

China factory strike disrupts Nike, Adidas output 6th day

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By Liza Lin, Bloomberg

Workers at the world's largest branded shoemaker, supplier to companies including Adidas AG and Nike Inc, disrupted output for a sixth day in a strike over pay, benefits and the right to elect their own union.

The government, trade unions and factory owner Yue Yuen Industrial Holdings Ltd are still negotiating to end the strike, according to Sabrina Cheung, spokeswoman for Adidas, which she said has been monitoring events. Workers were seen coming to the plant, clocking in and then leaving today. Some employees, who asked not to be identified because they or their family members could lose their jobs, said in interviews that they were still on strike at the facility.

The labor dispute at the factory complex, which employs more than 40,000 people, adds to Chinese manufacturers faced with disruptions as wages rise and workers demand better compensation. Rising costs have also prompted some employers to move production outside the country.

Yue Yuen has offered to increase benefits, George Liu, a spokesman for the company said April 18, 2014. He didn't immediately answer calls seeking comment today. Taiwan-based Pou Chen Group is the company's parent.

Employees interviewed at the factory today and April 19, 2014 said the Hong Kong-listed company had failed to agree on demands for more pay, a change in contract status and reimbursement for unpaid benefits contributions. Some demanded no punishment for strikers and the right to elect their own union leaders.

More Demands

The strikers have expanded demands after an initial dispute over contributions to government-mandated social security and housing benefits for workers.

Monitoring group China Labour Bulletin said on its website strikers at the Dongguan facility numbered at least 10,000, while Yue Yuen said April 16, 2014 that more than 1,000 were striking.

Liu of Yue Yuen didn't immediately respond today to phone calls and e-mail requesting comment on the strike negotiations.

Wal-Mart Stores Inc and International Business Machines Corp faced strikes earlier this year in China by workers demanding better compensation.

China's wages are set to increase by 10% or more in 2014, driving more low-cost manufacturers out of the country and boosting consumption, according to analysts at firms including Bank of America Corp.

Nike has produced more shoes in Vietnam than in China since 2010. Adidas in 2012 said it would close the last factory it owned in China.

Riot Police

Police with riot gear and dogs were present outside Yue Yuen's 1.4 million square meter (15 million square feet) factory complex in Dongguan today. Dozens of workers were taken away by police last week, the official Xinhua News Agency reported April 17, 2014, without saying why the workers were taken. No one was injured and there were no clashes, Xinhua reported.

Police have told workers not to congregate around the factory, said three workers who asked not be identified because they or their family members could lose their jobs.

Pou Chen is in discussions with the local government to resolve the striking workers' concerns and an investigation will be conducted as soon as the strike ends, Adidas China said in an e-mailed statement April 18, 2014. Nike is aware of and concerned by the events and is "continuing to monitor the dialog between factory management and the workers, as well as production at the factory," the Beaverton, Oregon-based company said by e-mail April 18.

Yue Yuen rose 0.2 percent last trading week, closing at HK\$26.10 in Hong Kong trading April 17, 2014. Markets in the city were closed today and April 18 for holidays.

The shoemaker, which had 423,000 employees as of 2012, was founded in 1988 by Taiwanese owners and has factories in China, Vietnam and Indonesia, according to its website.

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