

## **Adidas to move some output from strike-hit China factory**

**Kinibiz.com**

**Apr 24, 2014**

**By Bloomberg**

Adidas AG is moving some production away from Yue Yuen Industrial Holdings Ltd's shoe factory in Dongguan, China, where a strike over benefits and pay disrupted output for a ninth day.

"In order to minimize the impact on our operations, we are currently reallocating some of the future orders originally allocated to Yue Yuen Dongguan to other suppliers," Adidas spokeswoman Katja Schreiber said yesterday by e-mail. The Herzogenaurach, Germany-based sportswear maker "has a highly flexible supply chain in place," she said.

Sports and casual shoe brands including Nike Inc, Asics Corp, New Balance Athletic Shoe Inc, Puma SE and Timberland Co are made by Yue Yuen, the world's biggest branded footwear maker and operator of the 1.4 million-square-meter (15 million square-foot) Dongguan complex in southern China. Employees at the complex, where more than 40,000 people work, are striking in a dispute over compensation since April 14, 2014.

Yue Yuen is "still committed" to maintaining production in Dongguan and declined to comment "about any particular customer," George Liu, spokesman for the Hong Kong-listed manufacturer, said yesterday by e-mail. The company had 423,000 employees as of 2012 and factories in China, Vietnam and Indonesia, according to its website.

Yue Yuen rose 0.6% to HK\$24.55 as of 1:25pm in Hong Kong, after dropping for two consecutive days. Pou Chen Corp, a Taiwan-listed shoe and materials company, fell 3.7% to close at NT\$39.5 in Taiwan trading.

### **Activists Detained**

Zhang Zhiru, manager at the Shenzhen Chunfeng Labor Dispute Service Center, spoke by phone today to his wife Xiao Hongxia, after a report by China Labor Watch yesterday that he had been detained by authorities.

Zhang called and said he would return in a few days, Xiao said today in an interview. He then hung up without saying where he was or whether he was being held by police, she said.

The Shenzhen Chungfeng manager was advising striking Yue Yuen employees on collective bargaining and entered the Dongguan factory after the work stoppage began April 14, 2014, China Labor Watch said yesterday. The labor group also said Zhang's colleague Lin Dong was detained.

Zhang and Lin also offered advice via social media, telling Yue Yuen workers at the factory not to use violence or break the law, according to comments posted on their QQ instant messaging service accounts.

### **Supplier Talks**

Nike and Adidas are the main clients for the Dongguan factory, Liu said today by phone, confirming that the strike extended into its ninth day and some of the workers have returned to work.

"Each factory management would take appropriate measures to encourage workers to get back to work with the aim to restore order in the factory," Liu said by phone.

Adidas said yesterday its supplier, Yue Yuen parent Pou Chen Group, is "in discussions with local government and the trade union federation to seek ways to address the concerns expressed by the workers."

Greg Rossiter, a spokesman for Nike, yesterday reiterated that the Beaverton, Oregon-based company is monitoring the labor dispute and production at Yue Yuen.

### **Equipment Moved**

Some equipment at part of Yue Yuen's Dongguan factory was being removed and put into trucks, monitoring group China Labor Watch reported on its website yesterday.

"Adidas made a decision to pull out or relocate molds at a time when doing so deeply concerned workers," Kevin Slaten, China Labor Watch program coordinator, said by e-mail today. "It is important that Adidas consider workers' perception and interests before taking action like this, especially during a strike."

Yue Yuen offered to add a monthly living allowance of 230 yuan (RM119) at its factories in southern China starting May 1, 2014, Liu said April 21, 2014. It also agreed to bring forward to next month a social-security benefit plan originally scheduled for 2015, he said.

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

Police with riot gear and dogs were present outside Yue Yuen's 1.4 Dongguan complex on April 21, 2014.

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 for fear of losing their jobs.

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