

Made in China: Keep on flying the flag

FROM PAGE 1

The world economy is characterized by a high degree of globalization. Companies export finished goods around the planet and source intermediate input from suppliers located in any number of countries, said Wang Zihong, director of the economics office of the Institute of American Studies at the Chinese Academy of Social Sciences.

"Manufacturing job losses are partly a result of the economic model in the US," he said. "People in the United States certainly have the right to complain about foreign-made flags and uniforms, but that won't change the economic structure, because the US also benefits from global production networks."

The issue of flags and Olympic uniforms is not an important one in terms of Sino-US economic relations, according to Dwight H. Perkins, professor of political science at Harvard Kennedy School in Massachusetts. Perkins said politicians like to stir up nationalist sentiment occasionally and the US flag and Olympic uniforms have a symbolic value in that regard.

For some, it's more basic than that. "No one in America tells you to fly the flag. It's just something that's done out of a feeling of patriotism, love of country and all it stands for. It just makes me feel good," said Abe.

"More specifically, with the flags and uniforms, it's a matter of American pride," she said. "The flag is the very symbol of our country, the Olympic uniform is the symbol of the aspirations America has for its athletes. I would hope that at least these two things, the flag and the Olympic uniforms, could be made entirely in America."

The US imported \$3.6 million worth of flags in 2011. Around \$3.3 million of that sum went to Chinese manufacturers, according to a report released by the US Department of Commerce in May.

Left in the lurch

In a dim workshop at Beijing Jinggong Red Flag Factory Co, one of China's largest manufacturers of flags, dozens of workers stitch flags and banners. The fruits of their labors fly over Tiananmen Square and were present in the stadiums during the 2008 Beijing Olympic Games.

Song Hongmin doesn't speak English, has never been to the United States, and doesn't know how many stars are featured on Old Glory, as the US flag is affectionately known. But the 31-year-old uses her sewing machine to stitch the four sides of a 2.85 by 1.92 meter US flag — roughly the size of one and a half double beds — in less than 100 seconds.

Song has been working at the factory for 10 years, earning 2,000 yuan (\$313) a month.

"Flag manufacturing is a tough work, but we are lucky that we still have work to do," said Bai Zhiyue, the factory manager, who has seen the company's exports decline sharply as a result of the global economic downturn. "I believe a lot of smaller manufacturers won't make it to the end of the year. By then, lots of Chinese workers will be left in the lurch," he said.

In order to survive, Chinese-made products must improve, moving up the scale from "cheap" to "cheap, but high quality," according to Bai.

Beijing Jinggong has developed a new waterproof material. To demonstrate, Bai took a piece of fabric and poured water over it. The drops rolled across the surface like rain on a lotus leaf as he explained how the new material will soon be used to make flags destined for export, allowing them to fly proudly on rain-swept days instead of becoming sodden and hanging limply.

Global networks

"As the world's largest economy, the US is able to affect the speed and character of the globalization process itself, while many countries can only react to the process," said Wang.

Worldwide production networks are an important aspect of the global economy. Chinese-made flags and clothing are considerably less expensive than their foreign counterparts, so US customers gain from



Song Hongmin stitching a 2.85 by 1.92 meter US flag. She has been working at Beijing Jinggong Red Flag Factory Co for 10 years, earning 2,000 yuan (\$313) a month.

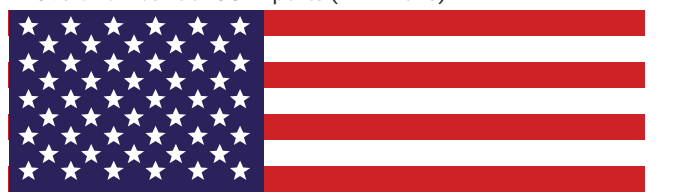
PHOTOS BY KUANG LINHUA / FOR CHINA DAILY

I understand that people are upset when the economic situation is bad, but that won't change by them only buying goods made in their own countries. On the contrary, buying cheaper foreign-made components, along with outsourcing, helps companies to survive, and the savings help to provide more money for the development of US high-tech industries."

WANG RONGJUN, A RESEARCHER AT THE CASS INSTITUTE OF AMERICAN STUDIES

CHINESE-MADE AMERICAN FLAGS: THE NUMBERS

■ Dollar value of imported US flags made in China (in millions)
■ Overall amount of US imports (in millions)



Source: United States Census Bureau
TIAN CHI / CHINA DAILY

the availability of cheaper products, according to the researcher.

Abe's flag was made by Valley Forge Flag Co of Pennsylvania, one of the top providers of flags and related products to the US government, and cost around \$10. A Chinese-made flag of the same size and made from the same poly-cotton material, costs less than \$8, according to Shanghai Tongjie Image Production Co, one of the oldest and largest flag manufacturers in Shanghai, whose products

are mainly exported to the US. If a different material had been used, the price could be lower than \$1.50, according to Shanghai Tongjie's sales staff.

On the packaging of Abe's flag, a small sticker reads "Flag woven, printed and sewn in the USA. Other components made in China."

"It seems you can't get away from buying Chinese-made products," she said. "By importing so much from China, we are naturally taking

jobs away from Americans. This is becoming more and more important as our economy sinks." That message was given a deeper resonance by figures showing that the US unemployment rate stood at 8.2 percent in June.

As global economic activity declines, outsourcing — the practice of companies manufacturing their products outside their own countries — has become a target for critics of globalization, who argue that it's responsible for job losses in the domestic manufacturing sector.

"I understand that people are upset when the economic situation is bad, but that won't change by them only buying goods made in their own countries. On the contrary, buying cheaper foreign-made components, along with outsourcing, helps companies to survive, and the savings help to provide more money for the development of US high-tech industries," said Wang Rongjun, who also works as

a researcher at the CASS Institute of American Studies.

"As an irreversible trend, global production sharing will, and should, continue," he said, adding that he hopes the US government will not allow the specter of rising unemployment to push it into trade protectionism. "If that happened, both the US and Chinese economies would be damaged."

As the costs of labor and raw materials rise, even Chinese manufacturing jobs are being moved overseas. Xie Weijie, who used to run a factory in Shenzhen, Guangdong province, that supplied digital components for Japanese camera manufacturers, said the price of labor is becoming increasingly uncompetitive in China, a nation of 1.3 billion people, which is supposed to have an unlimited labor force.

Wages in Shenzhen have risen by almost 50 percent during the past five years, according to Xie. In 2004, he moved his factory from Shenzhen to Vietnam and hired more than 200 local staff. "In Shenzhen, I have to pay a worker 1,500 to 3,000 yuan per month, but in Vietnam the wage is around 800," he said. "And I can see that costs are rising in Vietnam too, but at a slower rate than in China." In response, Xie is now considering moving production to Thailand or Cambodia, where labor costs are still low.

"The economy is no better than it was during the 2008 global crisis and I believe both Chinese and foreign companies are under great pressure," he said. "We can't control costs, and so we have to migrate, like herdsman chasing water and pastures."

However, labor costs in China are still lower than in most other places, particularly developed economies, according to Wang Rongjun. He said the average wage in the Chinese manufacturing sector is still only around 15 yuan an hour, compared with the minimum hourly wage of more than 40 yuan in the US, even at the lowest level.

China's economic rise has been built first and foremost on the efforts of low-waged workers and the country will continue to benefit from that for a long time to come, according to Wang.

"For most American flag retailers, it is just a practical way of doing business, and the cheaper price, resulting from lower costs for labor and materials, is the main reason Chinese goods dominate shelves around the world," said Wang Rongjun.

Contact the reporter at pengyining@chinadaily.com.cn

US wants more homemade goods

By PENG YINING

Ralph Lauren, one of the United States' leading designers, designed the uniforms the US athletes are wearing at the London Olympics. But the blazers, trousers, skirts and berets, all featuring the stars and stripes, provoked uproar in the US because they carried a made-in-China label.

However, this is not the first time the US team has sported foreign-made uniforms at the Olympics. Toronto-based Roots created the US uniforms for the Salt Lake City Games in 2002 and for Athens in 2004. Meanwhile, Ralph Lauren

designed the outfits worn by the US team at the Beijing Olympics in 2008 and the Vancouver Winter Olympics in 2010. On each occasion, the uniforms were made outside the US.

The furor over the made-in-China items prompted Ralph Lauren to issue a statement on July 12 saying, "the company promises to lead the conversation within our industry and our government to address the issue of increasing manufacturing in the United States". It has also committed itself to producing the uniforms that Team USA will wear at the opening and closing ceremonies for the 2014 Winter Olympic Games.

Patriotic profits for Beijing firm

Beijing Jinggong Red Flag Factory Co, founded in 2001, is one of the largest flag manufacturers in China. Its products fly on flagpoles around China and are also exported to various countries including the US.

Bai Zhiyue, the factory manager, said the company is extremely careful when making national flags for foreign countries. "A 49-star American flag might cause a diplomatic incident," he said. "For the 2008 Beijing Olympic Games, we produced national flags for more than 200 countries. All the flag patterns are officially authorized," he added.

Once you get the patterns right,

said Bai, you can print the graphic on polyester, a common material for flags and banners, and then dye the fabric the necessary colors.

Most of the flag-making process is now automated, but workers are still involved in the color toning and stitching.

Meng Xia, a 50-year-old employee, has been stitching flags and banners for more than 30 years. She said the sewing is fairly simple and a new worker can stitch as proficiently as someone with a decade of experience after just one month. She said the work is very boring, but it pays her 23-year-old daughter's college fees.



A passer-by examines a window display at Beijing Jinggong Red Flag Factory Co, which produces goods for China and overseas markets.