

# U.S. Profits From Booming Chinese Sweatshops, Report Says

by Jim Lobe

(IPS) WASHINGTON -- **U.S.** clothing and footwear companies, which import more than 15 billion dollars a year in Chinese-made goods, are profiting from sub-contractors whose mainly young, female workers toil in sweatshop conditions, according to a new report released here.

The report, which covers 21 factories in China, found that the foreign-financed boom in southern China is being fuelled by poorly-educated women from rural areas, who are unaware of their legal rights and forced to work up to 12-hours-a-day, seven days a week -- for as little as 13 cents an hour.

"Working conditions in China actually violate China's own labor law and internationally recognized worker rights, as well as U.S. corporate codes of conduct," according to Charles Kernaghan, director of the National Labor Committee (NLC) which released the report Wednesday.

"Yet the workers -- whose conditions approach indentured servitude -- have no independent unions, human rights, women's or religious organizations to protect them, and US companies take advantage of their vulnerability," said Kernaghan.

"American companies are actually lowering standards in China"

**Kernaghan** used the release of the report, 'Made in China: Behind the Label,' to launch a national campaign to press these companies, which include some of the U.S.' most fashionable labels, to fully disclose the conditions under which their merchandise is being produced. "The public has a right to know in what countries and in what factories American corporations are producing and under what human and labor rights conditions," he said.

Several Democratic lawmakers have pledged to push for legislation this year that would ensure greater disclosure. "The bottom line is that the American people should not, unknowingly, be purchasing products made in sweatshops," said Rep. Bernie Sanders (IND - Vermont).

Named in the report are such companies as Ralph Lauren, Ann Taylor, Kathie Lee, Wal-Mart, Liz Claiborne, Esprit, J.C. Penney, The Limited, and K-Mart. Most of these firms maintain that they monitor factories where their merchandise is made, but investigators from the Hong Kong-based Asian Monitor Resource Center and China Labor Bulletin found "evidence of widespread, unregulated subcontracting among the sector of foreign, privately- owned factories booming in the south of China."

These factories operate in climate of secrecy, according to the report, often with no signs posted and frequently not even listed in business directories.

"It is possible, even likely, that many U.S. companies may not even know in what factories their garments are being produced, let alone what working conditions are," the NLC wrote in a letter to the Apparel Industry Partnership (AIP), a White House task force of U.S. companies and non-governmental organizations that has drafted a corporate code of conduct for company operations overseas.

U.S. buyers, according to the report, almost always deal with agents working out of upscale showrooms in Hong Kong. These then act as brokers which assign the work to subcontractors who actually run the factories. Sometimes, as many as 10 such factories may work on one order. Some four million apparel workers are employed in an estimated 44,000 apparel operations, according to the report.

"American companies are actually lowering standards in China as they shift their production from publicly-owned factories in the north to private, foreign-owned sweatshops in the south, slashing wages in the process, eliminating benefits, imposing excessive mandatory overtime hours, and tolerating widespread arbitrary firings and unsafe factory and living conditions," said Kernaghan.

Nike and  
Adidas  
shoes  
made for  
19 cents  
an hour

**In the** Liang Shi Handbag Factory, which makes Kathie Lee handbags, for example, a workweek consists of seven 10-hour days for wages as low as 13 cents an hour, according to the report. The factory has no fire exits and workers are housed in dirty, cramped dormitories, five to a room. After paying for one week's worth of food and lodging, workers are left with only \$3.44.

In the Yeu Yein Factory, which makes Nike and Adidas shoes, 50,000 to 60,000 young women ages 18 to 22 work six or seven days a week, 10 to 12 hours a day, for 19 cents an hour, the report said. In some

cases, workers living in factory-built dormitories are subject to constant surveillance.

Independent unions are illegal in China where, according to Sally Chun of China Labor Bulletin, "workers lack minimum social guarantees and ...are subject to government repression and violence when they voice their demands."

She and Apo Leong of the Resource Center expressed skepticism about the effectiveness of U.S. corporate codes of conduct which have become more widespread in recent years, in part because of publicity generated about apparel-making sweatshops discovered in Central America and the Caribbean by Kernaghan's NLC.

In an open letter to the White House's Apparel Partnership, Kernaghan called for an immediate review of factory working conditions in China for their compliance with international standards and a ban on unregulated subcontracting. He also called for companies to ensure that their codes of conduct are posted in subcontracting factories and that human and worker rights groups are given access to workers.

The Partnership, which consists of six rights groups, two labor unions, and eight companies, including several of those named in the new report, has spent more than a year negotiating the mandate of an association that would certify companies' compliance with a tough code of conduct. Such a certification would then permit them to tag their merchandise with a 'No Sweat' label.

The Partnership has agreed to the elements of such a code, which includes virtually all of the demands put forward by Kernaghan, according to its co-chair, Linda Golodner, who is president of the National Consumers League.

The Partnership still has to work out details on what constitutes a "living wage" and how the code should deal with countries, like China, which do not permit freedom of association. Once these matters are resolved, it hopes that most other companies in the apparel and shoe industry will join the effort.

"This reports poses a lot of very important questions for the companies and our own government to look at," said Golodner told IPS. She noted that Washington has done nothing to discourage companies from investing in China, despite the absence of workers' rights there. "This needs to be looked at very seriously," she added.

