

China supplier seminar 2011 - report

September 23, 2011 (Suzhou, China)



Supported by a project grant from [Bread For All](#), Fair Wear Foundation runs various China events in 2011 to facilitate exchanges of insights and perspectives between FWF, its members and their suppliers, and representatives of local stakeholders.

On September 23 FWF hosted its second China supplier seminar in Shenzhen titled 'Social compliance: From burden to benefit'. FWF invited affiliates with a significant part of their production in east China to send representatives of their factories and agents.

In total 42 supplier representatives from Shanghai, Zhejiang, Fujian, Jiangsu, Henan and Shandong, provinces as well as Hong Kong and Taiwan attended the event. They were joined by FWFs local auditors, invited scholars and several representatives of labour NGOs.

This report provides a concise summary of keynote presentations and discussions that took place throughout the day.

Ding Fuyun (New Vantage Consulting): Sustainable Social Compliance Development

Referring to key trends in audit results, Ding Fuyun concentrated on trends and strategies to fight excessive working hours.

Key points from presentation and discussion:

- According to his recent research, most production employees work 66 to 80 hours per week.
- A case was highlighted of a factory with 1000 workers where the production flow includes up to 90 working hours per week for rank and file workers. After his analysis he found that the root cause lies with the trade company in Hong Kong. From this agent the factory received orders that would only be feasible with a production capacity of 1,500 workers.
- Stressing the need for transparency, Ding argued that fraudulent bookkeeping hinders effective management of supply chains and increases the risk of media exposure which could harm brand reputation.



Ivo Spauwen (Fair Wear Foundation): The Fair Wear Formula

Through a comprehensive presentation Ivo Spauwen highlighted the main elements of FWF's verification approach as a multi-stakeholder initiative. FWF's opening of membership to factories was a key issue in the presentation. While acknowledging that FWF's requirements for factory membership are very strict, participants expressed their appreciation for FWF to open up membership to factories.

Tian Jingfang (Hemp Fortex): Experiences of a FWF member factory

Hemp Fortex, a manufacturer of organic fibre apparel, joined FWF in May 2011 as a factory member. In an interview by FWF auditor Wincent Ou, Ms. Tian Jingfang shared her view on FWF membership.

Key points from her interview:

- Hemp Fortex sees FWF as a learning platform for continuously improving its existing CSR practices and expanding business opportunities.
- Prior to joining FWF as a member factory, Hemp Fortex had been audited by FWF teams twice in 2008 and 2010.
- Following the corrective action plans that resulted from the audits, Hemp Fortex and its German customer and FWF member Hempage facilitated a workers training by a local labour NGO. After the training, a new election took place wherein workers elected their representatives: one representative was chosen for each production department.
- As steps towards collective bargaining, Hemp Fortex management and the worker committee now have ongoing discussions regarding worker allowances and benefits. After the election of the committee by workers a decrease was observed in the worker turnover rate, which Hemp Fortex observed as a positive development.



Prof. Ye Jingyi (Beijing University) and Prof. Zhou Changzhen (Nanjing University): Implementation of social insurance law



As invited experts on social insurance law, Professor Zhou and Ye gave their views on the effect of new regulations. After their presentations, participants sat down in small groups to discuss several discussion questions that had been prepared beforehand.

Key points from presentation and discussion:

- As per 1 July 2010 the Social Insurance Law became effective. The aim of the law is to implement a single system for entire China, to expand coverage among China’s working population, to combine individual and public accounts and to build a social insurance transfer system across regions.
- Some key challenges have surfaced in how the law functions in practice:
 - Differences exist in the amount that is contributed by (rural) workers, for example in Shenzhen and Beijing.
 - The law contributes to gender inequity as the law prescribes a higher pension age for men compared to women.

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- In several provinces a different minimum contribution period is applied for medical insurance, e.g. Jiangsu.
- The law is not fully clear on the contribution of part time workers participate social insurance.
- The law does not offer a clear procedure for settling disputes on social insurance payments.
- In practice many employers are not willing to buy social insurance for their workers. For example factories use a labour dispatching service agency to buy insurance for workers. As a result workers are often only offered work injury insurance. This is an illegal practice which is increasingly being monitored by government. Compliance with the insurance scheme will increasingly be monitored by the government, and arbitration courts are handling an increasing number of cases.

This event was the second in a series of supplier seminars in China. In 2012 FWF will continue with a range of training activities for Chinese factories.

Learnings from discussions and presentations will be shared with FWFs stakeholders, member companies, FWF staff and the local audit teams in China.

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