

Amazon

The Seattle Times

Watchdog criticizes conditions at Chinese factory that builds Amazon Echo speakers

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The Foxconn factory in Hengyang, a city of about 1 million people in south central China, where thousands of employees assemble Amazon's Echo devices as well as tablets and e-readers, according to China Labor Watch. (China Labor Watch)

A report by China Labor Watch offers a rare glimpse inside a Foxconn factory that makes Amazon devices, describing a fast-moving facility that, the group says, violates some labor laws. Amazon says an audit of the facility uncovered "issues of concern" about the use of overtime and contract workers, and the company has asked for changes.

By Matt Day

Seattle Times technology reporter

The worker took her position on the line in the brightly lit factory floor in China's Hunan province, dressed in a static-resistant uniform.

Armed with a toothbrush and rubbing alcohol, she was responsible for wiping the white dust from the top of each Amazon Echo as it came down the assembly line.

The first smart speaker arrived at her station just after 8 p.m. About 1,400 more would follow before her shift ended at 7 the next morning.

That assembly line, at a factory operated by Taiwanese manufacturing giant Foxconn, is described in a new report by a watchdog group that advocates for better working conditions at Chinese companies. The investigation offers a rare glimpse inside a several-thousand-employee factory that makes Echos, Kindles and tablets for Amazon, and describes a fast-moving facility beholden to shifting production quotas. Similar facilities make the majority of American-bought consumer electronics.

China Labor Watch, based in New York City, sent a letter to Amazon last month describing its findings, outlining what it said were violations of Chinese labor law and urging the Seattle company to improve conditions at its supplier.

Foxconn is perhaps best known in the U.S. as the primary builder of Apple's iPhones. It made worldwide headlines in 2010 after a rash of suicides at a facility in Shenzhen, China, that prompted the company to install protective netting. Media reports at the time linked the deaths to low pay and and grueling working conditions.

The practices China Labor Watch documented at the facility that produces Amazon devices appear similar but less severe. Among the findings: The facility, located in the city of Hengyang, uses temporary and contract workers to an extent that violates Chinese law; employee time spent waiting to clock in and out is not compensated; overtime of up to 100 hours a month exceeds legal limits; and wages are well below

Smart Speaker Exhibit No. 2004, IPR2026-00280

average for the area, starting at a rate that is “not enough for workers to maintain a decent standard of living.”

Melanie Janin, an Amazon spokeswoman, said in an emailed statement that the company completed an audit of the factory in March and flagged issues of concern around Foxconn’s use of contract workers and overtime policies.

“We immediately requested a corrective action plan from Foxconn Hengyang detailing their plan to remediate the issues identified, and we are conducting regular assessments to monitor for implementation” and compliance with company standards, she said. “We are committed to ensuring that these issues are resolved.”

In a separate response to China Labor Watch sent last month, Kara Hurst, Amazon’s director of sustainability and corporate social responsibility, didn’t address the specific issues at the factory, but said the company “recognizes our responsibility to ensure the well-being of factory workers manufacturing products for Amazon.”

Foxconn, formally known as Hon Hai Precision Industry Co., said in an emailed statement that the company paid competitive wages, overtime was both voluntary and compensated, and its use of dispatch workers complied with Chinese law. “We are committed to ensuring that all aspects of our operations meet our company’s Code of Conduct, those of our customers, and the guidelines of leading global industry groups,” the statement said.

An investigator for China Labor Watch spent a few weeks earlier this year working at the Foxconn facility in Hengyang, a city of about 1 million people in south central China. The person interviewed 20 fellow employees, both in person and on Chinese messaging service WeChat.

During the investigator’s time there, four out of the factory’s five workshops were producing Amazon products, including Echo speakers and the smaller Echo Dot, as well as tablets and e-readers.

The factory employs about 4,500 people.

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In response to activist pressure and the suicide crisis at Foxconn, technology giants such as Apple, Microsoft and HP began to disclose more about who built their products, and how often their supplier audits uncovered trouble. Amazon, as it has grown into a big electronics seller with its Kindle readers, Fire tablets, and Echo speakers, lags behind those large peers in making such disclosures.

Foxconn and the city government signed a deal last year to build an \$870 million manufacturing plant geared toward producing Amazon products, part of the company's push to reduce the electronics maker's reliance on Apple, according to Digitimes, a Taiwanese technology news publication. It is unclear if that facility is the same one visited by China Labor Watch.

Chinese companies have for years been expanding their footprint in inland Chinese provinces like Hunan, partly a response to government pressure to spread development from the relatively affluent coasts to poorer areas. For the companies, escape from the coast can also bring the ability to pay lower wages, said Mary Gallagher, an expert in Chinese labor who teaches at the University of Michigan.

The investigator from China Labor Watch was hired to work at the factory through a company that supplies temporary workers, called dispatch workers in China, to the plant.

Full-time line workers are paid wages of between \$315 and \$395 a month, roughly half of the average in the province, China Labor Watch said.

About 40 percent of the factory's employees are dispatch workers, paid about \$2.30 an hour during regular work hours if they meet monthly attendance targets. They can make more than regular workers, up to \$473 a month, in part because they don't have pay into health insurance, pensions, and other social insurance programs.

The hiring process for temporary workers included an exam of basic math and understanding of the English alphabet. Applicants are required to pay about \$10 for ID

photos and a medical exam.

Workers can stay in government-provided dormitories, shared spaces of up to six people per room, across from the production facility. Though the rooms are billed as free of charge, residents incur water and electricity fees, about 57 cents a day for regular workers, and a few cents more for dispatch workers. (Monthly competitions offer the room that used the least water and electricity a small discount.)

Some dorms, the investigator found, were in poor repair, with waterlogged balconies, dark bathrooms and unresponsive repair people.

Workers in the factory were divided into two nine-hour shifts, including a 70-minute lunch and rest break. If production rates were high, the lines would run additional two hours at the end of the shift. Many workers are eager for overtime, China Labor Watch said.

Day shift workers can eat at a cafeteria on site, workers on the night shift buy instant noodles or go outside the factory grounds to food vendors.

Inside the factory, production lines were divided into three parts: assembly, testing and packaging. Workers sit facing each other across the line, with two or three people for each task. The investigator worked in testing, brushing factory dust off completed speakers. At a nearby station, people removed a plastic film left over from the device's manufacturing to see if it left any marks, checking the devices before slapping on a label and sending them along to packaging.

The daily quotas varied, ranging from 2,800 to 3,800 Echo speakers per line, per shift, during the weeks the China Labor Watch investigator was on staff.

Sometimes, production would seem to halt entirely. Some 3,000 employees, mostly dispatch workers, were asked to take leave in most of January and February, a lull that follows the peak holiday shopping season in the U.S. and Europe.

Another halt followed in May. Regular workers were paid for that time off, dispatch workers were not.

"These are the typical problems that this kind of labor-intensive manufacturing has in China," Gallagher said. "A lot of them have to do with the volume that is being produced, the time constraints. I'm not surprised, and I don't think all that much has changed."

Matt Day