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Promoting Social Justice, Human Rights, and Peace

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## **BBC, Panorama: "Gap & Nike: No Sweat"**

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By Paul Kenyon

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PAUL KENYON: The modern urban uniform: Gap and Nike - hip, affordable, everywhere. These are brands that cross social boundaries, from the streets to the stars. These clothes are fun, clean, healthy.

PAUL KENYON: The Gap and Nike claim their clothes are manufactured under some of the strictest ethical conditions in the market place. They tell their customers "No sweatshops, no child labour" but Panorama has found some disturbing realities, tonight we expose the ethical claims that don't always stand up.

[Hidden Camera]

KENYON: The clothes we buy from the Gap and Nike are made in factories from China to El Salvador, demand here affects lives there. Consumers are starting to realise. More and more want reassurances that workers making their clothes are being treated humanely. Both the Gap and Nike have anti-sweatshop rules or codes of conduct, they proudly post them on their web sites and staff repeat them to worried customers.

KENYON: London Gap, made in Korea though.

SHOP ASSISTANT: If a company has a vendor code of conduct, I mean when they look into a factory they.. I mean they work to try to make sure that they're using factories that don't have kind of despicable practices.

KENYON: Have we got anything to worry about?

2nd ASSISTANT: No. Hand on heart; you don't have anything to worry about.

KENYON: Their anti-sweatshop rules sound tough and thorough. Both the Gap and Nike state that workers making their clothes must have at least one day off in seven. On the issue of forced overtime the Gap's code says "There should be no forced overtime". Nike's code says, "Workers must be told at the time of hiring if there is mandatory overtime." Does this basically... does it sort of guarantee that there won't be any sweatshop labour do you think?

3rd ASSISTANT: Yes.

KENYON: How can they be so sure though, I mean when they've got them from all over the world?

3rd ASSISTANT: Well this is their research and as far as they're concerned there isn't.

KENYON: There isn't...?

3rd ASSISTANT: No sweatshops... they are not using sweatshops.

KENYON: Both labels are particularly emphatic about their opposition to child labour. Nike says it has zero tolerance of underage workers. The staff are eager to repeat it.

4th ASSISTANT: We actually have a strict age limit and you can't work in any of our factories until you're a certain age.

KENYON: And what's the age?

4th ASSISTANT: It's 16 or 18, one of the two.

5th ASSISTANT: I think it's 18, I can't see it being 16.

KENYON: The Gap sounds tough as well. Its code says workers must be at least 14 or the legal minimum for that country, whichever is the higher. Well, we were a bit worried more about just like whether there were really young kids doing it or anything like that.

6th ASSISTANT: To my knowledge, no.

KENYON: Would you know though?

6th ASSISTANT: Well from what they've told me, no, the answer is no.

KENYON: Not only do Nike and the Gap trumpet their strict looking codes of conduct on their web sites, both are also members of global groups opposed to sweatshops. Nike even signed a United Nations pledge outlawing sweatshops and child labour. It all helps with the image and almost certainly with sales. But how do we know they're enforcing the rules in developing countries making clothes for us.

CLAUDINE LEITH NIKE: We have Nike people in a lot of our factories across the country and across the world who are there, you know, compliance managers who are there every day making sure that our code of conduct is followed, making sure that all of the standards that we've set up are followed with our factories.

KENYON: So if we went to a factory, say, somewhere in South East Asia and started looking round and try to find out whether you stuck to that child labour policy you have, do you think that Nike would be safe?

LEITH: Oh absolutely, absolutely. We're very confident.

KENYON: This is Cambodia in South East Asia, we've heard rumours of long hours, abuse, sweatshop conditions. But was it true and did it involve any factories producing for the Gap or Nike? Our first problem is that both companies keep their factory locations secret. They say it's commercially sensitive information but it also hinders outsiders trying to check on them. We know that both the Gap and Nike do produce in Cambodia and if you come to the local markets here you can find their labels. But the difficulty is identifying exactly which factory is producing for these labels at any one time. So we started to work down the list at Phnom Pi<sup>1</sup>/<sub>2</sub>nh's 200 factories, turning up with Gap and Nike T-shirts looking for recognition among the workers. Most were too scared to speak.

KENYON: (displaying Nike label) Do you make this, Nike? Do you make this in work in here?

CAMBODIAN GIRL (via translator): Yes.

KENYON Yes, Nike, and this? (displaying Gap label)

GIRL: Yes also.

KENYON: And this one yes? This one?

GIRL: Yes, I'm sewing this one.

KENYON: You're sewing it in here in the factory?

GIRL: Yes, yes, I sew it in here.

KENYON: OK, thank you.

KENYON: The factory appears to be making clothes for both the Gap and Nike. It's called June Textiles but no one would tell us more than that. Checking treatment of workers here was going to be a problem. We needed to talk to them on home turf, away from the security men at the factory. About 2 hours ago we got a call from a couple of workers who said they are prepared to speak to us if we meet them after their shift at their home which is where we're on the way to now, and we got a management source inside their factory who confirmed today that it's producing at the moment for both the Gap and for Nike. The workers we're about to meet are all women, talking openly about conditions in the factory is a big step, they're scared, our female producer went in first to reassure them.

FIONA CAMPBELL: OK, they're there, there's six of them there, six women.

KENYON: Well, shall we go and do it? Will they actually appear on the camera though?

CAMPBELL: I think they seem a bit nervous. I think we should go and introduce ourselves first of all and have a chat with them.

KENYON: OK, let's get on then. It was a shanty town close to June Textiles, the workers can only afford to live four to a room in rat infested dormitories without running water. Hello, nice to meet you. Can they tell us who they make clothes for, just starting with this lady?

CAMBODIAN GIRL (via translator): Nike

KENYON: Nike. And you?

2nd GIRL (via translator): Nike.

KENYON: Nike. And you?

3rd GIRL (via translator): Nike.

KENYON: Nike. And you?

4th GIRL (via translator): Gap.

KENYON: The Gap. And you?

5th GIRL (via translator): Gap

KENYON: The Gap. Time to test those codes of conduct. They say workers must have one day off in seven.

KENYON: Do you all work seven days a week?

ALL: Yes.

KENYON: What would the punishment be for taking a day off work?

CHAN SOPHAN (via translator): They force us to do whatever they want. If we refuse, they make us sign a refusal, after three times they'll fire us.

KENYON: What about the rule that workers should not be forced to do overtime? Do they have to do overtime?

SEUNG POV (via translator): Of course. Today I have to work overtime until 10 o'clock at night. I begin at 6:15 in the morning and should finish at 2:15 but I have to work right through until 10:15 at night.

KENYON: They ask her to. Can she say no?

SEUNG POV (via translator): No matter how hard you try you cannot refuse.

KENYON: It's all over. A power cut threatened to end the interview but they're common here and the women are prepared. We moved on. The codes of conduct say there should be no harassment, abuse or corporal punishment against workers but were those rules being enforced?

KENYON: Has she seen anybody cursed by the bosses or hit, physically hit by any of the bosses?

GIRL (via translator): My boss was angry that I refused to do overtime, when I came back the following day to work he pulled my hair, he swore at me and said something in a language I didn't understand.

KENYON: But their basic wage is around  $\frac{1}{2}$  a week, it's the legal minimum in Cambodia. Some of the clothes in America... some of the Gap clothes in America a single shirt can cost \$30.

GIRL: If each month they pay every one of us the price of two shirts we would feel better but here we're cheaper than the price of a single shirt and I think we've been working like hell.

KENYON: If Nike and the Gap were doing what they said, interviewing workers, monitoring factories properly, enforcing their anti-sweatshop rules, why hadn't they found what we had? This isn't the only factory we've investigated, we've looked at several others in Cambodia that produce for both the Gap and for Nike and they seem to have one thing in common which is persistent and serious breaches of their own code of conduct, it's almost as if that ethical trading policy which these big labels trumpet in Europe and America just doesn't exist in any real way here. In fact we found five other factories in Cambodia manufacturing for either Nike or the Gap. We interviewed dozens of workers, codes of conduct were regularly being broken but no one we spoke to had ever been interviewed by a monitor.

NEIL KEARNEY, *INTERNATIONAL TEXTILE, GARMENT AND LEATHER WORKERS' FEDERATION*: Major companies like the Gap, Nike, all those other retailers, they have almost a daily presence in these companies. They're greatly concerned with quality, their quality controllers are there, their buyers are there. They insist on high standards as far as quality is concerned. There's absolutely no reason why they cannot insist on the same standards for working conditions and why they cannot monitor those on virtually a daily basis.

KENYON: Employing child labour is one of the most serious human rights abuses in the work place. In fact, in most countries it's illegal. The Gap and Nike say they ban child labour. We returned to June Textiles. We've been told there were some children here making clothes for the Gap and Nike. It's 7:30 in the morning, we're just outside the factory just out of sight of the security guards and we're waiting for a worker we met last night and who said he's prepared to be fitted with secret camera equipment and try and slip past the guards and get in there. I thought you'd had second thoughts for a minute. The worker is a union activist, determined to improve conditions for his fellow workers. He says he'll film some of the children working in June Textiles. Can you tell him that what will happen is from the moment he leaves here he'll have one hour on that tape...

KENYON: This factory isn't owned by Nike or the Gap, they don't have legal responsibility for what goes on inside but their codes of conduct do commit them to strict standards as does their membership of various international organisations. Both labels know that in countries like this children lie about their age to get jobs, that's why their codes of conduct say they insist on the most reliable form of proof. In Cambodia it's illegal to employ workers under 15. This is Sun Thyda she's 12 years old. She told the factory she's 18. No one is properly checked. This is Chan Sita she's 14, she too lied to get the job. Monitors never questioned either of them. We didn't want to get the children in trouble but as Nike says in its code of conduct, adults should work, children should study and play. When we found them, they agreed to be interviewed. We were invited to another shanty town where young workers live together, several crammed

into single rooms. Hello, nice to meet you. These girls haven't seen their parents for months, they look after each other in the shanty towns, there are no phones and their parents live a day's drive away. Do you enjoy your work?

CHAN SITA (via translator): No. I'm not really happy.

KENYON: Why, why don't you like it?

CHAN SITA (via translator): Because I have to work non stop without any break for 8 long hours.

KENYON: This is Chea Sokhom she's 15 now but was taken on at June Textiles when she was 13. She sews clothes from 6:15 in the morning sometimes until 10 at night.

CHEA SOKHOM (via translator): We're not allowed to sit, we have to work standing up until the end of the shift at 10pm so at meal times we try to rest by sitting down a little, but when I'm caught I have clothes thrown at me and I'm badly scolded.

KENYON: How old is this girl here?

SUN THYDA (via translator): I'm 12 years old.

KENYON: Can you think back to when you first came to the factory?

SUN THYDA (via translator): I didn't think of much, I didn't want to come here. But we're very poor so I had to come.

KENYON: But when your mum and dad first told you that you were going to work in a factory in Phnom Pĕnh, what did you think, how did you feel?

SUN THYDA (via translator): My parents felt sorry for me but there's no other way.

KENYON: Sun Thyda last saw her parents 6 months ago. She tries to send them money but she can't. After rent and food there's nothing left. Her basic salary is \$40 a month. Her mum and dad paid twice that to an agent to get her the job in the first place, they had to borrow the money. When these big labels use slogans like "Child labour free", "Sweatshop free", how meaningful is that?

FIONA KING, *SAVE THE CHILDREN*: I think it's impossible to make a claim at the moment for most multinationals to say that they are guaranteed child labour free goods because we know that the complexity of the different supply chains and the fact that some 12 million children are working in some of these supply chains means that it's very difficult to guarantee that children are not involved at some part of the production process.

KENYON: So it is a sales gimmick isn't it?

KING: Yes, it's a sales gimmick.

KENYON: It was time to start putting our findings to the factory managers. Can we come in, we're from BBC television, we've come to speak to the boss. We were told the boss is a Mr Lee. With little persuasion we were given his mobile phone number.

LEE: Yes.

KENYON: Hello Mr Lee?

LEE: Yes.

KENYON: It's the BBC here Mr Lee. Sorry I think we got cut off.

LEE: I don't think I would like you to come to interview me OK?

KENYON: I know, can I just ask you one thing briefly?

LEE: I'm sorry, I'm sorry, I'm sorry.

KENYON: There's child labour in your factory Mr Lee. There you go, it's something that he clearly doesn't want to talk about and I really don't think we're going to get him out for an interview so we've just got to... we'll go to the Gap and we'll go to Nike in America and tell them what we found in his factory. In the United States consumers are already cynical about the anti-sweatshop claims of the big labels. The distrust has spilled onto the streets with a summer of protest involving thousands. Some believe it's the biggest protest movement since Vietnam. Nike's own back yard hasn't escaped the attention. This is Oregon, home of Nike, students here used to be proud of the fact but now they're turning against Nike products. Nike's boss, Phil Knight, has taken it badly, this is where he went to university, this is where he expected loyalty.

AGATHA SCHMAEDICK, *STUDENT, UNIVERSITY OF OREGON*: Eventually the hope is that with lateral pressure with all these schools, not just New West but eventually we hope in Canada, in Europe and other places, that consumers are saying no, consumers are saying workers have rights and they need to be respected and without workers Nike will be nothing.

KENYON: Not only do they march the streets ridiculing Nike and its boss, they've also forced the university to join an independent monitoring group. They want it to check conditions. Phil Knight is so annoyed he's withdrawn a \$30 million personal donation to the University. It's a huge embarrassment to the authorities. Isn't this the sign of a

large corporation trying to wield power and saying "Hang on, if you try and intervene in any way in what we're doing, we punish you, you get a slap on the wrist, we withdraw your funding".

DUNCAN McDONALD, *VICE PRESIDENT, UNIVERSITY OF OREGON*: Quite clearly, and Nike has made this very clear, that Mr Knight was speaking for himself and personally.

KENYON: But he personally has broken ties now, financially, with this university.

McDONALD: He has announced that for the time being he is breaking ties in terms of future donations to the university.

KENYON: It's a huge dent in the university's budget but students say they won't be bullied. The local Nike store is used to this, security is tight. There's great sensitivity here about protest undermining what is a pillar of corporate America.

POLICEMAN: You just need to step back in.. you've been walking in the street with them, you've been participating with them.

KENYON: Look, we're journalists.

POLICEMAN: It doesn't matter. You've been participating with the protest. Please step down, don't make this a big deal when it doesn't have to be.

KENYON: Are you from Nike?

SECURITY MAN: Yes.

KENYON: Is there a problem with us coming up?

SECURITY MAN: Yes.

KENYON: Nike don't employ child labour or anything do they?

SECURITY MAN: I can't speak for that sir, my public relations person will be here and she can talk to you then.

KENYON: And Nike did send over a spokeswoman to play down the protests. She didn't know what we'd found in Cambodia. My name is Paul, Paul Kenyon.

CLAUDINE LEITH: Oh hi Paul, I'm Claudine.

KENYON: Hi. Claudine...?

LEITH: Claudine Leith.

KENYON: And your job is..?

LEITH: I work in the communications area for Nike.

KENYON: OK, so you should know what's going on, corporate-wise.

LEITH: I do.

KENYON: So how does it make Nike feel when they hear students shouting out that the clothes from here are unethically produced, that it's sweatshop labour?

CLAUDINE LEITH (NIKE): You know it's interesting, I think that the feeling that we have is that they have all the right issues and they just have the wrong company. You know, we could really be their ally in this debate and not their foe and we welcome public forum to debate the issues and talk about the issues. So it's all the right issues, it's just the wrong company. We've made a lot of progress and we're by far the leader in the industry.

KENYON: You're the leader?

LEITH: Absolutely, absolutely.

KENYON: An easy claim to make, less easy to put into practice. It was time to show both companies our evidence. We told Nike and the Gap what we found in this factory and they said they're going to come all the way to Cambodia, they're going to show us round inside and they're going to answer any allegations that we want to put to them. [Hidden Camera] We told them how workers are being forced to sew clothes 7 days a week, we told them about the compulsory overtime, the harassment and of course about the child labour, in short multiple breaches of their codes of conduct and law breaking. Nike sent a team of people, they showed us around telling us how the firm Price Waterhouse Coopers regularly checks up on the factory for them. This is the Nike spokesman, Todd McKean, he's normally based in China overseeing Nike's operation there.

KENYON: So 1,200 in this line in a day?

McKEAN: Yes.

KENYON: Nike has only been producing in this factory for three months, it says conditions are improving. On the wall nearby a - Nike code of conduct. So why is it

being broken? Do you accept then that Nike has been breaking the law and breaking its own code of conduct in this factory?

TODD McKEAN (*NIKE*): I think, as we found, that that is an area that the factory needs to improve upon. We've told the factory that that is a change that they need to make. In fact, we're...

KENYON: But up until now you've been breaking the law and breaking your own code of conduct?

McKEAN: I think we found in our most recent code of conduct Price Waterhouse Cooper's audit, that that is something that they did not come up to speed on and we've actually told them when we do our next audit in 3 months time, if they have not stuck to that standard that actually we would be forced to dismiss them.

KENYON: The Gap has been producing in the same factory for 2 years. It monitors regularly and again says conditions are improving. It also sent a team to meet us. In front of camera would be their head of monitoring for Southeast Asia, but behind the camera two senior spin doctors flown in from America. They intervened when the questions got tough. The workers we've spoken to here have worked seven day weeks for months and months and months.

IRA PUSPADEWI (

*GAP INC*

):. Perhaps you would like to talk about that more specifically about that to the factory.

KENYON: But what's your view on that?

PUSPADEWI: What I could say is that... are you talking about specifically this factory?

KENYON: Yes, this factory and the seven days a week?

PUSPADEWI: Yes, I have identified that issue since January of this year and I have seen a decrease since then in terms of number of workers work and in number of extra working hours.

KENYON: Our most disturbing discovery at June Textiles was child labour, the girls told us they were underage but we needed to be certain so we set off into the countryside to find their parents and proof of when they were born. This is a country where birth certificates are rare. The nearest thing to them is what's known as 'the

family book', a list of birth dates kept by parents. It's the most reliable check on age. This is the family home of the 14 year old girl we interviewed. Chan Sita. Her father showed us the family book. It confirmed what she'd told us.

CHAN SITA's FATHER: Chan Sita was born in 1986.

KENYON: Despite their bold assertions, Nike and the Gap hadn't done all they could to check for child labour. You talk about zero tolerance and you give the image of having no child labour whatsoever, and then we come out and find it. This is sort of misleading isn't it?

McKEAN: The point is that when we find it, we do not tolerate it.

KENYON: But you don't find it because we came in and found it.

McKEAN: We do find it from time to time.

KENYON: But we had to come in and find it on this occasion, so when you say zero tolerance, that appears to be misleading.

McKEAN: I think this is a point in time. This is one factory of over 700 factories that we have in over 50 countries around the world.

KENYON: So this one's in brackets, this one is sort of an exception.

McKEAN: I think that we have in fact, unfortunately, we've found on occasion in different places isolated instances, which I would say this is isolated, and it's not something we like to see.

KENYON: Some of the workers have just come out and told us there's been a big announcement. They've been told to go back to their villages and get a copy of their family book to prove how old they are. Now that shows that the factory knew all along it was never doing everything that it could to find out whether there were any underage workers here. Is it the case that within the last week to ten days these workers have been told to go home, back to their villages and find their family books?

McKEAN: I think that we have worked with the factory to make sure we're improving the process.

KENYON: But is that the case? I just want to get it clear. That's what the workers tell us.

McKEAN: That's probably true, yes, I think... but it's 1/2

KENYON: But that demonstrates doesn't it, they weren't asked for in the first place.

McKEAN: They were actually asked for one piece of documentation, that is actually the generally accepted documentation for legal verification of age is what the factory has on file.

KENYON: By now Nike and the Gap were realising those files were unreliable. Without us, how long would it have taken the Gap's own monitors to discover child labour? You've been monitoring this factory for two years now. You haven't found it from what you say but we came along and found it within a few days. How is that possible? What does it say about your monitoring system?

PUSPADEWI: Well maybe for us if anybody found any problem, it will be really a team effort to me, so if anybody found, including you, please share with us and we will make our best solution.

KENYON: But what does it say about your monitoring programme, the fact that you hadn't found it in two years here, and we found it within a few days of asking?

PUSPADEWI: We have our due diligence set on doing that, and it is still possible that workers could falsify documents for instance to get a job here.

GAP REP: What are you saying, is the government would not ask for verification of the age so it's just what .....

KENYON: The Gap team showed us the documentation they've been relying on to weed out child labour. It's an official medical certificate, all the factory legally needs to see, but it requires no proof of age. What do you think of that?

GAP REP: I think it shows the challenges of Cambodia.

KENYON: Because I mean this isn't reliable when it comes to age is it?

GAP REP: Well you're assuming she's told the truth. It's not reliable if we assume workers are lying about their age.

KENYON: I mean it's not evidence, is it, of age this. It isn't evidence because anybody can come here and say I was born in 1982 or whatever. This was the false information given by our 12 year old. Her family book had revealed the truth.

NEIL KEARNEY, *INTERNATIONAL TEXTILE, GARMENT AND LATHER*

*WORKERS' FEDERATION*: I'd say they have to be blind not to see that children were employed. It is illegal in most countries because the National regulations in the vast

majority of countries specify 14, 15, 16, even 18 in some countries. The companies would claim they didn't know that these youngsters were so young.

KENYON: The Gap, with 25 factories in Cambodia and two years of production in this factory, now started asking us for advice.

PUSPADEWI: Can I ask you something. Do you think the family book is more reliable than any other documents?

KENYON: Yes.

PUSPADEWI: Okay, it I think that's really a better way to do that and I'm sure we could do that to make our programme is even more effective.

[Hidden Camera] KENYON: So what action would be taken against the girls? Before revealing their identities to NIKE and the Gap we consulted Save The Children.

FIONA KING SAVE THE CHILDREN: We believe that large companies have a big responsibility and that they can and what they should do is actually pay those workers until they reach the minimum age for work. So in the cases you're talking about, that may be one or two years. They should be prepared to give them a full pay for those years worked, for the years until they reach the minimum age.

KENYON: So, how would Nike and the Gap deal with the children who'd been making their clothes?

TODD McKEAN NIKE: We work with the factory to set up a system where any worker who is found to be under-aged will be able to continue earning their wage, that they will need to go to school, and at the time that they are of a legal working age, if they choose to come back into the factory they will be welcomed back and they will be given their job.

PUSPADEWI: I would have the factory to let them go.

KENYON: Let them go, which means sacked?

IRA PUSPADEWI GAP INC.: Let them go because we cannot tolerate under-age workers working in our factories. That's our standard. What would you do, Paul, if you found that, if you were me, what would you do then?

KENYON: I would say that it was our responsibility and that I would send the children to school which is what Save The Children say, and pay for them all the way through to their legal working age. That 's what Save The Children recommend. Is that not something that you could do?

GAP REP: Save the Children recommend the companies do that?

KENYON: Recommends that the factories with the help of the company.

GAP REP: But that's not our issue, that's the factory's issue.

KENYON: The factory's issue! It was the Gap which failed in imposing its own code of conduct but now it wants the Gap and others can break their codes without fear of penalty. It's something that could be about to change though. This is the island of Saipan in the South Pacific. It's owned by America even though it's 6000 miles away. Saipan is a tropical island with a twist. Clothes made here can claim origin in the USA, even though it's nearer China. And big financial incentives mean 24 high street names produce clothes here. The Gap is one of them, Nike is not. But some workers claim this is just a floating sweatshop, and a bit American law firm agrees.

AL MEYERHOFF MILBERG, WEISS, BERSHAD, HYNES AND LERACH: The Gap and a number of the major retailers that we've sued here advertise, put on their websites that they comply with very strict codes of conduct, that they insure that no rights of workers are violated. They ensure that their clothes are 'sweatshop free', or 'no sweat - they're made in the USA', there's nothing that you need to be worried about as a consumer that you're exploiting some worker in buy a product.

KENYON: The soil is American - the workers are not. Most are from China, flown over in their thousands hoping to find the American dream - they haven't. Now 35,000 of them are suing the factories and the labels over claims of sweatshop conditions. The American courts have ruled they must remain anonymous for their own safety.

GIRL: We all imagined a free and cheerful American lifestyle before we left China. But things were totally different once we got to Saipan. There are only tensions, pressures and emotional traumas here.

KENYON: At her factory the mood is tense. The authorities highly sensitive. The cameras were turned on us. This factory is named in the law suit as a producer for the Gap. Our worker, like most others, had to pay a middle man for a job here. It cost her  $\frac{1}{2}$ 1800 for a two year contract. It's against the Gap code of conduct but it's here.

GIRL: It was a lot of money for us to pay. But there would have been no other way for us to go abroad if we hadn't paid. We had no choice. We had to do it. Although we find it unfair, there were no other opportunities in China.

KENYON: Before she and others left China, they signed away some basic human rights in what are called shadow contracts. Whilst these are not contracts with the Gap

or any of the other labels, they do breach the codes of conduct. So, the argument goes, the labels had a responsibility to act.

AL MEYERHOFF: When workers are recruited in China, and the overwhelming majority of the workers in Saipan are young women from China, they sign what are called shadow contracts. I actually have one here, this is just a typical shadow contract. These shadow contracts waive almost all basic human rights speech, the right to petition government, to join a union, to get pregnant, some of them prohibit dating or falling in love. I mean they are an extreme waiver of what we would all...

KENYON: So why did they sign them in the first place?

AL MEYERHOFF: Because they were being promised a new opportunity by being brought to the United States and the condition of that new opportunity is to waive most of their basic human rights that are guaranteed in the United States.

[Hidden Camera]

KENYON: We managed to smuggle a camera into one of the Gap producing factories. Seventeen of the labels being sued here have agreed to settle the law suit. Several have pulled out of Saipan. But, as our secret filming shows, the Gap is still here. In fact, it's thought to manufacture more clothes on Saipan than any other label.

AL MEYERHOFF: I think that a number of retailers, particularly the ones with whom we've settled, have an honest and legitimate commitment to human rights, and that is reflected in the fact that they've agreed to these terms and they're willing to allow independent inspections of their factories.

KENYON: Why do you think it is that so many companies on the island of Saipan have agreed to settle their court action and yet the Gap is digging its heels in and saying no, we're not settling.

PUSPADEWI: We believe that the allegation to Gap is false and we continue to defend ourselves in the court.

KENYON: A settlement now would mean independent inspections on Saipan. The Gap is standing by its own monitoring system and says that once the litigation is over, its customers will be proud of it. Customers have never heard of Saipan. A few have heard of the codes of conduct. Most simply believe the bold reassurances from the brands. If you're a customer and you go into a shop in the UK and say that you're concerned about the Gap, they give you something a little bit like this. Now this says "We do not do business with vendors who employ workers under the legal working age." But they do here, so this isn't true is it?

PUSPADEWI: May I suggest, since you mention that if you are a customer, may I suggest that you ask the customers about that. The code is standard that our aim is to have the factories to be fully implementing this code, but violations do occur.

McKEAN: I do hope that our consumer thinks of us as an ethical company.

KENYON: But it's not right is it. I mean you give this image out in the shops and on the web site, and yet we take a factory almost at random and find it being broken systematically.

McKEAN: I think that's not fair to show that off of one point in time we are a company that is systematically accepting these things. Clearly we're not. I think I've said that very clearly. We don't find these things acceptable.

[Hidden Camera]

KENYON: Since we filmed in Cambodia, June Textile's also told us child labour is unacceptable to them. Gap say they're holding an inquiry. Nike has told us it's terminated its contract at June textiles but will only stop production in December so the factory has chance to win other contracts. We've made daily checks on the children. They're safe. Nike says even after its pulled out, it will pay for them to go to school. The Gap, as you heard, simply wants to let them go. With the benefits of globalisation come the responsibilities. But consumers can never be sure what's been ethically produced and what's not. For that we have to rely on the companies. But whose checking on them?

- Reference Link: [Gap No Sweat](#)