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Months of unpaid wages spark strikes by delivery drivers across China

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Express delivery workers in many cities across China have been engaged in work stoppages to protest their unpaid wages. The wave of strikes involves workers from at least five major express delivery companies in China, including: ZTO Express, Yunda Express, STO Express Co, YTO Express Group Co, and Baishi. Delivery workers' protests are a response to the restructuring carried out by the delivery companies, which have cut their operating costs to boost profits and have led to non-payment of labor. The owners have slashed payments to local delivery stations, where delivery workers are actually employed.

Package delivery is a huge and rapidly developing industry in China, connected to the fast expansion of the e-commerce market. There is a dense national network that covers 97 percent of the towns and villages across the country. In 2019 alone, more than 60 billion packages were delivered.

At one end of this lucrative industry stand the big delivery companies, investors and their connections in the state apparatus. Among the five companies, the most profitable one, ZTO Express, had a net profit of 5.2 billion RMB (about $743 million) in 2019, while the other four also had net profits on the same order of magnitude. Behind them, Alibaba, which is based on e-commerce and is heavily dependent on the courier industry, is a major shareholder in all five companies and made a hundred times more profit than them last year. The founder of Alibaba, Jack Ma, is the second wealthiest man in China, as well as a member of the Chinese Communist Party. In 2018, he received a medal of "a pioneer of reform" from the Communist Party for "making outstanding contributions to the market reform."

At the other end, stand millions of workers who are employed in this industry, largely as contractors. They ride on bikes or electric bikes and are estimated to handle several hundred packages a day. Their working conditions were dreadful even before the pandemic. According to a survey published by the State Post Bureau in 2019, 75 percent of delivery workers earned less than 5000 RMB (about $700) per month; at least 60 percent of them have less than 2 days off every month; 53 percent work for longer than 10 hours a day. As a result of the pandemic, the average wage has dropped by about a third. Some workers said they now earn as little as 0.25 RMB ($0.04) per package. Not being paid one or more months wages greatly exacerbates their precarious conditions.

On October 12, at a local courier station of Yunda in Changsha, in central Hunan Province, delivery workers first initiated a protest and refused to keep working, demanding payment of wages in arrears for months. A delivery worker said that he has only received a total salary of 5,000 RMB since April. He estimated that for all employees at this local station, the total amount of unpaid wages was more than 300,000 RMB (~$42,860). The local station had not received any money from the area branch for months, and could not pay its delivery workers. Hundreds of packages were piled up in the warehouse, including some containing produce that was already rotting.

On October 19, in Fuzhou, in south-eastern Fujian Province, at least 10 workers at a local courier station refused to work because they had not received their salaries for one or two months. The manager only "conceded" that he could pay anyone who came back to work 3,000 RMB (~$430), or about two-thirds of a monthly wage. For those who did not return to work, he refused to pay them anything.

These strikes started to attract public attention. As the hashtag "#express delivery workers on strike" trended, more reports emerged on social media of similar work stoppages across multiple provinces, including Shanghai, Jiangsu (southeast China), Henan (east-central China), Xinjiang (northwest China), Shanxi (north China), Shaanxi (northwestern China). Many courier stations that employed these striking delivery workers were bankrupt, and their owners had disappeared. Workers were left in the dark as to where to direct their demands for unpaid wages.

Strikes of express delivery workers have been taking place since the beginning of this year. According to the strike map of Hong Kong-based *China Labour Bulletin*, there have been at least 25 strike actions this year, involving workers from all the major express delivery companies. However, this is only the tip of the iceberg. According to *Service Worker Notes*, a keyword search for "express delivery workers on strike" on Baidu Tieba (a Reddit-type platform) returned more than 100 separate threads in the past month and over a 1,000 more from the past year.

Chief responsibility for the wage arrears does not lie with the local courier station owners. All the major express delivery companies have been engaged in a "price war" for years, seeking to gain an advantage over their rivals by cutting their prices for package delivery.

For example, in 2013, Baishi first significantly lowered its delivery price in order to insert itself into the already highly competitive express delivery market in Yiwu, a city of southeastern Zhejiang Province. It is home to one of the largest small-commodity wholesale markets, where billions of packages are shipped out each year. All the other major express delivery companies have followed in the steps of Baishi since 2013, lowering their prices to gain market share. From 2015 to 2019, the average price to mail a package from Yiwu dropped by half. Many smaller companies in Yiwu went into bankruptcy because they could not compete with their larger rivals.

The pandemic has only intensified the "price war." Most major express delivery companies have suffered a sharp dip in profits, due to the lockdown measures imposed across China in early January and most of February. According to a study by China Merchants Bank, the total number of transactions across the industry in February was only half that in May, June, or July. Every company responded to these losses by significantly lowering their prices. The study found that the average delivery price per package across China, during the first half of 2020, was 11.3 RMB, a fall of 7.8 percent compared to the same period last year. In Yiwu, the average price dropped by 32.8 percent, from February to May this year.

At the same time, to maintain or boost profits, these big express delivery companies shifted the burden of lower prices to local courier stations and exploited delivery workers more harshly. Most major delivery companies operate on a franchise model, with a network of courier stations around the country. Local courier stations are responsible for their own profits and losses. They are paid by the company for each package, then hire their own delivery workers to deliver packages to customers in their area.

After the lockdown, many express delivery companies unilaterally announced that they would reduce the per-package payment to local stations. In some cases, this payment was reduced to as low as 0.5 RMB (~$0.07) per package. Since a delivery worker was usually paid about 1 RMB (~$0.14) per package, at least before the pandemic, local stations did not even earn enough to hire delivery staff, let alone cover for rent and other expenses.

Companies also implemented other measures to further extract profits from their local franchise stations. Since May, local courier stations have been required to meet a drastically increased monthly quota on the number of packages they deliver, and are punished 3 RMB per package if they fall short.

Under such huge pressures, many local courier stations have gone bankrupt, leaving months of wages in arrears for their delivery workers. Even those stations still struggling to operate are forced to slash wages. Some workers reported that their wage had dropped from 1 RMB per package to 0.8 RMB, or even lower.

Both in China and internationally, the ruling elites are using the Covid-19 pandemic to implement further pro-company restructuring measures. The plight of delivery workers and small franchise owners in China is not unique. Massive wage cuts and the cancellation of social benefits, including insurance and pensions, have been reported in both private and public sectors. Large sections of food delivery workers, manufacturing workers, bus drivers, public school teachers, nurses, and base level civil servants are impacted by this restructuring.
