

More strikes hit auto plants in China

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Further strikes in auto parts suppliers in China this week halted production at major assembly plants owned by Toyota, Nissan and Honda in the southern coastal province of Guangdong. The stoppages are part of a wave of industrial unrest that has hit major auto producers since mid-May, triggering concerns in ruling circles in China and internationally.

Hundreds of workers at Denso (Guangzhou Nansha), owned by a Toyota affiliate, stopped work on Monday, demanding a monthly pay rise of 800 yuan (\$US118), the right to establish an independent trade union and a promise of no victimisations. Monthly wages for most employees are between 1,100 and 1,300 yuan.

A government press release claimed that only 200 workers were involved, but workers insisted that around half of Denso's workforce of 1,200 had joined the stoppage. As the strike continued, Toyota was forced to suspend production on Tuesday at its large assembly plant in Guangdong, GAC Toyota Motor, which has an annual output of about 360,000 cars.

Denso is the main supplier of fuel injection and other components for car makers in China, including Toyota, Honda and Volkswagen. "If this is going to drag on, it will have a radiating impact on carmakers even in northern China, such as Toyota in Tianjin and Hyundai in Beijing, as we are the first-level suppliers," a young worker told the *South China Morning Post*.

Negotiations began on Wednesday after striking workers elected 20 representatives. The strikers reentered the factory, clocked on and donned uniforms but refused to carry out any work. Guangzhou Honda general manager Zeng Qinghong, who is also a deputy in the country's National People's Congress, was brought in to mediate, but talks dragged on into Thursday.

Denso workers finally returned to work after management agreed to across-the-board pay rises of 800-900 yuan a

month. Production is due to resume at Toyota's Guangzhou assembly plant next week.

Honda was hit by another strike in a parts supplier when workers at NHK-UNI Spring (Guangzhou) stopped work on Tuesday demanding a rise in their monthly salaries from 1,200 to 1,700 yuan and an increase in their end of year bonuses from 1,200 to 6,800 yuan. The plant, which is jointly owned by Japan's NHK Spring and a Taiwanese firm, produces suspension springs and stabilisers.

The strike again compelled Honda to halt production on Wednesday at its two assembly plants in Guangdong. The company had been affected by a series of strikes that began with a two-week stoppage last month at its transmission plant in Foshan. That stoppage spread to another auto parts plant in the same city, Honda Lock in Zhongshan, and last week to the Wuhan Auto Parts Alliance.

Honda's sales and production figures for May slumped badly. According to figures announced this week, production was down by 37 percent compared to April. Honda's mainland sales dropped by 10 percent, year-on-year, compared to industry-wide growth of 33 percent in mainland car sales. JP Morgan analysts estimated that lost production of around 20,000 vehicles would cost Honda's mainland business about 12 billion yen (\$US134 million) in operating profits.

The NHK-UNI Spring strike also forced Nissan to halt output at its plant in Guangzhou for two hours. Production at the parts plant resumed on Thursday but there are no reports on the basis of the settlement.

A number of media reports have speculated that the Chinese regime is tacitly permitting the strikes as means of raising wages and thus domestic consumption. An article in Thursday's *New York Times* commented: "China's move this week to make its currency, the renminbi, more flexible and the authorities' apparent tolerance of recent factory strikes that have led to significant wages increases both

signal that Chinese leaders could be serious about re-engineering the nation's [export-driven] economic model.”

Beijing is closely watching the industrial unrest and has placed the police on heightened alert. The authorities are particularly nervous that striking workers have denounced the state-run All China Federation of Trade Unions (ACFTU) and are raising demands to elect their own representatives and establish independent unions, which are illegal under Chinese law.

The ACFTU is notorious as an industrial police force for government and private corporations. The *South China Morning Post* pointed out: “Trade union staff are civil servants on the government's payroll, and even union representatives in private companies—such as Honda Lock in Zhongshan—tend to be senior company executives.”

Professor Lin Yanling of the China Institute of Industrial relations told the newspaper that the unions' priority was not workers' welfare. “The law has given them the responsibility of protecting the interests of workers, but in reality trade unions are entrusted by the [Chinese Communist] party and the government to maintain social stability. So this matters more to them.”

According to the Beijing-backed Hong Kong newspaper *Ta Kung Pao*, the Guangdong Federation of Trade Unions has tentatively proposed a pilot scheme to allow Honda workers in Foshan to elect their own union leaders, subject to annual review. The plan, if it proceeds, is aimed at co-opting a layer of militant workers as a means of containing what is at present a relatively limited strike movement and preventing the emergence of a political movement against the government.

At the same time, the regime's repressive methods are already evident. Police were deployed in the northern city of Tianjin after strikes broke out in two Toyota-affiliated plants and threatened to affect production at the huge Tianjin FAW Toyota Motor assembly plant.

As a strike at the Tianjin Toyoda Gosei parts plant spread on June 17, at least 200 police officers entered the factory grounds at around 10 p.m. and gave around 300 strikers three minutes to leave the factory floor. One witness told the *South China Morning Post* that when workers did not comply the police began shoving them toward the doors. He saw two women dragged to the door, one by her ponytail, and the other with hands locked behind her.

The newspaper reported: “About 16 workers were taken away by police that night, and the rest of the workers sat outside the factory until 10 a.m. the next day, demanding the release of their colleagues, the witness said.” Police cars patrolled the area on Sunday and Monday and roadblocks were established on the four roads leading to the factory. At least two reporters were escorted from the area on Monday.

The auto strikes are not the only labour protests and stoppages in China. The *South China Morning Post* reported today that hundreds of laid off and retired state factory workers had just ended a week-long protest in Shanxi, demanding compensation from the local government for unpaid wages and benefits. The former employees of four state-owned factories gathered every morning at the front gate of the Jiexiu city government building, blocking traffic.

Feng Cai, 70, told the newspaper that she had worked at her factory for 40 years before it was declared bankrupt in 2001. The workers accuse the management of significantly undervaluing the factory's assets, greatly reducing the compensation they received. Feng said that some of her former colleagues received as little as 240 yuan a month and could not even afford to pay for meals. Millions of workers have lost their jobs over the past two decades as the Chinese government has sold off, restructured or shut down state-owned enterprises.

Although the police carefully monitor all signs of social unrest, Beijing does not release statistics on strikes and protests. According to a report by the China Labour Bulletin based in Hong Kong, there were about 127,000 protests in China in 2008, of which about one third were estimated to be labour-related. The latest strikes have caused tremors in Beijing and internationally and received widespread media coverage because they have impacted on major foreign-owned corporations in a key industry and are a harbinger of a broader movement of the country's huge working class.



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