



SWEATSHOP WATCH™

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RESIST THE FTAA - THE LATEST 'RACE TO THE BOTTOM'

The latest threat of economic globalization is the Free Trade Area of the Americas (FTAA). The FTAA is a plan to expand NAFTA (North American Free Trade Agreement) throughout South America, binding 34 nations in North, Central, and South America into one free trade agreement. This trade bloc would surpass that of the European Union or the Asian blocs, with 800 million people and a combined gross domestic product of \$10 trillion. The Clinton Administration introduced the plan in 1994 at a Summit of the Americas in Miami. There, trade ministers from all of Latin America, excluding Cuba, committed to creating the FTAA. Formal negotiations began in 1998 at another Summit of the Americas in Santiago, Chile. Although the FTAA is not slated for completion until 2005, the negative effects of the agreement are anticipated to be grave because it is based on the failed model of NAFTA. As with NAFTA, the FTAA poses monumental threats to the environment, labor rights, and social services of the countries involved.

Using NAFTA as a blueprint, the core provisions of the proposed FTAA center on liberalized investment, allowing speculators and multinational corporations free reign over the huge new markets created by expansion into South America. Foreign investors would be provided with "national treatment," giving them equal treatment to local businesses. Due to a "regulatory takings" provision, governments would be required to weaken their policy-making ability because any government action that impedes investment, such as an environmental or public health measure, would be forbidden under the FTAA unless the government provides compensation. Additionally, an "Investor to State" dispute resolution provision, would give investors the ability to sue a host government for compensation for any governmental laws that impede production. A similar provision in NAFTA allowed the Ethyl Corporation to sue the Canadian government for \$251 million because of an environmental law that banned the import of a specific gasoline additive the corporation put in their gasoline. **Essentially, the FTAA will tie a host government's hands from protecting its environment and people in order to serve the needs of the investor.**

It's important to look at the horrific effects of NAFTA since it went into effect in 1994, to anticipate the damage that the FTAA will cause people throughout Latin America and to immigrants and workers (both low-wage and unionized) in the U.S. and Canada. Mexico's economy has crumbled since the passage of NAFTA, sending nearly eight million people into poverty. Though NAFTA advocates point to increased industrialization along the border as a sign of prosperity for Mexico, the real picture reveals that over one million more workers in Mexico earn less than the minimum wage of \$3.40 a day than before NAFTA. The growth of maquiladoras (foreign owned plants that import goods duty free for assembly and export) in Mexico has been detrimental not only to workers but also to Mexico's domestic industry. For example, Mexico's domestic manufacturing base was significantly reduced due to NAFTA. Maquiladoras grew from 11.7%



Armed guards patrol the Kuk Dong factory in the Mexican state of Puebla. The number of foreign-owned garment factories in Mexico has boomed since the passage of NAFTA. Photo by Leila Salazar, 2001.

before NAFTA to 73.1% by 1995. Unfortunately, despite the increase in factories, manufacturing wages have decreased by 25%. The case of Nike workers in the Kuk Dong factory in Puebla, Mexico provides a current example of the manner in which free trade funnels workers into maquiladoras to work for poverty wages under repressive conditions.

Due to the economic crisis in Mexico, floods of people have left their communities in search of better opportunities in the urban centers of Mexico or the U.S. The U.S.' response to the increased immigration has been to criminalize people's attempt to cross over to the U.S. by intensifying the militarization of the border. In recent years, more than 600 people have died crossing the border at the hands of INS border patrol. Others have faced death due to exposure to the elements or at the hands of bandits, taking advantage of immigrants' vulnerability as they leave home in search of another. As always, women face additional risks, such as being raped along the way. With the passage of the FTAA, rural and indigenous peoples of Central and South America will likely be forced into migration seeking employment in new maquiladoras across the hemisphere. Like their Mexican counterparts seeking work in urban areas, they too

Continued on page five.

VIETNAMESE GUEST WORKERS ON AMERICAN SAMOA STRUGGLE TO WIN JUSTICE OVER SLAVE-LIKE CONDITIONS

In today's global economy, "overseas" or "guest" workers are filling a range of manufacturing and service jobs around the world. Vietnam is becoming one of the world's largest exporters of labor, and plans to send 1 million workers overseas by 2010. Over the past two years, 250 young Vietnamese women and men have gone to the U.S. territory of American Samoa in the distant South Pacific as guest workers. They paid fees of \$4,000-8,000 to "management companies" in Vietnam to secure 3-year contracts to work in the Daewoosa Samoa garment factory. Most of the workers are from poor, rural areas and mortgaged their homes or took out large loans to pay the fees. They hoped to repay their debts in their first year of work, then start saving money, but those hopes were quickly dashed as they realized they were trapped, laboring in a sweatshop.

The Vietnamese workers' struggle began in March 1999, when they organized a work stoppage at the Daewoosa factory after enduring nearly 8 weeks without pay. Four women were labeled as "trouble-makers" and fired. The compound was locked, but one woman was able to escape and began raising awareness about their plight. In December 1999, the workers filed a class-action lawsuit against Daewoosa seeking unpaid wages of over \$325,000 and justice for the violations of human rights and labor law they endured. These violations include non-payment of minimum wage, no overtime pay for forced overtime work, inadequate housing and meals, as well as physical abuse.

Similar to the situation in Saipan, another U.S. territory in the Pacific, the Vietnamese guest workers paid high "recruitment" fees to obtain their work contracts. Upon arriving in Samoa however, workers discovered the truth behind these contracts. Instead of earning the promised \$390-480 monthly wages, workers found themselves earning \$1.22 an hour (the minimum wage of American Samoa is \$2.55) or not being paid at all. Thus, the workers were trapped in a cycle of indentured servitude—they worked long hours, not earning enough to pay off their debts and were bound by a contract from seeking work elsewhere. In addition, housing and food provided to the workers by the factory amounted to rat and roach infested rooms and inadequate meals of cabbage soup and rice.

Workers who confront Daewoosa management about these inhumane conditions have been met with retaliation and violence. The clearest example of this occurred on November 28, 2000 when Vietnamese workers were harassed and beaten by

armed security guards as a means of forcing workers back to work (a few days earlier many had stopped working after realizing they had not received their wages from Daewoosa). As a result of the violence, one woman lost her eye and a man lost hearing in one ear.

On January 18, 2001, the Vietnamese workers began their court trial against Daewoosa Samoa, Ltd. alleging sweatshop conditions. Since opening in late 1998, Daewoosa has produced clothing for private labels sold in **JC Penny, Sears, and Target** stores. Clothing produced at the factory carried labels such as AZ Sport, David Taylor, Karen Taylor, and Stephanie

Rogers, among others. In addition, the "Made in the USA" label was attached to clothing, leading consumers to believe that their purchases were made in compliance with U.S. laws.

As the trial began, the workers learned that Daewoosa shut down because it ran out of money and could not continue operating. The workers are now stranded, without work, and must rely on local charities for food. The workers' struggles highlights the need to hold cor-



Workers pack finished garments for shipment at the Daewoosa Samoa garment factory.

porations accountable for the conditions in factories making their goods all over the world. It also highlights the importance of empowering workers so that they are not so vulnerable to exploitation.

Since Daewoosa closed down, many workers are interested in either returning to Vietnam or emigrating to the U.S. Unfortunately, they are not able to afford airfare to Vietnam or the U.S. In addition, many fear persecution if they return to Vietnam because they will not be able to repay their loans. The support of the Vietnamese-American community, including the labor rights group Vietnam Labor Watch, has been a source of strength for the workers. In addition, there is growing attention to the workers' plight since the publication of a story in the *New York Times* in February. U.S., Samoan and Vietnamese government officials are discussing and investigating the workers' case, and there are plans to send some of the workers home. However, international pressure is still needed to ensure the workers' safety once they return.

The workers' trial came to a close in February, however a verdict may not be reached for some time. Even if the workers win their case, their chances of collecting back wages and redress from the now bankrupt Daewoosa are slim. However, U.S.

Continued on page four.

MEXICAN WORKERS SEWING FOR NIKE, REEBOK AND UNIVERSITIES STAND UP FOR THEIR RIGHT TO FORM INDEPENDENT UNION

From January 9-11, 2001 at the Kuk Dong factory in the state of Puebla, Mexico, over 850 workers sewing **Nike, Reebok and university sweat shirts** (including Georgetown University, Purdue University and the University of Connecticut) led a work stoppage. They were protesting the firings of 5 workers, who are leading an effort to form an independent union.

On January 3, Kuk Dong fired 5 workers who were leaders of a drive to replace the current factory union, the FROC-CROC, with a new union. The workers believe that the FROC-CROC is a corrupt union forced on the workers. On January 9, workers at the factory began a work stoppage in support of the demand to replace the FROC-CROC with a new independent union. They occupied the outdoor patio, between the factory and its gates. On January 11, 300 riot police entered the factory gates. The workers voluntarily disbursed peacefully, however the police used unnecessary force, injuring several workers and sending 15 to the hospital.

On January 13, Kuk Dong signed an agreement with the Conciliation and Arbitration Board of Puebla to reinstate all workers who wished to return to their positions, without discrimination. However, Kuk Dong refused to reinstate several workers whom they identified as participating in the work stoppage. Other workers were required to sign loyalty statements to the FROC-CROC to return to their jobs.

After an escalation of public pressure in Mexico and internationally, Kuk Dong signed a second agreement on January 25 stating that all workers could return to their jobs unconditionally and without reprisal. The mounting pressure included an inspection by the Worker Rights Consortium (an organization founded to implement university codes of conduct); delegations by human rights groups, including United Students Against Sweatshops, Global Exchange and the Korean International Solidarity House; and international media attention.

The investigation by the Worker Rights Consortium (WRC), which received a complaint from the workers and which includes universities whose goods are produced at Kuk Dong, found credible evidence to support the workers' claims. The WRC urged universities to seek the immediate reinstatement of the 5 workers who were fired and of the workers who were idled after the work stoppage. The WRC made this recommendation for several reasons. First, the workers face severe poverty and without work, they face economic disaster for their families. Second, if the workers are not quickly reinstated, there is a great risk of damaging those workers' rights to freedom of association. Moreover, a delay in reinstating the workers could squash the organizing activities of other workers throughout the region who wish to replace unions they view as corrupt with independent unions.

The workers of the Kuk Dong factory face other labor abuses in addition to violations of their right to organize. They

allege abuses which violate Mexican and international labor laws, as well as the Codes of Conduct of Nike, Reebok and the universities whose goods they produced. These abuses include:

- child labor
- physical and verbal abuse
- refusal to provide maternity leave and maternity benefits to pregnant workers
- locking workers inside the factory gates during lunch breaks and providing rancid food
- penalizing workers who take sick leave
- firing workers engaged in union activity
- payment of subminimum wages
- refusal to reinstate workers who participated in the work stoppage

Observers of the workers' struggle are urging Nike, who does a large percentage of work in the factory, and Kuk Dong to:

- reinstate all the workers unconditionally
- allow an independent monitor inside the factory to ensure that workers return to work without retaliation
- Nike continue its contracts with Kuk Dong



Josefina Hernandez Ponce, one of the fired workers leading the drive for an independent union, speaks out at a press conference outside the Kuk Dong factory. Photo by Leila Salazar, 2001.

On February 19, 39 workers, including two women who are leaders of the independent union organizing effort, arrived at the factory to demand their unconditional reinstatement. Representatives from Nike, Reebok and the Korean International Solidarity House were present during the negotiation of the workers' reinstatement. By mid-day, an agreement was reached with all parties present. Under the agreement, all returning workers, with the exception of the five leaders whose firings precipitated the January work stoppage, are to be reinstated unconditionally and with their seniority. The leaders will also be allowed to return to work with their original salaries, but

Continued on page five.

DURING HOLIDAY SHOPPING SEASON, LOS ANGELES GARMENT WORKERS QUICKLY WIN MAJOR SETTLEMENT AGAINST XOXO FOR SWEATSHOP ABUSES

Only two weeks after filing a federal lawsuit against **XOXO Clothing Company, Inc.**, twelve Latino garment workers settled their case with the Los Angeles-based garment manufacturer for a total of \$62,000.

The twelve Los Angeles workers were not paid at all for approximately six weeks last year while making clothes for XOXO. During this time, the workers typically worked six days a week, for 9 hours a day or more. On November 21, 2000, the workers filed a lawsuit against XOXO and two garment contractors, seeking to recover back wages, statutory penalties, and damages. The lawsuit alleged the following against XOXO: 1) minimum wage and overtime violations as joint employers of the garment workers; 2) unfair business practices for paying contractors so little that the workers did not receive minimum wage and overtime; 3) violation of the "hot goods" provision of the Fair Labor Standards Act (FLSA); and 4) negligent hiring and supervision of the sweatshop factory.

The workers' case attracted consumer and celebrity attention, adding to the pressure on XOXO to compensate the workers. Consumers leafleted stores carrying XOXO clothing warning others about the company's sweatshop abuses. Actress Sarah Jessica Parker, starring in the highly popular television show "Sex in the City" airing on HBO, voiced support for the workers after hearing of their case. "The reports of XOXO's use of sweatshop labor are deeply disturbing. As consumers, we deserve to know the conditions in which our clothes are made so that we can make informed choices about the clothing we want to buy. As the holiday shopping season begins, I pledge to shop my conscience, and I urge all others to do the same," said Ms. Parker in a public statement.

Maura Ramirez, one of the twelve plaintiffs in the case, stated, "The contractor told us he would pay us on Monday. Monday came, and then he said the next Monday, and then the next, and then the next. This continued for six weeks. On the final day, the contractor told us that he couldn't pay us because the manufacturer hadn't paid him." Ramirez stated further, "Today, we are happy because justice has been done."

XOXO, which has been extremely popular with teens and young women, has a history of labor law violations. Since 1996, XOXO has been cited six times by the U.S. Department of Labor for violations of minimum wage, overtime, and other labor laws. Last year, XOXO had gross sales of approximately \$24 million and gross profits of almost \$8 million.

"We are heartened to see that XOXO has stepped forward to do the right thing," said attorney Muneer Ahmad of the Asian Pacific American Legal Center (APALC), which represented the plaintiffs. "Under intense pressure, XOXO realized that compensating the workers for the injuries they suffered was the fair and just thing to do. We hope that other manufacturers will come to the same realization. Abuses in the garment industry will continue unless manufacturers are forced to be accountable," said Ahmad.

Los Angeles is the sweatshop capital of the state and nation, with over 140,000 workers—many of whom are not paid minimum wage or overtime as is required under state and federal labor laws. In a recent study, the U.S. Department of Labor found nearly 70% of garment factories inspected failed to pay minimum wage or overtime, and that nearly 70% of garment shops previously investigated and found in violation by the Department continued to perpetrate worker abuses as repeat offenders.

Christina Chung, also an attorney with APALC, stated, "This case is a wake up call for Los Angeles garment manufacturers—especially

repeat offenders of sweatshop abuses. Workers will continue to fight for justice, and garment manufacturers should not expect that consumers will tolerate flagrant violations of workers' basic rights as the mere cost of doing business. Instead, garment manufacturers will face stiff damages and penalties for profiting off the backs of workers."



Garment worker Horlando Ramoz (left) announced the settlement with XOXO during a press conference in front of a Los Angeles store which carries the clothing line. Photo courtesy of Garment Worker Center, 2000.

Samoa—continued from page two

corporations such as JC Penny, Sears, and Target who have profited from these workers' sweatshop labor must be held responsible.

Urge these companies to take full responsibility for the conditions under which workers sewed their clothes in American Samoa. Write them a letter asking that they take action to guarantee that the Vietnamese workers are paid their due wages and are able to return home safely if they choose to do so.

For more information and sample letters, contact Sweatshop Watch <www.sweatshopwatch.org> or Vietnam Labor Watch <www.vlw.org or samoa.saigon.com>. Tax-deductible donations in support of the garment workers stranded in American Samoa can be made to Sweatshop Watch/Vietnam Labor Watch, 310 8th Street, Suite 309, Oakland CA 94607.

FTAA—*continued from page one*

will face tremendous risks.

The wastelands and endangered public health now rampant in Mexico because of NAFTA can be expected throughout the Western hemisphere if similar allowances for toxic dumping and high emissions are given to corporations under the FTAA. Currently, residents in communities along the border suffer higher rates of diseases such as cancer, lupus, hepatitis, and anencephaly, a condition where babies are born with underdeveloped brains. As with NAFTA, the failure to include a strong agreement on environmental issues in the FTAA would be used as an added incentive for investors.

What will the FTAA mean for workers and immigrants in the U.S., such as garment workers? Because U.S. workers can be pitted against exploited workers throughout Latin America, workers in the U.S. will find even less job security, lower wages, and a decreased ability to resist abuses in the workplace. In fact, the apparel industry, along with electronics, suffered the greatest loss of jobs with the passage of NAFTA. The California apparel industry experienced an upward trend in employment between 1990 and 1997. By 1998, the full effects of NAFTA were felt, as employment finally fell and the state lost 4,200 apparel jobs. The flexibility of the apparel industry that allows corporations to pick up and abandon U.S. workers in search of less expensive and more vulnerable labor will become an even greater danger if the door to all of Latin and South America is opened for big name retailers and manufacturers. It's not surprising that the American Apparel Manufacturers Association and other industry trade groups are lobbying in support of the FTAA, while labor and workers rights groups are opposing it.

In cities across the nation, teach-ins, and protests will be organized for April 18-22, 2001 to coincide with the Summit of the Americas in Quebec, one in a series of negotiations to draft the FTAA. Most will focus on the conditions and implications of the agreement, the list of problems along the U.S.-Mexico border as a case in point of the destruction caused by free trade, and the failure to inform the public about the proposed agreement. Join the fight to stop the FTAA. Check out the following websites to find out how to get involved.

Stop the FTAA Mexico-US Border Action Project

www.actionla.org/border.htm, 626-403-2530

Southwest Alliance to Resist Militarization

www.resistmilitarization.org, 520-218-5541

Alliance for Responsible Trade

www.art-us.org, tom@art-us.org

Public Citizen, Global Trade Watch

www.tradewatch.org, 202-588-1000

RESOURCES

- ❖ **"Made in Thailand"** is a film by Eve-Laure Moros Ortega and Linzy Emery, which shows an underside of economic globalization. The Thai women workers documented in this film are among the invisible casualties of globalization: this film makes them visible. These women also reveal how interconnected consumers - and other workers - in Western industrialized nations are to workers in poorer industrializing countries in the new world economy. This film is an attempt to raise awareness and stimulate a dialogue about the need to protect workers' rights in the age of economic globalization. Contact Eve-Laure Moros Ortega, 321 Carlton Avenue 2nd Floor, Brooklyn NY 11205, 718-852-3586 evelaure@mindspring.com.
- ❖ **Labour Practices in the Footwear, Leather, Textile and Clothing Industries** is a report by the International Labor Organization (ILO) on global industry trends and labor violations. It is available at www.ilo.org.
- ❖ **Building Understanding, Creating Change** is a report by the AFL-CIO examining the problems facing immigrant workers and offering policy recommendations. It is based on a series of immigrant workers' forums held across the country in 2000. Contact the AFL-CIO at 202-637-5041.
- ❖ **The Other Los Angeles: The Working Poor in the City of the 21st Century** is a study by the Los Angeles Alliance for a New Economy (LAANE) which looks at the city's poverty crises and offers recommendations. The report is \$6. Contact LAANE at 548 So. Spring St. #630, Los Angeles CA 90013, 213-486-9880, jgoodheart@laane.org.
- ❖ **Uneasy Terrain: The Impact of Capital Mobility on Workers, Wages and Union Organizing** is a study by Cornell University's School of Industrial and Labor Relations which shows that the increasing number of companies that are closing plants and moving to new locations is creating a climate in which workers are more vulnerable to plant closing threats. It is available at www.ustdrc.gov.

Mexico—*continued from page three*

will not be immediately reinstated to their positions as supervisors (but rather as operators) and will have to sign individual contracts with the company. This reinstatement of 39 workers is an important step in the struggle of the Kuk Dong workers to assert their rights.

Pressure is still needed to force Nike and Kuk Dong to resolve the workers' struggle. Contact U.S. Labor Education in the Americas Project for information and sample letters: www.usleap.org or 773-262-6502. Visit www.workersrights.org for the Worker Rights Consortium report on the Kuk Dong factory.

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please contact
Sweatshop Watch at
510-834-8990
or visit our web site at
www.sweatshopwatch.org.**

In January, the **Garment Worker Center**, a collaborative project of Sweatshop Watch, the Korean Immigrant Workers Advocates, the Coalition for Humane Immigrant Rights of Los Angeles, and the Asian Pacific American Legal Center, celebrated the opening of its office in the heart of the Los Angeles fashion district. The Center can be reached at 1250 So. Los Angeles Street, Suite 206, Los Angeles CA 90015, 213-748-5866.



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Join Sweatshop Watch!

Sweatshop Watch is a coalition of labor, community, civil rights, immigrant rights, women's, religious & student organizations, and individuals committed to eliminating sweatshop conditions in the global garment industry. We believe that workers should be earning a living wage in a safe and decent working environment. ***Please join us by becoming a member.*** Either send in this form with a check or make a contribution from our web site with your credit card.

Yes! I want to join Sweatshop Watch. Enclosed are my \$20 membership dues. Please give as generously as you can.

Additional contributions are tax-deductible. Total enclosed: \$ _____

Name: _____

Address: _____

Make checks payable and send to:

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