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Levi Strauss closes last two U.S. plants

SAN ANTONIO, Texas (AP) --Levi Strauss & Co., the California Gold Rush outfitter whose blue jeans are a globally recognized symbol of America, closed its last two U.S. sewing plants Thursday.

About 800 workers at the 26-year-old San Antonio plants lost their jobs in the move, which was announced last September.

The financially troubled company, based in San Francisco, has been shifting production to overseas contractors for years to offset drooping sales in the ultra-competitive apparel market. Only two decades ago, it had 63 U.S. manufacturing plants.

Levi Strauss spokesman Jeff Beckman said the 150-year-old company was making a delayed but unavoidable business decision.

"We tried to do our best to maintain manufacturing in the United States, but we have to be competitive to survive as a company," he said.

Sewing in San Antonio finished up around Thanksgiving and last month it ceased the laundering work done to give jeans their various finishes. Once, more than 4 million pairs of jeans were made here each year by workers earning an average of \$10 to \$12 per hour.

This spring Levi's will shutter its three remaining company-owned plants in Canada, completing the shift to contract production in China and other countries with far cheaper labor.

Levi Strauss, which is privately held, has weathered seven straight years of declining sales after its revenue peak of \$7.1 billion in 1996.

In 2002, the company reported sales of \$4.1 billion, and Beckman said the yet-to-be-released number for 2003 would be 2 percent to 3 percent below that.

The company has seen its global work force shrink from more than 37,000 in 1996 to about 12,000 as of last month, roughly half of them in the United States, said spokeswoman Kari Otto Seymore.

Along with the San Francisco headquarters, Levi's will continue to base its design and sales staffs in the United States, along with some distribution centers.

"We're still an American brand, but we're also a brand and a company whose products have been adopted by consumers around the world," Beckman said. "We have to operate as a global company."

Walter Loeb, a retail analyst in New York, says the profitability of moving production is worth more than a symbolic presence in the United States, where Levi's had made jeans since the 1870s.

"Investors are not very sentimental these days," Loeb said.

Loeb said even with overseas labor, management faces a big challenge in restoring the company's once-snug fit with consumers.

"There was a time when Levi's was the fashion garment of the day," he said. "The exclusivity of the Levi's brand is no longer as important to customers."

Seymore said Levi's severance package includes two weeks pay for every full year of employment, as well as an enhanced pension program and a period of subsidized medical coverage. In addition, she said, workers will be given up to \$2,450 each.

That's better than what Viola Casares received when she and about 1,100 other Levi's employees were laid off from another San Antonio plant in 1990, but she doubts many workers are smiling.


"They would rather have a job," said Casares, who co-founded a group that protested the 1990 closure. She said that with other factories in the city also closing, workers will have trouble finding jobs that pay as well as the ones they're losing.

"For me right now, I feel like I'm in mourning," Casares said. "We used to be like a family. It's hard to believe that it's final."

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