



—*For immediate release*—

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### Labor Violations, Bogus Standards in Wal-Mart's Chinese Supply Chain

Facing consumer scrutiny, Wal-Mart has established corporate responsibility standards, enforced through factory audits. Yet despite rising production costs, Wal-Mart has not increased prices it pays for goods. As a result, factories exploit and cheat on environmental commitments. During Wal-Mart inspections, records are hidden and workers are forced to lie about conditions. Like Wal-Mart's standards, these inspections are a PR performance.

China Labor Watch has published a report on its long-term investigation of Wal-Mart's Chinese supply chain. The report is based on CLW's investigations from April to June 2009 of Wal-Mart suppliers Huasheng Packaging Factory and Hantai Shoe Factory,

Violations at Huasheng include:

- 1) Elaborate system to cheat Wal-Mart audits.
- 2) Some workers make only \$0.51/hour, 60% of the minimum wage.
- 3) Poor working conditions: workers inhale large amounts of paper particles and other debris.
- 4) Twelve workers live together in cramped dorms.
- 5) Workers not paid overtime wages.
- 6) During busy season, workday is 11 hours or 77 hours per week, and overtime is mandatory.

CLW first investigated Hantai Shoe Factory in July 2008. Although Wal-Mart pledged that it would address violations, no public update materialized. CLW's follow-up reveals new violations, and old problems have also persisted. Violations include:

- 1) Overtime only paid up to Wal-Mart's limits. When overtime surpasses the limit, extra wages are not paid until the following month.
- 2) Workers forced to lie to Wal-Mart inspectors.
- 3) 5 hours overtime daily. If workers request not to work overtime once, they will be denied any overtime for a month.
- 4) Disguised layoffs to avoid paying severance payments to workers. Workers are abused by management or switched to undesirable jobs until they quit voluntarily.

As the world's largest retailer, Wal-Mart has the responsibility and ability to implement basic standards. CLW Executive Director, Li Qiang, stated, "Wal-Mart's Social

Responsibility standards are merely a public relations gimmick and have not actually been implemented; they are a cost-free way to improve public perceptions of Wal-Mart.”

Although Chinese workers lack recourse against abuses suffered in Wal-Mart’s supply chain, the world can condemn Wal-Mart’s unethical behavior.

The China-U.S. Economic and Strategic Dialogue, which opened in Washington today, will focus on economic, environmental and security cooperation. CLW calls on senior officials of both governments to encourage multinational companies to improve labor conditions and promote effective implementation of China’s Labor Contract Law.

Visit [www.chinalaborwatch.org](http://www.chinalaborwatch.org) or call 212-247-2212.