

Monitoring Report on Collective Labour
Disputes of Hong Kong Enterprises in China
2013-2014

Corporate Social Responsibility is a hollow promise;

Hong Kong enterprises in mainland China seriously violate the law;

workers' rights have been repeatedly suppressed;

the media has lost its monitoring role

Hong Kong Confederation of Trade Unions (HKCTU)

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with additional updated information)

Section I: Executive Summary

Survey Background and Method: Among the manufacturers of many world-renowned brand such as Adidas, Apple and Disney, etc., are Hong Kong enterprises in China. But there has been a lack of concern and monitoring of their treatment of labour in the mainland. Thus, the HKCTU established a "Monitoring Database of Hong Kong Enterprises" (see Appendix 1) to gather information through the media and social media, of the major labour disputes that have occurred in Hong Kong enterprises at mainland China from March 2013 to April 2014. During this period, the HKCTU gathered a total of 146 pieces of news and commentaries concerning strikes and labour rights issues from 63 micro-blog (Weibo) and blog messages, six distinctive labour organization websites and 20 newspapers. Meanwhile, information was also acquired from six investigative reports on labour rights situations.

Findings:

- 1. More than half of the strikes that took place in Hong Kong enterprises were due to inadequate or no compensation during plant relocation or unpaid employer contributions of Social Security premiums:** From March 2013 to April 2014, the HKCTU collected a total of 15 cases of collective labour disputes in Hong Kong factories, all of which were strike-related. Among these cases, more than half of them (eight cases) were related to inadequate or no severance pay during plant relocation or to demands for back pay of Social Security by the employers. The HKCTU foresees more labour disputes to arise in the future relating to back pay of Social Security premiums.
- 2. An estimated 100,000 workers were involved:** from the above 15 cases, the estimation of the number of workers involved is around 100,000. Since the mainland media is banned from reporting on any collective labour dispute or strike, the actual number of strikes occurred remains unclear.
- 3. Nearly 90% of labour disputes were due to violation of the Labour Contract Law:** compared to 2012, there has been a growth in the number of strikes in the past two years. Although workers' rights awareness in China is on the rise, most of the labour disputes have remained within the protective scope of the legal framework. In only 13% of the disputes involved demands for rights that were outside of what are provided for in existing law.

Analysis of the findings:

- 1. Major listed enterprises such as Hutchison, Kin Yat, Kader and other corporations using corporate social responsibility as pretense:** A number of strikes took place in major listed companies, for example, at Li Ka-shing Jiuzhou Port Container Terminal, where the salary of the workers had been frozen for 20 years. These companies have been exposed for serious violations of the Labour Contract Law, or poor working conditions. These companies make a pretense of corporate social responsibility to

establish a positive image. Working conditions in many Hong Kong small and medium enterprises are believed to be much harsher than in the large, listed ones.

2. **Mainland media are banned from reporting news on strikes, and social media is the only means to proliferate labour dispute messages:** the Communist Party Propaganda Department has banned the mainland media from reporting or commenting on strikes. As the domestic news media is unable to fulfill a monitoring role, workers have begun to make use of social media to break through the news blockade. Currently, social media and Weibo have become the main platforms for the release of news, while chat groups in QQ have become an important channel for workers to discuss and exchange information.
3. **80% of the strikes are being encircled, repressed or detained by the police:** from the trend of large scale interference from the police, it is obvious that the mainland government has defined strikes and road blockades as disruptions of social order. However, the causes of most strikes are due to the violation of labour law by the employers. We have reasons to suspect that due to the benefits brought by tax income and other interests, local officials collude with employers to connive corporates' exploitation of workers and tend to cover up their illegal activities.
4. **The HKSAR government is lenient on corporates' exploitation of Mainland workers:** Since the introduction of the Labour Contract Law in 2008, the government has been assisting businesses in expressing their concerns regarding the labour law to various government departments in mainland China. The HKSAR government has only consulted the Hong Kong chambers of commerce but has never gathered opinions from the Legislative Council (Legco), trade unions, or labour organizations.
5. **Hong Kong businesses have repeatedly exploited their privileges to obstruct the introduction of workers' rights legislation:** Hong Kong labour relation model is almost entirely dominated by market force, and thus, businesses are very resistant to workers' rights. Hong Kong businesses constantly use their government-business relations to obstruct the introduction of legislation that favours the improvement of workers' rights. For instance, when attending the 12th Chinese People's Political Consultative Conference (CPPCC) Committee Meeting on March 2014, James Tien proposed to postpone or even shelve the "Guangdong Enterprises Collective Consultation and Collective Contract Ordinance (Amendment Bill draft)" and other regulations.

The HKCTU calls for:

1. Hong Kong society to pay more attention to workers' collective actions in the mainland, petition to support mainland workers' rights, and participate in acts of solidarity;
2. If possible, for citizens to not buy goods from brands that violate labour rights;
3. Those who intend to buy shares of public listed companies, to consider whether the employment conditions and treatment of the company's workers violates labour

rights, before purchasing. Information concerning brand transgression of labour rights can be found on the websites of the HKCTU and other labour organizations:

- i. HKCTU: <http://www.hkctu.org.hk/web/en/index.jsp>
- ii. Students and Scholars Against Corporate Misbehaviour: <http://sacom.hk/hk/>
- iii. Globalization Monitoring: <http://www.globalmon.org.hk/zh-hant>

HKCTU recommendations:

1. The HKSAR government:

- i. Strengthen the monitoring of listed companies, and follow foreign experience to incorporate clauses to monitor listed companies' labour conditions, including:
 - a) The Stock Exchange should require all listed companies to seek verification of any alleged violations of labour laws in mainland China, the results will be used as one of the conditions of listing approval;
 - b) To promote these policies, the Listing Rules should immediately be modified accordingly;
 - c) the Stock Exchange should immediately learn from the company whether policies have been implemented to protect mainland workers, and their responses to the specific allegations of violations of labour laws. The listing process should be suspended until a satisfactory reply has been presented;
- ii. Should take a neutral role in the collection of views regarding the mainland labour-related legislation, adequate consultation with various stakeholders such as the Legislative Council, trade unions and other labour organizations.

2. The Mainland government should:

- i. Immediate release of all rights-defending workers and labour activists who have been unjustly detained, prosecuted, or imprisoned;
- ii. Respect worker's freedom of association and organization. The United Nations will deliberate on the PRC implementation of the "International Covenant on Economic, Social and Cultural Rights" on May 8, 2014; it should take note of the joint report submitted by the HKCTU and other labour organizations on the labour rights situation in China.

3. **Multinational Corporations should:** Review the current procedure of assessing whether suppliers have violated labour rights, and ensure that manufacturers comply with the mainland labour law and respect workers' rights.