



In China, Walmart Is Unionized, But Workers Have No Power on the Job

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By Bruce Vail

Almost 10 years after Walmart was forced to accept unionization of its stores in China, the U.S.-based merchandising giant continues to deny basic collective bargaining rights to its Chinese retail workers, according to two union experts speaking last week at a conference on Walmart and labor in Washington, D.C.

Walmart has succeeded in meeting the Chinese government's demands that the company allow unions to be formally established, but this has not translated into any effective collective bargaining power for some 107,000 workers at the company's 411 Chinese stores, says Han Dongfang, Executive Director of the Hong Kong-based China Labour Bulletin. Han and other experts spoke June 15 at an "Organizing the Workers of Walmart: From Bentonville to Beijing" conference sponsored by the Albert Shanker Institute.

Wal-Mart's China subsidiaries exercise effective control over a "yellow union," he says, explaining that this terminology is used in Asia to describe an employer-dominated union that prevents the establishment of an independent union controlled by workers. As a result, Walmart workers in China are in much the same legal position relative to their employer as non-union employees in the United States or elsewhere, Han says.

"There is no right to bargain" collectively, Han asserted.

The Chinese Walmart unions were not originally "organized" in any way that would be recognizable to most Americans. The All-China Federation of Trade Unions (ACFTU), the country's only legal labor organization, mostly ignored Walmart when it began opening stores in the country in 1996. But as the number of stores multiplied, ACFTU began making overtures, only "to have the door slammed in their face," Han said.

This created anger among Communist Party officials, and in 2006 Party boss Hu Jintao ordered the unionization of many foreign-owned companies in China, including Walmart. Even the rigidly anti-union Walmart could not defy the powerful Hu, and ACFTU branches were quickly established at Walmart stores.

But the creation of Walmart workers unions on a store-by-store basis was more of a bureaucratic process than a U.S. style-organizing campaign. Typically, Walmart managers receive a notice from ACTFU that the store is being unionized, and the process is rapidly completed with an exchange of paperwork, according to Han. Union officers are usually chosen from among store managers - sometimes there are elections, but often there are not.

Instead of union dues paid by the workers, Walmart makes a payment to ACTFU equal to two percent of the store payroll, as is common practice for foreign companies with unionized operations in China, Han says. And there is no publicly available collective bargaining agreement that governs wages and working conditions: Instead, each individual worker is provided a contract labor document that specifies the wages.

Han is correct that Walmart's Chinese unions are doing a poor job of representing workers, says Duan Li, a lawyer and founder of Guangdong Lao Wei Law Firm, a workers' advocacy cooperative. The firm is currently representing more than 100 Walmart workers in disputes with company, he told attendees at the Shanker Institute conference.

Speaking through an interpreter, Duan said that "workers have a difficult time carrying out collective bargaining. ... Union leaders are part of management." Store managers have the "ability to retaliate against workers" by dismissing employees who assert their labor rights, according to Duan. Some 80 percent of Lao Wei firm's Walmart cases involve illegal or improper dismissals, he says.

China Labour Bulletin reported last year on a large number of illegal or improper Walmart dismissals, Han adds. In one high-profile incident, a Walmart store in the city of Chengde was closed abruptly, prompting public protests from the displaced workers. The protests ended only when picketers were carried off by the local police. Walmart quietly agreed to arbitrate the wage complaints of the fired workers. Han characterized these protests as a "strike" against Walmart—and one of the few instances where local union officials agitated on behalf of the rank-and-file workers.

Labor activists are hopeful that the Chengde strike is a sign that local ACTFU officials are becoming more responsive to the day-to-day concerns of Walmart workers. Han reports there is a rising tide of rank-and-file worker activism in varied industries throughout China (a topic Michelle Chen wrote about for *Working In These Times* last year), and Walmart employees have the potential to benefit. Duan adds that Walmart's Chinese workers are increasingly using social media networks across widely scattered stores to share information and provide mutual support.

Nelson Lichtenstein, a labor historian and author of the influential 2009 book *The Retail Revolution: How Wal-Mart Created a Brave New World of Business*, commented that Walmart's investment in Chinese retailing appears troubled, although there is no evidence that these troubles have their origins in labor issues. He noted that Walmart has only about 400 stores in China, even though it has been active in the country for almost 20 years. That compares to 4,540 stores in the United States, and 11,488 worldwide, according to the official Walmart website.

The situation remains muddy for outsiders, Lichtenstein admits, as Walmart continues to close stores in China, but at the same time announces plans for 115 more by the end of 2017.

What is clear is that the retailing part of Walmart's business in China is relatively small compared its huge interest in producing low-cost goods for sale in the U.S. and other higher-income countries, Lichtenstein says. Walmart's market power is such that it can essentially dictate prices to Chinese manufacturers of consumer goods, and this power is much more important to the company's global profitability than the Chinese store operations. The company has an enormous interest in depressing labor costs throughout the Chinese economy, he says.

Kevin Slaten, Program Director at New York-based China Labor Watch, agrees that Walmart's Chinese manufacturing interests far outweigh any potential for retailing profits. Commenting a few days after the Shanker Institute conference, he told *In These Times*: "Whereas Wal-Mart's retail side in China has made a moderate footprint, its manufacturing supply chain has for many years controlled a huge network of thousands of contract factories making goods for Wal-Mart stores around the world. The company uses low-cost plants with poor working conditions, competing them off one another. The downward pressure of this dynamic on China's labor standards is probably greater than the impact of Wal-Mart's retail stores."

A spokesperson for Walmart's international corporate affairs department at the company's Bentonville, Arkansas headquarters declined a request from *In These Times* for a telephone interview with an executive qualified to comment on Walmart's union issues in China. She also refused to respond to a series of written questions seeking confirmation or clarification of the remarks of Han and Duan.

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