

Taiwan migrants forced labour in top end bicycle workshops.

Tuesday 9 July 2024, by [BENGTSEN Peter](#) (Date first published: 27 June 2024).

The brands Giant, Trek, Scott and Shimano are being scrutinised over debt-bonded workers at manufacturing sites in Asia.

When the Tour de France begins on 29 June, star cyclists will risk their health to outshine competitors on steep and winding roads at the world's biggest annual sporting event. Far from the spotlight, factory workers have risked forced labour for years, making bikes and components for Tour team sponsors and suppliers.

While the Tour de France has been marred by doping scandals and criticised of sportswashing generous sponsorships, forced labour concerns at Tour team suppliers have gone under the radar. Yet investigative work over the past year in Malaysia and Taiwan paints a disturbing picture of conditions at some of the biggest players in the global bicycle industry.

Huge debts to work for Giant

Giant, the world's biggest bike manufacturer, which is based in Taiwan, makes bikes for Team Jayco AlUla. Previous Tour bikers riding Giant include Team Rabobank in 2009-13 (now Team Visma) and Teams Giant-Shimano, Giant-Alpecin and Sunweb in 2013-18 (now Team DSM-Firmenich). Other Tour team suppliers such as Trek (Team Lidl-Trek) and Scott (Team DSM-Firmenich) have imported Giant-made bike frames for years.

When the bike industries in the US and Europe went downhill last century due to production cost increases, Taiwan established itself as a bicycle manufacturing powerhouse and now dominates the medium-to-high-end global market. Migrant workers from poorer neighbouring countries are an integral part of its bike manufacturing industry.

Taiwan's bike industry is clustered around the Taichung metropolis, with Giant Bicycles at its heart. Its towering headquarters, all of its local factories and its worker dormitories are found here, while an ecosystem of suppliers making lights, brakes, chains, saddles and more are scattered around the city. The headquarters and factories of Merida, the world's second-biggest bike-maker and supplier for Tour de France team Bahrain Victorious, are nearby too.

Giant employs 652 Vietnamese and Thai migrants, alongside 2,287 local workers, according to its latest sustainability report. It also operates factories in the Netherlands, Hungary and China.

In spring 2024, around a dozen of Giant's migrant employees were interviewed for this story. Vietnamese employees said they paid around \$5700 to home-country recruiters for jobs at Giant in Taiwan. Thai employees said they paid up to \$3200.

It is rare that young men and women from poorer parts of rural Vietnam can finance fees that correspond to three years of Vietnam's minimum wage without borrowing. Almost all the

Vietnamese and Thai interviewees said they incurred high debts to pay recruiters and had to borrow from banks or relatives, sometimes at high interest rates. Some were still indebted at the time of interview. Other said it had taken seven to twelve months to pay off their debts.

Vietnamese employees also paid an additional \$500-1000 deposit or 'anti-escape fee', they said, which recruiters told them would be returned only when they went home.

'I repaid my debt in seven months. It was hard but possible, because I had lots of overtime,' said one Vietnamese worker.

Working to pay off huge debts to recruiters at jobs they cannot afford to lose can make workers accept conditions they otherwise wouldn't and result in debt bondage, an indicator of forced labour, according to the International Labor Organization (ILO).

'When Vietnamese migrants arrive, they have no freedom due to their debt from paying recruiters for jobs. Brokers and employers control them; they are in bondage and can't get out,' said Father Peter Nguyen van Hung, a Catholic priest in Taiwan and staunch defender of migrant workers.

Remove debts to remove bondage

Paying recruitment fees is also considered a debt bondage driver by the United Nations' Special Rapporteur on [modern slavery](#) Tomoya Obokata, as well as the governments of the US and Taiwan.

'Foreign workers in Taiwan would be less vulnerable to coercive situations if they didn't become indebted for obtaining their job and a visa. It is important to pay attention to migrant workers' multiple risks of falling into debt bondage or forced labour,' Obokata told me.

The State Department's latest Trafficking in Persons [report](#) on Taiwan says that migrant recruitment often involves 'exorbitantly high' fees and can lead to forced labour in Taiwan.

When asked to comment on recruitment fees, Taiwan's Ministry of Labor said that 'in most cases the costs incurred before arriving in Taiwan are covered by taking out a loan and if that is too large individuals can easily find themselves in debt bondage'.

In June 2023, The US and Taiwan signed a [trade agreement](#) in which they committed 'to eliminate the charging of recruitment fees and related costs to migrant workers'.

Yet all Giant interviewees, recruited between 2017 and 2024, said that — besides the up-front recruitment fees — they are continuously charged a monthly service fee by Taiwanese labour brokers, though no one felt they receive any service in return. The fee equals two months' base wage per three-year contract and is legal in Taiwan. The fee is deducted by Giant and shown on workers' payslips.

'It is very expensive. We get no service, but we cannot avoid paying', said a Vietnamese worker.

Some interviewees complained about crowded and dirty dorms. Photos shared with my team show up to 20 beds in narrow rooms. Some told us about punitive management practices including deportation, threats of deportation, and pay reductions for not obeying workplace or dorm rules. Others spoke of a points system with zero points might result in immediate deportation.

Giant didn't acknowledge workers' concerns, nor commit to remediation. 'It is understood that some migrant employees pay recruitment fees to home-country recruiters, but our company is not involved in the negotiation and collection of such fees,' the company said. Giant repeatedly stressed that it

complies with Taiwan's laws. It had no comment to make on its workers' testimonies about dorm conditions and management practices.

When contacted about this piece, Team Jayco AlUla confirmed that its Tour de France bikes are made at Giant's facilities in Taiwan and said it is now in contact with Giant about the migrant workers' treatment.

'Akin to modern slavery'

Shimano, a Japanese multinational and the world's biggest bike components manufacturer, supplies dozens of riders from teams such as Ineos Grenadiers, Alpecin-Deceuninck, Groupama-FDJ, Soudal Quick-Step, Intermarché-Wanty and Jayco-AlUla. Shimano is also an official sponsor for the Tour itself.

Like Giant, some of Shimano's bike products are also made by migrant workers. But unlike Giant, Shimano listened and took action after it was made aware of the workers' concerns.

The multi-billion dollar Japanese firm sources mechanical components from a Malaysian supplier, whose migrant employees [said](#) they were subject to recruitment fees, physical abuse, threats, unlawful salary deductions and unpaid suspensions.

Over 200 Nepalese workers had paid home-country recruiters up to \$2350 to work for the Shimano supplier in 2023, workers said, which corresponded to one and a half years of Nepal's minimum wage. Several said they obtained high-interest loans to pay the fees covering medical checks and airfare but mostly services charged by recruiters.

Migrant worker rights specialist Andy Hall closely monitored the situation in Malaysia and said last year that workers' testimonies met several of the ILO indicators of forced labour and were 'akin to modern slavery'.

Shimano acknowledged the issues in late 2023, when it launched an investigation into its supplier, and said that it was working on remedying workers 'as soon as possible' focusing especially on existing or potential debt bondage situations.

'The matters described in the allegations stand against what we believe in', Shimano stated in its reply. The company said that it is currently 'using our leverage to the said supplier for resolving issues related to the allegations'. Shimano's speedy efforts appear to be bearing fruit. A worker representative said that the Nepalese workers recruited in 2023 had been reimbursed \$3000 each in spring 2024, and are free from bondage risks.

Taiwan-made bikes for Western consumers

The US is the top destination for Taiwan-made bicycles. American consumers, together with Dutch, German and British, account for two-thirds of the two million bikes annually exported from Taiwan.

Giant's bikes are sold at over 12,000 retail stores globally. For years, Giant has been exporting bikes and frames to the US under its own brands as well as for bike brands such as Recreational Equipment Inc. (REI), Trek and Scott.

Thousands of shipments worth \$400 million from Giant in Taiwan arrived in the US and Canada over the past decade, according to trade data from S&P Global Market Intelligence. The bulk of the bikes were shipped to Giant itself, but REI was the top US importer of Giant-shipments out of Taiwan from May 2023 to May 2024.

'REI is one of the many cycling brands that has utilised Giant's manufacturing capabilities over the years. However, we are not currently sourcing from their Taiwanese facility', said REI. According to trade data, REI's latest imports from Giant in Taiwan was in late April, while its imports from Giant in China continue.

REI annually audits most of its suppliers of finished goods and works with suppliers to identify root causes of any audit finding that doesn't align with its standards, then address the problems, the billion-dollar retailer said.

However, REI didn't reply regarding if it had identified debt bondage and other abuses at Giant over the years, nor if it would take responsibility for addressing potential issues with Giant to ensure remedy for workers. Companies usually only 'cut and run' as a last resort.

Trek, the consumer bike brand and supplier of Tour de France team Lidl-Trek, does not accept forced labour at suppliers, according to its online information which explains that 'Trek requires its major suppliers to fully disclose their hiring and labour practices'. Did it ask Giant? Trek didn't reply our request for a comment.

Scott said it is looking into the matter.

Corporate goodwill or legal accountability

Will Giant and its corporate customers join the growing list of multinationals who, like Shimano, address forced labour risks by requiring that workers don't have to pay to work?

To avoid forced labour, Continental, another Tour de France sponsor, prohibits that workers pay for jobs at suppliers. The German firm also engages suppliers about reimbursements, though sometimes only after media [exposure](#), like at two Taiwanese suppliers last year.

For decades, civil society groups have called for companies to address forced labour and other abuses at foreign suppliers through voluntary Corporate Social Responsibility (CSR) efforts. As voluntary efforts haven't eradicated forced labour in supply chains, more decisive legislation is now increasingly adopted or enforced.

The US can ban imports from crossing its borders, if goods are suspected to be made using forced labour. Imports with links to Xinjiang in China are increasingly halted these days, worth almost \$3 billion, as Uyghur minority groups are being pressed into involuntary labour, the US says.

A few years ago, import bans were repeatedly issued against Malaysian and Taiwanese suppliers of US firms due to forced labour concerns, including on Taiwanese-flagged fishing vessels and some of Malaysia's biggest disposable glove makers. In Malaysia this resulted in repayments worth over [\\$100 million](#) to migrant employees before bans were lifted.

France and Germany adopted laws in 2017 and 2023 respectively requiring larger companies to prevent supply chains abuses or potentially face sanctions. This year, the European Union passed similar legislation to be effective from 2027, union-wide.

Tour de France fans and bike enthusiasts might hope that increased legal accountability will catalyse bike-makers into action to prevent forced labour risks, instead of waiting until the damage is done.

Peter Bengtsen

[*Click here*](#) to subscribe to ESSF newsletters in English and or French.

P.S.

Le Monde diplomatique

<https://mondediplo.com/outside-in/tour-de-france-forced-labour?s=09>