

Apple's sweatshop supply chain

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7 February 2012

US technology giant Apple last month released its annual Supplier Responsibility Progress Report, detailing its commitment to improving working conditions in the international network of factories that produce its products. These yearly reports, which began in 2007, are nothing but a cynical public relations exercise designed to whitewash the company's image.

The latest report declares that Apple requires its suppliers to "provide safe working conditions, treat workers with dignity and respect, and use environmentally responsible manufacturing processes." This claim, issued for public consumption in the US and other markets, bears no relationship to the harsh regimes throughout the factories of its suppliers in China and other countries.

Apple's reputation was undermined in 2010 by a series of suicides at Foxconn, its largest supplier, in which 14 people died. Young workers jumped to their deaths from factory buildings due to the long hours of exhausting labour, and abusive and humiliating discipline, enforced by Foxconn's army camp-style management. (See: "Report exposes Foxconn's oppressive work regime")

Amid an international outcry, Foxconn president Terry Gou promised higher wages and fewer hours, but the pledge was never implemented. Foxconn could not afford to make concessions because rivals such as Flextronics, BYD and Quanta took advantage of the scandal to poach orders, while maintaining a work regime that was just as exploitative.

Foxconn soon returned to business as usual. The huge corporation, which employs one million workers in China, moved more of its production lines to inland cities where labour is cheaper. Workers had to sign a

"no suicide" pledge, but the conditions that gave rise to desperation and despair did not change. Last month, 150 workers at its Wuhan plant threatened a collective suicide in protest over unbearable conditions.

The factories are also unsafe. Last May, an explosion in Foxconn's Chengdu facility, which makes iPads, killed four workers and injured 18. The blast was the result of poor ventilation and a build up of combustible dust.

Apple requires its suppliers to conform to its "Supplier Code of Conduct." In reality, the company routinely ignores breaches to avoid the costly process of finding new manufacturers. Given the scale of the Foxconn's operations in China, Apple has little alternative. Along with hundreds of thousands of workers, Foxconn employs an army of 30,000 trained engineers to keep its factories operating.

In a lengthy article in the *New York Times* on January 25, former Foxconn manager Li Mingqi explained: "Apple never cared about anything other than increasing product quality and decreasing production cost... Workers' welfare has nothing to do with their interests."

Even Apple's report makes clear that its suppliers do not meet basic standards. For instance, Apple's code states that workers shall not exceed 60 hours of work per week and that one day a week shall be allowed for rest. However, only 38 percent of the 229 facilities worldwide audited last year had been in compliance.

A former Apple executive told the *New York Times*: "We've known about labour abuses in some factories for four years, and they're still going on... Why? Because the system works for us. Suppliers would change everything tomorrow if Apple told them they

didn't have another choice. If half of iPhones were malfunctioning, do you think Apple would let it go on for four years?"

An investigative report published by *China Labour Watch* last July of 10 "electronics sweatshops," including two Foxconn plants, found that each factory violated the legal limit of 36 hours overtime per month. Workers were paid basic wages so low that they were forced to undertake long hours.

The *China Labour Watch* report said the work regime was gruelling, with most factories providing only 10 minutes a day to drink water and go to bathroom. "There are many people and few toilets, so some workers have no opportunity to use the bathroom during this time," it stated. "On some production lines, managers demand that workers continue to work through their breaks. It is clear that this high level of labour intensity will adversely affect many workers' physical and mental health, leading to serious, long-term consequences for their well being."

These exploitative conditions in original equipment manufacturers (OEMs) in China are the direct responsibility of the major corporations that they supply. The chief concerns of companies like Apple are low costs, good quality and on-time shipments to out-compete their rivals. The OEMs, mainly owned by capitalists from Hong Kong, Taiwan, South Korea, Japan and China, operate on low profit margins and are under considerable pressure to be competitive.

The OEMs produce to design specifications using standard components and materials. Thus their only means for lowering manufacturing costs is to intensify the exploitation of labour, resulting in long hours at high intensity. For instance, the iPhone 4, which sold for \$600 in 2010, is assembled for \$6.45, with the cost of materials fixed at about \$187. On average, Foxconn workers make less money per day than it costs to assemble one iPhone.

The attitude of factory owners is one of utter contempt for workers. Foxconn's Gou provoked outrage last month when he declared that he would like to learn from the director of Taipei Zoo how to control

his huge workforce, because "to manage one million animals gives me a headache."

Last month, Apple reported one of the most profitable quarters in the history of any corporation—\$13.06 billion in profits and \$46.3 billion in sales. During the past fiscal year, the company recorded \$108 billion in revenue, and, with rising share prices, surpassed Exxon Mobil as the world's largest corporation.

In response to the *New York Times* article, Apple's chief executive Timothy Cook feigned indignation, declaring: "We care about every worker in our worldwide supply chain... Any suggestion that we don't care is patently false and offensive to us." As Cook is well aware, Apple's massive profits, as well as his bonuses, depend completely on maintaining sweatshop conditions throughout its network of suppliers.



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