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Many of you by now, may have heard of the protest at the Foxconn factory in Zhengzhou China

Here's a thread discussing the cause and deeper implications of the protest

No whitewashing, no sensationalism just pure hard facts... <https://t.co/q2jhnoFi1Y>



Let's set the record straight, the protest is not about pandemic control policies, though it's one of the contributing factors

The main problem here, is Foxconn is accused of changing their temporary employment contracts, and not honoring their advertised pay

Several weeks ago, Zhengzhou saw a COVID spike, and workers started to leave the industrial area where Foxconn was located

Foxconn would usually hire seasonal workers to meet the iPhone release cycle

So workers would come here and work for several months and move on

With the COVID policy causing a shortage of workers, the company advertised 15,000 RMB per month pay, for temporary employment

Being accused of not meeting the bonuses were the direct cause

Now Foxconn is offering 10,000 RMB payout for temp workers that want to leave

It's an alright deal, since most of them didn't work the whole month, they get some money. Now the workers can move on to other jobs

Which is why any problem that can be solved by money, is no problem at all <https://t.co/2mlfPmco7I>

The payout, intended to cover money owed to new workers for quarantining, transport to the factory and hours worked, was formally issued in notices to workers. Those who take the deal are set to receive Rmb8,000 when they submit their resignation and the remaining Rmb2,000 after boarding buses home.

“We’re happy,” said one worker who chose to take the deal and leave due to concerns about a Covid-19 outbreak at the plant and uncertainty around the bonuses.

Violent protests erupted at Apple’s biggest iPhone factory over promised bonuses. Foxconn apologised for the miscommunication, pledging it would honour its commitments.

This is pretty much it, a labor dispute, nothing to sensationalize about

HOWEVER, there is a deeper layer to it, keep reading and go down the rabbit hole if you wish <https://t.co/94hBjngxR3>



What is Foxconn?

I look at Foxconn, an exploitative Taiwanese company, as a carton of milk

It will provide nourishment for your city when you need that low-end manufacturing employment

but please throw it in the bin once you moved up the economic ladder

Foxconn provides little benefit to your economy once all of your provinces have moved up the economic ladder

If you trace the map of Foxconn moving their manufacturing hub

You'll find the majority of its operations have shifted from Southern China around Shenzhen

To Zhengzhou

The suicide net story from 10 years ago came from Foxconn's plant in Shenzhen

Henan, being a uniquely poor province, will be their last base of operation in China

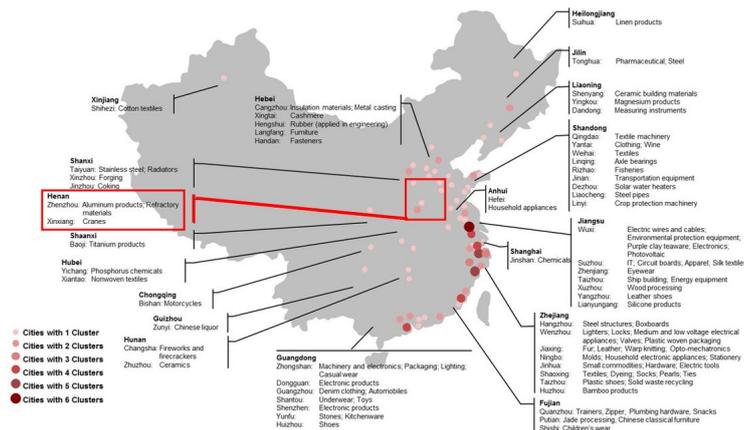
Once Henan is sufficiently developed, they'll move to South East Asia and India to exploit their workers
<https://t.co/ZJbLkH45lw>



So why is Henan "uniquely poor"?

If you look at the distribution of Chinese manufacturing hubs, it's mostly located near the coast

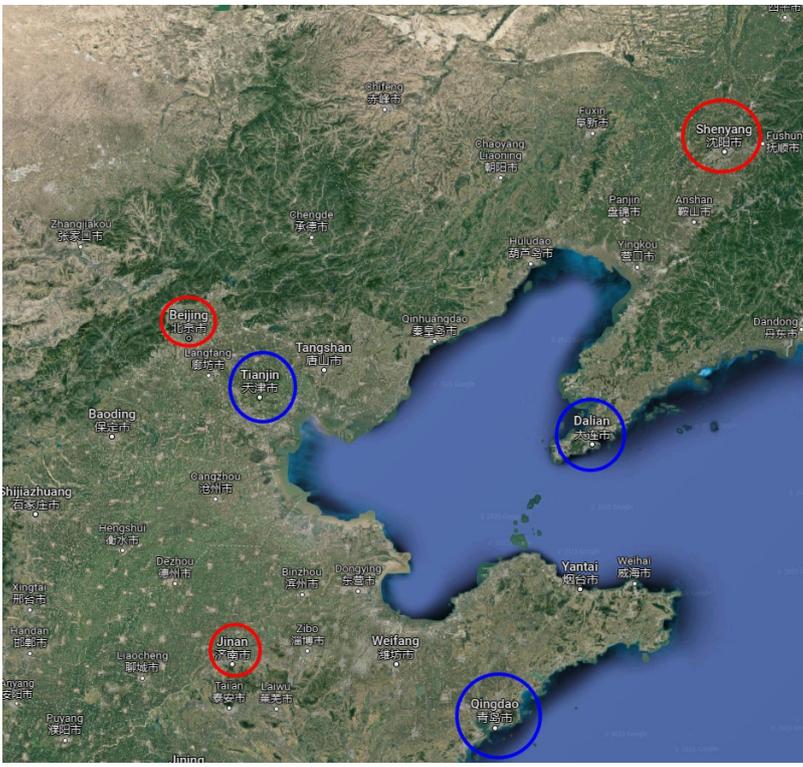
This is because water-based transport, is the most cost-efficient <https://t.co/GBKtnKhNHp>

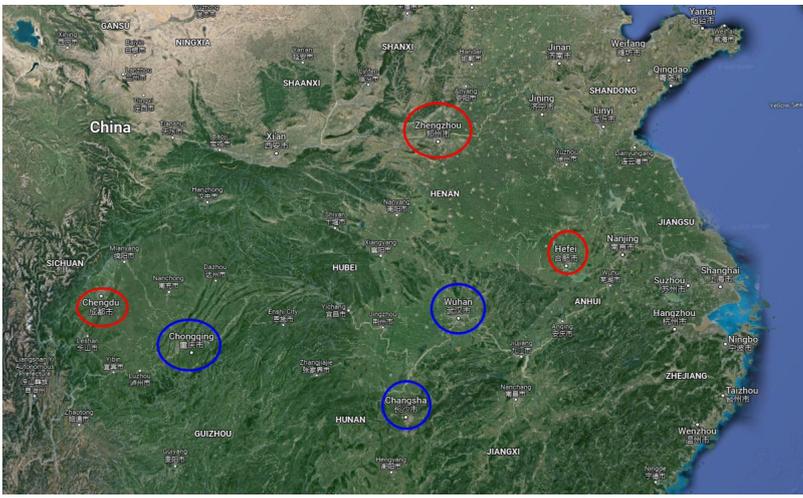


Source: Li & Fung Research Centre; The Beijing Axis Analysis

Here, I mapped the top 25 manufacturing cities in China, BLUE circles are cities with access to sea/ river port facilities

RED circled cities are inland cities without water-based transport <https://t.co/wQnQ2FBXiK>

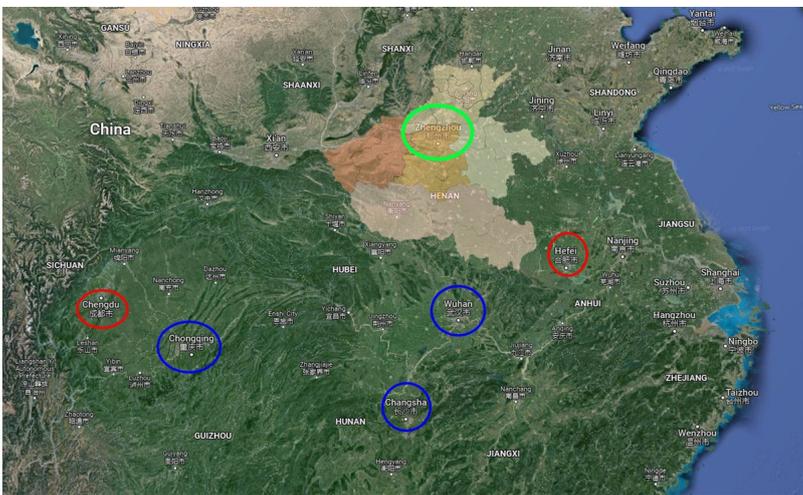




Zhengzhou, here circled in green, is the capital of Henan province

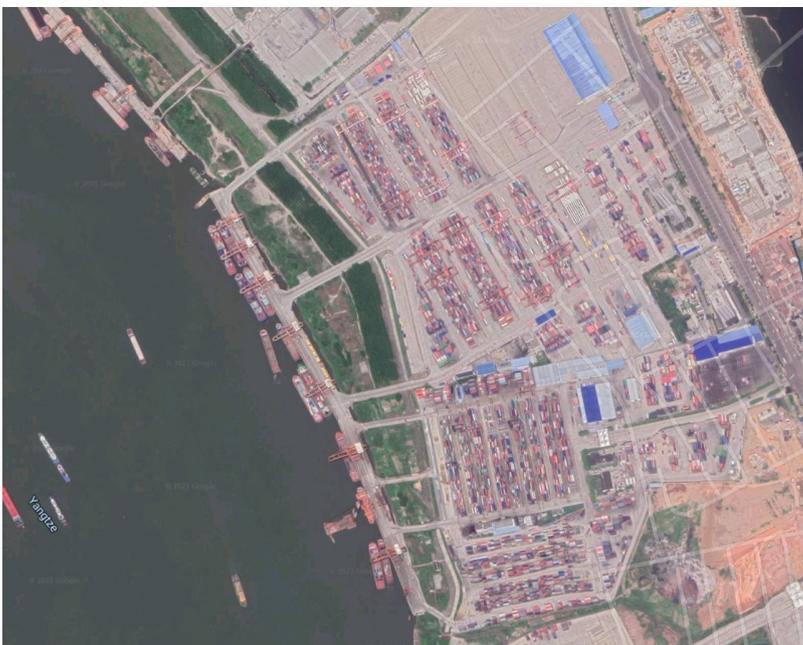
This particular cluster of cities, are the inland manufacturing hubs of the top 25 manufacturing centers in China

With the exception of Zhengzhou, every other inland hubs are located on or near the Yangtze river
<https://t.co/sfxRMi0ORI>



The Yangtze acts like a water highway system, that allows cargo ships to sail all the way from Chongqing to Shanghai, then to the rest of the world

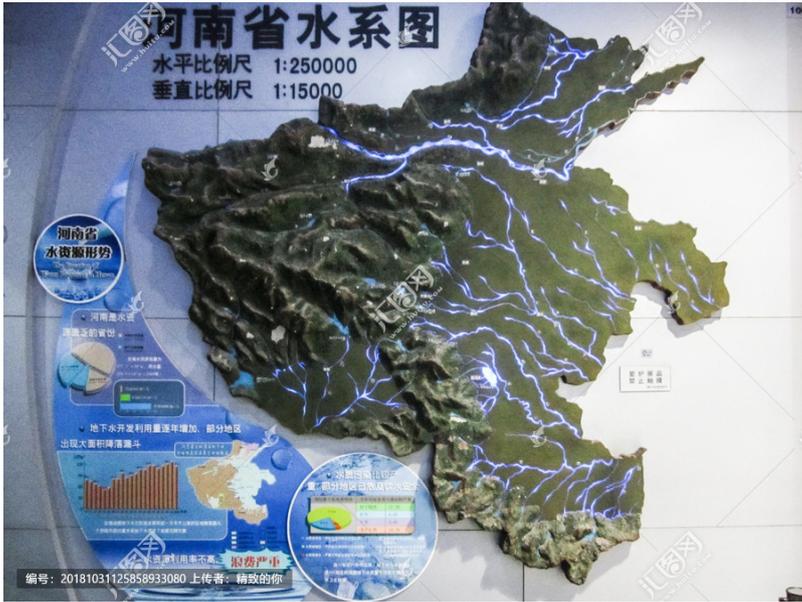
This is the river port in Wuhan, 800km away from the sea: <https://t.co/du6DMHK6wy>



Henan being a landlocked province, does have the Yellow river flowing through it, but it's not navigable by big ships

Henan does have a lot of rivers, but none are navigable all year round

The river system and flat plain gave Henan it's own "resource curse" <https://t.co/zKyggYabfW>



That curse is the land used for farming, which in turn supports a large population

With 99 million people, Henan is the 3rd most populous province, and the most populous Landlocked province

So the farmland per capita in Henan is very low, causing it being rather poor...

At the same time, the farming in Henan is very mechanized

Which is why Foxconn chose Henan, large population with flexible work hours

Henan will also be the last province where Foxconn can set their major hubs in, because the labor cost in coastal provinces are already too high <https://t.co/zceyS2oBWY>



And no other landlocked/ interior province in China is comparable to Henan

This also means, Henan is the last bastion of poverty in China

The way forward for Henan is to keep a core sector of manufacturing, and move to a service economy

Urbanize the population, giving more land per capita to farmers

+

An unique culture based service economy

+

mid to high-end manufacturing (manufacturing hubs around ZhengZhou and Luoyang)
= A prosperous Henan <https://t.co/mC2cPkTAX8>

