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## **Closing Santa's Sweatshop: How to Deliver on Obama's and Congress' Toy Safety and Fair-Trade Promises**

### ***New Report Documents Record 2008 Toy Import Levels and Safety-Policy Failures***

WASHINGTON, D.C. – As U.S. toy imports hit record levels this year, U.S. trade policy and outdated consumer safety protections expose America's children to a flood of unsafe toys, according to a study Public Citizen released today. "Closing Santa's Sweatshop" also documents campaign pledges on import safety made by President-elect Obama and new members of Congress – 34 of whom replace congressional supporters of the failed trade-policy status quo generating the import safety crisis.

The United States is expected to import \$23 billion in toys in 2008, 90 percent of that from China. Imports this year represent 90 percent of U.S. toys, which is the highest toy import level and share on record. Many nations producing our children's toys have extremely lax safety standards and enforcement. Yet, while toy imports exploded by 562 percent from 1980 to 2008, the budget of the agency responsible for toy safety, the Consumer Product Safety Commission (CPSC), was cut by 23 percent, with staffing cut nearly 60 percent during the same period.

"While production of our children's toys has become globalized, our consumer safety system and its protections against injury and death have not," said Lori Wallach, director of Public Citizen's Global Trade Watch division. "Our trade agreements contain foreign investor protections that promote a 'low-road' strategy of offshoring toy production to nations with lax safety standards and low wages, while simultaneously imposing limits on the safety standards and inspections we can apply to imports."

Unfortunately, the threat of toy safety improvements being attacked as "illegal trade barriers" under current U.S. trade agreements is no longer only hypothetical. The report describes actions taken by China in 2008 invoking two U.S. safety initiatives relating to state-level bans on lead and bisphenol A (BPA) in toys that China claims violate World Trade Organization (WTO) rules. U.S. laws challenged at the WTO have been ruled against more than 80 percent of the time.

"The Consumer Product Safety Improvement Act of 2008 represented a real step forward on product safety but it failed to thoroughly address import-specific concerns," said Todd Tucker, research director of Public Citizen's Global Trade Watch division and author of the report. "Simply put, the new law does not adequately update U.S. import safety policies for the 21<sup>st</sup> century reality that many products are produced offshore."

As of 2007, the CPSC had no full-time staff at any of 326 U.S. ports and mostly focused part-time energies on Los Angeles and New York, leaving 324 ports virtually unchecked, according to the CPSC. In 2008, the CPSC claims to be monitoring at least nine of America's 326 ports, but could not confirm if there

were any full-time safety inspectors at any U.S. port. Moreover, even once the new law's increases in CPSC staffing and budget levels are fully phased in, the agency's staffing levels will actually be *down* 49 percent relative to 1980 levels.

**The report concludes that to bring U.S. product safety policy up to date with the realities of globalized production and thus effectively remedy the imported product safety crisis, Congress and the Obama administration must:**

- **Alter various provisions of U.S. trade agreements that currently encourage the offshoring of manufacturing and limit border inspection and imported product safety standards;**
- **Provide domestic agencies responsible for product safety with new authority to inspect products and facilities overseas such that a nation's failure to cooperate with inspections would result in imports from that nation being halted (as is U.S. policy for imported meat and poultry);**
- **Temporarily halt suspicious imports via a "hot button" prior to a hearing;**
- **Generate funding to ensure inspection of goods produced offshore; and**
- **Require import bonding to fund recalls.**

"Fortunately, both President-elect Obama and 71 members of Congress elected in 2006 and 2008 campaigned on fair trade, including strengthened imported product safety," Wallach said. "These policymakers replaced predecessors who did not prioritize import safety and other fair-trade policies. Consumers expect these officials to honor their campaign pledges."

The Public Citizen report highlights candidate commitments based on a comprehensive analysis of more than 130 races with an updated appendix summarizing the import safety and fair trade-related commitments and campaign ads of more than 260 candidates.

For instance, Obama said: "As president, I'll work with China to keep harmful toys off our shelves ... and will ban "toys that contain more than a trace level of lead, coming from China or anywhere else." He also said, "We should amend NAFTA (the North American Free Trade Agreement) to make clear that fair laws and regulations written to protect citizens in any of the three countries cannot be overridden simply at the request of foreign investors." Obama's commitments became part of the Democratic platform, which contained a trade reform agenda not seen in past platforms, including that no future bilateral trade pacts "will stop the government from protecting the environment, food safety, or the health of its citizens; [or] give greater rights to foreign investors than to U.S. investors."

In the 2008 elections, Obama was joined by 34 new fair traders in the House and Senate who replaced members of Congress who had supported NAFTA, the WTO, current China trade policy and other anti-fair trade measures. These new fair traders came from both parties and all regions of the country – especially outside the Rust Belt, which Beltway pundits have considered the only place trade issues resonate – and included Rep.-elect Jared Polis (D-Colo.), Sen.-elect Jeff Merkley (D-Ore.), Rep.-elect Bobby Bright (D-Ala.), Sen.-elect Mark Begich (D-Alaska) and Rep.-elect Kathy Dahlkemper (D-Pa.), among others highlighted in the report. These new members will be joining a growing bloc of fair traders in Congress who will be seeking to remedy the problem cited so clearly by Polis, who said: "The Bush administration is asleep at the wheel while multinational corporations are putting profits before safety and products that harm kids are entering our country from China and other nations with poor safety records ... We need to make sure that defects are identified and addressed *before* products reach the shelves and get in the hands of our children."

To read the report, go to <http://www.citizen.org/documents/SantasSweatshop08.pdf>

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Public Citizen is a national, nonprofit public interest organization based in Washington, D.C. For more information, please visit [www.citizen.org](http://www.citizen.org).