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USA/China
The Huffy Bicycle Story

The information herein was formulated from news publictaions, Mercer County records, committees as identified in the document and personal knowledge as a resident and/or work assignments in the Celina area.

I History of the Huffy Plant in Celina, Ohio

In 1955 Huffy Bicycle Company built a plant in Celina, Ohio, a city with a population of approximately 8,500 people. The plant became one of the finest bicycle production facilities in the world.

In 1956 the workers voted to be represented by the United Steelworkers of America and a Collective Bargaining Agreement was successfully negotiated between the parties.

In 1980 a Labor/Management Cooperation program was developed at Huffy to improve the operation of the plant.

On July 30, 1982, Huffy filed for a sub-zone in Celina. The application was submitted pursuant to the provisions of the Foreign Trade Zones Act. The facility produced some 2.5 million children's and lightweight bicycles and a number of bicycle parts. Over 40% of the parts for the lightweight bicycles and about 20% of the parts for the children's bicycles were purchased from foreign sources, including brakes, chains, wheel-hubs, derailleurs, control levers, tires, rims, seats and pedals.

Zone procedures exempted Huffy from custom duties on parts and components used for exports. On its domestic sales, the company took advantage of the duty rates that applied to finished imported bicycles, which accounted for 20% of the US market in 1980. The company estimated that duty savings from zoned procedures would equal up to 2% of the retail price of bicycles.

In 1990 imports from China threatened the jobs of 2,000 workers at the Celina facility. The Union and the Company requested relief under the anti dumping laws. The relief was denied.

In 1993 the company leadership changed. The workers saw no new innovative product lines to take them to the next level of success. Instead, the new corporate bosses were being innovative in a new way. The focus shifted from working together, to taking wages and benefits away from the work force that made them the world's number one producer in the bicycle industry. At the same time, the Company was giving themselves bonuses and wage increases and saying it's all for the good of the shareholders.

During the 1993 negotiations, the Company demanded a \$4.00 per hour reduction in labor costs. The workers were making \$13.00 an hour plus benefits and Huffy was making record profits. A contract settlement was reached providing a .25 cent wage increase over three years.

In 1994 the Company demands an early contract opener and threatens to build another plant and take jobs from Celina if the Union did not submit to its demands. The Company made a "last, best and final" offer that contains concessions, but no offer of job security. The Company was making good profits and the workers rejected the wage cuts.

Huffy then opened a new plant in Farmington, Missouri and eliminated 1,000 jobs at the Celina facility. Workers in Farmington are paid \$7.00 an hour.

The Mayor, Craig Klopffleisch, told reporters that Huffy rebuffed the governments 14 million incentive package to stay in Celina. The incentive package was only 10 million at Farmington, Missouri. It was obvious that Huffy no longer wanted to manufacture products in Celina, Ohio.

In 1995 the workforce in Celina was reduced to 500 employees. The Company again asked the Union for concessions. This time Huffy said they would close the plant if the workers did not agree to reduce their wages. The workers agree to a package that provided for a \$7.00 per hour reduction in wages and benefits and a 30-month guarantee of employment for 500 people. The new average hourly wage was \$16.00 including benefits.

In 1996 employment levels improve to 900 workers at the plant. The two facilities could produce 7 million bikes per year, but only sold 3.7 million.

In 1997 the Union made an attempt to rebuild the relationship between labor and management at the plant. The company rejected the Unions offer.

In April of 1998 Huffy had shown nine (9) consecutive profitable quarters. Things were looking good and negotiations were taking place. In late April the company produced records indicating the Celina plant employees were paid more, and the productivity, quality and safety records were better than the workers at the Farmington, Missouri plant. Per clocked hour, they were able to build a better quality product for .82 cents less than the workers in Missouri. In spite of this, the Company still wanted concessions. Their offer was a \$6.10 per hour wage and no medical insurance. The members could not afford anymore concessions and the Company then made the announcement to close its Celina, Ohio facility after 43 years in the community. The company's intent was to increase imports from Asia and later open a plant in Neuvo Laredo, Mexico, taking advantage of the NAFTA Agreements. During this same time, Huffy was importing bicycles from China. The import numbers increased to 2.5 million bicycles for 1998.

On July 31, 1998 all production ended at Huffy and approximately 1,000 workers were without a job and a town was without part of its soul. Mercer County's unemployment tripled, going from 3% to 9% in just 24 hours. By November the UC rate in Mercer county was 13.4%. Larry Steltzer, the County Economic Development Director, said, "just about everybody had a relative or neighbor or friend that worked at Huffy.

The ex-Huffy employees had very little to look forward to. One-third of the workers were 55 to 65 years of age. Most of the people couldn't afford to pay the \$400 per month for medical coverage under COBRA. Most of the other jobs in the area only paid between \$7.00 and \$9.00 per hour and had little or no benefits. In cases where the husband and wife both worked at Huffy, they had no income and were faced with loosing everything.

Some workers were driving long distances, up to 100 miles one way, to earn a living. Others were driving all the way to Michigan and working all week and returning home on the weekends. Job and Family Services Director, Dale Berger, said Mercer County lost 10% of its residents.

In 1999 Huffy closed its remaining US manufacturing plants, including the non-union plant in Farmington, Missouri. The era of US made Huffy bicycles was over.

In 2000 Huffy decided to move its primary manufacturing to China, importing five to six million bicycles from China into the United States each year.

The overall effect to the community, due to the facility closing, was as follows:

In March of 1998, Mercer County had 4,406 workers employed in manufacturing jobs and an annual payroll of \$123,806,000. By March of 1999, the manufacturing employment was only 3,449 and the annual payroll was \$99,543,000.

In 2000 the number of workers were 2,957 and the payroll was \$95,287,000 and in 2001, the number of workers were 2,940 and the payroll was \$93,673,000.

In addition to this, the community lost \$191,600 in real property tax and \$497,000 in personal property tax that Huffy had been paying.

The rest of this story clearly shows corporate greed, lack of concern for USA communities, and the quality of life for the workers in the USA and China, as evidenced by the following report on the production of Huffy bikes in China.

II Report on bicycle manufacture in China

The National Labor Committee for Worker and Human Rights documented the following report in late 1999 and early 2000.

Huffy Bikes Made in China Sold at Kmart, Sears, Wal-Mart

Huffy bikes are being made at Baoan Bicycle Factory I

**Zhen Bei Road
Sha Jiang Town
Bu Gang, Shenzhen
China**

- Forced 13 1/2 to 15-hour shifts, from 7:00 a.m. to 11:00 p.m. seven days a week
- Workers are at the factory 93 hours a week
- Wages are between 254 and 414 an hour - - \$16.68 for a 66-hour work week
- Failure to work overtime is punished with a fine of two-day's wages; no overtime premium is paid
- Strong chemical odors in the painting department, excessively high temperatures in the welding section
- No health insurance or social security pension
- Strict factory rules and harsh management; no talking during working hours
- 12 workers housed in each dark, stark dorm room
- Two meals a day; poor quality food

If workers complain or attempt to raise a grievance about the harsh working conditions, excessively long forced overtime hours or low wages, they are immediately fired. In late 1999, all the workers in the delivery section who went on strike were fired.

(There is a factory, a storehouse and nearby dorms. The Baoan facilities are owned by the Taiwanese Zhenzhen Nan Guan Corporation. Nearby, there is a second smaller Baoan Bicycle Factory #2, with 200 workers. The Baoan factories assemble bicycles from parts supplied from local materials factories or from the Fuda Corporation of Taiwan.)

Baoan Bicycle Factory #1

The major production in the factory is for **Huffy Bicycles** (other lesser band names include Germini and Tec). The bikes are exported to the U.S., Canada and Europe.

There are **700 to 800 workers**, mostly men, but there are 200 women employees ranging in age from 21 to 24 years old, who are mostly employed in the packing section. As is typical in the export assembly industry, most workers leave after they reach 25 years of age, since they are worn out from the grueling overtime hours.

The vast majority of the workers are migrants from rural provinces such as Hanin (over 1000 miles from Shenzhen), Jiangxi, Hunan and Xianxi.

The factory is broken down into several sections: Preparing and assembling parts, the tire section, welding, final assembly and packing.

Hours: Forced Overtime; 13 1/2 to 15-hour Shifts; Seven Days a Week

The “regular” daily work shift is:

- 8:00 a.m. to 12 noon
- 12:00 noon to 1:30 p.m. (lunch break)
- 1:30 p.m. to 5:30 p.m.
- 5:30 p.m. to 6:30 p.m. (supper break)
- 6:30 p.m. to 9:30 p.m. or 11:30 p.m.

Workers report that they are forced to work overtime nearly every day, including Sunday work. On average, the workers may receive every other Sunday off. During particularly large rush orders, some workers said they had to work through to 3:30 in the morning, which means they would be at the factory for a shift of 19 1/2 hours.

During the “regular” shift, the workers would be at the factory 13 1/2 to 15 hours a day, six and seven days a week, while being paid for 11 to 12 1/2 hours. On average, they would be at the factory over 93 hours a week, while being paid for just 76 hours.

Refusal to work mandatory overtime house is illegally punished by a fine of 50 rmb-U.S. \$6.02, which amounts to more than two days’ wages.

Wages: 25 to 41 Cents an Hour; \$16.68 for a 66-hour Workweek

Workers in the assembly and packing section are paid according to a piece rate. They earn between **25 and 34 cents an hour**.

A worker putting in a 66-hour workweek would earn **\$16.68**-25 cents an hour. Other workers working 81 hours a week earned **\$27.80**, or 34 cents an hour.

In the painting and welding departments, the workers are paid by the hour and earn approximately **41 cents an hour**. For example, someone working a seven-day, 81-hour week would earn **\$33.36**, or 41 cents an hour. This would include a \$7.23 U.S. bonus each month for those working in the welding section due to the extremely high temperatures.

Low Wage:

25 cents an hour

\$1.78 a day (for an 11-hour shift)

\$16.68 for a 6-day, 66 hour week

\$72.28 a month

\$867.36 per year

High Wage:

.41 cents an hour

\$4.77 a day (for an 11 1/2-hour shift)

\$33.36 for a 7-day, 81-hour week

\$144.56 a month

\$1,734.72 per year

No overtime premium is paid to the hourly workers, while those on piece rate only receive an overtime bonus if they reach their production goal.

Working Conditions: Harsh Treatment; No Rights

Workers complain about the extremely long mandatory overtime hours and the lack of even one regular day off each week. They say they “hardly can rest” and at the end of even the standard overtime shift they return to their cramped dorm rooms “exhausted.” Many workers have to handle heavy weights all day long, while others are on their feet constantly for 11 to 12 ½ hours a day. Asked if they would like to take mechanical skills or other learning classes at night,, the workers responded saying that because of all the overtime hours, they “haven’t the time or the energy at night to attend classes, even if they existed.”

Illegally, the workers are not provided written work contracts describing factory hours, working conditions and wages, including overtime rates.

There is a strong chemical odor in the spray painting section, and the temperature in the welding area is excessively high.

Workers also complain about strict factory rules and harsh management style. For example, talking during working hours is strictly prohibited. Cutting into a line is punished with a fine of up to \$1.20-nearly five hours wages.

The workers said these wages were too low. One worker in the packing section explained that he earned 600 rmb per month, \$72.29, and was unable to save or send any money home. Despite all the overtime hours he worked, he was just able to survive, never getting ahead.

At the Baoan Bicycle Factory there is no medical insurance or social security pension. The workers have nothing, not even a primitive factory clinic. If they are sick, they need to go to the local hospital in town. But the workers said it was then very difficult to get permission to be absent from work.

No worker had ever heard of any so-called U.S. Corporate Code of Conduct, and they had no idea what it might be.

The first month's wages are illegally withheld as a deposit, so the workers only receive their first pay during the second month.

The amount 180 rmb-\$21.67, more than a month's wages-is deducted to pay for the worker's temporary residency permit. Another 10 rmb (\$1.23 U.S.) is deducted from each worker for their factory ID cards.

No Rights: Fired for Raising a Grievance

As is standard in China, no independent union is allowed at the Baoan Bicycle plant. Any public dissent or raising of a grievance is met with firings.

Toward the end of 1999, delivery workers at the Baoan factory went on a wildcat strike to protest the harsh factory treatment, excessively heavy workloads and long overtime hours and the low wages. All the strikers were fired. Dissent is not permitted.

Living Conditions: 12 to a Dark, Crowded Dorm Room

Twelve workers are crowded into each dorm room, which the workers described as stark and dark. There are no entertainment facilities other than a single TV in the common area. The workers explained that the only "entertainment" available to them was to hand around nearby snack and grocery stores.

The Baoan workers are charged 45 rmb per month (\$5.42)for food - - two meals a day, which is deducted from their wages along with a small dorm fee of \$1.81 U.S. The workers report that the quality of the food is very poor.

**Huffy Wages in China are Less than 2 Percent of What They Paid in the U.S.
1,800 U.S. Workers Lose Their Jobs**

III Closing observations

In the last 17 months, 1,800 Huffy Bicycle workers have lost their jobs as Huffy shut down its last three remaining U.S. plants to outsource its production to China, Mexico and Taiwan. The plants closed were in Celina, Ohio; Farmington, Missouri, and southern Mississippi.

The 850 Huffy workers fired in July 1998 from the Celina, Ohio plant were members of the United Steelworkers of America (USWA), who earned \$17 an hour -- \$11 in wages and \$6 in benefits. Their last job was to cover an American flag sticker that was on bikes made in China with a new sticker representing the globe. The average wage of the workers in China currently making Huffy bicycles is 33 cents an hour, less than two percent of what the USWA members made.

The Huffy Bicycle Company (which owns the Huffy, Royce Union Bikes and American Sports Design brands as well as producing private brands for other companies) controls 80 percent of the U.S. bicycle market. In 1998, the Huffy Corporation had sales of \$584 million and a gross profit of \$97.5 million.

Huffy Corporation CEO, Don R. Garber, paid himself \$771,091 in 1999.

Many of the fired Huffy workers are now working two, or even three, minimum wage jobs to try to make ends meet and not fall behind in mortgage and car payments, school and other expenses for their children.

NAFTA must be eliminated or changed to address the many problems of the workers in foreign countries such as environmental standards, labor laws, working conditions and low wages. People in the USA can compete with anyone, anywhere, if the playing field is leveled.

Do we want a global economy that feeds the insatiable appetite of Wall Street and giant multinational corporations who owe allegiance to no flag, but the almighty dollar; a global economy based on reducing our wages, working conditions and environmental standards down to the lowest level possible?

Or should we create a global economy that works for working families and communities, raising wages, working conditions and environmental standards for all of us?

In closing, I suggest that Lou Dobbs, in his book *Exporting America*, said it best: "The thing that is not being communicated is that American multinational companies that are outsourcing and off shoring are also essentially firing their customers. India can provide our software; China can produce our toys; Sri Lanka can make our clothes; Japan can make our cars. But, at some point we have to ask, what will we export? At what will Americans work? And for what kind of wages? No one I've asked in government, business or academia has been able to answer those questions."