

**Health and Safety Problems in Foreign-funded Enterprises**  
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Foreign investment has increasingly moved to China after its entry to the World Trade Organization last year. According to government statistics, by the year 2000, there were 28,455 foreign-funded enterprises (including investment from Hong Kong, Macao, Taiwan and other countries) in China. Their investment reached RMB 2,346.5 billion totally and more than 6.42 million workers were employed<sup>1</sup>. Many industrial accidents occur in foreign-funded enterprises. Among different health problems, occupational disease has been a growing issue in the last few years.

**Occupational Diseases**

Now more than 16 million Chinese workers are exposed to toxic or hazardous conditions in the workplace. By law, more than 10 million workers should receive regular health examinations, but only one third of them have done so<sup>2</sup>. Many of the unexamined workers suffer from occupational diseases. These statistics do not include workers in village and township enterprises or small workshops. Their health and safety situations are more grave. It also does not include those workers whose occupational diseases have been certified and who have gone back to their hometowns. Among various occupational diseases, pneumoconiosis is the most common. At present, 558,000 pneumoconiosis cases have been reported in China, of these 425,000 people are still living. Each year, 15,000-20,000 more cases are reported and more than 5,000 patients die of the disease. The death rate is 23.58%<sup>3</sup>.

Among those factories in which workers are exposed to toxic and hazardous conditions, many are foreign-funded enterprises. In 2000, the Health Ministry of China examined 1,426 foreign-funded enterprises where they found that 37.2% of the enterprises had occupational hazards in their workshops, and 34.7% of workers are involved<sup>4</sup>. Poisoning in the workplace is a very serious issue.

On January 27, 1999, eight workers of the Ruyi Manufacturing Factory in Fujian suffered benzene poisoning. One worker died, and seven workers were seriously poisoned. Among the victims, the eldest was 27 years old and the youngest, only 17; the most senior worker in the factory had worked there for eight months, and the shortest for only two months<sup>5</sup>.

In July 2001, 26 workers suffered benzene poisoning in Shenzhen and it is believed that more than 200 workers were affected but have not yet displayed symptoms<sup>6</sup>.

In February of this year, six women workers died of exposure to benzene at a shoe factory in Hubei<sup>7</sup>. In July, 12 workers of the Anjia Shoe Factory in Dongguan, Guangdong were affected by benzene poisoning. Several of them are now paralyzed. The youngest victim was 16 years old<sup>8</sup>. The Chinese Occupational Disease Prevention Law states that workers aged 16-18 are prohibited from working under toxic and hazardous conditions. However, factory management stated that they were unaware of the regulations. Clearly, education and monitoring efforts by the authorities are inadequate.

After investigation of the Anjia factory, more workers were shown to be affected, but many of them had already left the factory. It was reported that 39 women workers, whom it is believed have been affected by the poisoning, have not yet been located. When workers at the factory felt sick, they went to see a doctor. If their health failed to improve, they could not work and had to return to their home towns. They never associated their sickness with the chemicals that they were exposed to each day.

Most workers know nothing about occupational poisoning. Cases come to light only when workers go to hospital or a large-scale poisoning occurs in a factory. Currently, the reporting of occupational diseases is very sparse. In Guangdong Province, from 1989-2001, 4,848 occupational diseases were reported. It is estimated that the rate of underreporting for occupational diseases is more than 50%, so that the real number of occupational diseases from 1998-2001 should be about 10,600, or an average of 800 cases resulting in 214 deaths each year. In spite of low reporting, the reported rate in 2001 is 2.78 times of that in 1997<sup>9</sup>. Occupational diseases are more common in Shenzhen and Dongguan where most foreign-funded enterprises, joint ventures or the enterprises producing for foreign investment are located.

It is estimated that 10 million workers are exposed to toxic or hazardous chemicals or other materials each day in Guangdong, but there are less than 1,000 occupational disease inspectors in the Province. Each inspector is responsible for about 1,000 enterprises and more than 10,000 workers on average<sup>10</sup>. This is an absurd ratio.. For instance, many enterprises established in Heshan City since 1991 continue to reject inspection by health authorities. Currently 50.84% of the factories in China, in which workers face exposure to toxic and hazardous conditions, have yet to be inspected<sup>11</sup>.

Recently, the Guangdong provincial government examined 59,091 workshops of 8,410 enterprises. 96.43% of the workshops were in violation of health regulations<sup>12</sup>. This depiction is verified by the Hong Kong Christian Industrial Committee (CIC)'s recent research on the working conditions of four famous American toy brand names. In summer, 2001, CIC conducted in-depth interviews with 93 workers from 20 factories associated with eight enterprises using a standardized questionnaire. All interviewees were 18-35 years old<sup>13</sup>.

Among the interviewed workers, 22 worked in the colouring department. They were exposed to toxic chemicals daily. None of the 22 workers could name the chemicals they used every day or describe their hazards. According to the regulations, a clear label about the elements of chemical and its hazards is required. During our interviews, some workers complained of headaches, skin diseases, fainting and easy susceptibility to Hepatitis B due to long time exposure to toxic chemicals.

### **Excessive Overtime**

Another serious occupational health and safety problem in foreign-funded enterprises is excessive overtime. According to CIC's research in 2001, twenty factories forced workers to work 14-18 hours a day on average. This is much higher than the legal standard which is eight hours a day and with overtime not to exceed three hours a day.

The longer workers are exposed to toxic or hazardous materials, the higher the risk that workers will be injured. In 2000, a woman fell asleep because of several exceedingly long hour days. Her hair was pulled into a machine, and she was severely injured. In a previous research project by CIC, we found that some workers also complained that they suffered miscarriage because of long time exposure to toxic chemicals.

It is common for workers to become dizzy because of intensive overtime work or long time exposure to toxic chemicals. Workers even claim that some of their co-workers have died of long working hours.

According to CIC's researches in the last decade, many industrial accident victims did not receive adequate compensation. Most received only get meager compensation while being forced to leave work at the factory due to illness. CIC's research in 2001, revealed that very few workers knew about their rights under the Chinese Labour Law and the health and safety regulations. Only 20% of the workers interviewed had heard about minimum wages and the ceiling on working hours. None of them knew about the legal protection on women workers and young workers or about compensation for occupational injury.

In China, many private and foreign-funded enterprises make products for famous transnational corporations. Most corporations have their own labour codes of conduct and request that their business partners strictly comply with their codes to protect basic labour standards and workers' health and safety. However, corporations' pricing and ordering systems make it impossible for their suppliers to observe the codes. Suppliers merely shift their financial problems to their workers. Corporations give very low payments for their manufactured goods and suppliers then give low pay to workers. When corporations give a very short lead-time to their suppliers who are forced to make workers work overtime hours for long periods of time. According to information from the toy industry in Hong Kong, the labour cost of some toys is only 0.4% of the toys' market price. Toy brand name companies often give only two-week lead-time for orders of more than 10,000 pieces of toys.

### **A matter of power**

The health and safety issue is not only a technical issue. It is directly related to the power structure throughout the whole production chain with its complicated sub-contracting system. The upper levels in the chain impose conditions on the lower levels. The lower levels can either fulfill these demands or receive no further business orders. Such pressure is endemic to the sub-contracting system. Workers are always at the bottom.

Consumer campaigns in developed countries seldom address this problem. Most of the energy in these campaigns is spent on "independent" monitoring or the implementation of corporate codes. In fact, such monitoring does not change the unequal power structure in the production chain, but rather it perpetuates the existing structure, and, in the end, creates hardships for workers. Some independent monitoring schemes, such as SA 8000, focus only on the manufacturing process and ignores the pricing and the ordering problems. This only forces manufacturers and workers to bear all burdens while corporations have to do nothing. Unless the pricing and delivery lead-time problems, as controlled by corporations, are addressed, workers' rights and safety cannot be guaranteed.

Of course, manufacturers do not have clean hands. Manufacturers have to comply with the Chinese Labour Law and all health and safety regulations. Under no circumstances, can manufacturers excuse themselves when they violate the relevant regulations and basic labour standards. Manufacturers have to provide workers a safe and hygienic working place. However, in the keen competition to maximize their profits, many manufacturers disregard workers' safety.

External monitoring, to a certain extent, may help improve the situation, but monitoring is more or less a game of "cat and mouse". Both monitoring organizations and factory management try to use different ways to deal with each other. That only creates mistrust on both sides and cannot help solve the problems.

Moreover, due to limited manpower and complicated sub-contracting, only a few big vendors will be inspected, and their sub-contractors are usually neglected. The frequency of monitoring is also a problem. However, more fundamentally, even though a factory has very good health and safety program, there are still all kinds of occupational accidents. These circumstances are related to factory management and practices. Some health and safety facilities are not workers-friendly. For instance, in Mexico, a garment factory gave workers earplugs, but workers refused to wear the equipments, because it is more dangerous, for workers not to be able to hear.

### **The role of workers**

Health and safety is also a worker issue. It is heavily dependent on workers' involvement and a good communication system between management and workers. In fact, workers are the best monitors of their

factories. They know the factory much better than auditors do. No monitoring groups can replace workers in improving work environments.

In December 2001, the Chinese Government issued two important OHSMS documents, "Occupational Health and Safety Management System Guiding Opinions") and "Occupational Health and Safety Management System Auditing Framework"<sup>14</sup>. In these guidance documents, the role of workers is clearly stated. Workers should be involved in the whole process, and a health and safety committee composed of workers should be established in each factory.

Health and safety committee composed of workers have already been established in several foreign-funded factories. In the last two years, CIC have tried hard to persuade different brand names manufacturers and factories to set up health and safety education programs in their factories in China. One of our main tasks has been to establish such health and safety committee composed of workers in factories and to make the committee a formal conduit for communication between workers and management. Committee worker/members should keep close contact with management and be accountable to the working masses in the factory.

The two OHSMS documents affirm our effort and give the health and safety committee a more formal status in factories. It enables workers to monitor their factories and to work with management to improve the working environment. The Chinese Government should speed up such work and give workers real power to monitor their factories.

Corporations also have their own role here. They should not just direct their suppliers or venders to comply with the Chinese Labour Law and their codes of conduct. They should take the initiative to help their suppliers to establish such health and safety committees and to give substantial assistance to improve the working environment.

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<sup>1</sup> See *China Statistical Yearbook 2001* and *China Labour Statistical Yearbook 2001*.

<sup>2</sup> *Laodong Baohu (Labour Protection)*, May 2000, p.14.

<sup>3</sup> *Gongren Ribao (Workers' Daily)* April 28, 2002.

<sup>4</sup> *Laodong Baohu (Labour Protection)*, May 2000, p.14.

<sup>5</sup> *Ibid*, p. 15.

<sup>6</sup> *China Work Safety News*, July 13, 2002.

<sup>7</sup> *Yangcheng Wangbao (Guangzhou City Evening Post)*, July 9, 2002.

<sup>8</sup> *Ibid*.

<sup>9</sup> *Ibid*.

<sup>10</sup> *Yangcheng Wangbao (Guangzhou City Evening Post)*, July 10, 2002.

<sup>11</sup> *Gongren Ribao (Workers' Daily)*, April 28, 2002.

<sup>12</sup> *Yangcheng Wangbao (Guangzhou City Evening Post)*, July 10, 2002.

<sup>13</sup> *How Hasbro, McDonald's, Mattel and Disney Manufacture Their Toys* (HK: Hong Kong Christian Industrial Committee, 2001)

<sup>14</sup> It should be noted that the two documents are issued by the National Economic and Trade Committee, rather by the Labour and Social Securities Ministry. The Chinese Government takes health and safety issue as a trade issue, rather than a worker issue. For the two whole documents (in Chinese), see *Laodong Baohu (Labour Protection)*, February 2002 and March 2002.