

INTERNATIONAL CONFEDERATION OF FREE TRADE UNIONS

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China: Foul play in the race to top trade rankings

Brussels, 3 April 2006: As the political storm over the EU and US joining forces to challenge China's trade policies at the WTO gathers momentum, the ICFTU today released two reports reminding the WTO that China's own people are one of the main victims of its unfair trade practices. According to the reports, China's entry into the WTO has come at a high cost to the country itself and its workers.

Released to coincide with a WTO review of China's trade policies in Geneva on April 4 and 6, the reports expose the fact that China's competitiveness is based on the exploitative wages paid to its workers who are deprived of the right to organize freely, to form independent trade unions, and to engage in collective bargaining.

Though Chinese minimum wages are already very low (44 US\$ for one of the most successful export regions), studies show that average manufacturing wages are only between 38 % and 75 % of these minimums.

"Whilst world leaders cry foul play over China's tariffs on this or that product, no one's got their eye on the main game: the fact that its policies are first hurting its own people first and foremost", said Guy Ryder, ICFTU General Secretary.

"When workers have no right to represent themselves, bargain together and strike, they are left as an easy target for those aiming to extract as much labour as possible at the lowest possible price. This is the case in China - and it is the reason why cheap Chinese exports are flooding the rest of the world. In the lingo of the WTO, this practice is indeed 'trade distorting'," Ryder continued.

"This denial of worker's rights, which is a violation of one of the basic notions of democracy, is only resulting in increased social unrest. The government's use of anti-union tactics such as crack downs on industrial actions and imprisonment of those fighting for workers' rights is simply fanning the flames of what is emerging to be a major threat to their own rule."

Despite the Chinese authorities' efforts to keep workers quiet, labour disputes are on the rise. From 1995 to 2004, labour lawsuits in Shanghai increased sevenfold to more than 18,000 cases, according to government data. And a separate study shows that the number of labour disputes nationwide shot up more than fivefold, from 33,000 cases involving 123,000 people in 1993 to 184,000 cases involving 608,000 people in 2002. According to figures from the Ministry of Public Security "mass protests" or "mass incidents", including riots, demonstrations, and collective petitions, rose from 58,000 in 2003 to 74,000 in 2004.

Contrary to the common belief around the world, WTO membership has left

a bitter aftertaste for most Chinese people, with the World Bank estimating that three quarters of rural households are experiencing decreases in their living standards. The country has as many newly unemployed people as the rest of the world put together and will have to create up to 300 million new jobs in the next decade to keep unemployment from rising to unbearable levels. Around 250 million of its people, 16.6 percent of its population, still live on less than US\$ 1 a day and close to 700 million of its people, 47 percent of the population, live on less than US\$ 2 a day.

"Within just two decades, China has become one of the most unequal countries in the world. China's experience shows that trade liberalisation alone and success in export markets doesn't ensure social progress and development. It reinforces our case that the creation of decent work must be at the heart of the trade agenda," Ryder concluded.

The ICFTU report on Core Labour Standards in China, submitted to the Trade Policy Review of China in the WTO, can be accessed at <http://www.icftu.org/displaydocument.asp?Index=991223619&Language=EN>.

The ICFTU report on Trade, Employment and Development in China, submitted to the Trade Policy Review of China in the WTO, can be accessed at <http://www.icftu.org/displaydocument.asp?Index=991223620&Language=EN>.

An ICFTU background report on China, "Whose Miracle? How China's workers are paying the price for its economic boom", can be accessed at <http://www.icftu.org/displaydocument.asp?Index=991223214&Language=EN>.

The ICFTU represents 155 million workers in 236 affiliated organisations in 154 countries and territories. <http://www.icftu.org>
The ICFTU is also a partner in Global Unions: <http://www.global-unions.org>

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