

“Easy to manage” - a report on the workers in the Chinese toy industry and the responsibility of the companies

By Kristina Bjurling, SwedWatch, October 2004

Executive summary

SwedWatch has researched the toy industry for the past year. The focus in this report is on Scandinavian corporations that sell the toys and the suppliers that produce the toys in South China, and the social and environmental implications of this trade.

The aim has been to find out whether Scandinavian corporations indirectly violate international labour legislation by purchasing toys from suppliers that do not respect ILO-conventions, company codes of conducts and Chinese labour legislation. When such violations are documented SwedWatch discusses the reasons why these violations have occurred.

The Scandinavian toy corporations provided addresses to some of their suppliers and invitations to visit the factories in Guangdong, South China. SwedWatch have let a well-experienced Hong Kong-based NGO, Hong Kong Christian Industrial Committee, HKCIC, conduct interviews with workers outside the factories that supply Swedish companies with toys.

These were the main results of the research:

Eight out of nine suppliers violated the Chinese labour legislation relating to working hours. The law admits 40 hours regular working hours per week and a maximum of 36 hours overtime per month.

Three of the suppliers have working hours during the high season that reach 14 hours a day and overtime hours that reach 150 hours a month. The high season for the toy industry is between May and September.

The workers who were interviewed stated that none of the factories had any trade unions or other organisations for the workers. The managers, in their turn, told SwedWatch that their factories did have unions, though. These unions, however, were all organized by the managements and none of them had ever made any complaints about wages or working hours. The only union that is allowed in China is the state controlled ‘All China Federation of Trade Unions’ (ACFTU) and people who try to organise free trade unions risk imprisonment.

Among six out of nine suppliers, the workers complained about low wages. Five out of nine suppliers do not even guarantee the minimum wage, a fact which violates the labour legislation. The minimum wages are also considered to be very low, 52 US dollar in Dongguan and 60 US dollar in the other areas of Shenzhen. The salaries are not high enough to secure the workers’ means of livelihood outside the factory premises, which thus forces the workers to live in the dormitories offered by their employers.

The working environment is below acceptable standard, at least among two of the suppliers. At these suppliers, the workers have complained about the lack of a safe working environment. The last year workers who had been injured in accidents which occurred in one of the factories, did not receive proper compensation from the employer.

Health and safety training is absent in all factories except one, according to the workers. The Chinese labour legislation requires that health and safety training is carried out at the factories

Seven out of nine suppliers conceal the true conditions in the monitoring reports of codes of conducts, conducted by the Scandinavian corporations. All employers teach their workers what to say during the social audits. SwedWatch has learned that employees receive between 3 to 11 US dollar to lie about the true working conditions at two of the factories.

The companies that buy from these suppliers are among others, Brio, Top Toy, Coop, Åhléns and ICA. SwedWatch focuses mainly on Brio, Top Toy and Coop in this report. SwedWatch has given the companies opportunity to comment on the findings. The comments of the companies are attached as an appendix to this report. The Swedish organisation Fair Trade Center is meeting with all toy companies during the autumn of 2004.

SwedWatch findings demonstrate that there are two major explanations to the fact that the corporations' codes of conduct have still, after five years of attempted implementation, not led to substantial improvements of working conditions. One is the highly competitive market for the suppliers. All of the suppliers SwedWatch met in Guangdong declared that the prices had stagnated or even decreased the last years. At the same time the demands for extended ethical regulations and improved quality of products have increased greatly.

The other main reason for the failure to implement codes of conducts is that workers have not been allowed to participate in this process. The workers, who are supposed to be the main target of the codes, do often not even know about the codes or, even less, what they should do if they need to complain. Many Hong Kong-based organisations and trade unions feel that the main solution of improving the working conditions of migrant workers in China is to organise education of workers rights and give the workers opportunity to be able to influence their own situation.