

GENEVA CENTER FOR **BUSINESS & HUMAN RIGHTS**

CASE SCENARIO

Progress Under Pressure

Forced Labor Remediation in Taiwan's Bicycle Industry

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NYU | STERN
Center for Business and Human Rights

LEARNING OBJECTIVES

1.
Explain how the situation of migrant workers in Giant's factories amounts to forced labor, and apply the ILO's indicators of forced labor to the facts of the case.

2.
Compare the incentives, constraints, and leverage of the key stakeholders and identify areas where interests align and conflict.

3.
Explain why conventional social audits fail to detect forced labor and propose thoughts on what a fit-for-purpose process would involve.

4.
Assess the role of investigative journalism, trade enforcement, civil society, workers, and due diligence regulation in driving corporate change.

5.
Evaluate what meaningful remediation looks like, including systemic reform, coverage of lower-tier suppliers and former workers, and prevention.

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BACKGROUND READINGS

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ABOUT THIS CASE SCENARIO

This case scenario details recent developments in the bicycle manufacturing sector related to forced labor and trade enforcement, how the industry has responded, and how violations came to light. The case involves a pattern that is common across global supply chains: migrant workers pay onerous recruitment fees to secure factory jobs, leaving them in debt and unable to leave their jobs or speak up about poor conditions. The case traces the impact of investigative journalism, a US Withhold Release Order against Giant Manufacturing Co. Ltd., and shifting regulation in the US, Taiwan, and the European Union combined to push companies towards remediation. It also lays out the partial remediation that has occurred to date, showing that policy adoption is outpacing implementation and lower-tier suppliers remain largely unaddressed. Comparing responses across companies also highlights the strengths and weaknesses of different responses to scandal.

The case scenario and class exercise is designed for use by students and teachers, primarily in business schools but could also be used in law, public policy, and similar programs. It includes a set of readings and background information with a stakeholder role play in which participants are assigned to one of six groups, each with a set of guiding questions about its next steps, obligations, and motivations. The case draws on public sources and on an interview with journalist Peter Bengtsen, whose reporting helped bring these conditions to light.

CASE SCENARIO

Taiwan's bicycle industry, home to global giants like Giant Manufacturing Co. Ltd. (Giant) and Merida Industry Co. Ltd. (Merida), depends heavily on migrant workers from Indonesia, Thailand, Vietnam, and other lower-income countries. Many of these workers paid exorbitant recruitment fees to secure their jobs, leaving them in debt bondage and financially unable to leave. Between 2023 and 2026, a series of investigative reports and a US import ban forced the industry to begin addressing these conditions. More than US$10 million has been reimbursed to workers across the sector, and at least ten manufacturers have adopted zero-recruitment-fee policies[1]. Yet policy adoption is outpacing implementation on the ground, and lower-tier suppliers remain largely unaddressed, meaning many of the workers most exposed to forced labor risk have received no remedy at all.

The story did not begin in Taiwan. In December 2023, *The Telegraph* exposed forced labor conditions at Kwang Li Industry, a Malaysian supplier to Shimano Inc. (Shimano), the world's largest bicycle components manufacturer.[2] Shimano responded relatively quickly: it launched a comprehensive investigation, conducted supplier audits and worker interviews, and arranged for affected workers to be reimbursed by spring 2024. This response set an early benchmark and stood in stark contrast to what followed.

Investigative journalist Peter Bengtsen helped broaden the picture to Taiwan's bicycle manufacturers, most prominently Giant, the world's largest bike producer. His reporting, published in *Le Monde diplomatique,* drew on more than 200 interviews with migrant workers conducted between 2022 and 2025, documented the same structural pattern: migrant workers paying exorbitant recruitment fees, leaving them financially trapped and unable to leave their jobs or demand better working and living conditions.[1, 3, 4] But Giant responded very differently from Shimano. Giant first denied responsibility and deflected

blame onto foreign labor brokers.[3] Only after a United States Withhold Release Order (WRO) in September 2025, which blocked Giant's imports at the US border, did the company announce a comprehensive reimbursement program and zero-recruitment-fee policy.[5, 6] Other manufacturers, including Merida, followed.[7] Bengtsen's 2026 follow-up report then documented the gap between these corporate commitments and ground-level reality, triggering further regulatory pressure and accelerating remediation for thousands of workers.[1]

The Taiwanese government also has a role in this story. The Taiwan Labor Standards Act has always technically applied to Taiwanese and migrant workers, but in practice, migrant workers have had no means to enforce their rights under the law.[8] After a series of WROs against Taiwanese fishing vessels in 2020, Taiwan created an Action Plan for Fisheries and Human Rights, but the government largely failed to acknowledge that forced labor can occur without physical abuse.[9, 10, 11] After the WRO against Giant, Taiwan and the US signed a Reciprocal Trade Agreement, which requires Taiwan to ban imports made with forced labor and to prohibit recruitment fees paid by workers.[12, 13] Taiwan's Ministry of Labor has also issued new voluntary Guidelines for Enterprises to Prevent Forced Labor.[14, 15, 16]

The broader regulatory environment is also shifting quickly. In addition to the US Forced Labor Import Ban, the European Union Forced Labour Regulation, which takes effect in December 2027, will prohibit products made with forced labor from being placed on the EU market, regardless of where in the supply chain the violation occurred.[17, 18] Other countries are also passing, and beginning to enforce, forced labor import bans. Eliminating forced labor from global supply chains is therefore no longer only a reputational concern but increasingly a legal requirement for market access. The bicycle case offers an early and public test of whether the industry can get ahead of this enforcement.

CLASS EXERCISE

GROUP 1
Giant Manufacturing

You are the executive team at Giant, the world's largest bicycle producer. When early international reports of debt bondage surfaced, you attributed those harms to the foreign labor brokers but did not stop working with them. Following the WRO in September 2025, you moved quickly: you announced a reimbursement program for current workers hired before January 2025 and later extended it to cover former workers who left the company in the two years before the WRO. You introduced a zero-recruitment-fee policy for all new hires. Your Q1 2026 financials show a net loss of US$6.34 million and a nearly 26 percent revenue decline year over year. You are under pressure from your board to stabilize the business and have petitioned US Customs and Border Protection to lift the WRO. At the same time, Bengtsen's follow-up report found that implementation on the ground is lagging your public commitments, particularly among lower-tier suppliers, roughly 20 percent of which have not yet signed your code of conduct.

1. How do you respond?
2. What are your next steps, and how do you demonstrate to regulators, brands, and workers that your commitments are real and lasting?

GROUP 2
Shimano

You are the leadership team at Shimano, the world's largest bicycle components manufacturer. Your story in this scandal is different from Giant's: when forced labor conditions at your Malaysian supplier Kwang Li Industry were exposed in December 2023, you acted swiftly. You launched a comprehensive investigation, audited suppliers, conducted worker interviews, and to be reimbursed approximately US$1,000-US$1,500 each by spring 2024.[19] You are widely seen as the better performer in this case. But your supplier was the source of the abuse, and your standard oversight processes did not catch it before a journalist did. You have since identified unethical recruitment and employment practices in at least seven other Malaysian companies in your supply chain.

1. What does this case reveal about the limits of supplier auditing?
2. What systemic changes have you made, and how do you ensure this does not happen again in Malaysia, in Taiwan, or elsewhere in your global supply chain?

GROUP 3
Western Bicycle Brands
Trek Bicycle Corporation, Scott Sports SA, Canyon Bicycles GmbH, and others

You are the senior leadership team of a major Western bicycle brand that sources bikes and components from Taiwanese manufacturers including Giant and Merida. You sell premium bikes to environmentally conscious consumers who pay US$3,000 or more for a bicycle they believe is ethically made. The forced labor scandal has put you in an uncomfortable position: you knew little about recruitment fee practices in your supply chain, and your standard audit processes missed them entirely. The World Bicycle Industry Alliance, of which your brand is a member alongside Trek Bicycle Corporation, Scott Sports, Canyon Bicycles, and Giant, has committed to re-evaluating recruitment fee charging in its code of conduct. But commitments at the alliance level are not the same as action on the ground.

1. What leverage do you have over your Taiwanese suppliers?
2. What concrete steps will you take to manage the enforcement risk, and how will you verify that those steps are working?
3. Are you willing to absorb higher sourcing costs to ensure workers are fairly treated, and how will you explain that decision to your consumers?

GROUP 4
The US Government
Customs and Border Protection

You are senior officials at US Customs and Border Protection responsible for enforcing the WRO against Giant. Your enforcement action proved more effective than years of civil society pressure or voluntary corporate commitments. But the WRO also has costs: it has disrupted supply chains, raised uncertainty for retailers, and created pressure on Taiwan's broader manufacturing sector, which employs around 519,000 migrant workers across industrial sectors.[20] Giant has now petitioned for the WRO to be lifted, arguing it has implemented a full package of corrective measures. You are also being asked to consider how to extend enforcement to other bicycle manufacturers and to lower tiers of the supply chain.

1. How do you evaluate Giant's petition?
2. What evidence do you need before lifting the WRO?
3. How do you ensure that enforcement drives genuine remediation rather than simply shifting production to less visible suppliers?

GROUP 5
Migrant Workers and Their Representatives

You represent the migrant workers from Indonesia, Vietnam, the Philippines, Thailand, and other countries who paid recruitment fees of between US$3,200 and US$6,700 to secure jobs in Taiwan's bicycle factories.[21] Some of you are current workers who have been reimbursed; many are former workers who left more than two years before the WRO, or were hired after January 2025, and have received nothing. Workers in lower-tier supplier factories remain largely outside the scope of current remediation efforts. You have little formal bargaining power, as unions are restricted under Taiwan's labor framework governing migrant workers, and many of you fear retaliation if you speak out. But your testimonies, when shared with investigative journalists or regulators, have proven capable of moving markets.

1. What remedy do you need, not just financially but systemically, to ensure this does not happen to the next generation of workers seeking jobs abroad?
2. Who do you hold accountable: the factories, the brands, the recruitment agencies, or the governments of your home countries and Taiwan? And how?

GROUP 6
The Taiwanese Government

You are senior officials in Taiwan's Ministry of Labor under the Executive Yuan, responsible for governing an economy that employs roughly 750,000 registered migrant workers across manufacturing, fishing, and care work.[20] The Labor Standards Act applies to some migrant workers on paper, but in practice they have had no realistic way to enforce those rights: recruitment debt ties them to their jobs, unions are restricted, and fear of retaliation (or of deportation) keeps most silent. After a series of US WROs against Taiwanese fishing vessels in 2020, you launched an Action Plan for Fisheries and Human Rights, but it largely overlooked forced labor that occurs without physical abuse. The US WRO against Giant, followed by the Agreement on Reciprocal Trade with the US, changed your position: Taiwan has now committed to banning imports made with forced labor and to prohibiting workers from paying recruitment fees, and the Ministry of Labor has issued new voluntary Guidelines for Enterprises to Prevent Forced Labor. You are caught between competing pressures: a trade-dependent economy that cannot afford further US enforcement actions, an industry lobby warning that stricter rules will raise labor costs and drive orders elsewhere, and growing scrutiny from civil society and the international community of your treatment of migrant workers.

1. How do you respond?
2. Which tools will you use: binding regulation, stronger labor inspections, reform of the broker system, bilateral agreements with source countries such as Indonesia, Vietnam, the Philippines and Thailand, and/or a legal channel for workers to change employers and seek redress?
3. How will you enforce the new recruitment fee ban?

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DISCUSSION QUESTIONS

1.
Shimano acted faster and more proactively than Giant.
What could explain the difference in response, and what lessons does it offer for how companies should prepare before a scandal breaks?

2.
The bicycle case is described as partial remediation.
What would full remediation look like, and is it achievable through voluntary corporate action alone?

3.
Conventional audits failed to detect debt bondage arising from recruitment fees.
What would a fit-for-purpose audit process actually look like for this type of risk?

4.
The WRO was the decisive turning point.
Does this suggest that trade enforcement is a more effective tool for driving human rights compliance than due diligence legislation?
What are the limits of each?

5.
Workers received remedy because external pressure made inaction too costly, not because the system worked.
How do we build a system that catches these problems before a journalist has to expose them?

6.
Lower-tier suppliers remain largely unaddressed.
Who has the leverage to reach them, and who has the responsibility?

7.
What is the responsibility of the Taiwanese government here?
What motivations drive it to act, or not act?

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