

# Unemployment in China may hit 70 million Workers in electronics industry face massive layoffs

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**Since February, various parts of China has resumed work and production** when the COVID-19 pandemic was reportedly under control.

**However, due to the serious epidemic in Europe and the United States, orders from abroad have been greatly reduced**, which takes another dent into the Chinese economy.

Many factories face closures, while workers are furloughed and dismissed. Foxconn and Shanghai Pegatron, **the two largest OEMs of Apple's mobile phones in China, have laid off employees due to a major business decline.**

On April 18<sup>th</sup>, Pegatron's internal announcement circulating on the Internet stated that the company would relax the conditions for new employees to receive their recruitment rebates.

But netizens who claimed to be Pegatron's employees pointed out that if they refused to resign, they would be furloughed and will not be able to claim their recruitment rebate until July.

Therefore, Pegatron's announcement urges voluntary resignation. Moreover, the time limit for resignation is rather hasty. Not only did workers need hand in their registration between April 20 to 24, but also needed to complete the resignation procedures within 3 days before they could claim their recruitment rebate.

As early as the beginning of the resumption of work, Shanghai Pegatron continued to reduce hourly and dispatched workers due to a sharp decrease in orders from Europe and the United States, and also reduced the number of overtime hours for full-time employees, while resulted in dissatisfaction from the workers.

On April 20, due to unreasonable treatments, **the workers surrounded the company's service center in protest**, scene of the protest was uploaded to the Internet.

<https://twitter.com/breakup1984/status/1252171708691288064?s=20>

Recently, a video in Shanghai Pegatron is also circulating on the Internet. The number of workers seen in the clip is estimated to be in hundreds.

**It is rumored that Shanghai Pegatron had laid off 20,000 people in 3 days** and asked the workers to return their uniforms and badges during this period. The workers scrambled to return their uniforms and badges in order to avoid any delay which will result in losing their deposits.

## **Shanghai Pegatron's layoff is only the tip of the iceberg.**

It is still very difficult to estimate the impact of the epidemic on Chinese economy.

Although the government announced that the unemployment rate remained at 5.9%, Li Xunlei, director of Zhongtai Securities, pointed out in the report *"How High is China's Actual*

*Unemployment Rate?"* that the official figures are inconsistent with the actual economic situation.

He estimates that :

- **the unemployment rate in China is 20%,**
- **and the number of unemployed persons may have reached 70 million.**

Although the figures are indeed difficult to estimate, **labour disputes** caused by layoffs have been frequently seen in the past two months.

The aftermath of the epidemic is expected to continue to affect China's social and economic order.

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