



SWEATSHOP WATCH™

Empowering Workers, Informing Consumers

Evaluation of Landmark Anti-Sweatshop Law Finds Lax State Enforcement & Corporate Disregard of the Law

Six years after California's historic anti-sweatshop bill was signed into law, the Asian Pacific American Legal Center, Sweatshop Watch, and other garment worker advocates released a report that reveals that AB 633 has been ineffectively utilized by the state labor agency entrusted with enforcing it, and hence ignored by many clothing companies that continue to profit from sweatshops. *Reinforcing the Seams: Guaranteeing the Promise of California's Landmark Anti-Sweatshop Law* documents the successes and shortfalls of what many had hoped would prove to be the country's strongest anti-sweatshop legislation – Assembly Bill 633 (AB 633).

Key Findings from the report include the following:

- Rise in wage claims: Since AB 633 became law, there has been a four-fold increase in wage claims filed by garment workers, but this increase reflects only a small fraction of the tens of thousands of workers who have been denied minimum wage and overtime and who are covered by AB 633's protections.
- Corporate accountability: For the first time in wage claims administered by the state, workers are recovering

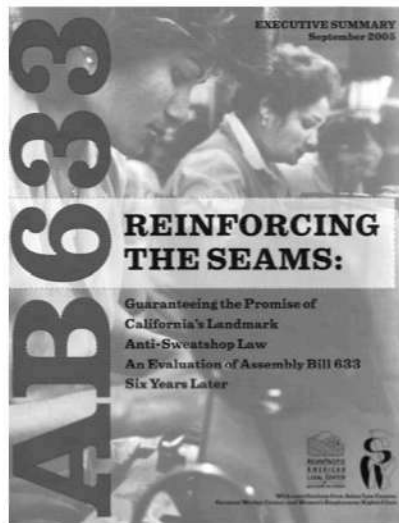
their wages from companies that make their clothes in sweatshops. Wage guarantors pay **almost 30%** of the total amount paid to workers in the study. But on average, workers are still denied **two-thirds** of total wages owed, and the overwhelming majority of guarantors – **85%** – pay nothing.

- Corporate disregard of the law: **95%** of contractors and **60%** of clothing companies (wage guarantors) that are found liable for sweatshop abuses by the labor agency do not pay a *single penny* owed to the worker, despite being ordered to pay by the agency. Contractors and wage guarantors routinely ignore key record-keeping requirements central to the state's ability to identify companies responsible for

sweatshops and to adequately investigate a claim. Companies provide documents in response to subpoenas for business records only **half** the time. When contractors provide records, they are incomplete almost **90%** of the time.

- Lack of state enforcement: There is a **less than 1%** chance that the state labor agency will sanction a contractor by revoking its garment license if it fails to turn over business records during an investigation of the claim.

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TAKE A PEAK:

- Garment Workers Take on the Global Economy, Major Campaigns in 2005
- Shop with a Conscience • Support Sweatshop Watch!

Garment Workers Take on the Global Economy

A Review of Anti-Sweatshop Campaigns

This year, workers and consumers championed notable anti-sweatshop battles. Despite great challenges, workers are fighting back and demanding corporations to respect their rights. Sweatshop Watch recounts the struggles and trends that have shaped the push for corporate and government accountability in 2005.

MFA

January 1, 2005 marked a colossal change in the global garment industry: the Multi-Fiber Arrangement (MFA), an international trade agreement that regulated trade in the global garment for the last thirty years, was eliminated. The MFA phase-out is part of a free trade agenda, which reduces tariffs and quotas in order to promote trade that often comes at the expense of the working poor, local markets, and the environment. Due to this deregulation of garment trade, the MFA elimination eases corporations' ability to move garment production, leaving garment workers more vulnerable. In May, Sweatshop Watch organized the Marianas Convening to connect advocates from the U.S., Guatemala, Mexico, and China to consider strategies to address its impact.

Lajat

The passage of NAFTA accelerated the decline of garment manufacturing in the U.S. Major retailers such as Guess and Levi's, which previously had significant production in the U.S., started moving their orders to *maquiladoras* in Mexico.

According to workers in Lajat's Gomez Palacio plant, workers made garments for brands such as Levi's, Mudd Jeans, Old Navy, GAP, Polo and Tommy Hilfiger. Workers used harsh chemicals to stonewash jeans, did not have access to drinking water and adequate restrooms, and often did not receive overtime pay. When the management started to shift work to another plant and tried to avoid paying workers severance, the garment workers decided to form an independent union. The workers' struggle to defend their right to freedom of association has been difficult since workers find that the Mexican Labor Board favors the factory owners and the government-affiliated, management-controlled union. Workers report that in order to silence workers' voices, the management has taken aggressive measures including using threats, visiting workers' homes at midnight, sending orders for work to other facilities in order to avoid the independent union, reducing wages to starvation levels, and being complicit in police attacks.

Sweatshop Watch has been educating its members about the campaign led by the Coalition for Justice in the Maquiladoras (CJM) and has been participating in meetings with Levi's. According to CJM, the other

major clients of Lajat Gomez Palacio, **Aeropostale** and **Mudd**, have cut and run. The workers are calling on Levi's to ensure that Lajat upholds workers' freedom of association in accordance with Mexican labor law and Levi's code of conduct.

Workers are seeking your support! Please write letters to Levi's and the Mexican government letting them know you support workers. Sample letters can be found at www.coalitionforjustice.net.

CAFTA

The Central America Free Trade Agreement (CAFTA), another free trade agreement that further weakens worker's rights, was passed in August. As a member of the California Coalition for Fair Trade and Human Rights, Sweatshop Watch educated the California Congressional delegation on the negative consequences of the pact. CAFTA is an extension of the North America Free Trade Agreement (NAFTA) to Honduras, Guatemala, Dominican Republic, Costa Rica, El Salvador, which eliminates trade barriers between the countries. Ten years of NAFTA have proved that free trade leads to decreases in workers' wages, job flight, and increases in poverty. Already retailers and manufacturers are seeking to disinvest from Mexico and are considering moving production to parts of Central America. Such corporate disinvestment leaves workers with limited options to support their families.

Sweat-free Procurement

Local governments purchase apparel such as law enforcement uniforms, belts, jackets, and other apparel. An entire movement has arisen calling for sweat-free procurement, or responsible purchasing by cities, so that tax dollars do not support sweatshops. In 2005, Sweatshop Watch participated in a coalition to pass San Francisco's sweat-free legislation, which contains strong enforcement measures.

Disney

The "magical kingdom" faced some unhappy news in September 2005 as labor groups questioned the conditions under which Disney products are made. Sweatshop Watch learned of these working conditions first hand in a visit to one of Disney's supplier factories in China. After meeting and talking with workers, Sweatshop Watch produced a documentary called "Those With Justice." The video was used by Students & Scholars Against Corporate Misbehavior (SACOM) and National Labor Committee to demand that Disney disclose the names and locations of its supplier factories and ensure decent

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working conditions in their factories. Advocates also demanded that workers themselves play a role in monitoring factory conditions since they are the experts on the quality of their working conditions. Hear the voices of the workers making Disney goods by viewing the video at <http://www.sweatshopwatch.org/index.php?s=82>.

Wal-Mart

The world's largest retailer has come under increased scrutiny over its labor practices. According to newspaper reports, the factories that make goods sold at Wal-Mart are pressured to deliver ever-cheaper goods, often forcing them to cut workers' wages. In its stores in the U.S., Wal-Mart has also been accused of violating labor laws, including using child labor and wage and having hour violations. In June, Sweatshop Watch joined other labor advocates to plan "Is Wal-Mart Good for America?" a conference at the University of California Los Angeles (UCLA). Drawing connections between Wal-Mart's local and global practices, Sweatshop Watch designed and facilitated a workshop "Wal-Mart's 'Always' Low Prices & Global Production" at the conference. In September, on behalf of workers from Wal-Mart's supplier factories, the International Labor Rights Fund sued the retailing giant on allegations of failing to meet its contractual duty to ensure that its suppliers pay basic wages.

As momentum gains on pressuring retailers towards increased accountability, stay updated to learn what you can do to support upcoming workers' struggles in 2006!

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Sweatshop Watch and Garment Worker Center receives the Community Partner Award from longtime ally the Asian Pacific American Legal Center (APALC) at their annual dinner on October 20, 2005. Los Angeles Mayor Antonio Villaraigosa and board members of APALC were also present.

Key Findings on AB633

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- Failure to investigate companies responsible for sweatshops: Almost half the time, the state labor agency fails to meet its obligation to identify companies that make their clothes in sweatshops. Investigations are superficial, with the agency failing to issue subpoenas for business records to **over 60%** of wage guarantors.

- Protracted claims process: On average, the state labor agency takes 200 days to process an AB 633 wage claim – almost twice as long as the 120-day expedited timeline mandated under the law.

The full report and executive summary are available at Sweatshop Watch's website at <http://www.sweatshopwatch.org/index.php?s=50&r=4>.

Editors: Rini Chakraborty,
Karin Mak

SW info

Photos: Asian Pacific American Legal Center

Contributors: Sihle Dinani, Karin Mak

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Address: 1250 So. Los Angeles Street, Suite 212,
Los Angeles, CA 90015
Tel: 213.748.5945 Fax: 213.748.5955
Email: sweatinfo@sweatshopwatch.org
Web site: www.sweatshopwatch.org

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

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Join Sweatshop Watch!

Founded in 1995, Sweatshop Watch is a coalition 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 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.

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