

The Background to Two Strikes in Maersk Dongguan

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A riot broke out amongst workers at Maersk Container Industry Dongguan Ltd in January 2008. The fierce action caused great damage to the Maersk factory buildings, and was reported by the Southern Metropolitan Daily, Guangzhou Daily and Yangchen Evening News of Guangzhou. The local government then sent a team to "properly settle" the incident. In May, however, the workers initiated another strike to protest against management continually increasing the intensity of work. 29 workers were fired by the management in order to suppress the strike. The media after the fact reported that the Maersk incident had already been "properly settled". There was even positive news about the company facilitating the establishment of a trade union early this August. Nevertheless, the long-term hostility between workers and management inside Maersk has, apparently, been escalating dramatically. The situation is not as "peaceful" as the media has made out. Therefore, the first section of this report aims to try to sort out the whole story based on news from various media sources and comments on Net-ease forums and Baidu Blogs, in addition to our own investigation. In contrast, the second section reports on the brutality of the management of Maersk Dongguan.

Section One

¹ Globalization Monitor has incorporated itself as Globalization Monitor Ltd. on 27 October 2008. The author of this article is Globalization Monitor Ltd.

Located in Machong Town, Dongguan City, Maersk Container Industry Dongguan Ltd is one of the wholly owned subsidiaries of the A. P. Moller-Maersk Group. It has been registered as a wholly foreign-owned enterprise since May 2005, specializing in manufacturing shipping containers for dry goods. The investment is worth a total of USD75million. With an area of approximately 300,000 kilometers, the company is mainly engaged in producing, marketing and providing maintenance services for dry goods shipping containers, as well as managing related import and export business. It has a production line as long as two kilometers with an annual production capacity of 170,000 to 180,000 standard containers. There are a total of 2,100 employees in the company who are able to produce 320 containers per day. All containers produced by Maersk Dongguan are provided to the Maersk Line of A. P. Moller-Maersk Group, which has already purchased all the containers produced by Maersk Dongguan from 2006 to 2009. ²



The incident that broke out in the early morning of 14 January 2008 is the first mass incident to have occurred in a year and half since the container manufacturing factory opened in Dongguan City. The angry workers damaged factory and office buildings with stones, and smashed glass and lamps on several floors. A private Nissan car in the factory was turned upside down and smashed. Some workers set fire to security guards' dormitories. The security room at the factory gate was also trashed. After this, the production line workers collectively went on strike, which stopped production for almost a week.

Security Guards Beat Me Up!

At 12:20 in the early morning of 14 January 2008, a worker with blood all over his face rushed into the canteen and cried for help: "The security guards beat me up!" Unbelievably, these three violent security guards followed the worker all the way to the canteen and kept trying to beat him up. There were dozens of workers having late night supper at the time. Seeing the violent actions of those security guards, everybody stood up ablaze with anger. When the three security guards saw the angry workers on their feet, they knew the odds were stacked against them and so turned around and left immediately. One of the workers, Tan, witnessed the whole thing and said:

"The few of us who were eating saw his face covered in blood. Behind him followed a few security guards. We were furious, and some people starting throwing bowls and plates at the guards, and so they left for their dormitories upstairs at once. Then we called the police."

² The above information about Maersk Container Industry Dongguan Ltd comes from the Machong Town Government Website, Wikipedia China and recruitment advertisements posted by Maesk Dongguan.

The worker who had his head beaten is called Zhao Hongwei. He went to the canteen for supper at about midnight that night. When he saw there was a long queue in front of one of the windows, he jumped over the railing to another window and asked if he could eat there even though he did not have any money left on his meal card. At that moment, the security guard who was standing at the railing called Zhao over to warn him that it was against company regulations to jump over the rail. Zhao knew of such a company regulation, so he explained what he was doing, and apologized to the guard. Zhao said:

“Several minutes later, after I finished my supper, I found three security guards were waiting for me at the canteen door. One of them politely said to me that, according to the regulation there is a fine for jumping over the rail. I thought, a fine is a fine. But he charged me 200 RMB, and when I said it was too much, he continued to raise the price: 400, 600, 800, right up to 1,000 RMB. So I said, fine, just take my whole month’s salary and be done with it. Then the guards pulled me out of the door, and hit my head with their walkie-talkies. I struggled and fled to the canteen. I shouted inside: ‘The security guards beat me up!’ Those guards wanted to go on beating me, but on seeing that all the workers inside were standing up, they went up to their dormitory on the third floor.”

Zhao was sent to Machong People’s Hospital later on with an injured head, unable to bend the forefinger of his right hand, and with his nose broken by the guards.

A worker named Wang, said:

“The security guards here often beat people up. This year there have already been six to seven cases of workers being beaten up. When we saw what happened this morning we could not endure any more.”

Workers Damage Factory Buildings

At about one o’clock in the morning, several dozen workers began throwing stones at a factory building and the company office buildings near the canteen. The police arrived at the factory shortly after one o’clock, but still could not stop the workers’ destructive behavior. One worker said that while they were trashing the place, all the security guards who had previously been trapped in the room slipped away when the workers were not looking. Noticing that, the workers were so furious that they vented their anger by damaging the factory buildings. Even a car at the door to the office building was also turned over and smashed.”

The Director of the Foreign Trade and Economic Office of Machong Town, Cai Weigen, was the first government official to arrive on the scene. “I arrived at about three o’clock that morning and there was a hubbub of voices over there. Several dozen workers were breaking the glass with stones, but more were standing by and shouting at the dormitory door. I asked them what their demands were, only to get booed at. Some even threw stones at me,” Cai said. A moment later a company supervisor called Jin received the same treatment when he arrived, “at the very beginning there was one person who said he wanted to put forward demands, but soon he was drowned out by a din of voices. We could do nothing but avoid a scene.”

At about five o’clock, the workers were heading again towards the security guards’ dormitory. A worker, who asked not to be identified, disclosed that things were a mess at that time.

Somebody set the guards' clothes and personal effects on fire and immediately the room was full of black smoke. Then workers living next door rushed to put out the fire with fire hydrants on the stairs.



Photo Source: Southern Metropolitan Daily

The grievances of workers

Many employees of Maersk pointed out that factory security guards had been beating and abusing workers without any reason for a long time. Some workers described that the security guards are extremely bossy, behaving like kings in the factory. Employees have complained about the guards' behavior many times, but the company never gave any response. Employees were not only treated unfairly, but one worker was even fired after being beaten up and the guards never got punished for their wrong doings. In this regard, the company basically allows guards to mistreat workers, and so bossy guards have actually become another power which suppresses workers in addition to the management of the company. There is a close net in the factory woven between the security guards and management, which keeps workers under tight control at each and every moment.

The beating incident, which led to the riot by Maersk workers, was only the straw that broke the camel's back. A worker being interviewed said: "It was a collective explosion of accumulated complaints and that was why so many workers ran amuck. So the real reason for the workers to be so furious was that they had accumulated many complaints about the management system and bad working conditions for a very long time."

Maersk implements a double shift system. Each shift can be as long as 12 hours, and all the workers are on the assembly line.³ According to factory regulations, workers previously had only half an hour for switching work shifts or meal breaks. But there are too many people in the canteen, and it takes at least five minutes to walk from the workshop to the canteen. If workers are late for work from meals, they will be fined. The meal time was too short given the time needed to walk back and forth and queue up. What's more, the quality of the meals was getting poorer. Recently production output in the factory has been increased, but

³ The factory implements a double shift system. The day shift is 7:30 am to 7:30 pm; the night shift is 7:30 pm to 7:30 am. (In the electric welding workshop, the working time is one hour less in summer because of the expensive electricity charge at about 7:00 pm, the peak time for power consumption). Since the strike, workers have 45 minutes for lunch, and 15 minutes for snack time in the afternoon. They eat snacks on the assembly line.

workers' salaries have not increased in the slightest, and instead their overtime pay and holiday bonuses have been cancelled by the factory. A worker named Tan, who entered into Maersk in April 2007, said that at first his daily workload was to stick trademarks to 145 large containers. Even though his salary has decreased rather than increased over that time, his quota has increased to 165 containers. Workers said they have only 12 days for annual leave, but all of these days have to be deducted from their ordinary weekends. The factory calls it "trading leave", and explains that this measure is meant to allow several more days for workers' Spring Festival leave. It claims that workers have misunderstood the factory's intentions.

Actually, the workers lost both their holiday and overtime pay. They were extremely tired but got no reasonable solution after complaining to the factory many times. The workers said, management threatened that if they did not work, or if they made any trouble, they would not get any annual bonus. The work intensity was constantly increasing, but workers were not fairly compensated. One worker angrily said he felt like a slave or prisoner working there. Apparently, this company has been through big and small strikes many times over several years, yet there was not much media coverage.

Workers also feel the company's management style is unfair. Management of every level caters to those above them, but treats those below them very badly, and never considers their feelings. Employees are fined at the drop of a hat for very small things, and the fine is as high as 200, 300, or 500 RMB without any limit. This is a stiff penalty for workers who only earn 3,000 RMB per month. It is said that the security guards receive commission from the penalty of workers' fines. If you are not in the favor of management, no matter how hard you work, it will just be a waste of time, for you will never get what you should be paid. The workers say lower level management, like the group and team supervisors, is very corrupt. They oppress their subordinates and hide things from their superiors, creating severe conflict with the workers. For example, any worker who would like to be the group supervisor has to spend 5,000 to 10,000 RMB to buy the position, no matter what his/her skills or experience are. It costs even more to become the team manager or senior team manager. Cadres often demand that workers treat them to a meal.

An employee created a jingle called "Words of Advice for Maersk Workers", which reflects the very situation the workers are in.

Words of Advice for Maersk Workers

Leaders are getting beastly,
Employees are being enslaved,
Interpersonal relationships are getting complicated,
Overtime is getting endless day and night,
Work is getting unpaid,
Productivity is constantly raised,
Recruitment is getting decided internally,
Inspection is getting superficial,
Conditions are getting like a peasant worker's
Damn the myth of "Fortune 500"!

On the early morning of 14 January, a collective riot broken out in Maersk Dongguan, which led to great damage to the factory buildings. Later on, workers in the workshop initiated a strike, demanding that management see to the improvement of bad working conditions, an increase in salary, payment of annual bonuses, and a return to the previously higher standard of food.

On 15 January, Maersk released a brief statement that they would investigate the whole incident. On 16 January, the Machong town government immediately convened a working group in Maersk made up of more than 45 middle level or higher cadres, in order to settle the issue. Several days later, the media reported that, after the government working group's involvement, Maersk finally reached agreement with the workers. After discussion amongst Maersk's board of directors, Maersk promised to settle problems of production and daily life for the workers, and revealed that they were considering setting up a trade union. The workers went back to work on 21 January. The Maersk incident had been "properly settled".

Workers Strike Again in May

Although the dispute that broke out in Maersk in January was said to be "properly settled", the management has never stopped their oppression of the workers so as to squeeze as much labor from the latter as possible. This kind of regime necessarily creates fierce conflict between labor and management. On 10 May, the workers went on another strike to protest against the company increasing work intensity without increasing salaries. The strike lasted until 12 May. That afternoon, Maersk management fired 29 workers in order to put down the strike. One Maersk employee wrote on the internet on 15 May that:

"Management didn't give the fired workers any compensation, and when those workers asked for the reason they were fired, the company paid no attention to them. After many ignored requests, the fired workers complained to the local Labor Department. The Department, however, was obviously in favor of Maersk Container Industry Dongguan Ltd, and it made things difficult for these workers to file complaints, eventually forcing them to give up their claims for compensation. The fired workers planed to hire a lawyer to defend them, but many lawyers suggested that because Maersk Dongguan was a foreign-owned enterprise and a big local taxpayer, the government would take sides with Maersk Dongguan to put pressure on the Labor Department and the Court, which would make it difficult to win the case. Therefore, we face tremendous pressure from all sides in this labor dispute."

Another worker also wrote on the internet that, the working conditions at Maersk were still as bad as they always were, and the management's attitude was still as abysmal as before. This worker urged anyone to think twice before going into Maersk. However, the workers' actions at least achieved something: lunch time has been extended from 30 minutes to 45 minutes: the ventilation in the workshop has slightly improved: and there are fewer incidents of security guards fining workers without a proper reason.

After the riot in January, one supervisor of Maersk announced to the media a plan to set up a trade union to broaden communication with the employees. Yet the trade union did not get set up for more than half a year, until 24 July, when the first general meeting was held. The

media reported, “Fortune 500 Maersk Container Industry Dongguan Ltd sets up trade union of its own accord”, with great jubilation. Reports said; “Maersk employees actively joined the trade union, with 1,785 members in the first batch of the membership. The application rate was as high as 97%”. It was also said that the CEO of the company proactively supported workers setting up their own trade union.

The workers complained, however, that the trade union set up in July 2008 cannot represent workers. The election is not transparent; the opening of ballot box and the counting of votes were done in secrecy. The elected list was announced only later. Therefore it is not surprising to see that most of the representatives were either group or team leaders, and that some were even managers. Trade union representative Cai Zhongtao, for example, is the manager of the Engineering, Equipment and Project Department. Zhou Yibin is the manager of Human Resources and Administration Department, and Zhu Yunfeng and Cao Fan are managers of the Production, Quality and Technology Department.

After two violent strikes the management has in fact tightened up its prison like discipline in the plant. An Employee Manual was provided to workers in June, listing 73 offences which are liable for dismissal, including “not queuing for meals”, a reminder for workers that the management has done nothing wrong in penalizing Zhao Hongwei for jumping over the railing in January. It was followed by wave after wave of employees being dismissed. Those who were considered less obedient often were denied a chance to renew their contracts when their old contracts expired. From May to September, more than one hundred workers were denied a new contract in the welding workshop alone.

The A. P. Moller-Maersk Group was established in 1904, with headquarters in Copenhagen, Denmark. It is the biggest corporation in Denmark at present, and was listed as a 2007 Fortune 500 company in *Fortune* magazine. Its services cover shipping, oil production and transportation, air freight, industrial activities, retailing and information technology, across the globe. It is the biggest shipping operator and container supplier in the whole world, with nearly 117,000 employees. The famous Swedish household products supplier IKEA is an important long-term partner of A. P. Moller-Maersk Group.

Section Two

Maersk's Working Conditions & Labor Management System

After two fierce strikes, Maersk Dongguan made some partial improvements. We interviewed Maersk employees about their working conditions and compared what they told us with the document "Communication with Employee Representatives on 11 May 2008" (hereby referred to as "the Communication"), which was signed by the Danish CEO Irving A. Hultengren. We found out that in many instances the company is not really responding to the workers.

Workers' complaints (1):

Main occupational hazards: Noise, dust, paint, high temperature (in summer), welding fumes (mainly from welding work). But there is a lack of protective equipment. Firstly, workers complain that the plug is not effective in protecting hearings. Secondly, there are not enough ear plugs. Every worker only gets three to four pairs of ear plugs per month, which will be ineffective after use over a long time. There are also not enough safety shields for the welders. Common complaints concerning health include hearing damage, lung problems and decline of white blood cells etc.

High temperature: The temperature in the workshop in summer is as high as 40 degrees Celsius. At first ice was used to cool down the air, and workers were only provided with herbal tea. After the strikes, there were several dozen fans added to the workshop, but without obvious effect.

Medical Examination: There are arrangements for medical examinations when workers begin work in the factory, and once each year afterwards. But the management just releases general results, not including medical check results which target occupational hazards in different workshops.

Work Injury: the management pays inadequate attention to occupational safety, resulting in high work injury rate. From October 2006 to March 2008 there were at least 83 cases of work injury.

According to the Communication:

1. The company has already paid attention to the high temperature in the workshop... The company has bought 50 fans, which will be installed in the workshop as soon as electric wires are fitted.
2. If protective equipment is too old to protect workers' safety, workers must present the old and broken ones to the company and replace them with new ones.



This worker is holding a sound level meter which shows the level of noise reaches 105.6 dBA. This is well above the permitted level of 85. The kind of plug which workers wear can protect against an additional 8 dBA, so it means that workers faces excessive level of noise.



The worker is mixing a kind of chemical in the welding workshop without knowing what kind of chemical it is. It is noticeable that the work station is very dusty.

Workers' complaints (2):

Salary is too low but production quotas are too high.

Salary is composed of: basic salary + bonus + overtime pay (according to the law) + extra allowance for special positions (such as allowance for high temperature). At present the salary for a skilled technical worker is about 3,000 RMB but the workload keeps increasing.

Basic salary is paid according to different levels and positions, and the lowest is 770 RMB (local minimum wage is 770 RMB/month). Technical workers' wages are lower than warehouse supervisors.

There was no extra allowance for high temperature until the strikes this year. The allowance is now only 150 RMB/month.

According to the Communication:

Our output is still not competitive enough compared with other container companies.

Worker's complaints (3):

There is regularly a 15 minute morning assembly (involving doing exercises or having a meeting) before work, but that is not included into working hours.

According to the Communication:

From this day on, morning assembly will be changed to every Monday and Saturday, and will be included in working hours.

Finally, the Communication restated: "Strikes are illegal, and any kind of strike is not acceptable to the company. For those who join in a strike, their labor contracts will be terminated without any economic compensation." This statement is not correct, however. At the most, they can only say that the right to strike is not protected by the Constitution, for this clause was already deleted when the Constitution was amended in 1982. Furthermore, there is also not a single national law which states that strikes are forbidden, and so the Communication saying that initiating striking is illegal is utterly groundless.

Employee Manual shows Maersk's management violates human rights and labor laws

Another document we have found is the Employee Manual of June 2008, from which we can have a look at the harsh management system in Maersk. Almost all 73 kinds of penalty clauses, stated in Chapter Six "Labor Discipline Regulations", can be punished with dismissal (see table below).

Item #	Violation	Punishment
10	Being uncooperative when working together with colleagues, or being disrespectful or using vulgar words towards supervisors or colleagues.	1 st and 2 nd time: demerit recorded; 3 rd time: dismissal
18	Violating canteen regulations, damaging canteen equipment and disturbing order, including but not limited to: destroying utensils: not queueing for meals, leaving utensils on the table or failing to put them back into the designated place after meals: failing to put scraps and rubbish in designated places: or leaving food, soup, fruit skin, drinks, etc, spattered on the table or floor.	1 st and 2 nd time: demerit recorded; 3 rd time: dismissal
27	Rumoring, making trouble on purpose, influencing the unity and cooperation between employees, disturbing regular working order.	1 st time: demerit recorded; 2 nd time: dismissal
33	Using dormitories for group gatherings, drinking alcohol, or making trouble: using forbidden high power electric cookers	1 st time: demerit recorded;

	or electric appliances: installing electrical wires: damaging the building, etc.	2 nd time: dismissal
34	Changing dormitories without permission: moving, stealing, damaging company and entertainment equipment, or public orders.	1 st time: demerit recorded; 2 nd time: dismissal
40	Demonstrating inability to actively deal with problems arising in one's own work, or covering up information and thus hindering or creating dangers at work.	1 st time: demerit recorded; 2 nd time: dismissal
42	Shielding and/or conniving with those responsible for accidents.	1 st time: demerit recorded; 2 nd time: dismissal
44	Producing or leafleting inflammatory handbills or pictures: damaging labor-management relations and influencing company work procedures or violating the laws, or circulating unhealthy or immoral leaflets, documents, petitions, etc within the company.	1 st time: dismissal
45	Housing non-employees overnight in dormitories, or lending one's employee card to let non-employees into the company or dormitory without prior permission.	1 st time: dismissal
46	Organizing a strike, or go-slow, or inciting others to join one.	1 st time: dismissal
47	Conducting any immoral acts or violating the laws during work or while outside on work assignments, inside or outside the company or dormitory compound, including but not limited to distributing pornography, etc.	1 st time: dismissal
53	Leaking or ferreting out employee salary information, or publicly spreading the salary details of others or oneself.	1 st time: dismissal
59	Playing chess, cards or doing other things irrelevant to work during working time.	1 st time: dismissal
63	Concealing the fact that one is infected with a serious contagious disease or sexually transmitted disease	1 st time: dismissal

Chapter Seven of Maersk's "Salary and Welfare Regulations for Employees" Manual explained more about Article 53 mentioned above:

"Keeping salary information confidential is one of the basic regulations of the company. Insiders and the employee themselves must not tell anybody else about their salary, via any means. Employees are not allowed to spread or ferret out others' salary information. Both of these acts will be treated as violations, and the company has the right to deal with the problem and even terminate employment contracts according to item 6.2."

This regulation is not at all ground in law. Instead, it violates employees' basic human rights, and the Chinese Labor Contract Law. Article Four in the Labor Contract Law states that when the employer sets up regulations regarding employees' salary or anything directly related to employees' rights, the employees should be openly informed. The full text follows:

"When an Employer formulates, revises or decides on rules and regulations or material matters concerning labor compensation, work hours, rest, leave, work safety and hygiene, insurance, benefits, employee training, work discipline or work quota management, etc. that have a direct bearing on the immediate interests of its workers, the same shall be discussed by the employee representative congress or all the employees. The employee representative congress or all the employees, as the case

may be, shall put forward a proposal and comments, whereupon the matter shall be determined through consultations with the labor union or employee representatives conducted on a basis of equality. If, during the implementation of an Employer's rule or regulation, the labor union or an employee is of the opinion that the rule or regulation is inappropriate, it or he is entitled to communicate such opinion to the Employer, and the rule or regulation shall be improved by making amendments after consultations. Rules and regulations that have a direct bearing on the immediate interests of workers shall be made public or be communicated to the workers.”⁴

Only if the salary system is open to the workers, can they compare their salaries with each other to see whether their pay is reasonable and fair. Keeping salaries secret equates to depriving workers' of their right to protect themselves. Such a regulation is absolutely unreasonable.

Chapter Ten of the Maersk “Employee Occupational Morality” Employee Manual states: “Every employee is responsible for reporting to the company any act in violation of company rules or code of conduct.” According to the basic spirit of the rule of law and principles of human rights, citizens only have the obligation to obey the law, but not to report illegal activities, let alone to report “violations of company conduct codes”. Chinese laws are not all in line with the spirit of rule of law and principles of human rights. The Constitution is slightly better, which states in Article 41 that citizens have the right to report the illegal activities of government officials, but it does not state that citizens have the obligation to report illegal activities. Only in the Criminal Procedure Law does the right of reporting become both a right and an obligation, where the object of the report turns from illegal activities of government officials to any illegal activities, even including suspected violations.⁵ However, Employee Manual of Maersk goes even further, and even requires the reporting of “violations of company conduct codes”! Such regulation is fundamentally against the spirit of the rule of law and employees' human rights.

The Maersk's Employee Manual penalizes workers with the most trivial offences, or just very minor misbehavior (such as dismissing employees who three times fail to put utensils back in the designated places in the canteen), but bestows on management absolute discretionary power. For example in Article 27, the reference to “rumoring, making trouble on purpose, influencing the unity and cooperation between employees, or disturbing regular working order” is so vague that the management can fire any worker without any proper reason. Despite this, the Employee Manual has the nerve to claim in Chapter Two that it aims to “create a better environment” for employees.

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⁴ As translated by Baker & McKenzie.

⁵ Article 84 of the Criminal Procedure Law states: “Any employer or individual that discovers criminal incidents or suspected criminals, has the right and obligation to report to the public security organs, People's Procuratorate or People's Court.”