

Wal-Mart Unionisation Drive Ordered by Hu Jintao in March – A Total of 17 Union Branches Now Set Up

15 August, 2006

Since July 29, the ACFTU's drive to set up union branches in Wal-Mart stores in China has snowballed rapidly, with a total of 17 union branches now having been formed in Wal-Mart stores in cities around the country. They include three unions in Fuzhou and one in Quanzhou, Fujian Province; one in Nanjing and another in Shanghai; three in Shenzhen, Guangdong Province; two in Shenyang and three in Dalian, Liaoning Province; and others in Jinan and Qingdao, Shandong Province, and in Nanchang, Jiangxi Province.

Wal-Mart first entered China's domestic market in 1996 and currently employs around 32,000 workers in some 60 retail stores nationwide. Since 2003, the company has been under sustained pressure from the ACFTU to permit the formation of union branches in its China stores. In November 2004, the company caved in and publicly stated: "Should associates [i.e. employees] request formation of a union, Wal-Mart China would respect their wishes and honour its obligation under China's Trade Union Law." For the next year and a half, however, the ACFTU tried in vain to persuade Wal-Mart to cooperate in the actual establishment of union branches in its China stores.

That all changed after Hu Jintao, China's president and Communist Party leader, directly intervened in March of this year. A lengthy article published on August 15 in the Beijing daily newspaper Xin Jing Bao (New Capital News) explains why the current spate of Wal-Mart union branches in China has emerged so suddenly and unexpectedly:

"According to the ACFTU's records, On March 14 this year CPC Central Committee General Secretary Hu Jintao issued instructions on a report titled A Situation Analysis on the Factors of Instability in Foreign-invested Enterprises in China's Coastal Area, and Some Proposed Countermeasures. Hu Jintao ordered: "Do a better job of building Party organizations and trade unions in foreign-invested enterprises." This created a new and opportune moment for union building in foreign enterprises. On March 16 the ACFTU instructed its staff to study Hu Jintao's comments, and it set the target of unionizing 60 percent or more of the country's foreign-invested enterprises by the end of 2006, and 80 percent or more by the end of 2007."

ACFTU Fulfils its Quota – Wal-Mart Accepts Fait Accompli

On Saturday, July 29, 25 Wal-Mart workers in the city of Quanzhou, Fujian Province, formed a seven-member trade union committee, thus breaking the long-standing absence of unions in Wal-Mart's China stores. On August 4, 42 more workers at a Wal-Mart store in Shenzhen formed a union. The retail giant saw its third union in China set-up the following day in its Xinjiekou store in Nanjing, where 31 employees elected a local university graduate to head their trade union committee. Several hours later, another union was formed by 12 workers at a second Wal-Mart store in Shenzhen; and then on August 8, 27 employees of yet another store in Shenzhen voted to form the company's fifth union branch.

All the union branches are relatively small, with around 25 to 35 members each. But what mainly distinguishes them, according to official Chinese reports, is that they were all set up "on the initiative of the workers themselves", and in accordance with

provisions of the PRC Trade Union Law of 2002 mandating the formation of unions in enterprises employing more than 25 workers. Regulations enacted by the Guangdong government in 2004 lowered the union-building threshold still further, in that province, to as few as 10 workers in a single enterprise.

For the first couple of weeks, Wal-Mart representatives remained uncharacteristically silent about the sudden unionization drive within the company's China stores. On August 9, however, the official Xinhua News Agency quoted the vice president of Wal-Mart China, Li Chengjie, as saying it wanted to cooperate with the ACFTU "in a more effective and harmonious way." The same day, the ACFTU warned Wal-Mart not to retaliate against workers who form unions. The group, "led by the Communist Party of China and backed by the government, will take measures to protect these workers," Xinhua reported, paraphrasing Guo Wencai, director of the ACFTU's department of grassroots organizing. Wal-Mart then asked for direct negotiations with the ACFTU and requested that "no media" be allowed to attend such meetings. The 12 most recent Wal-Mart union branches have all been formed over the past week, and it now seems clear that the ACFTU's goal is to unionize all 60 Wal-Mart stores around the country.

Wal-Mart Finally Finds a Union that it can Live with

However, the company has publicly implied that some of its workers may have been bribed by the ACFTU into applying to set up union branches. In an August 5 interview with a mainland newspaper, 21 Shiji Jingji Baodao (21st Century Economic Report), Ms. Wang Pei, Deputy CEO of Wal-Mart's China Division, stated that Fujian ACFTU officials had given unspecified "gifts" to the company's workers in Quanzhou prior to their formation of the first union branch on July 29. While flatly rejecting this allegation, a spokesman for the Fujian ACFTU did not deny that the gifts had been given: their purpose, he said, had been merely "to help the workers through the current season of hot weather". He added that the ACFTU had given similar (as yet unidentified) gifts to the employees of other companies located in the same building as the Wal-Mart store in Quanzhou.

Finally, on August 10, a senior Wal-Mart spokesman, Jonathan Dong, confirmed that the company had agreed to open up its China stores to the state-run union. "We're working now to achieve that goal," he said. Asked to explain why the company had made this concession when it refuses to allow a union presence in its stores in all other countries, Dong revealingly replied: "The union in China is fundamentally different from unions in the West.... The [ACFTU] has made it clear that its goal is to work with employers, not promote confrontation."

Attempts by Chinese workers to form independent unions remain strictly prohibited by law in China, and the organizers of such efforts are usually sentenced to long terms of imprisonment. The principal role of the ACFTU over the past few decades has been to act, in essence, as the labour-discipline enforcement arm of the Party and government. It rarely if ever intervenes on the side of workers when disputes arise with management or in cases of worker protest and unrest.

But regardless of whether or not the ACFTU's new union branches can actually deliver any tangible benefits for the Wal-Mart workforce in future, the fact that the company's worldwide "no unions" policy has now been breached clearly opens a hornet's nest for the company's operations elsewhere. According to Bloomberg News:

By allowing unions into its Chinese stores, "Wal-Mart's applying a complete double standard here," said Nu Wexler, a spokesman for Wal-Mart Watch, a coalition of labor, religious, community and environmental groups that wants the company to boost wages and benefits. "Why are they comfortable with it in one country and fighting it in another?"

[Sources: 21 Shiji Jingji Baodao (August 5), China Daily (8 August 2006), Xin Jing Bao (August 15), Reuters (9 and 11 August), Xinhua News Agency (9 and 15 August), Associated Press (9 and 10 August), Agence France-Presse (8 August), Bloomberg News (August 10), and China Business Weekly (12 December 2004).]