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PRESS RELEASE

RECENT DEVELOPMENTS IN CHINA'S LABOR CONDITIONS

Beijing, China – June 9, 2010

A recent string of suicides at Foxconn factories has highlighted the urgent need for China to improve labor conditions. At Foxconn's Shenzhen plant ten workers have died and three others have attempted suicide within the past year. In response, Foxconn has increased worker pay by nearly seventy percent. Several other companies have also announced wage increases amid poor working conditions. Japanese automaker Honda has given its workers a twenty-four percent wage increase after a two week labor strike and fast food giant Yum! has begun talks with labor unions to increase pay for its workers.

Many provincial governments have responded to poor labor conditions by increasing minimum wage. The minimum monthly wage for workers in Beijing was recently raised by twenty percent. Guangdong, Shanghai and Zhejiang have also raised minimum wages in 2010. "Increasing minimum wage will put increasing pressure on other manufacturers in southern China. Keep in mind though, it's been China's policy to improve wages for its workers. The Foxconn incident simply accelerated that," commented Scott Garner, Director of Lehman, Lee & Xu Shanghai Office.

Provincial governments are also using alternative tactics to improve labor conditions. Shanghai has issued rules on public rental housing to retain more mid-level young professionals amid soaring property prices.

"As China continues to grow economically and modernize, labor conditions will inevitably improve," commented Edward E. Lehman, Managing Director of Lehman, Lee & Xu. "The era of cheap labor in manufacturing within China is coming to an end and the manufacturing industry should shift from relying on low labor cost to relying on research, development and self-branding," added Lehman.

Lehman, Lee & Xu is a prominent Chinese corporate law firm and trademark and patent agency with offices in Beijing, Shanghai, Shenzhen, Hong Kong, Macau and Mongolia. The firm has been recognized as one of the top trademark firms in China by several intellectual property magazines and is managed by Mr. Edward Lehman, a leading expert on corporate law with 20 years of practice experience in Mainland China.

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