

Rights group says Apple suppliers in China breaking labor laws

Lee Chyen Yee, Reuters

Apple Inc's suppliers in China have violated local labor laws when they imposed excessive overtime and skimmed on insurance, a New York-based labor rights group said.

Apple and its suppliers such as Taiwanese tycoon Terry Gou's Foxconn Technology Group have been the target of labor rights groups, which say the world's most valuable technology company are making iPhones and iPads in massive sweat shops.

"From our investigations we found that the labor rights violations at Foxconn also exist in virtually all other Apple supplier factories, and in many cases, are actually significantly more dire than at Foxconn," China Labor Watch said in a 133-page report released on Thursday.

A four-month investigation through April showed workers work up to 180 hours of overtime a month during peak periods, exceeding the legal limit of 36 hours per month, the group said, citing Riteng, a unit of Taiwan's Pegatron Corp, as an example.

Some factories also omit medical insurance as required by the law while workers are exposed to hazardous conditions, according to the report.

China Labor Watch interviewed 620 workers at 10 factories run by Apple suppliers, including Toyo Precision Appliance and BYD Electronic (International) Co.

The group also spoke with workers at factories run by units of Quanta Computer Inc, Wintek Corp and U.S.-listed Jabil Circuit Inc.

The companies couldn't be immediately reached for comment.

"As part of our ongoing supplier responsibility program, our team has conducted thorough audits at every facility in China Labor Watch's report," Kristin Huguet, an Apple spokeswoman based in Cupertino, California, said in an e-mail.

"In some places, our auditors found issues similar to those described by China Labor Watch, including overtime violations," she said, when asked to comment on the report.

DISMAL CONDITIONS

The report singled out Riteng for dismal work conditions, saying workers work

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almost 12 hours a day, longer than 10 hours a day at Foxconn, Apple's main supplier.

Half of Riteng's workers described safety conditions as "bad," more than Foxconn's 2 percent, according to the report.

The average hourly wage at Riteng is 8.2 yuan (\$1.29), well below the average rate 10.2 yuan at Foxconn.

The Pegatron unit was not immediately available for comment.

Labor groups say wages have generally been on the rise, though the growth has been slower than inflation.

"Wages are certainly going up, but they are still a very long way from what you consider a decent wage because inflation in the major cities in southern China is going up all the time," said Geoffrey Crothall of China Labor Bulletin.

"It's generally better at the larger factories, but the problem with Foxconn and a lot of the other Taiwanese, Hong Kong-owned manufacturers, the management culture there is still very authoritarian, quite dictatorial. People say it's quasi-military."

James Wu, a spokesman for Catcher Technology Co, which was also mentioned in the report, said the proportion of short-term labor it employs without having to provide severance compensation was actually lower than that described by China Labor Watch.

"Our dispatch rate is 20-30 percent, lower than the rate of around 80 percent mentioned in the report," Wu said.

Catcher also put their workers through a three-day training program to prepare them for their jobs.

"In summary, our company provides benefits for workers that exceed basic requirements," Wu said.

MAKING CHECKS

Apple said it had been making checks at its supply chain partners and regularly publishes reports on workers' situation on its website ([here](#)).

The company, which monitors worker hours of more than 700,000 workers in its supply chain, said it had been following up to make sure suppliers comply with its labor standards.

Workers typically have little legal representation in China, where labor laws are sometimes not strictly enforced. Unions are also often not effective in providing feedback to management, labor rights groups said.

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Following a spate of critical reports detailing unsafe factory practices at Foxconn plants that triggered worker deaths and suicides, Apple this year allowed the U.S.-based Fair Labor Association (FLA) to conduct a high-profile probe of Foxconn's factories in China.

"The process of change in our company continues, and competitive wages, improved living conditions and the abolition of the use of dispatched workers by our company are some examples of this," Foxconn said in an e-mailed statement.

"Our considerable investment in this process will change our industry through the positive example we are setting for other companies." (\$1 = 6.3554 Chinese yuan)

(Additional reporting by Clare Jim in TAIPEI, Sisi Tang in HONG KONG and Tim Kelly in TOKYO; Editing by Ryan Woo)

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