Each year, hundreds of children have no choice but to sacrifice their lives to produce counterfeit goods. Before you buy a fake handbag, wallet, or pair of sunglasses, read this. By Dana Thomas

The Fake Trade:

Young, sleep-deprived workers at a shoe factory in Guangdong province, China, steal a break

Wanted for Stealing Childhoods

MICHAEL WOLF/LAIF/REDUX

Wen Xixia is a shy 15-year-old girl from Lianshan, a densely forested mountain region in southeastern China. She's small—standing about five feet—with long black hair that she pulls back in a ponytail and sweet, dark eyes. Wen comes from a big family by Chinese standards: She has an older brother and sister as well as a younger brother. (Her family is Yao, one of the ethnic-minority groups that do not adhere to the government's one-child policy.) Wen's mother and father worked in logging until the Chinese government turned the natural forests in their region into protected reserves. They now receive small welfare payments that barely cover necessities such as food.

Two years ago, at 13, Wen decided to help support her family, a common burden for the children of peasant families. She quit school and followed her older brother and sister's lead by making her way about 200 miles via bus to Guangzhou, a bustling industrial city of close to eight million that is a world center for counterfeit manufacturing. Though the legal working age in China is 16, factory owners seeking cheap, unskilled labor are known to turn a blind eye when underage children apply. Because of this, Wen easily found a job at a garment factory through the local employment network. Her wages averaged ➤

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$50 to $100 a month in a city where the monthly minimum wage is around $87. Like her coworkers, Wen sent all of her earnings home to her parents and rarely went to visit. Not until their mid- to late 20s do most Chinese factory workers return to their village, marry, and start their own families.

In late 2004, I visited factories in the Guangzhou area while doing research for my upcoming book about the luxury-fashion business, *Deluxe*. At the factories that produce legitimate goods by day (and often counterfeit goods at night), the workrooms are immense—as big as a football field—with dozens of long tables where workers stand under fluorescent lighting, assembling or sewing or gluing or painting for hours at a stretch. The factory where Wen worked is noisy and crowded. Workers are not required to and usually do not wear protective gear like earplugs. The workers, most often young women and girls, dress in simple uniform shirts and cotton trousers. Their hair is pulled back out of the way, and they wear no makeup or jewelry. It's straight assembly-line work. No one speaks. Shifts usually run 10-plus hours, but workers often take back-to-back shifts. It is not unheard of to read in the newspaper about workers who drop dead, presumably from exhaustion.

The clandestine factories that produce only counterfeit goods are another story altogether: big rooms in tenements filled with beat-up worktables, old sewing machines, and gooey pots of glue. The fumes can be overwhelming. Very often, the workers are children—some as young as eight—most of whom live on the premises with little or no adult supervision. They are worked ragged in barely tolerable conditions, turning out everything from faux-luxury-brand handbags, wallets, and belts to cell phones. They eat what they are given, and it isn't much. They are thin and dirty; their faces look tired, sad, and hardened.

Ironically, when the police raid these clandestine shops, the children stand there stunned and angry. Stuck in the city, hundreds of miles from home, with no family, no friends, and no money (they don't get paid when the factory is shut down), the children are left there, effectively homeless, forced to move out of their rooms at the factory. And though some of them—particularly those who work at counterfeit workshops—were sold into labor, like indentured servants, they still feel the police have robbed them of their livelihood. "Children and their families rely on that income. And when children don't see any other options, like education, they don't see any future for themselves but to work," says Geoffrey Keele, spokesman on child-protection issues at UNICEF.

Sadly, this problem of child labor is not going away, largely because the production of counterfeit goods is growing exponentially. In fact, today intellectual-property theft—the business of counterfeit and pirated goods—is a $600-billion-a-year industry. The number of fakes seized at European Union borders increased tenfold between 1998 and 2004. Just this fall, in what is believed to be the largest-ever seizure of counterfeit goods, German customs announced that it had uncovered more than one million items that would have been valued at almost $500 million had they been real. It is thought that as much as 10 percent of all goods produced worldwide every year are fake.

Counterfeiting flourishes for two main reasons. First, it is considered a high-return, low-risk business: Counterfeiters can earn millions and are rarely caught. Those who are busted are usually ordered by the courts to pay fines; few actually do jail time. Second, counterfeiting thrives because there is a sizable market for fakes. People still believe that buying counterfeit goods is a harmless, victimless endeavor. The reality is that counterfeiting can be as dangerous and damaging as illegal drug or arms trafficking. Counterfeit toys often contain lead paint, which can poison children. It is estimated that 10 to 15 percent of all pharmaceuticals are fake, leading to further illness or death. Counterfeit automobile brakes have contributed to fatal accidents. Counterfeiters themselves are among the world's most ruthless criminals. They have been known to smuggle workers from Asia into places such as New York and Los Angeles and keep them locked up like slaves to assemble fakes that are imported in pieces. And, as is increasingly reported, they run powerful international crime syndicates and launder money.

For years, it was easy to spot a fake. For handbags, the material was cheap, the stitching was uneven, and the logos were a little

A young worker near Guangzhou sews illegal copies of Louis Vuitton's Cerises bag

China's Use of Child Labor Emerges From the Shadows

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A clandestine factory in Guangdong province

off. Watches looked as if they were made of tin or brass, and they kept rotten time. You couldn't even see through faux-luxury-brand sunglasses because the lenses were so cloudy. I remember walking into a hip-looking clothing store with my husband one evening in the French Concession district in Shanghai in April 2004. The racks were filled with Giorgio Armani suits. At least, that's what the label read. We picked out a gray one with a price of $150. The fabric felt cheap. The lining was cheap. My husband tried it on. The jacket was crooked.

But now counterfeiters are getting so good that it's becoming difficult to tell whether an item is legit or not. They buy real handbags, wallets, and clothes, take them apart, scan the pieces on a computer, and send the images via e-mail to their factories in Asia. With watches, they study the real ones and copy them with cheaper materials. I went with a Swiss-watch expert in Hong Kong to buy a fake Rolex. We were approached by a shady guy on Nathan Road, just behind the Peninsula hotel, and we asked him to take us to see the watches. We went down several dark alleys, into a tenement that would have been condemned in the United States, and up a rattling elevator to the sixth floor. Our hustler knocked on the steel-reinforced door and uttered a code word through the peep hatch, and we were let in. It was a dingy single room filled with four very menacing men and shelves of fake Chanel 2.55 handbags and the newly released Chanel J12 ceramic chronograph watches. We said we wanted a Rolex. He showed us a steel Oyster Perpetual and told us it was $80. It looked real to me. After a bit of negotiation, we got it down to $40. When we left, my friend said the watch was an excellent copy and that it would take someone from Rolex to identify it as fake.

While the U.S. government and many governments in Europe are focusing on ways to catch and punish counterfeiters, the real challenge is figuring out how to rehabilitate the child labor force that the industry helps create. According to UNICEF's Keele, "We need to look at why children become laborers to begin with. That comes down to the issue of poverty a lot of times. If you can get a child in school, to stay in school, to be motivated by school, you are helping the entire family escape from poverty. Access to education and to health care will help keep them from being vulnerable to exploitation in the labor field, sexual exploitation, and trafficking."

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In China, students regularly pay for their books, food, boarding, and transportation, which can cost up to 1,000 yuan (around $125) a year—more than some farmers make in a year. The Chinese government, however, has instituted a reform that aims to ensure a free education for all primary and junior high students by 2008. Brazil might have served as an inspiration with its recent efforts to provide a minimum monthly salary to poor families who agree to keep their children in school. "This program has had a really positive impact," explains Keele. "Between 1995 and 2002, about 2.2 million fewer children between the ages of 7 and 14 entered the workforce there." But, of course, much more needs to be done.

A few private groups are taking matters into their own hands. After assisting in a bust on a clandestine counterfeit workshop in Guangzhou in 2002 and seeing firsthand the sullen, scared child laborers, one group of individuals decided to help. They founded a charity called the Teacher of Ten Thousand Generations Foundation (confuciusfoundation.org), which takes children out of factories, places them in schools, and underwrites their education and housing costs. At first, the Hong Kong–based charity tried to rescue the children at the time of a bust, but the children resisted, believing the investigators were the police, whom they fear. Now the charity's workers stand in front of the entrance of the factories in the morning and at closing time, handing

PATRICK ZACHMANN/MAGNUM PHOTOS

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out flyers to underage workers like Wen. As Chen Xuemin, the charity's chairman, explains, if the children express interest, "we interview them and ask if they would like to continue their education." Chen says the foundation chooses its recipients based on specific criteria: "If they have a very strong will, if they are in need, if they appear to be serious about their studies. Girls receive priority." This is not surprising, considering that the majority of the more than 150 million children around the world who are not in school are girls.

When young Wen was selected as one of eight of the charity's most recent scholarship recipients, she recalls that it was "a dream come true." She attends a high school near her family's home, where she's studying to become a preschool teacher and lives with five other girls in a dormitory. "She lives a happier and healthier life," Chen explains. Those who aren't chosen return to the factories but can always have another shot. The foundation plans to do two selections of 8 to 10 children annually.

Counterfeit Tiffany & Co. products are mass-produced in China

Unfortunately, it is a drop in the ocean. Tens of thousands of children are still suffering, working away their childhoods in factories. I remember when I witnessed a raid of a counterfeit-handbag factory in Guangzhou and saw the sweet faces of the boys and girls, so lost, confused, and tired. Ever since, I tell anyone and everyone I know that counterfeiting is not only illegal, it enslaves children. We talk a great deal these days about saving our environment. But we also need to think of the people who inhabit it. We need to do what we can to protect them, too. ■

Dana Thomas's book, Deluxe, *will be published by the Penguin Press in August.*

How You Can Help

- Support the Teacher of Ten Thousand Generations Foundation (confuciusfoundation.org).
- Support UNICEF's programs designed to protect and assist child laborers (unicefusa.org).
- Buy luxury goods from either brand boutiques or mainstream dealers such as department stores and brand-approved Web sites. Items for sale at a flea market, from a street peddler, or via spam in your e-mail inbox are likely to be fake.
- Report counterfeit dealers to the International AntiCounterfeiting Coalition: Call 866-NOTFAKE, or go to iacc.org. —DT

The U.S. Fashion World's Next Fight

"My designs have been copied for years," says designer Diane von Furstenberg. Since she is the recently appointed president of the Council of Fashion Designers of America, it's no wonder that von Furstenberg has made it her mission to help designers protect their intellectual property. "The situation has gotten a bit out of control thanks to the Internet," she explains. "Pirates can now ship copies of a collection before the designer can show it to buyers. They even boast about it on TV."

Design piracy can be defined as "counterfeit without the label." "Designer" handbags for sale on New York's Canal Street (and other shopping areas around the world) are pirated when they deliberately look like a Marc Jacobs, for example. Such goods can also be defined as counterfeit when they in addition falsely bear the trademarked logo, label, or signature of the original designer.

To date, U.S. laws have protected fashion designers only against counterfeiting. To change this, the CFDA is urging Congress to pass the Design Piracy Prohibition Act. The new act would give designers three months from the time their designs are first made public to copyright their garment. Once the design is registered, the overall appearance would be protected for three years.

This law would bring relief particularly to new designers who have been victims of piracy, their fledgling businesses sometimes suffering huge financial losses. Jennifer Lagdameo, of the handbag company Ananas, who had two signature styles knocked off and sold in department stores in 2005, laments, "The cheapened versions certainly cut into my profits. Sales of those bags dropped by 30 percent, and the life of those styles temporarily halted."

According to Steven Kolb, executive director of the CFDA, though the act seeks to thwart those who look to profit from invention and creativity that are not their own, it is not aiming to outlaw inspiration. "The fashion industry thrives on trends. This is about protecting the designer's individual fingerprint," says Kolb, who for the past year and a half has worked with concerned designers, magazine editors, and the bill's sponsor, Congressman Bob Goodlatte of Virginia. "Once Congress convenes in January, the CFDA is confident we can move the bill forward," says Kolb. Adds von Furstenberg, "By passing this act, we'll legitimize design and elevate the entire industry. This will lead to better design at all levels, from Wal-Mart to ready-to-wear." **Nadine Rubin**

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