

Explosion at Foxconn's new China plant

John Chan
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Three workers were killed and 15 injured in a May 20 blast at one of Foxconn's newest plants, at Chengdu in the south-western province of Sichuan. The accident highlights the appalling and unsafe conditions that continue to face the 920,000 mainly young Chinese workers employed by the Taiwan-owned company.

With the blessing of the Chinese regime, Foxconn, the world's largest electronics manufacturer for major transnational brands such as Apple, Dell and Nokia, opened the \$US2 billion Chengdu complex last October in order to exploit cheaper labour in the interior provinces.

The official Xinhua news agency reported that the explosion occurred in the polishing department, which was turning out Apple's latest and most profitable product, the iPad 2. A state-run CCTV reporter said she saw thick black smoke billowing into the sky. Witnesses told her they heard a huge explosion at around 7:10 p.m. that was powerful enough to shake buildings.

An initial official investigation established that the blast was caused by the combustion of suspended particles in a confined working space. *China Business News* pointed to aluminium dust generated in the polishing department.

Only weeks earlier, a report by the Hong Kong-based group, Students and Scholars Against Corporate Misbehavior (SACOM), exposed Foxconn's failure to improve its working conditions despite a series of suicides by workers last year.

The report specifically warned of the "alarming" levels of health and safety problems in the Chengdu facility. The poorly ventilated polishing department was "full of aluminium dust." Workers were not given filtration masks. "Even though they have worn gloves, their hands are still covered by dust and so (are) their face and clothes." A worker explained: "I am breathing in dust like a vacuum cleaner. My nostrils are totally black every day."

When the SACOM report was released, Foxconn claimed it presented a false picture. "We have made tremendous progress over the past year as we work to lead our industry in meeting the needs of the new generation of workers in China," it stated.

Concerned that the blast could provoke another public uproar in China over its exploitation of workers, Foxconn's billionaire CEO Terry Guo took a flight to Chengdu immediately. Foxconn pledged to fully cooperate with the official investigation. Apple declared: "We are deeply saddened by the tragedy at Foxconn's plant in Chengdu, and our hearts go out to the victims and their families."

In reality, Apple's main concern was the temporary halt to production in Chengdu, which could disrupt its sales of iPad 2 tablets, and the potential impact on its corporate image. The Chengdu facility was slated to produce between 1.5 and 2 million iPad 2s in the second quarter of 2011, or 30-35 percent of the product's total output in China. Hours after the explosion, Apple's share prices tumbled in New York, while Foxconn's shares dropped sharply in Asian markets.

In the first half of 2010, Foxconn was rocked by the suicide bids of 13 young employees, unable to bear the military-style discipline, long hours, alienating environment and physical abuses. Eleven died, most after jumping from factory buildings in Shenzhen. Another employee had committed suicide in 2009 after being interrogated and abused by Foxconn's security personnel over a missing iPhone 4 prototype.

Responding to outrage in China and internationally last year, Foxconn promised to improve workers' conditions and wages. Instead, the company has gradually downsized its operations in Shenzhen and other coastal regions and shifted production to interior provinces where wages are lower, with the direct approval of all levels of the Chinese government. Even the company's nominal pay rises were cancelled out by cuts in food and housing allowances.

The Chengdu facility was built quickly to meet the demand from Apple and other corporations. When the plant opened last October, Foxconn's chief investment officer Zhuang Hongren boasted that it had taken just 76 days from construction to operation, "a new record in Foxconn globally." CEO Guo declared in Chengdu last December that he planned to increase the new plant's annual capacity from 20 million iPads to 100 million by 2013.

The SACOM report, which interviewed 120 Foxconn employees from four plants in March and April, found forced overtime work, back-to-back 10-hour shifts and prison-like dormitories. Workers were typically forced to work 50-80 hours overtime a month—far longer than the legally permitted 36 hours. In the Chengdu plant, the overtime averaged 80-100 hours, on top of 174 regular hours. Employees commonly worked from 6:45 a.m. to 9 p.m.

While overtime was now "voluntary"—a supposedly benevolent reform last year—the regular pay is set so low (1,200 yuan or about \$186 a month in the Chengdu plant) that workers were forced to undertake long hours of work to make a living.

Even these low wages were not guaranteed to be paid on time. A frontline supervisor in Chengdu admitted that about 50 cases of underpayment were reported to the human resources department each month, out of 100 workers on a production line.

A Chengdu worker who stood for at least 14 hours a day making iPad cases explained: "I am just like a robot repeating the same motion. I don't have to use my brain... it's routine: sleep, work and eat." Workers were not allowed to carry a mobile phone, talk or sit down. If a mistake occurred, they were publicly humiliated by the management.

Food provided in the canteen was so bad that, according to a worker, he "almost vomited" after a meal. Workers were housed in overcrowded rooms of up to 22 people each. To prevent suicides, the company had installed nets around buildings and forced staff to sign "no-suicide" agreements.

The SACOM report said regional governments in China were not interested in rectifying these conditions because they were competing with each other for investment. Actually, the central government in Beijing has made Foxconn's investment in Sichuan a major advertisement for its "go west" campaign to open up new markets and sources of cheap labour. According to Hong Kong's *Apple Daily*, the

Chinese government initially attempted to block news of the Chengdu plant explosion.

The official support for Foxconn goes further. In recent years, municipal governments in Chongqing and Chengdu have supplied workers to Foxconn, allocating special funds, conducting physical checks and transporting recruits. The authorities deliberately misled recruits by promising basic monthly wages of 1,500 yuan, when the reality was 950 yuan. Foxconn also signed contracts with some 200 technical schools in Chongqing to "train" students, thus obtaining an even cheaper labour force.

Foxconn not only symbolises China's rise as the cheap labour "workshop of the world", but sets a new benchmark for wages and conditions internationally. In February 2010, a Foxconn factory in Mexico was set on fire after a rumour spread among nightshift workers that the management delayed night bus services in order to enforce longer overtime. Last September, thousands of Foxconn workers in India's Tamil Nadu province staged a pay strike that police brutally broke up. In Sydney, the onerous conditions for the entirely casualised workforce at Foxconn's Australian subsidiary Foxtel were exposed last November when workers reported having to wait for night-time text messages to see whether they would work the next day at 6:30 a.m.

Foxconn itself is being squeezed by competition among its major global customers. In 2008, Nokia accounted for 55 percent of Foxconn's revenue, but that declined to just 40 percent last year due to the global financial crisis and Nokia's decision to undertake more manufacturing itself. As a result, Foxconn is more dependent on Apple. Foxconn's sales fell to \$4.05 billion in the second half of 2010, down from \$4.48 billion a year earlier.

As the struggle intensifies among transnational corporations for market share, they will demand even greater productivity and lower labour costs, inevitably producing further disasters like last week's explosion in Chengdu.



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