

Series: Labour Perspectives on China #1 A new wave of strikes in low-end manufacturing industry in post-Covid China

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In 2023, China has witnessed a notable increase in the numbers of strikes in manufacturing, which have been triggered by a new wave of factory relocations and closure after the Covid pandemic. According to China Labor Bulletin (CLB - an organization that tracks workers' collective actions in China), the number of strikes in manufacturing between January and September 2023 jumped to 296, compared to 37 in 2022, 66 in 2021, 87 in 2020, and 191 in 2019. CLB estimates that these figures represent just 10% of what in fact occurred. This marks a peak in strikes since 2016. Based on my analysis of China Labor Bulletin's data, more than 50% of all the recorded collective labor action in the manufacturing sector was sparked by relocation or closure of low-value-added factories.

Since the market-driven reform beginning in 1978, China has become the world's factory, intensifying conflicts over wages and working conditions and leading to waves of protests in low-cost manufacturing industries from the 1980s to the 2010s. From 2012 through 2016, government policies promoting industrial upgrading resulted in many factory closures and relocations in the Pearl River Delta. This triggered a new round of workers' struggles centred on severance pay and social insurance. This type of workers' action has been termed "striking to survive" (see the collection containing Ngai and Austin 2018). Since 2016, protests in the manufacturing sector have declined both in numbers and scale. In terms of foreign investment, service and real estate sectors are growing, while manufacturing only accounted for 19.9% in 2021, down from 61.45% in 1999 (National Bureau of Statistics of China, 2023). The new wave of strikes are a continuation of "striking to survive". This article examines the causes of this new wave of strikes, and the situations and actions taken by workers.

Causes of the new wave of strikes

Factory relocation and closure is the main cause of the new wave of strikes in China. This phenomenon should be understood against the national context of industrial relocation from Pearl River Delta, which started at the end of 2000s. In 2008, Guangdong Province launched a plan to 'empty the cage for new birds', meaning replacing low-end manufacturing industries with high-tech ones. In 2012, the Shenzhen government announced a detailed plan to relocate more than 10 000 enterprises within five years. Since 2014, the Dongguan government invested millions in 'replacing labour with machines' in the manufacturing sector. All these measures resulted in waves of factory relocations and closures, which in turn triggered workers' collective protests demanding severance pay and backpay of social insurance contribution.

Adding fuel to the fire, a global economic decline resulting from the Covid-19 pandemic affected China's export-oriented, low-end manufacturing sectors severely, accelerating the process of factory relocation from southern cities to small towns in China or to South-East Asia. Exports and the

Manufacturing Purchasing Managers' Index both declined during and after Covid (HRSSIT 2023). Both orders and wages in manufacturing have decreased since July 2021. In February 2023, wages reached the lowest point. (Xiang, Lu and Zhang 2022).

The restructuring of global supply chains triggered by the pandemic also aggravated factory closure and relocation in China. In 2022, for example, the government's strict zero-Covid policy led to a large-scale, spontaneous workers' protest in Foxconn in Zhengzhou, which is the world's largest iPhone assembly factory, delaying the release of the new iPhone model. Apple then accelerated shifting some production out of China to diversify its supply chain. Several Foxconn factories in Shanghai, Shenzhen, Zhoukou and Chongqing laid off workers without compensation from March to June this year, due to reductions in orders, or reassigned inter-regional positions. Workers who refused reassignments would be laid off. This triggered workers' protests. For instance, workers in the Shanghai factory had collective sit-ins; hundreds of workers in the Shenzhen Factory gathered together to demand severance payments.

The end of zero-Covid policies has not revived the low-end manufacturing industries as expected. Instead, many factories have been relocated, downsized or closed due to losses during the pandemic, the shrinking global market and restructuring of the global supply chain after the pandemic.

Workers' situation

In the current wave of factory relocation and closures, there have been many cases in which bosses just disappeared, and workers were unable to receive severance pay or wages and social insurance in arrears because of the previous lockdown. For example, Gaogao Garments, an exported-oriented lingerie factory, was once one of the largest factories in Dongguan. The factory planned to relocate to Vietnam, and its workers were owed severance pay and three months of social security contributions and housing fund. This triggered a workers' protest in January 2023, in which hundreds of workers walked to local government buildings but were interrupted by the police.

Decreasing orders means reduced working hours and overtime, thus decreasing take home wages. To avoid paying severance, factories that planned to close or relocate often compelled workers to resign by arbitrarily lowering basic wages or reducing overtime. Because of these tactics, the monthly income of workers in a knitting company in Huizhou, for example, had shrunk from 6336 yuan (US\$882.61) to 2133 yuan (US\$297.13). This caused some workers to air their grievances online. Another example is a Hong Kong-funded manufacturer of printed circuit boards, serving global brands such as Flex, Sony and NEC. One third of its employees were forced to resign as overall income decreased.

In addition to cutting wages dramatically, employers also attempted to terminate contracts by tightening attendance policies and reassigning jobs. Some employers also pressured workers to quit by requesting them to relocate to factories across the city or even the province. Manufacturers planning to relocate were usually not very responsive to requests from local governments regarding labour disputes. In some cases, companies simply refused to attend government-mediated negotiations after workers reported these companies' failure to contribute to social security. Closures and relocations also make it easy for employers to shirk legal responsibilities to workers with occupational diseases pursuing their rights through time-consuming legal procedures.

Overall, workers' interests have been sacrificed during the recession. To maintain profits, capital moves to places with cheaper labor and downsizes employment, discarding workers without proper compensation.

Workers' resistance

Workers have demonstrated a strong will to fight for their severance payment, leading to the wave of collective action since 2016. Most workers who recently joined the protests are middle-aged or older, with decades of work history. They shoulder heavy financial responsibility in supporting their families. On hearing about relocation or closure of their factories, many workers saw the last opportunity to strive for their legal entitlements (Pun Ngai & Sam Austin, 2018). The precarious situations that they would likely face after low-end manufacturing sectors retreat from their cities also motivated them.

Compared to the strike waves in 2016, the scale of the current strikes has shrunk to hundreds or fewer in each strike, down from tens of thousands of workers. This partly reflects the decrease in employment in low-end manufacturing, caused by downsizing and relocation described above. Despite the smaller scale of strikes, the duration and tactics showed resilience. Some lasted for several months, starting with collective action against wage reduction. Many workers have gained and spread the experience of collective resistance in previous waves of strikes, and they were familiar with tactics such as work stoppages, gathering, sit-ins, blocking factory entrances, guarding machines, trying to commit suicide, and filing complaints. In the current wave of strikes, workers have used most of these tactics to compel employers negotiating with them. Some videos that workers posted online showed how, in one strike, several workers used their bodies to prevent employers from taking the machines, with some women sleeping beside the machines. In the current strikes, workers also tried to involve government at multiple levels in their struggles, making complaints to various official agencies, including trade unions, labour bureaus, the Department of Justice, and the Social Security Bureaus. The intervention of government sometimes helped increase compensation made by employers to workers, but most workers still did not receive full compensations stipulated legally. In some cases, negotiations between employers and workers fell apart altogether.

Despite workers' persistence and resilience, their collective action in the post-Covid era has had limited effects on the profits of employers, who are already losing orders or planning to relocate during economic downturns. This has weakened workers' bargaining powers. Additionally, as the Chinese state has become more authoritarian and repressive since 2015, it has weakened labour rights protection, adopted more pro-corporation policies, escalated suppression of labour NGOs and activism, and increased internet censorship. Data shows that governments have slowed down the increase of minimum wages since 2015. Government has adopted a hardline policy towards media and social organizations, especially Labor NGOs, which have been targeted, put under surveillance or shut down. In the current wave of strikes, without support from labour NGOs, pro-labour social media and labour activists, the social impacts of workers' collective action have reduced compared to previous strike waves.

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