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SWEATSHOP WATCH™

Empowering Workers, Informing Consumers

Tackling the Challenges of Globalization

Since the elimination of global garment and textile quotas on January 1, 2005, workers and advocates have been preparing for massive job loss and employment instability. While it may take some time to realize the full impact on jobs and workers' rights of the new system of free trade of garments, workers are already suffering. In Cambodia, according to the Garment Manufacturers Association, 11 factories have closed and 25 have stopped operating, leaving 22,000 workers jobless. Factory closures in San Francisco, Saipan, Mexico, Bangladesh, South Africa and elsewhere have resulted in tens of thousands of additional jobs lost. Meanwhile, garment exports from China are rising causing garment and textile manufacturers in the US and other countries to call for restraints on Chinese goods. Some are declaring China the "winner" in today's global economy, yet are Chinese workers really getting a fair shake from the multinational corporations now offering them jobs?

On May 8-9, 2005, key players in the anti-sweatshop movement met to discuss this and other important questions relating to the challenges globalization poses to garment workers around the globe. Sweatshop Watch convened the meeting at the request of the Marianas Fund of the Tides Foundation.

The Marianas Fund resulted from the landmark settlement of the Saipan sweatshop lawsuits. In 1999, three separate lawsuits were filed on behalf of garment workers in the Western Pacific Island of Saipan (also known as the Marianas Islands), who worked under sweatshop conditions in garment factories that sewed clothes for major U.S. retailers. In California, four organizations, Asian Law Caucus, Global Exchange, Sweatshop Watch, and UNITE, filed a lawsuit alleging that retailers had misled U.S. consumers by purporting that their products were manufactured in the U.S., and therefore, sweatshop-free.

By 2003, 27 retailers, including big name brands Abercrombie & Fitch, Gap Inc., J. Crew, and Target Corp., settled the lawsuits for $20 million. The settlement established a fund to give the worker access to restitution for the conditions they endured, and to finance an independent monitoring program on the island, as well as related public education, attorney fees, and administrative costs. The Marianas Fund was created to further public education work around sweatshop issues, resulting in one-time grants to several worker rights organizations. The Fund also supported the convening of its grantee organizations to explore ways to further the victory of the Saipan settlement. These grantees and other organizations came together and shared the ways they are addressing issues of job loss and exploitation, which are fueled

continued on page 7...

Presenters Katie Quan and Jenny Chan talk about conditions in China's garment factories.

TAKE A PEAK:

2 Nike's Report
3 WINS Victory!
4 May Day Int'l
5 Resources
6 Bangladesh Factory Tragedy

Assessment of Nike's Corporate Responsibility Report

On April 13, 2005, Nike released its second Corporate Responsibility (CR) Report. Below are excerpts of an assessment by the Maquila Solidarity Network (MSN), a Canada-based labor and women's rights advocacy organization, examining the strengths and weaknesses of the Nike report. The MSN assessment does not look at sections of the report dealing with environmental, community, or employee diversity issues.

Factory Disclosure: Nike's decision to publicly disclose the names and addresses of all approved factories producing Nike brand products represents a major breakthrough toward greater transparency and corporate accountability in the industry. It opens up Nike's global supply chain to public scrutiny and could motivate other companies to do the same.

To date, most major retailers and brands have refused to voluntarily disclose factory locations where their apparel products are made, arguing that this is "proprietary information," and that releasing this information would allow competitors to gain access to trade and product design secrets. Rather, such regulations would create a level playing field and eliminate concerns about competitive advantage.

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Nike's decision to publicly disclose factory locations exposes the "proprietary information" argument for what it is -- an attempt to hide factory conditions from public scrutiny. If a company that has invested as much as Nike has in its brand and product design and can disclose factory locations, there is no reason other companies cannot do the same.

Working Conditions: The Nike report is much more candid than previous company public statements and reports about the prevalence of worker rights violations in its global supply chain and in the garment industry in general. This in itself is an important step forward, since most of the company's earlier reports were viewed by the anti-sweatshop movement as public relations efforts.

Percentage of Nike audits (factory monitoring by Nike compliance staff) with one or more instances of noncompliance:

- Harassment and Abuse: 25-50%
- Hours of Work: 50-100% exceed Nike standard; 25-50% exceed legal limit
- Wages: 25-50% below legal minimum
- Freedom of Association Prohibited by Law: 10-25%

Lack of worker awareness of basic code of conduct provisions is also identified as a major challenge for the company.

According to the report, over the next few years, Nike will focus on the following priority issues: Freedom of Association; Harassment and Abuse and Grievance procedures; Payment of Wages; Hours of Work; Environment, and Safety and Health.

Issues in China: The report gives considerable attention to restrictions on freedom of association in countries like China where a large and growing percentage of its production is located. According to the report, in 2004, 36% of Nike footwear was made in 17 contract factories in China. This does not include Converse brand running shoes. In addition, Nike apparel and equipment were made in 96 contract factories. With the elimination of the quota system at the end of 2004, production of Nike products in China is likely to increase significantly.

The report points to the following worker rights issues that are endemic to the Chinese garment and footwear industries: the lack of freedom of association, lack of clarity as to what constitutes the law ("inconsistencies between national and local laws"), the common practice of management falsifying factory records on working hours and wages, and issues specific to the migrant labour system.

The Nike report advocates constructive engagement with Chinese suppliers and the Chinese government as the best approach to addressing these systemic issues.

Beyond Monitoring: The Nike report recognizes that factory monitoring doesn't necessarily lead to remediation (long-term compliance). It highlights the need for labour rights training for management personnel and workers.

The report also acknowledges the need to deal with "root causes" of noncompliance, such as pricing, quality demands and order deadlines.

Stakeholder Engagement: The report refers to recent initiatives in which Nike is consulting or engaging with labour and non-governmental organizations, involving representatives of trade union, environmental and labour rights NGOs, investors and suppliers; and the ongoing Multi-Fiber Arrangement (MFA) Forum, examining how to address the negative impacts of the quota phase-out.

Despite the advances described above, there continue to be

continued on page 3...

Victory for the WINS Garment Workers!

On May 12 , 2005, Superior Court Judge Ernest Goldsmith issued a tentative ruling that two San Francisco garment sweatshop owners, Anna Wong and Jimmy Quan, who failed to pay wages to over 250 workers, known as the WINS workers, are on the hook for over $1.2 million. The court also found that Wong and Quan had fraudulently transferred six of their residential properties to close relatives in an effort to evade payment of significant debts, including the garment workers' wages. The judge's tentative decision sets aside those fraudulent transfers, making those assets available for collection. The judge's final decision is expected this summer.

Since the case began over four years ago, Sweatshop Watch has been working in a coalition to support the WINS garment workers in their quest to recover their unpaid wages and hold their former employers accountable for their labor abuses. The network of advocates worked together to bolster the lawsuit, filed against Wong and Quan by the California Labor Commissioner, and joined by two former workers, Mei Yan Fang and Li Qin Yang Zhou, and the Chinese Progressive Association (CPA), a Chinatown based workers rights group. The Women's Employment Rights Clinic of Golden Gate University School of Law (WERC) and the Asian Law Caucus (ALC) represent the former workers and CPA.

During the four month trial, seventeen workers testified against their former bosses. The judge found their testimony credible and persuasive. According to former WINS seamstress, Li Qin Yang Zhou, who testified in court "Through this lawsuit, we are not only demanding what is rightfully owed to us, but we also want all employers to know that just because we don't speak English, we will not be exploited." Worker advocates stress that labor law violations against immigrant workers are widespread. Workers and their advocates see broader significance to the legal victory. "The tentative ruling holds these factory owners liable as individuals-an important concept in the garment industry where it is not uncommon for factory owners to close shop, declare bankruptcy and absolve themselves of responsibility for unpaid wages," says Marci Seville, WERC Director. The issue of individual liability for unpaid wages is pending before the California Supreme Court in Reynolds v.Bement, and will be argued on June 1, 2005.

Weaknesses of the Nike Corporate Responsibility Report

Nike continued from page 2...

a number of weaknesses and limitations in Nike's CR reporting, including the following:

Transparency: Reporting on the findings of internal monitoring by geographic region doesn't allow for evaluation of progress made at the country or factory level. Reporting on findings and corrective action by factory, or at least by country, would be far more useful. Connecting the dots between the specific factories now listed on the Nike website and the findings of internal and external monitoring, as well as corrective action taken, would act as a major incentive to suppliers to achieve and maintain compliance with the Nike code and local laws.

Wage Issue: The Nike report acknowledges that wages and working hours are inextricably linked (inadequate wages compel workers to work excessive hours), but fails to acknowledge that the company has a responsibility to ensure that workers receive wages that meet their basic needs by local standards. The report skirts the living wage issue, focusing instead on increased productivity as the solution to the problem.

Worker Rights Training: Labour rights training for workers and management personnel is certainly needed, but what happens when workers exercise their rights? Will Nike make a commitment to stay in factories where workers organize and bargain collectively?

Incentives for Compliance: While the report touches on the pricing issue (whether prices paid to suppliers allow for code compliance) and talks about code compliance being a factor in Nike's sourcing decisions, suppliers need to concrete incentives for code compliance - a commitment to long-term business relationships, adequate prices (investment in wages), and reasonable order schedules.

Public Policy: According to the report, Nike supports duty-free market access for apparel exports from developing countries. Will Nike also support labour standards provisions in trade agreements? Will it join with other brands in lobbying governments in producing countries to consistently enforce labour legislation that is consistent with ILO standards, including laws guaranteeing freedom of association? Will it give preference to countries that consistently enforce labour laws that are consistent with ILO standards? Will it support consistent enforcement of national hours of work laws in China? What steps is it willing to take to help facilitate democratic worker representation in China?

Stakeholder Engagement: As the Nike Report Review Committee states, "future reports would benefit from coverage of how Nike engages with its keenest critics." See MSN's website for complete assessment at www.maquilasolidarity.net.

Workers Celebrate May Day Around the World

Los Angeles, CA, USA

Over 5,000 people marched and rallied for legalization of all immigrants in downtown Los Angeles in celebration of International Worker's Day. The march was organized by the Multi-ethnic Immigrant Worker Organizing Network (MIWON), which is a collaborative effort of groups organizing low-wage immigrant workers. The organizations involved are Coalition for Humane Immigrant Rights of Los Angeles (CHIRLA), Korean Immigrant Workers Advocates (KIWA), Pilipino Workers Center (PWC), and Garment Worker Center (GWC).

Shenzhen, Guangdong, China

The Chinese Working Women's Network (CWWN) began in 1996 as a non-profit, non-governmental organization with the mission of promoting betterment for the lives of Chinese working women and of developing feminist awareness of self help and self-empowerment. Working with the young women workers who migrate to factories from rural areas, CWWN conducts trainings on labor rights, occupational safety and health, sexual discrimination, and general well-being. On May Day, CWWN organized a Workers Forum on migrant worker's situation. About 250 workers joined and shared their ideas and opinions. Workers divided into groups to discuss an action plan to improve their conditions.

Gomez Palacio, Durango, Mexico

On May 1, the Lajat factory workers protested against the violation of their right to free association. In a campaign with the Coalition for Justice in the Maquiladoras, the workers have been pressuring major brands Levis and Mudd, whose jeans workers claim are made in the Lajat factory. The workers first organized against being hauled around like animals in the back of open trucks and against unhealthy working conditions. This organizing forced the factory to negotiate and sign an agreement with the workers for improvements. However the factory fired eight members of the bargaining committee. Now Lajat refuses to reinstate the fired workers.

Savar, Bangladesh

Pressuring the prime minister, labor minister, and garment manufacturers and exporter's association to acknowledge worker's demands after a tragic factory collapse, hundreds of Bangladeshi garment workers marched on May Day (see story on page 6).

Puebla, Mexico

To celebrate International Worker's Day, the *Centro de Apoyo Al Trabajador* (CAT), an organization that provides technical assitance and advice to worker organizing campaigns, marched in solidarity with the democratic union at the Volkswagen plant.

Resources

***Made in China* (Book)**
Academic Pun Ngai chronicles the struggles of the *dagongmei*, working girls from rural provinces who migrate to urban factories where they endure sweatshop conditions in the factories of post-Mao China. Spending seven months in an electronics factory in the Special Economic Zone of Shenzhen, Pun dissects the methods of modern transnational capital and also reveals the sisterhood and resistance of the working women.

***Mardi Gras: Made in China* (Video)**
A 63 minute documentary explores the production, consumption, and disposal of Mardi Gras beads. Filmed on location in Fuzhou, China and New Orleans, Louisiana, *Mardi Gras: Made in China* follows "The Bead Trail" backwards from the bacchanalia at Mardi Gras to the factories in Fuzhou where the beads are made. Copies of the video can be ordered at: http://www.mardigrasmadeinchina.com/index.html

Troublemaker's Handbook 2: How to Fight Back Where You Work and Win!
This unique book is a workplace strategies manual from the viewpoint of unionists on the front lines, filled with organizing lessons. Seventy-two authors and hundreds of activists tell their success stories, from how to bring the boss down to size, to how to sustain a years-long campaign against a multinational company. The workplaces represented are factory and white collar, public and private, U.S. and international. The book can be ordered at www.labornotes.org or by writing 7435 Michigan Ave., Detroit, MI 482098, by calling 313-8426262, or faxing by 313-842-0227. The price is $24 plus $4 shipping.

www.GlobalLocalPopEd.org
This website is an online clearinghouse of popular education resources for grassroots organizations looking to integrate a global perspective into local work.

Tragedy in Garment Factories in Bangladesh

On April 11, garment workers in Savar, an industrial town northwest of Dhaka, Bangladesh experienced a horrible tragedy. The nine story Spectrum Limited garment factory collapsed at approximately 1am with some 450 workers reportedly working the night shift on three floors of the building, according to the *Daily Star*. The collapse also damaged the adjacent Shahriar Fabrics Limited factory. The tragedy killed 93 workers, left 36 missing, and 200 injured. This represents the worst type of tragedy that can take place in the garment industry due to poor health and safety standards. It is alleged that the collapse occurred due to faulty construction.

In response, the National Garment Workers Federations (NGWF) and other garment worker advocates, assisted victims and their families. Despite the tragedy of the fire, the Bangladesh government and the influential Bangladesh Garment Manufacturers and Exporters Association (BGMEA) have been slow to meet workers' needs. The workers have placed several demands:

- The 6000 workers of collapsed Spectrum and Shahariar Garments factories must receive their monthly wage for March and April, and overtime payment for February, March and April.
- Factories should maintain employment for workers. If they cannot, they should provide adequate notice and legal compensation to those left jobless.
- The deceased workers' families must receive the appropriate compensation. The chief inspector simply filed for compensation as noted by the "Accident Act," rather than the "Fatal Accident Act-1955," which is several times more than the accident act.
- A tripartite inspection committee must be created to inspect all garment factories to ensurehealth and safety conditions for workers.

Garment workers stage hunger strike to pressure the government and the BGMEA to meet workers' demands.

The workers rights groups have organized hundreds of garment workers to take action and put pressure on the Prime Minister, Labor Minister, and the BGMEA to meet their demands. Since the factory collapse, workers have engaged in a procession of activities to keep workers' rights on the forefront. Tactics include staging street protests, creating a human chain of Specturm garment workers and victim families, demonstrations, and a hunger strike. See www.cleanclothes.org for updates.

Staff Updates

Sweatshop Watch is very pleased to announce the appointment of Ms. **Rini Chakraborty** as our new Executive Director. Rini brings exceptional leadership, management and program skills that will enhance our work, and she has an intimate knowledge of immigrant rights issues and a strong background in policy advocacy. She previously worked as the Director of the California Immigrant Welfare Collaborative (CIWC).

Sweatshop Watch has had the tremendous fortune of growing under the leadership of our outgoing Executive Director, **Nikki Fortunato Bas**. We wish Nikki and her new family all the best.

SW info

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Photos: Chinese Working Women's Network, Centro de Apoyo Al Trabajador, Coalition for Justice in the Maquiladoras, Garment Worker Center, National Garment Workers Federation, Sweatshop Watch

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Commentaries, articles, and letters are welcome and should be accompanied with your name, address, and telephone or email.

Advocates Discuss Rising Issues

Convening continued from page 1...

by fierce competition among retailers to cut production costs to the bone. Participants included: Asian Law Caucus, Campaign for Labor Rights, Chinese Working Women's Network, Coalition for Justice in the Maquiladoras, CAAAV (Committee Against Anti-Asian Violence), Garment Worker Center, Global Exchange, Instituto para la Superacion de la Miseria Urbana (Guatemala), International Labor Rights Fund, Southeast Regional Economic Justice Network, Sweatfree Communities, United Students Against Sweatshops, and the Workers Rights Consortium.

The advocates at the meeting reflected the diversity of garment advocates: some work locally/regionally, others internationally; most focusing their work on garment workers, while some on textile and other low wage workers. Similarly, participants use a wide array of strategies, including organizing, policy advocacy, public education, popular education, solidarity campaigning, advocating for sweatfree purchasing policies,

Connie Leeper of the Southeast Regional Economic Justice Network and Scott Nova of the Workers Rights Consortium share their work.

enforcement of industry codes of conduct, litigation, among others. The groups also represented varying constituency, including: workers, consumers, students, universities, and other organizations. Hence, coming together was an opportunity to acknowledge the growth of the anti-sweatshop movement over the years. It was also a time to learn from each other of the rising global challenges to worker's rights in the garment industry.

One issue affecting the work of all participants to varying degrees is the rise of China's role in apparel production. This issue warrants attention of those monitoring the Saipan case for a number of reasons. First, the majority of workers on Saipan are Chinese women. They will likely return to China if and when their Saipan employers close shop due to increased competition in the post-quota world, and they may end up working in the apparel industry in China. Garment advocates can continue to support these workers by understanding the labor issues and connecting with non-governmental organizations in China. Second, one of the purposes of the Saipan settlement and the Marianas Fund was public education. Advocates at the convening examined U.S. mainstream press reports of China being a "problem" or of China "cheating," which worry advocates as they carry racist undertones reminiscent of the violent Japan-bashing in the 1980s. Participants recognized that this rising, sometimes subtle, sometimes overt scapegoating of China can exacerbate a divide between U.S. workers and workers abroad, and ultimately fails to pinpoint that corporate power is driving today's race to the bottom.

Jenny Chan from the Chinese Working Women Network in Hong Kong and Katie Quan with the University of California Berkeley Labor Center introduced the landscape of actors in the Chinese labor movement as well as the issues garment workers face in their factories. Their presentations inspired participants and led them to begin identifying ways to act in solidarity with Chinese workers. The convening was a space for anti-sweatshop activists who first collaborated on the Saipan lawsuit to reconnect, but also understand a rising issue. The Marianas Fund convening increased understanding and connection to Chinese workers, which garment worker advocates recognized as fundamental to creating global worker solidarity that will challenge multinational corporate power. Without looking at the issues surrounding China more deeply, anti-sweatshop activists run the risk—as a movement—of failing to support the labor rights of a huge portion of the world's workers and of allowing racist and protectionist ideas to pervade the mainstream.

Share Your Stories!

What are some of the things you have done in the anti-sweatshop movement? Please send in stories of ways you have resisted, challenged, educated for social justice. Sweatshop Watch would love to spread your ideas and post them on our website or newsletter.

An anthropology professor wrote Sweatshop Watch about a website his students created to trace the chain of production of items they own. Check out the siteat: **http://www.units.muohio.edu/ath175/student/springHA_05.html**

How to Give to Sweatshop Watch

Every gift to Sweatshop Watch goes a long way in protecting the rights of garment workers.

- Write a check and send it to our Los Angeles office.
- Make a donation with your credit card by visiting our web site www.sweatshopwatch.org.
- Ask your employer to match your gift.
- Give your time as a volunteer.
- Make a gift of goods or services.
- Designate Sweatshop Watch in a planned gift (will or trust).

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www.sweatshopwatch.org

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Join Sweatshop Watch!

Founded in 1995, Sweatshop Watch is a coailtion of over 30 organizations, and many individuals, committed to eliminating the exploitation that occurs in sweatshops. Sweatshop Watch serves low-wage workers nationally and globally, with a focus on on garment workers in California. We believe that workers should earn a living wage in a safe, decent work environment, and that those responsible for the exploitation of sweatshop workers must be held accountable. Please join us by becoming a member. Either send in this form with a check or make a contribution from our website www.sweatshopwatch.org with your credit card.

Total Enclosed: ❑ $20 ❑ $50 ❑ $100 ❑ $250 ❑ $500 ❑ Other $_____

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