

# Foxconn imposes Chinese-style sweatshop conditions in Europe

Denis Krassnin  
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In the Czech city of Pardubice, electronics manufacturer Foxconn Technology Group has established harshly exploitative working conditions resembling those prevailing in China.

The city, an industrial hub with 90,000 inhabitants, was the site chosen for the new Foxconn plant in 2000. Notorious for its treatment of workers in China, the Taiwanese corporation oversees manual assembly work at this location, especially on behalf of computer manufacturer Hewlett-Packard (HP).

The monthly wage for assembly line work—up to €500 (US\$678)—is low for the Czech Republic, but it is still three times as high as Foxconn pays at its Chinese facilities. The company's management nevertheless decided to set up operations in Europe, because the continent's market can be supplied so much faster from the Czech Republic. However, the opening of the plant in Pardubice—only a few hours drive from the German border—also means that working conditions known only in China in recent years are being introduced onto European soil.

More than 4,000 workers—mostly from Vietnam, Bulgaria and Mongolia, but also a few hundred from the Czech Republic—are toiling away in the plant. Twelve-hour shifts are the norm. The working conditions are reminiscent of the exploitation and lack of workers' rights that prevailed in the early days of the Industrial Revolution.

Workers are under constant pressure. Their breaks are so short they largely use them up crossing the vast factory hall to and from their lockers. In addition, so-called group leaders are on hand to enforce work rules. They prevent the workers from talking or even drinking water during working periods.

Workers obtain the above-mentioned wage—which can hardly satisfy their basic needs—only if they can

adhere to production target numbers and maintain cleanliness in the workplace. If they are able to do this, they are awarded a “bonus”. If anyone on an assembly line breaks a rule, all the workers from various lines are immediately punished and may lose their bonuses. But it is virtually impossible for a worker to meet all the standards. As a result, many end up earning an hourly wage of €3.50 (US\$4.75).

The worst conditions are those for workers from outside the Czech Republic. Temporary employment agencies procure them for Foxconn at less than half the wages of the Czech workers. The employment agencies dump workers in overcrowded, dilapidated hotels and require them to be able to work non-stop in order to maximise agency profits.

Temporary workers are forced to commit themselves to being available at all times for work assignments. Weekends and public holidays are often workdays for them. According to *Computermagazin*, which sent a team of reporters to Pardubice and uncovered the working conditions there, the factory owners boast they are able to exact a level of productivity from the workers that would otherwise be possible only in China.

The workers at Foxconn can't expect any support from trade unions. Although only 250 Czech workers are members of the Czech Metalworkers' Union, the Foxconn Technology Group management gave the shop floor union representative his own office and the services of an assistant from the plant management. It also agreed to cover his travel expenses to another Foxconn factory in Kutna Hora, some 40 kilometres away. In an interview with the press, the union official defended working conditions at the plant, glossing over their brutal features.

When computer sales collapsed in the wake of the

2008 financial crisis, some 3,500 of the former 8,000 Foxconn employees were sacked. During negotiations with the company, the Czech Metalworkers' Union pushed for the dismissal of the foreign contract workers. The corporation complied and fired only foreign contract workers.

Thanks to the subcontractors—whose operations are protected by Czech law—and the trade union, the workforce was halved in the absence of any strike or murmur of protest. This was possible because the subcontracting firms were able to cite the contracts signed by the workers, according to which their employment could be terminated without notice whenever business slumped. The deportation of those dismissed was organised by the Czech government.

Those remaining now face higher production targets. Either they agree to work a six-day week on both day and night shifts or they don't get any work at all. When the rate of orders falls to a point where the whole workforce is no longer required, temporary workers can be sent to live in cheap accommodation—without pay and sometimes for weeks. Workers say that when business is booming and the whole workforce is needed, the increased pressure of work and its deadeningly repetitive nature often cause their workmates to faint.

When eight Bulgarian contract workers wanted to complain publicly about unpaid wages in 2010, Foxconn threatened to sack them—and all the other Bulgarian workers. Nevertheless, three of them spoke to the press. Concerned about the publicity, a high-ranking Foxconn manager intervened. As a result, five Bulgarian workers were reinstated, the workers from the subcontracting firm were granted social insurance benefits, and the Pardubice manager responsible for the victimisation was dismissed from his post.

This tactic of the corporation—intimidating workers as long as it can get away with it—recalls the labour disputes in the Chinese Foxconn factories, where about 1.1 million workers are employed. These huge plants—nearly 200,000 workers are employed in Zhengzhou and 400,000 in Shenzhen—produce the latest electronic products such as the Apple iPhone.

Numerous Foxconn workers have committed suicide in China because of inhumane working conditions. Plant management responded by installing netting and wire fencing on the factory roofs to prevent employees

from actually killing themselves. During a labour conflict in Shenzhen last year, when hundreds of workers threatened suicide, the Foxconn Technology Group finally agreed to pay slightly higher wages.

Obligated to pay higher wages at that location, Foxconn shifted its production to places with lower production costs. In addition, Foxconn effectively reduced the value of bonuses by toughening working conditions. Higher wages are now offset by lower bonus payments. Foxconn publicly justified this move on the grounds that higher wages and better working conditions threatened to diminish its already low profit margin of 2 to 3 percent.

Foxconn's major customers—including Apple, which operates with profit margins of some 20 percent—simply transferred any increased costs to their final sale prices. The biggest profiteers—those who reap the most by exploiting factory workers in Zhengzhou, Shenzhen and Pardubice—are companies like Apple and HP. They form the end of the chain of value extraction.



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