

Wal-Mart Says It Would Allow Unions in Its Chinese Operations

Chang, Leslie T . Wall Street Journal , Eastern edition; New York, N.Y. [New York, N.Y.]24 Nov 2004: A.3.

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ABSTRACT (ABSTRACT)

"Currently there are no unions in Wal-Mart China because associates have not requested that one be formed," Wal-Mart, which has avoided unions in all stores but one in Canada, said in a statement yesterday. "Should associates request formation of a union, Wal-Mart China would respect their wishes and honor its obligation under China's Trade Union Law." The company refers to its employees as "associates."

From its inception, Wal-Mart has vehemently fought attempts to unionize stores in the U.S. In February 2000, a group of butchers in a Texas Wal-Mart supercenter voted to unionize, but shortly thereafter Wal-Mart announced it was switching to prepackaged beef and reassigning its store butchers.

"It's good news for employees," said Zhou Weidong, director of a consulting firm in Guangzhou that advises companies and officials on corporate social responsibility. "It will give them a platform to discuss issues like benefits and vacations." But he pointed out that the announcement wouldn't affect hundreds of factories that supply products to Wal-Mart. Working conditions generally are far worse for workers at those factories than for Wal-Mart employees.

FULL TEXT

BEIJING -- Wal-Mart Stores Inc. said it would allow trade unions in its China operations, an apparent response to pressure from Chinese authorities for the world's biggest retailer to soften its antiunion stance.

"Currently there are no unions in Wal-Mart China because associates have not requested that one be formed," Wal-Mart, which has avoided unions in all stores but one in Canada, said in a statement yesterday. "Should associates request formation of a union, Wal-Mart China would respect their wishes and honor its obligation under China's Trade Union Law." The company refers to its employees as "associates."

Wal-Mart's first public statement regarding the establishment of unions in its China stores follows months of criticism from officials at the All-China Federation of Trade Unions, the government-backed umbrella body for unions in China. Wal-Mart has 42 outlets in China and about 20,000 employees; the company bought \$15 billion of goods from China last year.

In China, labor officials hope the development will put pressure on other multinationals and private companies to follow suit. In March, the national legislature launched an investigation of compliance with the country's labor law. Its findings: Some leading multinationals and private companies were resisting efforts to set up unions within their operations, with Wal-Mart heading a list that also included Eastman Kodak Co., Dell Inc. and Samsung Electronics Co.

Wal-Mart, however, says it hasn't changed its position but felt compelled to simply clarify its stance because of a

recent spate of inaccurate media reports. "We're in full compliance with China laws and employees can take voluntary action if they so desire," said Beth Keck, spokeswoman for Wal-Mart's international division.

It remains unclear whether Wal-Mart's statement will lead to the actual establishment of unions in its China operations. China's unions, which must be under the government-backed umbrella, operate very differently from independent unions. The China union federation in the past often has served as an employer representative or acted as a bridge between labor and management rather than agitating for wage increases or supporting worker protests, for example.

Even so, the development potentially could have an impact on efforts by other unions to organize the company's workers in the U.S. and in other countries, some observers believe.

"The significance is enormous: Wal-Mart has not voluntarily allowed trade unions in any of its stores anywhere in the world," said Stephen Frost, a research fellow at the City University of Hong Kong who specializes in regional labor issues.

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The United Food and Commercial Workers recently have made some inroads in unionizing Canadian Wal-Marts. In August, the UFCW organized a Jonquiere, Quebec, Wal-Mart. Last month, automotive workers at seven Wal-Mart stores in Vancouver, British Columbia, applied for union representation.

Elsewhere, there is some form of worker representation. Wal-Marts in Germany, for example, aren't unionized per se, although they have work councils made up of Wal-Mart employees who negotiate on behalf of employees in individual stores. There is no third-party representation in Germany.

"It's good news for employees," said Zhou Weidong, director of a consulting firm in Guangzhou that advises companies and officials on corporate social responsibility. "It will give them a platform to discuss issues like benefits and vacations." But he pointed out that the announcement wouldn't affect hundreds of factories that supply products to Wal-Mart. Working conditions generally are far worse for workers at those factories than for Wal-Mart employees.

Guo Wencai, director of grass-roots organization at the ACFTU, said he had heard about Wal-Mart's statement but hadn't read it yet. "If they are really sincere, they should come and talk to us directly," he said.

Wal-Mart long has said it doesn't need unions in China. In a statement to The Wall Street Journal in September, the company said, "We believe it is best for our company to have a direct relationship with our associates."

According to China's trade-union law, workers at any company with more than 25 employees should form a union committee. Companies are required to pay 2% of total workers' salaries to the union, with the money divided between local and higher branches of the ACFTU.

In practice, with the opening of the Chinese economy, such rules have proved hard to enforce. In the past, foreign companies often were required to set up joint ventures with state-owned enterprises. Those enterprises' ties to local Communist Party and union officials made the setting up of union branches inside companies standard

practice. Today, foreign companies often operate on their own or may form partnerships with private companies, leaving the union little leverage to get inside their operations.

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Cui Rong and Kathy Chen in Beijing and Ann Zimmerman in Dallas contributed to this article.

DETAILS

Subject:	Foreign operations of US corporations; Unionization
Location:	China
Company / organization:	Name: Wal-Mart Stores Inc; Ticker: WMT; NAICS: 452112, 452910; DUNS: 05-195-7769
Classification:	9190: United States; 9179: Asia & the Pacific; 8390: Retailing industry
Publication title:	Wall Street Journal, Eastern edition; New York, N.Y.
Pages:	A.3
Publication year:	2004
Publication date:	Nov 24, 2004
column:	Leading the News
Publisher:	Dow Jones & Company Inc
Place of publication:	New York, N.Y.
Country of publication:	United States, New York, N.Y.
Publication subject:	Business And Economics--Banking And Finance
ISSN:	00999660
Source type:	Newspapers
Language of publication:	English
Document type:	News
ProQuest document ID:	398942678
Document URL:	https://search.proquest.com/docview/398942678?accountid=27468

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Last updated: 2017-11-02

Database: ABI/INFORM Collection

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