leader, the director, and the boss, which is very difficult.

If one simply leaves the factory, a month and a half's salary is withheld and workers receive nothing from that period of time. Over 100 people per month leave the factory and never receive any salary. In this way, the factory profits by taking a lot of the employees' hard-earned money. However, if the factory dismisses a worker, then the worker's account will be settled.

Furthermore, it is hard for a worker to request a day off. In a group there are 30 workers, and everyday each group relieves 2 employees at the most. Because of this, employees are too tired to ask for a day off and simply stay away from work without good reason.

-- Dormitory and Meals --

There are six factory dormitory buildings, each with six floors. Every floor of every building has different rooms. Every room is about 35 square meters large and has eight two-tiered bunks with 16 beds and two electric fans. When the weather is hot, it is extremely hot in the dormitory. The dormitory has private bathrooms. The factory provides living quarters, although it does not accept rent. Theft is common, however, according to employee reports. Some employees have locked their cell phones up, but even then things will still be stolen by fellow employees. There are many employees who live elsewhere. Their expenses for

rent, water and electricity are 300 Yuan for a 20 square meter room. People who do not live in the factory dormitory bring back hot water to their apartments from the factory to save money on hot water bills.

The factory has two cafeterias, but they are not in the factory. Workers can decide for themselves whether they want to eat at the cafeteria. As a result, it appears on the surface that meals are included, but in reality they are not included. Whether one eats at the cafeteria or not, the factory deducts 100 Yuan from everyone's salary. Therefore, workers all eat at the cafeteria. The cafeteria provides five to six dishes, but employees can only choose three dishes: one vegetable dish and two meat or fish dishes.

-- Workforce --

The factory's alloy spray department has four groups and each group has around 30 people. The factory produces a number of alloy toys, such as toy motorcycles. A finished product will pass through the extrusion section, spray painting section, packaging section and assembly section. The combined spray section produces about 3000 units every day, such as the toy with serial number 5312. In the case of the serial number 00501 toy car, if one production run makes 6000 units, then two production runs will produce around 4000 units each.

The paint in the alloy spray section is particularly harmful to the human body. The factory's safety measures provide employees one surgical mask every day. According to worker accounts, the surgical mask does not have a great effect. As far as these kinds of dangerous work conditions are concerned, the factory does not take any other compensatory measures. In the spray paint section, every workstation has an exhaust fans, but very little paint is exhausted by these fans. Safety conditions at work are very poor.

In the packaging section there are 20 production lines with approximately 30 workers on each line, all seated while they work. In the extrusion section, since not all products are the same, each day's production yield stipulations are different, so it can range from 1300 units to over 1700 units per day.

If employees are unable to complete the stipulated yield for the day, they do not receive that day's bonus. Wages, however, are not deducted. The completion bonus for one day varies between one and three Yuan. For finishing "above quota," the bonus varies between five and seven

Yuan. For example, if a supervisor orders that a employee finish 1300 units in one day and he or she finishes 1600 units, this would qualify as being "above quota" and would result in a bonus of approximately six Yuan. Usually, a worker can finish the yield stipulations that the supervisor sets, except for days when machinery breaks down.

There are some pregnant women working at the factory, but it does not have any special safety measures for them; they go to work and do overtime like everyone else. If a woman is pregnant and cannot work anymore, she herself must ask for sick leave or resign, and in these cases the company always approves such requests.

-- Penalties, Benefits, Vacation Leave and Insurance --

There are many penalties systems at this factory. If you are five minutes late, the fine is two Yuan. If you are 30 minutes late, it counts as skipping work and the fine is 40 Yuan. Being absent from work without good reason is a 100 Yuan fine. Not performing evening overtime work is calculated as being absent from work without good reason, resulting in a 39 Yuan deduction. Smoking at the factory is a 100 Yuan fine. A new factory ID card is 25 Yuan, and if there is a problem with the ID then five Yuan fee is charged. Fist fights result in dismissal. Two sets of winter factory uniforms are 50 Yuan; summer uniforms are 13 Yuan for one or 25 Yuan for two.

Employees say that last year, when they were getting ready to return home for the holidays and left with trunks, the factory security guards not only wanted to do body searches but also demanded that they open the trunks for inspection. If they did not comply, then they would not be allowed to go.

The factory rules say that after one works for a full three months then they will receive a 30 Yuan seniority bonus; for one year, the bonus is 60 Yuan. Night workers receive a bonus of two Yuan per day. The night shift changes every two weeks, so nightshift workers receive 30 Yuan per month. There is one Yuan for a snack subsidy.

During the Spring Festival, workers are let off for four days; these are the only four days of paid vacation. On the statutory holidays of May 1st and October 1st, there is a vacation but there is no pay. Maternity leave or marriage leave is not paid for. Factory rules award a 50 Yuan bonus for full-attendance (when an employee has not been absent, late, or skipped work). There is also a "production bonus" of 25%. If the factory stipulates the production of 5000

units in one day, and the employee produces 6000 units, thus producing 1000 units more, then a 25% increase in that day's pay is given.

Article 72 of the Labor Law states that employees must be enrolled into social security and pay social security fees. In the Labor Bureau's publication on foreign capital businesses, article 17, regarding foreign manager regulations states the following: Businesses must, as per national regulations, enroll employees in pension, unemployment, medical, work-related injury, and child-birth social insurance. According to the local Chinese government's regulation standards for social protection, a sufficient specified amount is to be paid on time.

The factory provides a few people in the moulding section and the extrusion section with work-related injury insurance because the work in these two sections is more dangerous. Employees in the other sections are not provided with any insurance. The factory must pay for half of the costs of insurance.

-- Safeguards --

Workers do not receive any on-the-job training when they begin working. New hires are sent from the human resources office to other sections, so each section makes their own arrangements. Each section's manager will usually ask the group leader to give the employees an introduction on how to operate the machinery and, while operating the machine, and tell them if they need to pay attention to anything in particular. The factory has repairmen, but they do not check the machines at regular intervals, so the machinery is only attended to when it breaks down.

The work conditions are very sub-standard. Sometimes work-related injuries occur, but they usually rank only as level ten injuries. Some are judged as not being high-level injuries. As far as upper level injuries are concerned, if enrolled in work-related injury insurance, one can receive compensation from the Social Insurance Bureau. However, one usually will not receive the corresponding portion from the factory. If one is not enrolled in work-related injury insurance, the factory just handles the injury, and one would not dare to think they would pay any compensation.

-- Other Conditions --

The factory has a union. Upon our inquiries we found that there are 10-20 people in it, but not one of them knows what a union does. It is these people that comprise the

union.

Question to union members: *When the factory treats you unfairly, through what channels do you resolve the problem?*

Answer from union a union member: *I look for the section supervisor and report it.*

From another: *I suck it up.*

From another: *I complain about it back in the dormitory.*

Question to union members: *Why don't you report it to the Labor Bureau?*

Answer from union a union member: *Reporting it doesn't work.*

From another: *Sometimes the Labor Bureau will come, but the factory management asks them out for a bite to eat, and then nothing comes of it.*

From another: *As time passes, nobody complains anymore.*

From another: *Sometimes the factory is not punished, and instead you are dismissed.*

Question to union members: *Is the factory frequently dismissing people?*

Answer from union a union member: *Our factory is frequently dismissing people during the slow season, and they are deducted 420 Yuan from their pay.*

From another: *If you are dismissed for a serious violation, you won't even get paid.*

Question to union members: *Your factory is rather substandard in all respects, so has a strike ever taken place?*

Answer from union a union member: *Even if we wanted to go on strike, we couldn't. The workers here are all rather old. They are afraid that the factory will fire them and they*

will be unable to find another job. There are about 700 to 800 people who are between 40 and 50 years old at the factory and scores of those between 50 and 60.

Question to union members: *Where do the majority of workers come from at your factory?*

Answer from union a union member: *The majority of our factory's workers come from Henan [Province]. The ratio of men to women is four to six.*

From another: *This factory is located in Bao Bai Industrial Zone. This industrial zone has several factories. Because a lot of people pass in and out of the factories, security is not likely to search you.*

Question to union members: *Have you worked at other factories? Do you feel that this factory is good or that other factories are better?*

Answer from union a union member: *I worked at a manufacturing factory before. This factory in some respects is better compared to my previous factory. For example, sometimes this factory's meals are better and the environment is better. There isn't a big difference in the salary.*

Question to union members: *Why did you choose this factory?*

Answer from union a union member: *I had a friend from my village who introduced me to it.*

Zheng Run (正润) Toy Factory

January 2007

-- Factory Profile --

Zheng Run Toy Factory is part of the South Korean De Lin Group, which was established in Shenzhen in 1993. With over 10 years of development, its scale of production has gradually grown larger. In 2002, the De Lin Group successfully entered the market in Hong Kong. This factory mostly produces plush stuffed toys, but they are usually some kind of stuffed toy animal. All 100% of its products are exported; principle markets are America, Europe and Japan. The company's clients are usually very well known brands such as Disney and SEGA.

The company is located in Shenzhen City, Bao An District, Fu Yong Town, San Xing Number 2 Industrial Zone. The plant has 12 buildings, 4 factory yards altogether. Areas 1, 2 and 3 are old sites. Number 4 is under expansion in a new area. The four factory sites comprise around 80,000 square meters. There are approximately 6000 employees. According to employees, priority is given to female workers. The ratio of men to women is 10:1.

This factory has adopted many international toy industry standards, but it has not received the International Toy Association's sanctification. The Mandarin name of De Lin Group is Dream International Limited in English. The telephone number is: 0755-27380707

-- Labor Contracts --

New hires must sign a contract with the company. The contract is a standard contract from the Labor Bureau of Bao An District, Shenzhen City. There are 3 copies of the contract with the employee, the factory and the Labor Bureau each receiving a copy. Employees themselves take care of their own copy of the contract. New hires must pay to get a government approved health certificate (the handling fee for such a certificate is approximately between 40 and 60 yuan) and hold a valid ID card. New hires do not have to pay any other fees. The factory recruits employees through advertisements for job openings posted at factory gate's bulletin boards. Since the plant is rather large every day there is usually a new job vacancy notice. This factory is rather selective in choosing employees: for men, they require 2 to 3 years of relevant job experience. Employees must be over 16 years old. New female workers are only

hired when there is a shortage of workers. In addition, if new hires have not worked in a similar work post before, then they need to be introduced to the factory by friends and fellow towns people.

The contract clearly stipulates a worker's hours, rewards, income and benefits.

-- Work Schedule --

Factory regulations are that a regular month of work consists of 22 days with 5 days of work per week and Saturday and Sunday as rest days. A regular workday is 8 hours long, anything beyond that is overtime. Here are two examples of a work schedule:

7:50-11:50: work
1:20-5:20: work
6:20-10:30: work

8:00-12:00: work
1:30-5:30: work
6:30-10:30: work

As a result of their being so many people who need to use the cafeteria to eat, the factory has staggered employees into 2 shifts.

In the old sections of the factory, employees are divided into three groups according to the factory area. Each month, on a rotating basis, one area's employees leave their work 10 minutes before others.

The slow season is usually between January and May. During this season overtime is around 2 hours per day; however, it is often the case that there is no overtime and just 8 hours of regular work. There is no overtime on Saturday and Sunday.

During the busy season, along with the regular 8 hours of work, workers are required to work approximately 4 hours overtime. During the first investigation, overtime for workers everyday is from 6:30 to 11:30. The lathe section usually worked until 10pm or 10:30pm. The packaging section usually got off work at 11pm. Overtime pay is paid

at time and a half. This is because in July 2006, Shenzhen City created new wage standards. The factory avoids the cost of paying overtime since it is an increase in cost for conducting business (weekend overtime is calculated at double time), so there is usually no weekend overtime unless there is a special need to catch up on production. Therefore, overtime for each weekday has been increased by 2 hours. The overtime schedule is usually arranged on the basis of the factory's production needs. Employees have no right to choose; they must follow the factory's schedule. Worker accounts reflect that the factory's way of handling the Labor Bureau's investigations is to require that employees fill out a false report on overtime work every week. Generally, within a 4-hour block of work time, there is no designated time given for a break. If employees need to go to the washroom, they usually have to do it within 10 minutes.

Different products each have their own set of written production standards, so the rate of production of each product per minute is roughly set for each day. The lathe section is required to make around 1000 units per day, and if the production target is not reached then they will receive a specific reprimand. Generally though, all workers complete the work assignments on schedule.

The production process for one completed stuff toy includes: cutting the fabric, mounting the fabric, stuffing, punching holes, quality check, sewing, packaging, warehousing, other small detailing, and installing any devices for sound. The factory divides each story into different production group (called a ke) and each floor is comprised of 5 groups. Each groups is able to manufacture an independent part of the work procedure and one floor is usually capable of finishing the entire manufacturing of a product. Each floor has around 80 people.

According to article 38 of Labor Law, workers must not work more than 8 hours of work per day and a regular workweek is not to exceed 44 hours. In exceptional circumstances a factory can require overtime, but it cannot exceed 36 hours per month.

During the slow season there is usually no overtime. Consequently, overtime work is carried out in accordance to labor law. However, during the peak season there is overtime every day for 3 to 4.5 hours, which is a serious violation of Labor Law. Because the factory doesn't have overtime on the weekends, and there is not a lot of overtime during the week, pay is 700 yuan per month. After some necessary deductions to cover the cost of living, in reality there is not much income per month. So employees usually are willing to work more hours in the evening to increase

their wages, although they clearly know that it is absolutely illegal for the factory to do this, but they still nonetheless want to work as many hours as possible.

-- Remuneration and Benefits --

New hires need not pay any fees; they just need to provide the standard health certificate and ID card. The factory recruits rather selectively since it usually only takes experienced workers. Factory clothing is provided free of charge.

Wages are calculated in 2 ways: fixed wages and by the hour wages. Fixed wages are usually given to those who have no fixed position (also known as "zero hours workers"). Around June, fixed wages are changed to 50 yuan every day, which was 5 yuan more than before. Hourly wages are calculated according to a monthly salary. The wage standard is calculated monthly: 22 days, 8 hours every day for a minimum wage of 700 yuan per month. So, that is 3.8 yuan per hour. Regular overtime is 4.7 yuan per hour and weekend overtime is 7.6 yuan per hour. During a regular month a worker basically earns around 1100 yuan per month.

Wages are paid on the 7th of each month. When wages are paid, every employee will receive their pay. The details of the time worked and costs deducted are explained. Wages are deposited into an employee's bank account at the Farmers Bank. The factory does not withhold wages. The factory will settle accounts on the same day when an employee is dismissed during the probationary work period or when the employee himself ends the contract. If a worker quits using the "fast resignation" process and it is after the term of the probationary work period, then the factory will deduct one week of pay. In the case of dismissal before the completion of one year of work, the factory will compensate workers with one-month basic pay. In the case where 1 year has passed, the factory will compensate the employee with one month's salary for every year worked. If an employee wants to quit he must give one month's notice and he must get approval from his group leader, team leader and supervisor. If an employee has a reasonable reason to quit his request will usually be allowed.

The factory now enrolls employees into social insurance, but 80 yuan per month is deducted from the employee's salary to be enrolled. They also deducted 8 yuan per month for work-related injury insurance. This all happened after the implementation of new pay standards. Before, employees did not receive these benefits. Moreover, the scope of the insurance benefits is limited to employees who

are paid by the hour. Fixed rate workers are only enrolled into work-related injury insurance.

Article 72 of Labor Law establishes that workers must be enrolled into social insurance, pay social insurance fees. It was clearly promulgated in article 17 by the Labor Bureau that foreign-investment enterprises must arrange for the enterprise to, according to the relevant regulations, join the pension plan, unemployment insurance, work-related injury insurance, maternity insurance, and social insurance as per local government regulation standards regarding social insurance and timely and sufficient compensation.

The factory does not provide a bonus for full attendance. At the management level, if an employee does not want to live in the factory dormitory then we will be given a housing subsidy of 200 yuan. For employees who have worked for more than 1 year, the factory will give a yearly bonus of 7 days of pay for the Spring Festival holidays. For employees who finish above quotas there is no reward; they are just recognized for good work. For an assignment arranged by the supervisor where the employee exceeds the quota, the employee can receive a small extra amount of pay. That might be between 1 to 3 yuan as a daily standard.

For the holidays during May 1st and October the factory provides 3 days of paid leave. During the Spring Festival 4 days of paid leave is given. There is no pay for sick leave or to time to visit home. For regular workers there is no maternity leave, but for certain positions in management it is granted. Under usual circumstances when a woman is pregnant and cannot adjust to her job, she will voluntarily quit and the factory will not provide any kind of subsidy.

-- Dormitory and Meals --

The factory has two areas and there are two cafeterias and two dormitories in them combined. In the old factory area there are 5 dormitory buildings, and in the new area there are 3 (of which one is a manager's dormitory). The old dormitories have large and small rooms. The big rooms house 12 people and the small ones house 4 people. The large rooms have two electric fans and the small ones just have one. The large rooms are approximately 35 square meters and the small ones about 25. Each floor has a place that supplies boiled water. There is a bathroom for every 6 rooms. There are private bathrooms in the dormitories in the new area. Every room has 2 fans and every floor has a place that supplies boiled water. The dormitory has a security guard. All luggage or packages will be checked when one passes in and out of the building. Workers report that the company's dormitory safety conditions are rather

good since few things get stolen.

Regular employees who live in the dormitories are deducted an accommodation fee of 50 yuan each month, which includes water and electricity fees. The rooms for managers are large, being around 30 square meters. Their living conditions are better. Every month they must pay an accommodation fee of 150 yuan, which includes water and electricity fees.

The factory has 2 cafeterias. Each cafeteria can hold around 1000 people at a time. The old cafeteria is rather simple and crude. It only has simple stools and tables. The room itself is made entirely from sheet metal and all four sides let in air. The new cafeteria is cleaner. The factory regulations stipulate that if a worker eats at the cafeteria they will receive a subsidy of 20 yuan per month. Usually there are 3 standard types of meals, which are 2 yuan, 2.5 yuan and 3 yuan. The 2 yuan meal contains 3 vegetable dishes; the 2.5 yuan meal has 2 vegetable dishes and 1 meat or fish dish; and the 3 yuan meal has 1 vegetable dish and 2 meat or fish dishes. The vegetable dishes are usually potato, winter gourd or something similar. The meat and fish dishes contain very little meat or fish so that you cannot even see it.

There are 2 ways of calculating the cost of meals. One is on a monthly basis where the employee must eat this food at the cafeteria every day including weekends and such. If you are not there on the weekends to eat, you are still deducted for the meals. The other way is for the employee to pay for the meal each time. You buy the ticket and exchange it for the meal. Many employees decide to eat outside of the factory where vegetable dishes are 3 yuan and those with meat are 5 yuan, but hygiene standards are poor.

-- Safeguards --

As a result of the factory's clients frequently conducting unannounced inspections, the factory takes its safety measures seriously. Often specially trained employees examine the safety of the machines, usually once a week the machines undergo a small inspection. New hires are given training for a few days at their new positions. In this short time, older and more experienced workers help with the training and then the new hire begins work at his own post. At the same time, the factory will still enroll the employee into work-related injury insurance. Workers are provided with respirators and protective equipment where they are exposed to dust in the workshop.

As a result of the construction of the newest factory area,

the space for workers to work and move about has increased greatly. Every workshop has large exhaust fans. Moreover, the factory has assembled an air conditioning system. During hot summer weather, there is a ceiling fan operating for every 10 square meters. The air conditioning is turned on when the Labor Bureau comes for an inspection perhaps just to satisfy the inspectors; otherwise, the air conditioning is turned off. So, the entire workshop is hot and muggy. Since the dirt and dust in the stuffing section is particularly bad, the factory provides breathing masks and headgear, which are usually replaced once every 2 days.

-- Reward and Punishment Measures --

The factory does not have regulations where it imposes fines according to a specific amount. Criticism is usually given verbally. But if there is a serious matter then a fine will be imposed (usually a senior supervisor will do this). Under these circumstances the fine is normally around 200 yuan. In one instance, a female worker was caught reading novels during work and was fined 200 yuan. Leaving early or arriving late results in a 1 yuan being deducted for each minute. If a worker is over 15 minutes late, the worker is deducted half a day's pay; if they are 30 minutes late, the standard penalty is 1 day worth of pay. Usually there is no financial penalty for staying away from work without good reason. If the worker is rather new, they will be given a stern lecture. If an employee is frequently absent then he will be encouraged to quit. Usually if an employee is away without reason for 3 days then he will be dismissed. In the case where there is a physical fight and the people are caught, then they will be dismissed. Their accounts will be settled and they leave.

-- Other Conditions --

There is no trade union or any worker organization. Employees will report incidents to senior supervisors. Many employees said that reported that they were scolded by their senior supervisors.

Employees are usually not searched as they pass in and out of the factory, but packages are inspected.

Until now there had been no strikes at the factory.

Many employees reported that in order for the factory to reduce production costs avoided paying weekend overtime. During the peak season, frequently there are times when it contracted the order to other factories to produce. Usually the wages standards of these other companies are very low and do not meet the standards set by the Labor Bureau.

This factory has many manufacturing bases on the Chinese mainland. These other manufacturing bases have an extensive scope including stuffed, plastic and metal toys. In addition, other branch manufacturers provide the cloth and stuffing used for the stuffed toys.

-- Strike and Child Labor Issues --

As a result of a wage issue, there was a strike at this factory in May 2005. The cause was that #4 factory area employees did not get paid double time for weekend overtime work and they also the fact that they were being paid between 19 and 23 yuan a day was too low. The employees held a strike in the road in front of the gate of the factory. On the second day of the strike, workers from the other 3 factory areas joined them. The Labor Bureau finally arrived to mediate. The factory was forced to increase wages to around the 25 yuan standard. But the company refused to pay for weekend overtime at double time.

During this time, employees were coerced into signing documents to return them to work.

These documents stated that if one agreed that weekend overtime would be paid at regular wages then they would receive overtime work, otherwise there would be no overtime work at all. This poor decision directly led to an escalation in the strike whereby many of those in management joined in. Then the factory was forced to agree to pay double time for weekend overtime but refused to provide any weekend work. After production resumed, the factory authorities, as an example, fired workers according to Labor Law regulations.

In July 2005 Labor Bureau discovered several child workers during an inspection of the factory. Afterwards, they were dismissed from the factory. According to workers, the factory is no longer hiring children

Three Stars (三星) Toy Factory

January 2007



Image:.. Factory gates before renaming.

-- Factory Profile --

0755-2737-9533.

Three Stars Toy Factory is located in the Bao An District of Shenzhen City, Fu Yong Town, Feng Huang #1 Industrial Zone. This factory is a Hong Kong enterprise that mainly produces plush and stuffed toys. It currently employs roughly 2,000 people. This factory's predecessor was Shenzhen City Hua Lun Toy Corporation, where employees numbered about 7,000. Due to the factory's change in investment policy in 2004, the factory moved its head office to Zhaoqing, Guangdong.

After the new head office was built, the factory began to downsize operations at the Shenzhen plant, until it reached the current number of approximately 2,000 people. Since then, the name was changed to Three Stars Toy Factory.

This company started its own independent trademark (A-One). The factory still does work for other big companies. The company's English name is A-One Plush City Co. Ltd. Most of this factory's products are for export. Its main markets are in America and Europe, plus other countries. The ratio of male to female workers at the factory is around 3:7. The company's phone number is

-- Labor Contracts --

Prior to employment, workers must provide management with a valid ID card and health certificate. Potential employees are asked to undergo a simple health examination to provide related medical documentation. This medical certificate is generally issued by a large-scale medical clinic with rigorous qualifications (it costs between 40 and 60 yuan).

When the health certificate requirements have been met, the factory will then ask the worker to sign an employment contract. This contract is issued by the Shenzhen City, Bao An District Labor Bureau.

There are three copies of the contract; the employee, the factory and the Labor Bureau will each keep a copy. This contract is relatively simple; it mentions the worker's post, salary remuneration, work schedule, etc. However, there is no specific explanation of work conditions etc. Workers must renew their contracts with the factory every year.

The following are the basic points that are covered and have been agreed upon in the contract: the employee's basic wage, job position options, work schedule, work safety and government safeguards, and termination of the employment contract.

In the contents of the contract it states that every month an employee must complete 22 days of a regular work schedule and that a regular work day is 8 hours. It also states that workers enjoy statutory holidays and legally stipulated rest days; and that the factory enrolls every worker in social insurance and work-related injury insurance.

In the labor contract, it also says that a worker's resignation must be provided with 30 days prior notice to the factory's corresponding department head; otherwise, the resignation will not be granted. If a worker who is currently under contract does not provide 30 days notice and unilaterally voids the contract, 200 yuan will be deducted as a penalty.

On the day of a worker's resignation, the payroll department generally will be able to settle a worker's accounts that same day. Generally, if the worker is leaving in the morning, the factory will square up the worker's account with a cash payment in the afternoon. The slowest it might take is the afternoon two days after.

With respect to the factory fulfilling the contract, the factory is not at all observant of the agreed upon arrangements. The contract is just a false way to pretend that the factory is legally employing workers. The aforementioned rules are relatively simple. Furthermore, the factory is not at all strictly complying with the rules. They only exist for superficially satisfying the Labor Bureau inspectors that the workers have a legal contract.

For example, with respect to social insurance, the factory previously never enrolled any of their employees in any kind of medical insurance, pension plan or accident insurance.

The Shenzhen City Labor Bureau and the National Labor Bureau make it clear in their regulations that company employees must be enrolled in Social Insurance and Healthcare Insurance. While working as an employee a worker must be enrolled in healthcare, pension, and workers compensation insurance. If a company is not enrolling employees into any insurance, then this is clearly a violation of the law.

-- Work Schedule --

Workers usually punch into work on the following schedule according to their timecards:

Morning, 8am to 12pm
Afternoon, 1:30pm to 5:30pm
Overtime work, 6:30pm to 8:30pm

Punch cards record work hours, which are usually around 10 hours per day. Not every section's overtime schedule is the same: the overtime schedule for the packaging and assembly sections is often 1 hour more than other sections. Factory rules say that workers must work 6 days per week with Sunday as a rest day. When there aren't too many orders to fill, there will be no overtime work on Saturday. This usually happens during the slow season. During the peak, season there will be overtime to fill rushed orders even on Sundays.

Generally, employees' statutory holidays are fixed. If it is the slow season, to save production costs the factory will decide to give days off. For example, during the May 1st holiday this year (2006] there were no pressing orders, so 7 days of vacation were given. During busy production runs in the peak season, the above situation is unlikely to occur. For example, during last year's Oct 1st holiday season workers were only let off for one day because the schedule was so strained.

This unstructured overtime scheduling is essentially an encroachment on the rights of workers in regards to rest and vacation days. It is done on a non-voluntary basis, and this is a significant violation of the contract between the worker and the factory.

There are no fixed breaks during a worker's four-hour period of working. If a person wants to go to the bathroom she just has to try to do it within 5 to 10 minutes. There is an hour and a half lunchtime and one hour for dinnertime.

Because it is an assembly-line system, the quantity of production of every product is more or less stipulated by the factory. Generally, every day a worker produces an average of around 1,000 units. Large production quantities are few, so small production quantities are comparatively common. The workers can usually complete their tasks on schedule. The assembly line section has a stipulation that if workers produce their assigned amount they can leave work half an hour early. When workers exceed the quota they can start working on the next day's quota.

The company does not provide any kind of bonus for

exceeding the output quota, but a worker will receive on his or her job evaluation a comment to the effect that he or she provided outstanding performance, and a good work record will lead the factory to increasing work subsidies for that worker.

-- Work Bonuses and Benefits --

New hires need not hand over any cash, and generally, they just need to provide a valid ID card and medical documents.

Factory clothing is provided free of charge, but if it gets worn out within a year the worker must pay a 70 yuan clothing replacement fee. Upon starting work at the factory, management requires that a bank account be established where a worker needs to deposit 19 yuan to open the account. Other than this, there are no fees.

The factory may also declare that they have nothing to do with intermediaries accepting expenses. Many workers enter a factory through intermediaries, they generally pay recruiters approximately 100 yuan in fees for their recommendation to the factory.

After publicly announcement of new salary standards, the calculation of a worker's salary changed. The method for calculating a worker's salary is based on the work schedule where an average 8 hour workday totals 32.16 yuan. Overtime is 4.55 yuan per hour, and work on Saturday is also calculated at the same rate. If there is no overtime then the base salary is 700 yuan per month. With overtime bonuses it is approximately 1,200 yuan per month, but with deductions that number decreases to between 900 and 1,000 yuan. The salary is paid on the 15th of each month in the form of cash deposited in the worker's bank account. When paying salaries, the factory has a form that states the deductions from wages and the method by which the wages were calculated. If the worker approves of the calculations of the salary, the worker will sign his or her name after the corresponding amount.

At the same time, the factory recruits many temporary workers when production is high. For these workers, their wage is simply 50 yuan per day, but the factory does not provide any benefits such as insurance etc. When a worker falls ill the factory will provide his or her basic wage. There is however no maternity leave or time provided to visit his or her family. Generally when female employees are pregnant they leave on their own initiative and will not receive any kind of subsidy or allowance.

There are no fixed vacation periods while working at the

factory. Only during the Spring Festival holiday season are there four days of paid holiday. Employees said that this year (2006) there was no pay for the May 1 statutory holiday.

The factory will grant subsidies according to the worker's performance. There are usually five levels, A, B, C, D, and superior. Worker subsidies are added with the wages calculated for that month. The subsidies are between 20 and 180 yuan. A new hire generally only receives a 20 yuan basic subsidy.

-- Meals and Dormitory Conditions --

After the increase in base pay, the factory balances the increase with a corresponding increase in worker dormitory costs.

Generally, a meal consists of 1 soup and 3 dishes, which are usually two vegetable dishes and one meat or fish dish. However, because the meals are not very tasty, employees often decide to eat elsewhere, where they usually pay 3 yuan for three dishes and a soup. The fee is usually 2 to 3 yuan per meal.

An employee dormitory room measures approximately 30 square meters. Every room houses 8 to 12 people, with each room holding 4 to 6 bed units. The dormitory has a separate washroom and balcony. Each room has 2 wall fans. For every two floors there is an electric water heater.

Due to the generally bad security standards, theft frequently occurs, so employees usually will not dare keep valuable property in their dormitories.

-- Safeguards --

In terms of dealing with safety protection, the factory buys work injury insurance for a small group of workers. Every month a fee is deducted from a worker's salary for work-related injury insurance. In the workshop section, the workers are provided with disposable respirators and headgear.

The factory has a washroom on each of its 4 floors.

In the workshop there is central air conditioning, and on the ceiling there is a fan every 10 meters. Generally, every floor has about 10 large windows, and every window has a small exhaust fan. Usually during work all windows are open and fans are used to dispel the heat. The air conditioner is not turned on unless the weather is

particularly hot.

Every floor has a drinking fountain with clean drinking water.

During the entire production process there is a lot of dirt and dust, especially in the workshop section. Every section in the factory is allocated one specialized repairman. Every day there are routine inspections to eliminate breakdowns. However, these technology repairmen most often are working passively and do not actively examine and repair the machines.

For new hires, generally the first 3 months is a probationary period where at this time they are not allotted any work posts, they just learn from older workers. The factory dispatches people specialized in safety training and job training. Work related injuries are very few. Workers say that in half a year there were no work-related injuries.

-- Rewards and Penalties --

The company usually does not fine workers directly but rather deducts from the monthly subsidies. They thereby avoid having any problems with Labor Bureau investigations.

These fines are also on a point system. Here are some examples of fines: 10 points for littering, 5 points for not wearing the factory ID, 10 points for leaving work early or arriving late. If a worker accumulates 20 points, they are issued a warning. If they accumulate 30 points in two months, there is a written warning and a deduction of two

months worth of subsidy. Once the worker reaches 40 points in three months, there is a deduction of three months worth of subsidy and he or she is discharged. One can also be dismissed if one is involved in a fistfight.

Beyond the work subsidy the factory does not offer any other kind of reward, like an end of the year bonus.

-- Other Conditions --

The factory does not have a labor union nor have any official or unofficial worker organization.

If a worker does not fall in line with the pace of work, usually the managers will verbally abuse him/her, and sometimes there will be a fight. Often the worker will be fired. So even if a manager is very rude, a worker of lesser rank will not raise their voice. If a worker wants to report a problem regarding work conditions, he may go to the relevant department's supervisor and his immediate supervisor. As a result many matters are not able to be resolved. There is not a true organization that is able to relay the workers concerns or anyone to speak on behalf of the workers.

Many of the workers mentioned that the factory is very strict with regards to quality and does not stress the quantity. This is because many of the factory's orders are requests from surrounding factories for standardized items. By nature, those who are producing samples are very keen on quality.

Yong Qin (永勤玩具实业公司) Toy Factory Report

January 2007

-- Factory Profile --

The Yong Qin Toy Factory, also named Yong Qin Toy Industries (Shenzhen) Corporation, is located in Guan Lan, Shenzhen. It belongs to a Hong Kong capital corporation called Da Xing Toy Manufacturing Company. They possess buildings with 60,000 square meters of modern factory floor and employee dormitories. Personnel number between 4000 and 5000 people. Their main products are plastic electrical toys and computer accessories.

At the beginning of 2006, they built a factory called Yong Qin Industries (Industrial) Corporation in HeYuan City in Guangdong Province. At present there are approximately 2000 people at this factory. Their main client is Hasbro.

All goods are exported, mainly to the US and Europe.

-- Wages and Overtime --

An employee's basic wage is 700 Yuan per month. A regular work schedule is 8 hours per day. Regular overtime is paid at time and half. Rest day overtime pay is at double time. A regular employee's is able to earn 1100-1200 Yuan per month.

According to interviews of the electrical section employees, during peak season there is one vacation day per month. Overtime is often up until 11pm. During the slow season, usually every Sunday is a holiday, so there are 4 vacation days per month.

-- Work Schedule --

Because there are so many workers, the factory has

3 work schedules:

- Morning: 8am to 12pm, afternoon: 1pm to 6pm, evening: 7pm to 9pm
- Morning: 8:15am to 12:15pm, afternoon: 1:15pm to 4:15pm, evening: 7pm to 9:15pm
- Morning: 8:30am to 12:30pm, afternoon: 1:30pm to 4:30pm, evening: 7pm to 9:30pm

-- Dormitory Conditions --

The employee dormitory houses 12 people per room and has an adjoining washroom and toilet. Workers say that conditions are okay but that 12 people per room is rather crowded.

-- Meals --

Employees indicate that their hardest adjustment has been with the food situation. The factory does not include free meals or lodging. Employees must pay 3.1 Yuan for lunch and dinner in the factory cafeteria by swiping a card. The factory operates on a system where cards are swiped for meals. For breakfast there is a choice between a 0.5 or 1 Yuan meal. The factory demands that lunch must be eaten at the factory cafeteria.

Usually there are two meat or fish dishes and one vegetable dish. Employees report that the meat or fish dishes contain neither meat nor fish, and sometimes the vegetable dishes contain old vegetables. Usually the vegetables are just boiled vegetables. One can barely notice a bit of oil.

-- Contracts and Benefits --

Generally, all newly hired employees will first sign a half-year contract with the factory. After that half

year, if there are no bad reports, then the employees can renew the contract.

At one time, the factory did not give new employees any social insurance benefits. Only managers received benefits in their contracts. Recently, the factory started to enroll employees into a social health insurance scheme.

Currently they do not enroll employees into the government's Social Pension Fund.

-- Overtime Work --

During the Yong Qin Factory's peak season, they seriously exceed overtime regulations; frequently overtime work goes until 11pm.

For the sake of dealing with clients, the factory stipulates that overtime over 3 hours and Sunday's overtime work constitutes "excessive overtime." "Excessive overtime" is not recorded in wages and is paid separately. It is paid in cash.

-- Other Conditions --

Employees had never heard of a factory trade union; they just said that in the factory there is some simple recreation equipment. Therefore, when employees receive any unfair treatment, they usually do not know where to report the grievance.

When workers make mistakes in their work, the managers routinely verbally harass the employee about the situation.