

# FOIA MARKER

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**Folder Title:**

Sweatshops: Apparel/Department of Labor [3]

**Stack:**

**S**

**Row:**

**31**

**Section:**

**1**

**Shelf:**

**1**

**Position:**

**2**

*Sweetshops  
Apparel*

**EL SALVADOR LABOR / INDUSTRY MISSION  
“TRADE IMPROVES LABOR CONDITIONS AND  
EMPLOYMENT FOR ALL”  
WASHINGTON, D.C.  
OCT. 20-23, 1997**

**EL SALVADOR LABOR / INDUSTRY MISSION**  
**“TRADE IMPROVES LABOR CONDITIONS AND EMPLOYMENT FOR ALL”**

**MEMBERS OF DELEGATION**

( see data sheet of the members of Delegation)

**LABOR SECTOR (Superior Labor Council)**

Sarahi Molina	FENASTRAS
Ricardo Antonio Soriano	FESINCONSTRAN
Jesus Amado Perez Marroquin	FLATICOM
Jose Israel Huiza C.	FESINTRABS

**PRIVATE INDUSTRY**

Francisco Escobar	ASIC
Luis Gadala Maria	ASIC
Carlos Pola J.	ASIC
Roberto Bonilla	ASIC
Alfredo Milián J.	Advisor

**Purpose of the Mission:**

The present Mission composed of labor and private industry representatives, is a follow up of an earlier visit to Washington (Sept. 7-10)

- **To evidence and divulge progress achieved in defense of workers rights through improved mechanisms of voluntary core labor standards compliance and monitoring systems for the prevention of child labor exploitation.**
- **To express the views of the absolute majority 70% \*of Organized Labor in El Salvador and 99% of Textiles and Apparel, regarding direct benefits legislative proposals under congressional consideration (House and Senate) would have on jobs and better working conditions for labor in El Salvador and other countries of the CBI Region, particularly Fast Track Authority and CBI Parity legislation.**
- **To rebut distorted visions being widely spread by some labor organizations who under false pretense claim representing interests of organized labor in the CBI Countries, abrogating themselves unauthorized rights and using such fabrications to boycott mayor retail importers to stop production in our countries, as is the case with the National Labor Committee’s “Day or Holiday Season of Conscience, End Child Labor & Sweatshops” campaign, disregarding the harmful effect such actions would have in employment and working conditions in general.**

\* See table

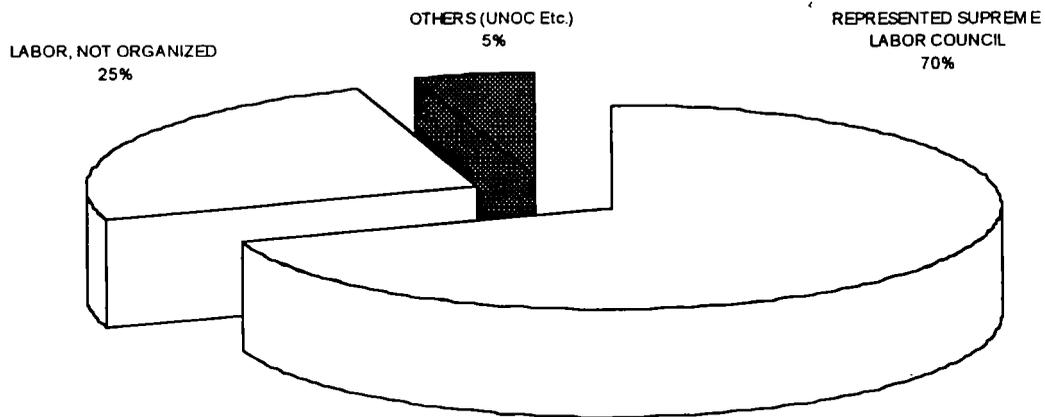
**REPRESENTATION IN THE SUPREME LABOR COUNCIL:**

EL SALVADOR	TOTAL	%
ORGANIZED LABOR SECTOR	388.000	100 *
REPRESENTED SUPREME LABOR COUNCIL	271.600	70 **
LABOR, NOT ORGANIZED	97.000	25
OTHERS (UNOC Etc.)	19.400	5

\* / Total organized labor Social Security Office (ISSS) Data as of Dec. 96

\*\* / Representation in the following labor organizations:

- FENASTRAS
- FUSS
- FEASIES
- FESTRAES
- FESTES
- FESINCONSTRANS
- FLATICON
- CGS



## STATEMENT

- Organized labor in El Salvador, represented in the Supreme Labor Council (labor, employers and government), encompassing 70 % of Organized Labor in El Salvador through 9 Federations (see table), is a pro-active factor of social and economic change in El Salvador, committed to achieve the goals laid down in the Peace Accords in a healthy true democratic environment. Realizing further more that labor is a factor of competition, just as much as entrepreneurial and government sectors are in the new globalized economy. Year 2005 is the land mark set for an open and free world wide market, when all tariff and non tariffs barriers will be terminated, we believe the window of opportunity is now to built and solidify strategic alliances between CBI countries and the United States, already over 85% of textiles and apparel imports from CBI countries are in the form of co-production (807-807-A) goods with significant benefits accruing to both the U.S. and the CBI Region. Such productive alliance will strengthen the competitive edge to face the threat of countries such as China by year 2005.

We also believe, more trade development between both parties will be a mayor deterrent to illegal emigration and drug traffic.

- As the United States fine tunes on the next chapter of trade negotiations, after successfully concluding mayor trade agreements, namely the NAFTA and Uruguay Rounds, Fast Track authority under legislative consideration (House and Senate) becomes a key provision to boost U.S. business interests in other areas of the World undergoing accelerated economic growth, one of which is Latin America.
- Undoubtedly, economic growth will generate better living standards in lesser developed countries and higher levels of qualified employment in the United States, as this country has progressively regained a dynamic economic growth being more competitive with a highly diversified economy, proof of it is the strong rebound of the U.S. economy, an economic growth rate ahead of G-7 countries, lower inflation and deficit, experiencing a record historical low unemployment rate, it dipped in April 97 to 4.8% down from the 23 year low of 4.9%.. Environmental protection on the other hand, will be improved through new trade agreements made possible through Fast Track as U.S. Business both industry and services will maintain an strong growth, more trade with the Region will generate the resources needed to effectively address environmental protection in such developing countries.
- Some people still believe that trade expansion serves to take jobs away from American workers, therefore envision narrowly viewed trade agreements, restricted with cumbersome high labor and environmental standards. In reality, trade expansion leads to job creation, rather than loss. Elemental logic also tells us that the best way to promote higher labor standards and wages in less developed countries is to promote trade and the prosperity with it generated.

- Fast track opens the door to new and expanded trade negotiations, the comprehensive nature of a free trade agreements makes such exercise open to a wide variety of subjects including, among others IPRs, market access, government procurement, trade in services, foreign investments and others including compliance with internationally recognized labor rights. Inclusion of labor and environmental protection clauses as condition in Fast Track defeat the purpose, such linkage, particularly with trade sanctions is not consistent with WTO obligations and should be avoided.
- We believe such campaigns as the one launched by National Labor Committee “Day or Holiday Season of Conscience” are highly damaging and fall far short of the moral objective it portrays to achieve, it is detrimental to a healthy trade and labor relation with the Region. Emphatically, we wish to reiterate and denounce that the motives pursued by NLC, pretending to act in defense of labor rights and interests of Salvadoran labor are self serving and contrary to our true interests.
- Presentation of Core Labor Standards (Codes of Conduct) as applied in El Salvador for the protection of labor rights :

## **CORE LABOR STANDARDS (CODES OF CONDUCT)**

### **A) PRINCIPLES:**

The Salvadoran Apparel Manufacturers (SAM) with the support of the organised labor sector are committed to maintain the following fundamental principles and Guidelines.

### **B) LABOR:**

**Laws and regulations.** Full compliance with all Salvadoran labor laws and regulations based on mutual respect and dignity for the individual:

- **Wages and benefits** - provided in accordance, but not limited, to all applicable laws.
- **Child Labor**- Full compliance and strict observance of the Labor Law of El Salvador, which protects children against labor abuses.
- **Working Hours** - 44 hour day time and 39 hour night time work week, allowing for compensated voluntary overtime according to the law.
- **Working Conditions** - A safe and clean work place, with adequate lighting and ventilation.
- **Disciplinary Practices** - Utilization of any form of corporal punishment or other forms of mental or physical coercion, are completely unacceptable.

- **Discrimination** - Employment and compensation is based on ability to do the job, without discrimination based on sex, race, religion or national origin.
- **Right of Association** - Total respect of the right of free peaceful association.

**C) ENVIRONMENT::**

Full Compliance with salvadoran environmental laws, regulations and standards, and environmentally conscious practices at all times.

**D) COMMERCIAL PRACTICE:**

El Salvador apparel and textiles industry will not knowingly engage in any activities which violate US Customs and intellectual Property Laws, international agreements or foreign laws governing international sales of goods including false declarations or any other false documentation, counterfeit visas of illegal transshipments.

**E) COVERAGE:**

All companies manufacturing apparel goods in El Salvador.

**F) METHODOLOGY & AUDITING PROCEDURES:**

Auditing by internationally recognized, auditing firms.

The Salvadoran Association of Apparel Industries will act as clearing house awarding a seal of approval to industries requesting such clearance.

The Industry requesting approval must comply with set requirements including an auditing form to be completed accompanied with a layout of the plant with the following description:

Sanitary installations including rest rooms, number toilets, washbowls, showers and toilets.

Air and ventilation systems

Type and distribution of lighting system

Access and exit doors, emergency markings and indications

Windows

Drinking Water Fountains

First aid stations and infirmary

Fire emergency system, alarm, fire extinguishers and smoke detectors

Halls and passages.

Must present in writing the method for disposal of rubbish, used waters, and any other type of contaminants that may affect working conditions.

The above information must be made available to SAM prior inspection by the auditor to assess conditions.

The auditor, would also receive a full list of all working personnel, including personal data with social security numbers, I.D. card, should he or she be under 18 years a working permit should be included.

Details of all wages paid and social legal provisions, proof of payment received, overtime etc.

Should there be working persons between 16 and 18, their working hours specifying if in apprenticeship practice, all in compliance with Salvadoran labor laws and regulations.

The auditor has full authority to review all documentation pertaining to each worker as the case may be to ascertain that working rights and all other legal obligations are not being violated.

SAM will proceed immediately to verify all information with the Ministry of Labor, Social Security Office, Ministry of Economics regarding workers and the company.

Every auditing will be fully contained in a SAM report and be available to review.

#### **G) ROLE OF MANUFACTURERS, LABOR, MINISTRY OF LABOR:**

Under SAM Code of Conduct (Core labor standards) members of the Supreme Labor Council are de-facto guarantors of conduct and chief supporters and sponsors of the Code, as such they bear full responsibility that the standard is upheld and maintained permanently.

#### **H) CERTIFICATION:**

Certification Approval is based on a point system and the exporter will be assessed according to a set standard, should the exporter fail to pass because of insufficient points SAM approval may be conditioned to prompt correction in a period not to exceed 15 days.

#### **I) FOLLOW UP**

Monitoring is a permanent activity and auditing will be repeated periodically

Curriculum  
LABOR SECTOR

**Ricardo Antonio Soriano**

**Age:** 49

**Professional Experience**

Secretary General of FESINCONSTRANS, 1985-1997  
Secretary General of the Builders' Union (SIGMO), 1983-1997  
Delegate to meetings of the dialogue and negotiation between the Government of El Salvador and the FMLN, 1984-1989  
Director of the National Council for Sustainable Development (CNOS)  
Director of the INSAFORP Professional Training Institute of El Salvador,  
Director of the Superior Labor Council  
Vice President of Labor Sector Board of the Superior Labor Council  
Member/Founder of UPD (1979), CTD (1983), UNOC (1986), CPDN (1987), FCEyS (1993), CST (1994).

**JOSE ISRAEL HUIZA CISNEROS**

Secretary General of FESINTRABS Workers Unions Federation of Foods and Beverages with ten years Union work  
Workers Representative before the Supreme Labor Council of El Salvador for:  
The Bakers and Confections Union  
Industry Union (Confieria Americana)  
Industry Union (El Carmen Sugar Mill)  
Industry Union (Jiboa CORSAIN Sugar Mill)  
Industry Union (La Magdalena Sugar Mill)  
Industry Union (CHANMICO Sugar Mill)  
Meat Packers Union  
Restaurant & Related Services Union

## **JESUS ARMANDO PEREZ MARROQUIN**

General Coordinator FLATICOM Workers Federation of Independent Unions,  
Transportation, Commerce and Maquila.

### **Member Unions:**

Union of Independent Workers El Cuco District  
Union of Independent Commercial Workers of El Salvador  
Union of Independent Workers of New San Salvador  
Union of Automotive Drivers of El Salvador  
Union Independent Announcers of El Salvador  
Union of Independent Workers of Informal Commercial Establishments  
Cooperative of Light Transporters, the Wholesales Market la Tiendona  
Footwear Workers Union of El Salvador

Has been, Sec. General Construction Workers Union (SUTC)  
General Coordinator, Central Labor Democratic Organization,  
Member in the Economic and Social Consensus Forum  
Chairman, Development Foundation, FUDEPAZ.

## **SARAHÍ MOLINA HUEZO**

Permanent Representative FENASTRAS in the Superior Labor Council  
Secretary for Organization and statistics FENASTRAS

## **CURRICULUM**

### **PRIVATE INDUSTRY**

#### **FRANCISCO ESCOBAR THOMPSON**

President, Salvadoran Association of Apparel Industries ASIC  
President Industrias Textiles Cuzcatlan, apparel industry.  
Chairman of the Central American and Caribbean Textiles and Apparel Council CACTAC

#### **JOSE LUIS ANTONIO GADALA MARIA**

General Manager Bonaventure Investments  
Member of the Board Salvadoran Association of Apparel Industries AISC

#### **ROBERTO BONILLA**

General Manager VEXSAL Industries, apparel industry,  
Member of the Board, Salvadoran Association of Apparel Industries

#### **CARLOS POLA**

Director, Picacho Industries, apparel industry.  
Member of the Board, Salvadoran Association of Apparel Industries

#### **ALFREDO MILIAN J.**

Coordinator, El Salvador Quota Council

## BACKGROUND LABOR ORGANIZATIONS

### FESINCONSTRANS

The Federation of Unions of the Construction and Transportation Industries (FESINCONSTRANS) was founded in 1961 and obtained legal status in 1963. During these three decades it has achieved impressive results through programs, projects and institutions that benefit workers and the country as a whole. Among these successes are the creation of the Social Housing Fund, improvements in the Salvadoran Institute of Social Security and the Institute of Vocational Education, reforms in the Labor Code, and the creation of legislation to strengthen cooperatives.

FESINCONSTRANS participates in the design of mechanisms to achieve collective contracts and labor agreements, and supported the process of dialogue and negotiation that ended decades of violence through the Peace Accords, instrumental in the ensuing democratic process.

FESINCONSTRANS began the process of organizing the rural populace in 1964 with the objective of allowing rural workers to freely associate to defend their rights. It also has struggled for the freedom and modernization of labor unions and cooperatives in urban centers, improving the living conditions of workers at the national level.

From 1960 to 1980, FESINCONSTRANS worked with the American Institute for Free Labor Development (AIFILD/AFL-CIO and was an affiliate of ORIT-CIOLS. It is also a partner organization of CLAT-FITCM.

FESINCONSTRANS is co-founder of other political and labor organizations such as Popular Democratic Unity (UPD) [f. 1979], the Confederation of Democratic Workers (CTD) [f. 1983], the National Workers' and Peasants' Union (UNOC) [f. 1986], Permanent Debate for Peace Today (CPDN) [f. 1987], the Forum of Economic and Social Agreement (1993) [f. in 1993], and the Superior Council of Labor (CST) [f. 1994].

At present, FESINCONSTRANS is working to unify labor and business and to elaborate a new vision of productive labor.

The 21 members of FESINCONSTRANS include labor unions, associations of public sector workers, and both rural and urban cooperatives.

## FENASTRAS

The National Federation of Salvadoran Workers Union FENATRAS, founded Nov. 17, 1972 originally with 11 unions from various industrial sectors, the movement was inspired by the the revolutionary left.

FENATRAS experiences growth through the collapse of the Central American Common Market

The Peace Accords give way to important changes and democratic liberalization, demanding new initiatives from the labor sector, FENASTRAS had to break away the vertical practices of the revolutionary past, including the traditional confrontational methods, working on the organizational basis and finding common ground with employers to construct a new El Salvador.

### Member Unions:

- Textiles and cotton workers Union (STITAS)
- Textiles Workers Union of El Salvador (SITES)
- Construction Industry Union (SOICSCES)
- Tourism Industry Union (STITGASC)
- Vegetable Oils Industry Union (SIAGC)
- Banking and Savings Association Union (SIGEBANK)
- Liquor Industry Union (STELCASA)
- Footwear Industry Union (STICHUPSCES)
- Sex Workers Union
- Plastic Industry Union (SEPLAT)
- Bakers Union
- Judicial System Union
- Modern Art Youth

AUDITING  
FORMS

2.14 GUIAS Y CUESTIONARIOS PARA VERIFICAR EL  
CUMPLIMIENTO DE LOS PRINCIPIOS DE OBSERVANCIA  
LABORAL Y AMBIENTAL

**CUESTIONARIO PARA VERIFICAR EL CUMPLIMIENTO  
DEL PRINCIPIO DE "LIBRE ASOCIACION"**

**ENTREVISTA A LOS PATRONOS**

	<u>SI</u>	<u>NO</u>	<u>N/A</u>
1º- ¿Hay Actualmente sindicatos de trabajadores en la empresa ?	( )	( )	( )
2º- ¿Impide a sus trabajadores la Libertad de Asociarse?	( )	( )	( )
3º- ¿Hay contratos Colectivos de trabajo?	( )	( )	( )
4º- ¿Hay otro tipo de Organizaciones diferente al de un Sindicato en su Empresa?	( )	( )	( )

**EXPLIQUE:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**CUESTIONARIO PARA VERIFICAR EL CUMPLIMIENTO  
DEL PRINCIPIO DE "LIBRE ASOCIACION"**

ENTREVISTA A LOS TRABAJADORES

- |   | <u>SI</u> | <u>NO</u> | <u>N/A</u> |
|---|-----------|-----------|------------|
| 1°- ¿Es obligado Ud., a pertenecer a una organización?                                    | ( )       | ( )       | ( )        |
| Si es positiva la respuesta, por quien: _____   |           |           |            |
| _____   |           |           |            |
| _____   |           |           |            |
| 2°- ¿Existe discriminación por parte de su patrono por pertenecer Ud. a una Organización? | ( )       | ( )       | ( )        |

**FORMA PARA EVALUAR EL CUMPLIMIENTO  
DE PRINCIPIOS DEL "TRABAJO DE MENORES Y MUJERES"**

ENCARGADO DE PERSONAL

- |  | <u>SI</u> | <u>NO</u> | <u>N/A</u> |
|--|-----------|-----------|------------|
| 1° ¿Hay trabajadores en la Planta menores de 18 años ?   | ( )       | ( )       | ( )        |
| CANTIDAD: _____  |           |           |            |
| 2° ¿Si existen menores de 18 años, se deberá solicitar el expediente en el que aparezca lo siguiente?.                                       |           |           |            |
| Fecha de Nacimiento  |           |           |            |
| Clase de trabajo convenido   |           |           |            |
| El Horario de Trabajo  |           |           |            |
| Salario Pactado  |           |           |            |
| Resultado de los exámenes médicos  |           |           |            |
| 3° ¿Hay trabajadoras en la Planta en estado de Embarazo?   | ( )       | ( )       | ( )        |
| 4° ¿Que tipo de trabajo se les asigna a las trabajadoras embarazadas?  |           |           |            |
| _____  |           |           |            |
| _____  |           |           |            |
| _____  |           |           |            |
| 5° ¿Verificar la Asistencia, de los trabajadores menores de 18 años y Mujeres Embarazadas (Evaluar el horario de trabajo y tipo de trabajo). |           |           |            |

**CUESTIONARIO PARA VERIFICAR EL CUMPLIMIENTO DE  
PRINCIPIOS DEL "TRABAJO DE MENORES  
Y MUJERES EMBARAZADAS"**

**ENTREVISTA A LOS TRABAJADORES**

**Trabajo de Menores**

	<u>SI</u>	<u>NO</u>	<u>N/A</u>
1- ¿Trabaja horas extraordinarias?	( )	( )	( )
2º- ¿Trabaja horas nocturnas ?	( )	( )	( )
3º- ¿Que tipo de trabajo desempeña?			
_____			
_____			
4º- ¿Cual es su jornada de trabajo?			
_____			
_____			
5º- ¿Cada cuanto se somete a exámenes médicos?			
_____			
_____			

**Trabajo de Mujeres Embarazadas**

5º- ¿Trabaja horas nocturnas?	( )	( )	( )
7º- ¿Tiene Certificado Patronal del ISSS ?	( )	( )	( )
1º- ¿Que tipo de trabajo desempeña?			
_____			
_____			

*CUESTIONARIO PARA VERIFICAR EL PRINCIPIO  
DEL "TRABAJO DE LOS APRENDICES"*

*ENTREVISTA A LOS PATRONOS*

	<u><i>SI</i></u>	<u><i>NO</i></u>	<u><i>N/A</i></u>
<i>1º- ¿Existen empleados en concepto de Contrato de Aprendizaje?</i>	<i>( )</i>	<i>( )</i>	<i>( )</i>
<i>¿Si la respuesta es positiva cuantos?</i>			
<i>CANTIDAD:</i> _____			

*CUESTIONARIO PARA VERIFICAR EL PRINCIPIO  
DEL "TRABAJO DE LOS APRENDICES"*

*ENTREVISTA A LOS EMPLEADOS*

- |  | <u><i>SI</i></u> | <u><i>NO</i></u> | <u><i>N/A</i></u> |
|--|------------------|------------------|-------------------|
| <i>1º- ¿Esta asegurado en el I.S.S.S. ?</i>    | <i>( )</i>       | <i>( )</i>       | <i>( )</i>        |
| <i>2º- ¿Cuanto se les paga por su Trabajo?</i> |                  |                  |                   |

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*FORMA PARA VERIFICAR LA EXISTENCIA DE  
CONTRATOS*

*INDIVIDUALES DE TRABAJO*

*ENTREVISTA A L PATRONO*

	<u><i>SI</i></u>	<u><i>NO</i></u>	<u><i>N/A</i></u>
<i>1º- ¿Se elaboran contratos individuales de Trabajo para todo el personal?</i>	<i>( )</i>	<i>( )</i>	<i>( )</i>
<i>2º- ¿Se han enviado los contratos individuales de Trabajo a la Dirección General de Trabajo?</i>	<i>( )</i>	<i>( )</i>	<i>( )</i>
<i>3º- ¿Verificar el calculo de pago de indemnización de los últimos cinco despidos?</i>			
<i>1-</i> _____			
<i>2-</i> _____			
<i>3-</i> _____			
<i>4-</i> _____			
<i>5-</i> _____			

*GUIA PARA VERIFICAR EL CUMPLIMIENTO  
DEL "PRINCIPIO DE SALARIOS Y JORNADAS"*

*1º - Revisar si se están pagando por lo menos el salario mínimo*

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*2º - Verificar las jornadas de Trabajo, que se labora en la empresa?*

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*3º - ¿Revisar Planillas o Recibos de pago y verificar?*

- a) Salarios Ordinarios*
- b) Salarios Extraordinarios*
- c) Verificar horas diurnas y nocturnas*
- d) Comisiones pagadas*
- e) Revisar el pago de días de Asueto*
- f) Verificar si están firmadas*

*4º - Revisar pago de vacaciones*

- a) Calculo de vacaciones*
- b) Verificar el período*
- c) Revisar el recibo que documenta el pago*

*5º - Revisar pago de aguinaldo*

- a) Calculo de Aguinaldo*
- b) Verificar la cantidad mínima de acuerdo a la fecha de ingreso del Trabajador*
- c) Verificar la fecha de pago*
- d) Revisar el recibo que documenta el pago*

*GUIA PARA ELABORAR LA EXISTENCIA DEL  
"REGLAMENTO INTERNO DEL TRABAJO"*

*ENTREVISTA AL EMPLEADOR*

- |  | <u>SI</u> | <u>NO</u> | <u>N/L</u> |
|--|-----------|-----------|------------|
| 1°- ¿Cuantos Trabajadores laboran en la Planta?<br>CANTIDAD: _____                 |           |           |            |
| ¿Si son menores de 10 las siguientes preguntas no aplican ?                        |           |           |            |
| 2°- ¿Existe Reglamento Interno de Trabajo?   | ( )       | ( )       | ( )        |
| 3°- ¿Se encuentra inscrito el Reglamento Interno de Trabajo?                       | ( )       | ( )       | ( )        |
| 4°- ¿Se encuentra a la vista de los Trabajadores el Reglamento Interno de Trabajo? | ( )       | ( )       | ( )        |

**GUIA PARA VERIFICAR EL CUMPLIMIENTO  
DE "LAS CONDICIONES LABORALES"**

	<u>SI</u>	<u>NO</u>	<u>N/A</u>
1º- <i>¿La Gerencia de la Planta esta informada sobre las leyes locales y regulaciones para la seguridad en el Trabajo?</i>	( )	( )	( )
2º- <i>¿Hay tablas de información en la Planta para comunicar información General a los Trabajadores?</i>	( )	( )	( )
3º- <i>¿Existen comités de Seguridad?</i>	( )	( )	( )
4º- <i>¿Existen por lo menos una puerta de entrada y otra de salida?</i>	( )	( )	( )
5º- <i>¿Proporciona el patrono equipo de protección a los Empleados?</i>	( )	( )	( )
6º- <i>¿Estos equipos de protección son descontados en Planillas a los empleados?</i>	( )	( )	( )
7º- <i>¿Hay Sanitarios disponibles para el uso de los Trabajadores?</i>	( )	( )	( )
8º- <i>¿El estado y números de sanitarios es apropiado para el numero de Trabajadores?</i>	( )	( )	( )
9º- <i>¿Se tienen sanitarios independientes para mujeres y hombres ?</i>	( )	( )	( )
10º- <i>¿Hay agua potable disponible para el uso de los Trabajadores?</i>	( )	( )	( )

**GUIA PARA VERIFICAR EL CUMPLIMIENTO  
DE "LAS CONDICIONES LABORALES"**

	<u>SI</u>	<u>NO</u>	<u>N/A</u>
11°- ¿Hay personal de mantenimiento en el Centro de Trabajo?	( )	( )	( )
12°- ¿Hay personal de limpieza en la Planta?	( )	( )	( )
13°- ¿Existe suficiente iluminación en el área de Trabajo? Considerar los factores tales como:	( )	( )	( )
- Area de iluminación			
- Altura de iluminación			
- Refracción de iluminación (paredes y piso)			
- Niveles de iluminación			
14°- ¿Hay ventilación adecuada en la Planta?	( )	( )	( )
15°- ¿En caso de centros de trabajo en que laboren por turnos, existen locales de espera para los trabajadores ?	( )	( )	( )
16°- ¿Existen locales especialmente, destinados a los trabajadores para tomar sus alimentos?	( )	( )	( )
17°- ¿Existen asientos adecuados para los trabajadores?	( )	( )	( )
18°- ¿Existe algún plan de evacuación en caso de fuego?	( )	( )	( )

**GUIA PARA VERIFICAR EL CUMPLIMIENTO  
DEL "PRINCIPIO DE PRESERVACION DEL MEDIO  
AMBIENTE"**

	<u>SI</u>	<u>NO</u>	<u>N/A</u>
1°- <i>¿Adopta la Empresa medidas de prevención y control ambiental en el centro de Trabajo?</i>	( )	( )	( )
2°- <i>¿Se guardan químicos en la Planta? Algunos ejemplos: (verifique si existen procedimientos para su uso)</i>	( )	( )	( )
3°- <i>¿En donde descarga su desagüe la Planta? Ejemplo: Desagüe Municipal, Tanque séptico, Fosa profunda etc.</i>			
_____			
_____			
4°- <i>¿Se descargan los desechos solidos o líquidos de origen doméstico o industriales en los cauces naturales de los ríos, lagos y otros similares sin el permiso correspondiente?</i>	( )	( )	( )
	( )	( )	( )
5°- <i>¿Ha sido visitada la Empresa por Agencias Regulatoras del Medio Ambiente?</i>	( )	( )	( )
6°- <i>¿Si la respuesta es SI, mencione por cuales?</i> _____			
_____			
_____			



## INFORMACION GENERAL

*Nombres de la Compañía*

*Ubicación*

*Producto*

*Gerente de Planta*

*Gerente*

*Nº de Seguro Social Patronal*

## DIVISION DE EMPLEADOS

	<i>Femenino</i>	<i>Masculino</i>	<i>Total</i>
<i>Administración</i>			
<i>Otros Asalariados</i>			
<i>Por Hora</i>			
<i>Total</i>			

## MEDIO AMBIENTE

- *¿ Cumple la compañía con todas las reglas y regulaciones gubernamentales locales relacionadas con el medio ambiente ?*

*SI*

*NO*

*Si su respuesta en negativa, favor explique.*

- *Describe las condiciones generales de trabajo de lo siguiente:*

*Satisfactorio*

*Insatisfactorio Comentarios*

*Servicios Sanitarios*  
*Cafetería*  
*Planta*  
*Higiene*  
*Iluminación*  
*Ventilación*  
*Seguridad*

VENTA DE BIENES

- *Toma parte la compañía en alguna actividad sobre la cual tiene conocimiento que viola las aduanas de Estados Unidos y las Leyes de la Propiedad Intelectual, acuerdos internacionales o leyes extranjeras que gobiernan la venta de bienes incluyendo declaraciones falsas o cualquier otra documentación falsa, visas falsificadas o trasbordos ilegales.*

SI

NO

*Si su respuesta es negativa, por favor explique*

OBSERVACIONES GENERALES

## **CONTACT IN WASHINGTON**

EMBASSY OF EL SALVADOR  
2308 California St. N.W.  
Washington D.C. 20008  
Tel: 202-3876511 Fax: 202-2343834

## **CONTACT IN EL SALVADOR**

### **LABOR SECTOR**

CONSEJO SUPERIOR DEL TRABAJO  
Col. San Benito, Avenida La Capilla, No. 223. San Salvador, El Salvador.  
Tel: (503) 264-1252 Fax: (503) 263-8431.

### **PRIVATE INDUSTRY**

ASOCIACION SALVADOREÑA DE LA INDUSTRIA DE LA CONFECCION (ASIC)  
Calle Roma y Liverpool, Col. Roma, Edificio ASI. San Salvador, El Salvador, C.A.  
Tel: (503) 279-2488 Fax: (503) 279-2070 y 298-5855.

U.S. Department of Labor

Employment Standards Administration  
Wage and Hour Division  
Washington, D.C. 20210



**FAX COVER SHEET**

**OFFICE OF THE ADMINISTRATOR**  
**WAGE AND HOUR DIVISION**

**FAX NUMBER (202) 219-4753**  
**COMMERCIAL (202) 219-8305**

TO: Maria Echaveste

DATE: 12/2

FAX NUMBER: 456-2983

PAGES: 4  
(include cover sheet)

LOCATION: \_\_\_\_\_

FROM Suzanne Seiden

If you do not receive all of the pages please call:

NAME: Garl

NUMBER: 219-8305

COMMENTS/INSTRUCTIONS:

\_\_\_\_\_  
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\_\_\_\_\_

**MEMORANDUM FOR THE SECRETARY**

**FROM:** Stephanie Swirsky  
Suzanne Seiden  
Marvin Krislov  
Andrew Samet

**cc:** Kitty Higgins  
Lee Satterfield

**SUBJECT:** Apparel Industry Partnership Update

**DATE:** November 25, 1997

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**SUMMARY**

Yesterday, the working members of the Apparel Industry Partnership met in Washington to continue their work toward implementing its code of conduct and monitoring principles. It was an emotionally charged meeting, as there are a number of issues of continuing disagreement and the parties are feeling pressure from both the passing of time and interest from the media. Most of the issues relate to how the association will function, who will "control" the process, and how to balance credibility for protecting worker interests, while attracting broader industry participation in the association. While there was minimal agreement beyond a process for continuing to discuss the issues in small groups, we are encouraged that they are continuing to work toward resolution.

**ISSUES**

The issues and working groups are:

1. **Governance/Members of the Board of Directors.** There continues to be division between the companies and the union/human rights groups regarding the split of members for the board of directors of the association. The companies want the board to be evenly split, 50-50 between the two parties, with decisions made on a consensus basis. The union/human rights groups believe that the board must be dominated by worker advocates to ensure credibility and effectiveness of decision making. Compromises discussed included, an independent chairperson selected by the whole group; co-chairs; and a non-voting chairperson, but none were agreed to. Liz Claiborne and UNITE are particularly polarized on this issue and the other companies are open to a 50-50 board with the two sides selected a chair. A working group looking at the alternatives and possible criteria for the independent chairperson has been tasked to report back.

- 2. Implementation and Enforcement of Monitoring.** The issues of confidentiality of information gathered by the monitors; the reporting requirements of the companies to the association; information flow from the companies, the monitors and the association; what information will be publicly available; and how potentially competitively sensitive information will be handled, are all issues having to do with the implementation and effectiveness of the monitoring principles and are in dispute between the parties. Most of these issues can be worked out and relate specifically to the need to balance the ultimate credibility of the process to the outside public with the companies' needs to protect their business needs and attract broader industry participation. A working group has been tasked to work this issue through before the next meeting.
- 3. Implementation of Freedom of Association Code.** The issue posing the question as to how the freedom of association provision of the code of conduct will be implemented in countries where the laws may not allow for it, was raised for full discussion for the first time since the code was agreed to last Spring. UNITE's raising of this issue so late in the process caused much consternation, particularly its inclusion of the proposal that over time companies would need to move production out of those countries where the laws were inconsistent with the code. There was agreement that there are steps companies can take in those countries to protect workers within the bounds of the plants, without forcing them to leave countries such as China. A working group was established to draft such language.
- 4. Living Wage Study.** The issue of how to address the feasibility of a living wage has been a major source of contention. UNITE wants the association to commit to conduct a study on the living wage and the companies assert that the code addressed the wage issues (providing for minimum and prevailing wages) and their unwillingness to go further. Prior to yesterday's meeting, we floated the notion of DOL conducting such a study which would compare minimum wage and poverty levels in main garment source nations that would be conducted in cooperation with the association, international organizations such as the OECD, and others. There was initial interest in this and DOL staff were asked to develop proposed language. The "living wage" issue raises a number of problems as an economic concept and as a potential political problem if the Administration looks like its taking sides.
- 5. Consumer Communication.** The issue of how and what would be communicated to consumers as a result of a company's participation in the association is a critical issue, but one that has not garnered substantial discussion within the group even though it was the original task given to the group by the President at the Partnership's formation. A working group is developing a draft strategy, under the direction of Linda Golodner.

## **MEDIA**

In an attempt to gain control over the media's reporting of the activities of the Partnership, the co-chairs Robbie Karp and Linda Golodner issued the following statement that was reported in Women's Wear Daily today:

*The Apparel Industry Partnership has met today and continues to make progress though we have not completed our work. We have decided to make no further announcements until we are ready to release the final product of our deliberations.*

In addition, the members agreed once again to not speak to the media, and to conduct their negotiations behind closed doors, rather than in the New York Times.

## **NEXT STEPS**

The Partnership agreed that its next meeting will be on January 9, 1998 in New York City. Between now and then the working groups will develop specific consensus documents for the full group to consider. DOL staff will divide up the groups and work closely with them to ensure progress. Additionally, we believe it would be useful after Thanksgiving, and before the Christmas holidays for both you and the Deputy Secretary to check in with the principals, particularly Jay Mazur and Paul Charron, (we will provide specifics and talking points) to continue to encourage them to look for consensus, and remind them of the importance of a successful conclusion to their work.

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file Apperal

### Fax Cover Sheet



**Wage and Hour  
U.S. Department of Labor  
200 Constitution Avenue, NW, Room S3502  
Washington, DC 20210**

**From Suzanne Seiden**  
Phone: 202/219-8305  
Fax: 202/219-4753  
email address: sbs@fenix2.dol-esa.gov

Today's date: 12/11/97

To: Marge Tarmey

Fax #: 456-2983

Number of pages including cover sheet: 17



Notes:  
As promised, but late

# U.S. Department of Labor Compliance Surveys

## Los Angeles

Compliance Comparison 1994 vs. 1996

<i>Firms Found in Compliance</i>	<u>1994</u>	<u>1996</u>
Overall Compliance Rate	22%	39%
Minimum Wage	39%	57%
Overtime	22%	45%
Average back wages per shop	\$7,284	\$3,235

Compliance Comparison - 1996

<i>Monitored vs. Nonmonitored</i>		
Minimum Wage	73%	36%
Overtime	61%	25%
Average back wages per shop	\$1,972	\$4,872

## San Francisco

Compliance Comparison 1995 vs. 1997

<i>Firms Found in Compliance</i>	<u>1995</u>	<u>1997</u>
Overall Compliance Rate	57%	79%
Minimum Wage	84%	100%
Overtime	57%	79%
Average back wages per shop	\$1,207	\$930

Compliance Comparison - 1997

<i>Monitored vs. Nonmonitored</i>		
Minimum Wage	100%	100%
Overtime	87%	68%
Average back wages per shop	\$498	\$1,475

## 1997 New York City

<i>Firms Found in Compliance</i>	
Overall Compliance Rate	37%
Minimum Wage	80%
Overtime	46%
Average back wages per shop	\$6,989

\* 1997 is the first year that a compliance survey was conducted

## GARMENT INITIATIVE UPDATE

**DOMESTIC:** The "No Sweat" Multi-Prong Strategy

### **1. ENFORCEMENT**

**New York City Compliance Survey Results and Follow-up:** The Department will soon announce the results of the first-ever compliance survey in New York City. The overall compliance rate with the monetary provisions is only 37 percent. Particularly troubling is the rate of compliance in Chinatown, where nearly nine of ten shops were found in violation. To address the serious problems in New York City, Wage and Hour is instituting a new strategy for targeting manufacturers with a history of contracting with garment shops routinely found in violation of labor laws. *To be discussed at the October 10 briefing.*

**New York State Hearing:** On October 28, the New York State Senate Labor Committee is conducting a public hearing to examine the operation of sweatshops in New York; the current efforts deterring the operation of sweatshops in New York; and what measures may be taken in order to ensure that employers of workers in the garment industry obey wage and hour laws and provide a safe and productive work environment. Those invited to testify - in addition to Wage and Hour - include the Acting Commissioner of Labor for New York; Jay Mazur, President of UNITE; workers; and a representative of a contractor association. *To be discussed at the October 10 briefing.*

**Garment Enforcement Report:** Each quarter the Wage and Hour Division issues the Garment Enforcement Report which provides retailers and consumers with information about which contractors violate wage and hour laws and the manufacturers that do business with them. The report also indicates those manufacturers that are doing monitoring of their contractors and those manufacturers which have been listed on earlier reports. We are plan to issue the next report (the 7<sup>th</sup> to date) on December 12.

**Strategic Plan Highlights:** In the enforcement area, Wage and Hour is focusing on targeting "bad actor" manufacturers and increasing retailer involvement in reducing sweatshops. Wage and Hour is instituting a "diamond" approach to manufacturers - determining manufacturers which either have a history of doing business with contractors in violation of wage and hour laws or have repeatedly failed to remedy violations, shipped "hot goods" or agreed to begin a contractor monitoring program. Wage and Hour will then investigate contractors doing business with that manufacturer for compliance. If, as expected, violations are found, Wage and Hour will consider stronger enforcement action against the manufacturer such as a temporary restraining order, a consent judgment, or court-ordered monitoring of their contractors. In the case of "bad actor" manufacturers, the retailer will be contacted and asked to take affirmative steps with this manufacturer to ensure that any goods purchased are not produced in sweatshops.

This year, Wage and Hour is moving up the "chain" and placing more emphasis on retailers – both in the enforcement and outreach areas (see below). To the extent that a retailer may not be responsive to requests to work more diligently with known "bad actor" manufacturers, Wage and Hour may consider initiating an investigation of the retailer to effect change in behavior. This "Track II" approach involves requesting the retailer to provide information on their major vendors, and then Wage and Hour investigating a certain percentage of those vendors' contractors for compliance with labor laws.

**Los Angeles Compliance Survey:** In the spring of 1998, Wage and Hour will conduct an investigation-based compliance survey to determine the extent to which our strategy has improved compliance. Our goal in FY 1998 is to achieve a compliance level of 55 percent. A similar survey in FY 1996 found a compliance rate of 39 percent.

**Clay/Kennedy Legislation:** Congressman Clay and Senator Kennedy have introduced legislation which would make manufacturers and retailers (when acting as manufacturers) liable for Fair Labor Standards Act violations committed by their contractors. Retailers would also be liable for contractor violations on goods the retailer purchased. Manufacturers (and retailers acting as manufacturers) would be responsible for paying the back wages and any civil money penalties. The Administration has not taken a formal position on this legislation.

## **2. PARTNERSHIPS**

**Apparel Industry Partnership (AIP):** In the agreement presented to the President last April, the AIP members agreed to an industry Code of Conduct and independent monitoring systems that will assure consumers that the clothes they buy are made under decent and humane working conditions. The AIP is now working on forming an association that will recruit new member companies, develop a reliable, independent means to provide for public confidence; and develop a consumer information mechanism. *To be discussed at the October 10 meeting.*

**Retailer Agreements:** Wage and Hour recently signed an agreement with the Army and Air Force Exchange Service (AAFES) whereby AAFES agreed to implement a wide-ranging monitoring program. Using this as a model, Wage and Hour has initiated dialogues with four other retailers (WalMart, J.C. Penny, Dillard's, and Nordstrom's) in an effort to forge similar partnerships. The dialogue with WalMart was initiated after blouses made for the Kathie Lee Gifford line sold exclusively at the retailer were found in a sweatshop in Los Angeles.

**California Manufacturers:** In follow-up to a July meeting with Secretary Herman, Senator Feinstein, and several California apparel manufacturers, Wage and Hour met with members of the California Fashion Association in August. As requested, on September 29, local Wage and Hour staff met with members of the Association to discuss their concerns about the adverse impact on the Underground Economy. Wage and Hour plans

to meet again with members of the Association in early November to discuss our strategic plan for garment for FY 1998 and to roll-out the plan for addressing the concerns they raised at the July and August meetings.

**Worker Outreach:** On August 11, Wage and Hour staff met with workers advocates in Los Angeles to discuss the most effective ways to educate workers about their rights under the FLSA. We plan to meet with worker advocates in New York to seek their input, and will follow-up these discussions by developing a plan to reach out to the workers.

**Government Executive Order:** We hope to develop a proposal for an Executive Order to instruct federal agencies to adopt methods to ensure that any apparel products they purchase are made in compliance with the law.

**City Resolutions:** The Conference of Mayors and several individual mayors are working on resolutions for their jurisdictions that would ban the use of sweatshop labor in the manufacture of uniforms and other garments procured by the cities. To date, approximately 20 cities have passed such resolutions, including North Olmstead, OH (the first city to adopt an ordinance), Philadelphia, Pittsburgh, Austin, San Francisco, and Portland, OR.

**Socially Responsible Investment follow-up:** The garment team is looking for ways to build on September 22 announcement by socially responsible investment companies that they endorse the garment initiative and specifically the AJP.

**Interagency Group:** Plans are underway to reconstitute an interagency working group that was originally formed to coordinate enforcement activities among the Internal Revenue Service, the Social Security Administration, the Immigration and Naturalization Service, the Department of Justice, and the Department of Labor. This group was originally formed to marshal its combined forces to combat sweatshops in the garment industry. The reconstituted working group would focus on the underground economy.

**Garment Industry Development Corporation:** On October 16, the Secretary will make a site visit to the Garment Industry Development Corporation (GIDC) in New York City to announce the presentation of a DOL grant for GIDC's Workforce Development Program and plans for a joint GIDC and DOL demonstration. The GIDC project is an opportunity for DOL to develop collaborations between it and Garment 2000, a learning factory in San Francisco.

**Outreach to Major Retailers:** Wage and Hour will continue to reach out to retailers in the following ways: Wage and Hour will continue the dialogue with certain retailers which have indicated some interest in "partnering" with the Department. Wage and Hour will transmit the latest quarterly Garment Enforcement Report to the chief executive officer of designated retailers urging them to review the report and to respond to us about their policies. Wage and Hour is planning to meet with other retailers which have not

## **INTERNATIONAL EFFORTS**

**Child Labor:** In 1996, The Department of Labor Bureau of International Affairs released the third volume of its series on child labor entitled "The Apparel Industry and Codes of Conduct: A Solution to the International Child Labor Problem?" In November of 1998, the Department will issue Volume IV "By the Sweat and Toil of Children" which examines child labor violations in several industries including the leather footwear segment of the apparel industry in five countries. As the world's largest importer of leather footwear, the United States has

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been particularly responsive to our contacts about "hot goods", and explain the potential for a "Track II" (enforcement) action (see above).

### 3. EDUCATION/OUTREACH

**Newark, NJ Diocese:** On October 16, the Secretary and Archbishop Theodore McCarrick will launch an "anti sweatshop" classroom instruction effort for all of the 188 schools in the diocese. The 15,000 Archdiocesan students will be called on to support the "No Sweat" initiative. The Department will issue a "No Sweat Teens" brochure, a "Clue Card for Teenage Consumers", a poster, and a teachers' guide about sweatshops. *To be discussed at the October 10 briefing. - Archbishop has written other US Bishops, urging them to do the same.*

**Compliance Monitoring Workshop:** On November 5, Wage and Hour and the American Apparel Manufacturers Association will sponsor another Compliance Monitoring Workshop in Dallas, TX. This is the 5<sup>th</sup> in a series of workshops in the last six months. The Workshops provide the apparel industry with technical training and information for the development and effective implementation of systems to ensure that garments are made in compliance.

**No Sweat-Teens-January-Roll-Out:** As a follow-up to the October 16 event with the Newark Archdiocese, we are planning a launch of a nationwide campaign to educate teens about the problem of sweatshops. Wage and Hour will be seeking to involve teachers' organizations and others as partners in the campaign.

### 4. RECOGNITION

**Trendsetter List:** Trendsetters List companies have agreed to help eradicate sweatshops by monitoring contractors for FLSA violations and cooperating with the Department when violations were found. *We will discuss the next steps for the Trendsetters List at the October 10 briefing.*

**Best Practices Forum:** We are working on an industry forum or forums to bring together companies that have "best practices" policies with respect to compliance and monitoring. This will be an opportunity to recognize the companies that are leaders in compliance practices, and to have them share their philosophies and policies with other companies.

## **INTERNATIONAL EFFORTS**

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**Apparel Industry Partnership:** In addition to its representation on the AIP, ILAB is actively promoting the concept and objectives of the partnership in a number of international fora. These include the U.S. - Central American Labor Ministerial being hosted by Secretary Herman in Washington on November 4, 1997 which will include a special tripartite session on the AIP and a European-wide symposium on the topic of codes of conduct within the context of the Partnership in coordination with the European Union in 1998.

**Core Labor Standards:** The Department of Labor, as the United States' representative to the ILO, has aggressively pursued the global implementation of core labor standards and support for an ILO declaration and establishment of an effective monitoring mechanism in June of 1998. ILAB has laid the foundation for the Secretary to seek OECD support for this objective during her meetings with OECD labor ministers in Paris next week.

DRAFT 12/11/97 3:10 pm

MSL Sportswear, Inc.  
Laura & Sarah Sportswear, Inc.  
New York, New York

- On 10/30/97, Wage and Hour initiated an investigation of MSL Sportswear, Inc. (MSL), and Laura & Sarah Sportswear, Inc.-- two commonly owned garment contract shops located at 446-448 Broadway, New York City. These shops are owned by Lena Mone a/k/a Lai Fong Yuen.
- Wage and Hour's investigation found these shops had violations of both the minimum wage and overtime pay provisions of the Fair Labor Standards Act throughout the entire August 1, 1997 through November 1, 1997 investigation period.
- Back wages in the amount of \$213,700 have been computed for 73 workers. The investigation determined that the workers were paid on a piece-rate basis. No regular payroll payments have been made since August; although some employees received payments sporadically. Even when the employees were paid, they were not paid properly for overtime hours.
- To date the workers have been paid approximately \$50,000 of the back wages; Wage and Hour will be disbursing approximately \$45,000 through the back wage disbursement process. (Note: Wage and Hour hopes to recover the majority of the balance due once the court action has concluded.)
- The firm also falsified the payroll records to show straight time payments and overtime premiums were made when in fact no such payments occurred. Because of the falsification of the payrolls, civil money penalties amounting to approximately \$36,500 will be assessed on December 11, 1997.
- Wage and Hour determined that six manufacturers used the shop during the investigation period. The back wages are proportioned according to the amount of the goods produced in the shop for the individual manufacturer.

### **Land 'n Sea**

- Back Wages Paid: \$26,611
- Labels: *Kathie Lee*
- Retailers: Wal-Mart
- DOL Agreement: Signed

### **Profiles Fashion, Inc.**

- Back Wages Paid: \$6,756 (agreed to pay balance of \$29,000 by 2/28/98)
- Labels: *Classique Entier*
- Retailers: Nordstrom
- DOL Agreement: Signed

### **Next Day Apparel, Inc.**

- Back Wages Paid: \$21,207
- Labels: *Jaclyn Smith; Basic Edition*
- Retailers: Kmart
- DOL Agreement: Signed

### **Valerie Sportswear, Ltd.**

- Back Wages Paid: \$22,500
- Labels: None Identified
- Retailers: No national retailers identified
- DOL Agreement: Signed

### **Fashion Headquarters, Inc.**

- Back Wages Paid: \$15,666
  - Labels: *Wear It Again*
  - Retailers: The Limited (Lerner)
  - DOL Agreement: Refused to Sign
- Notes: On November 26, DOL was granted temporary restraining order to prevent the shipment of "hot goods" and to compel the production of documents identifying Fashion Headquarters' retailers and other information after the manufacturer failed to voluntarily comply with an administrative subpoena issued on November 10. Negotiations are ongoing and a hearing is scheduled for December 17.
  - There is a spin-off investigation of a garment shop in Brooklyn, NY which is ongoing and likely to have many of the same manufacturers.

As sent to Secretary  
(awaiting feedback)

**MEMORANDUM FOR THE SECRETARY  
AND THE DEPUTY SECRETARY**

**THROUGH:** Lee Satterfield

**FROM:** Suzanne Seiden  
Stephanie Swirsky

**cc:** Marvin Krislov  
Bill Samuel  
Susan King  
John Fraser

**DATE:** December 5, 1997

**RE:** Strategy to Engage Retailers in the Garment Initiative

---

Wage and Hour's key strategic priority is to increase compliance with labor standards in targeted industries such as garment, agriculture and health care. This strategy for engaging retailers in the garment initiative is consistent with the goals outlined under the GPRA requirements.

**GOALS**

1. To change retailer behavior in relationships with their vendors to promote and ensure greater labor law compliance in the garment industry.
2. To have retailers provide leadership and assume responsibility for their own and their suppliers' compliance with labor laws, particularly when the retailers are acting as manufacturers for their private label goods.
3. To create a model with garment retailers that is replicable in other industries such as agriculture.

**INDUSTRY TRENDS**

America's garment industry grosses \$45 billion a year and employs more than 800,000 garment production workers. During the 1980s and 1990s, the retail sector has undergone a trend of consolidation that resulted in a concentration of large corporations, tightly integrated both organizationally and technologically. This concentration resulted in a relatively small group

of retailers with large market share and has led to increasing pressure on manufacturers to cut prices, improve performance, increase services and speed delivery. Currently, there are nine retailers in the U.S. that control 65 percent of the retail business.

The apparel commodity chain is essential to understanding the relationships between garment retailers and manufacturers. At the most basic level, the chain has raw materials and textile producers on one end, manufacturers in the middle and retailers and consumers at the other end. Blurring the links of this chain is the somewhat unique characteristic of this industry which has manufacturers and retailers hiring contractors to sew and assemble their garments, with these contractors often hiring subcontractors. In this industry, manufacturers generally handle the design and marketing of the garment, and most of the actual sewing production is performed by contractors hired by the manufacturers or subcontractors hired by contractors.

Complicating the picture, more and more retailers are eliminating the middle manufacturer and are producing their own products for sale, determining the design, prices, and deliveries of the goods. In this growing segment of private label manufacturing, the retailer takes on the total control over the design and marketing of the garments and, acting as manufacturers, directly contracts for the sewing and assembly of the garments. Such private label manufacturing by retailers provides them with greater control over the product, a higher profit margin (on average 80% as compared to 50%) and greater control over deliveries and competition. Most importantly for our discussion, this evolving role of the retailer, whether as manufacturer of the private label or as top of the chain, provides the retailer with greater influence and responsibility for the workplace conditions within which garments are produced.

## **RETAILER EFFORTS TO DATE**

The Department has employed a multi-pronged strategy of enforcement, education, recognition, and partnerships in its efforts to increase compliance with wage and hour laws in the garment industry. This strategy has had enormous success with contractors and manufacturers and has yet to reap the benefits in the retail sector. Ensuring retailer compliance is especially significant because manufacturers have raised concerns that their law abiding practices may be undercut by illegitimate competitors who would sell to retailers looking for lower prices.

**Enforcement:** In its enforcement activities, Wage and Hour generally contacts major retailers when its investigators are able to trace the goods from the contract shop with violations, up to the retailer customer. To date, 58 such contacts have been made, involving 24 individual retailers. This year, new and innovative means have been used to expedite and streamline the process to ensure greater ability to trace goods from a sewing shop up to the retailer. When available and appropriate, the Department has released to the public information about the violations, the contractors, manufacturers and the retailers.

**Education:** Wage and Hour regularly conducts Compliance Workshops around the country to provide manufacturers, retailers, and contractors with the tools and

information to establish effective monitoring programs and enforce compliance from their vendors. Seven workshops have been held in 1996 and 1997, and have had attendance from most of the major retailers.

**Recognition:** In 1995, DOL announced the first annual Trendsetter List, a list of both retailers and manufacturers that are taking additional steps to ensure that the goods they produce and sell are not made in sweatshop conditions.

**Partnership:** Since 1994, several attempts have been made to open constructive and meaningful dialogue with the retail industry through a retailer roundtable and retailer summit.

In 1996, the President convened the Apparel Industry Partnership, a group of leaders from the apparel and footwear industry, labor, and human rights groups to establish strategies to ensure goods are not manufactured under sweatshop conditions and assure consumers that their purchases are made in compliance with the laws. (While several of the manufactures also act as retailers, the large retail community declined invitations to join the Partnership).

These efforts, and a continuing dialogue with both the NRF and individual retailers, have resulted in some progress with individual retailers (such as Talbot's, Kmart, Wal-Mart, Army and Air Force Exchange Service (AAFES), and Nordstrom have instituted various levels of compliance requirements for their vendors). The National Retail Federation issuing compliance principles that have been endorsed by most of its members. However, no widespread industry action has resulted.

## **RETAILER STRATEGY**

The multi-pronged strategy employed to date in our garment efforts has been successful at effectuating change in the manufacturing side and should be adapted to address the retail sector. The approach of coupling consistent, strong, enforcement with education, recognition and partnership is a sound one. It provides the important balance of fully protecting workers rights and working conditions while providing "good" employers with tools and incentives to comply with the laws and a level playing field within which to compete.

**1. Apparel Industry Partnership.** First and foremost as part of the retailer strategy, should make a concerted effort to gain retailer participation in the Apparel Industry Partnership. We should work in concert with the Partnership members to enlist retail members.

**2. Compliance Partnerships.** To further move this strategy forward in the retail sector, we propose that the Department develop voluntary **compliance partnerships** with individual retailers that are willing to make the commitment to assume more responsibility for the manner in which the goods they sell are produced. Such a compliance partnership

would include commitments by the retailer to:

- Cooperate fully with DOL regarding the shipment of "hot goods" and provide assurances that they will not ship such goods;
- Contractually require vendors to have effective monitoring programs and where appropriate guarantee back wage payments when violations are found;
- Ensure that its pricing and delivery policies do not foster labor law violations and require its vendors to do similarly;
- Sponsor/make available labor law compliance training to all of its suppliers, vendors and buyers; and
- Establish and publicize confidential employee "hotlines" to provide workers with the means to confidentially air potential violations.

**3. Retailer Education Efforts.** To ensure that retailers and their buyers have full knowledge of, and access to, the tools and information critical to effective compliance efforts, targeted compliance education efforts will include:

- Meetings with representatives of individual retailers to review their current policies and offer assistance to develop new strategies to promote labor law compliance with their vendors and contractors; and
- Targeted compliance workshops specifically designed for retailers.

**4. Manufacturer/Retailer Dialogues.** To open communications between retailers and manufacturers on the pressures, concerns and challenges confronting the two sectors of the garment industry.

- Secretary Herman has been invited and we recommend her accepting the invitation to meet with the Executive Committee of the National Retail Federation's annual meeting in New York City on January 20, 1998. This would be a unique opportunity to engage in off-the-record discussions with the CEOs of the major retailer organizations regarding our concerns and priorities.
- Discussions at the staff and senior levels bringing together key manufacturers and retailers to explore strategies to overcome the pressures that may lead to sweatshop conditions in the garment industry.
- Conduct private label forum (s) to explore how the rise of private labels by retailers has blurred the traditional lines between manufacturer and retailer in the garment industry and its impact on compliance responsibilities of retailers.

**5. Targeted Retailer Enforcement.** Wage and Hour is currently exploring means and tactics to target retailers with histories of noncompliance and uncooperation with the Department of Labor. Criteria is being developed that will guide the decision as to the circumstances under which a retailer would be contacted and asked to provide information about its vendors prior to new violations being found. Appropriate enforcement actions and strategies are also being developed for application to these circumstances where repeated violations are found and cooperation is not forthcoming.

**Attachment**

## ATTACHMENT

The multi-pronged strategy of the garment initiative has made progress toward changing behavior within the garment industry with regard to compliance with wage and hour laws.

- I. In August 1995, DOL named 16 retailers, that were the recipients of goods made in an El Monte sweatshop in slave-like conditions.

**Result:** A Retail Summit convened by Secretary Reich was attended by 12 of the 16 retailers named.

In December 1995, DOL announced the first Trendsetters List, a list of manufacturers and retailers which were taking extra steps to ensure that their goods were not produced in sweatshops.

**Result:** Other retailers and manufacturers instituted policies of monitoring to emulate the Trendsetters. Although the National Retail Federation opposed the issuance of the Trendsetters List, it quickly responded with an announcement of retailer commitments to eradicating sweatshops.

In May 1996, DOL named six well-known retailers in a national press release as a result of enforcement activities in Boston, Dallas and Los Angeles. The retailers named included Talbots, J.C. Penney, Macy's East, Specialty Retailers, Inc., Charlotte Russe and Claire's Boutiques.

**Result:** Talbots instituted a policy requiring its vendors to have effective compliance monitoring programs.

In May 1996, DOL announced that a sweatshop making goods for the Kathie Lee (Gifford) line sold exclusively at Wal-Mart had been discovered in New York.

**Result:** Wal-Mart agreed to revamp its domestic vendor policy and assumed production and compliance oversight of all private label goods. Ms. Gifford announced her help in championing the cause of garment worker rights which led to the Fashion Industry Forum in July 1996. Ms. Gifford, Kmart and Wal-Mart participated in the Fashion Industry Forum.

In June 1996, DOL issued a press announcement recognizing three retailers that had instituted new compliance programs requiring vendors to adopt monitoring procedures to detect and prevent sweatshop abuses. J.C. Penney announced that it would suspend business with any manufacturer or contractor found to be in violation of Federal labor laws unless the violator establishes an effective monitoring program. Kmart expanded its policy to

cover not only the compliance of vendors contracted directly by the company, but to expressly obligate its vendors to be responsible for their subcontractors as well.

**Result:** These retailers served as a model for other retailers. The actions of these retailers raised the bar by which other retailers were to be measured.

In October 1996, DOL announced that Sears, Roebuck and Co., Macy's West and Hub Distributing, Inc. had received goods made in violation of the wage and hour laws by Chums Casual in Los Angeles. The press release restated that previously in May the Department had named J.C. Penney; Macy's East and Speciality Retailers, Inc. as having received goods produced by Chums.

**Result:** Both J.C. Penney and Hub Distributing met with DOL representatives to discuss problems and solutions to these types of violations.

In January 1997, Wage and Hour regional staff began meetings with top retailers to explore the possibility of joint efforts to increase the effectiveness of both government and private industry to respond to compliance issues.

**Result:** In March 1997, the Army and Air Force Exchange Service (AAFES) agreed to a Memorandum of Agreement which identifies areas where DOL and AAFES can work in unison to increase compliance. Various provisions require:

- all vendors have an effective monitoring program in place as a condition of doing business with AAFES;
- AAFES cooperates fully with any requests from DOL concerning "hot goods;"
- AAFES to require all field inspectors and buyers to attend training conducted by DOL; and
- AAFES sponsors training seminars for manufacturers on compliance issues.

In September 1997, Wal-Mart outlined the details of its compliance program in writing, which includes:

- contractually requiring vendors to comply with FLSA;

- vendors producing private label goods must have an independent outside party monitor contractors for compliance;
- production shops post a 1-800 number directly to Wal-Mart to enable employees to report labor law violations;
- labor law compliance elements are included in the vendor certification program; and
- quarterly written assurances from vendors that all goods shipped to Wal-Mart were produced in compliance with FLSA.

In November 1997, Nordstrom agreed to jointly explore with DOL various ways resources can be shared to better police the environment where private label goods are produced. Already in place are policies which include:

- requiring all vendors of private label goods to engage in monitoring of contractors;
- letters to each of its vendors on the quarterly enforcement report requiring them to respond whether any of the goods shipped were produced in violation. If so, that vendor must take extraordinary steps in any future shipments to ensure that those are produced in compliance.

J.C. Penney adopted the policy of suspending all shipments from any manufacturer for 60 days if contacted by DOL because of an enforcement situation. In that 60-day period, the vendor must hire an outside monitoring company to audit all contractors and remedy any problems found. At the end of 60 days, Penney's sends a private accounting firm to verify that the monitoring program is in place and that all existing violations have been remediated. Upon successful verification, the vendor is once again eligible to resume filling orders. Further, Penney's now includes labor law compliance as part of its internal auditing matrix when conducting yearly inspections of all production factories.

**AUDIENCE**

Joe Eldridge  
Director, Washington Office  
Lawyers Committee for Human Rights  
100 Maryland Avenue, NE  
Washington, DC 20002  
202/745-5692  
fax. 202/543-5999

Kimberly Michalski  
National Consumers League  
1701 K Street, NW  
Washington, DC 20005  
202/835-3323  
fax. 202/835-0747

Jack Golodner  
Director  
Department for Professional Employees  
AFL-CIO  
815 16th Street, NW  
Washington, DC 20006  
202/223-4446  
fax. 202/628-4379

Kathy Charron  
Liz Claiborne, Inc.  
One Claiborne Avenue  
North Bergen, NJ 07047  
201/626-3500  
fax. 201/626-1803

Ashley Charron  
Liz Claiborne, Inc.  
One Claiborne Avenue  
North Bergen, NJ 07047  
201/626-3500  
fax. 201/626-1803

Brad Karp  
Paul Weiss Wharton and Garrison  
1285 Avenue of the Americas  
New York, NY 10019

212/373-3316  
fax. 212/372-2384

Bob Zane  
Senior Vice President  
Liz Claiborne, Inc.  
One Claiborne Avenue  
North Bergen, NJ 07047  
201/626-3500  
fax. 201/626-1803

Ms. McClain Ramsey  
Director of Communications  
NIKE Inc.  
One Bowerman Drive  
Beaverton, OR 97005  
503/671-4901  
fax.503/644-6655

Penny Knight  
NIKE Inc.  
One Bowerman Drive  
Beaverton, OR 97005  
503/671-4901  
fax.503/644-6655

Kate Burnham  
Director, Corporate Communications  
Reebok International  
100 Technology Center Drive  
Stoughton, MA 02072  
617/341-7690  
fax.617/297-4806

Abigail Abrash  
Program Director  
RFK Memorial Center for Human Rights  
1206 30th Street, NW  
Washington, DC 20007  
202/463-7575

Tracy Mullen  
President  
National Retail Federation

325 7th Street, NW  
Washington, DC 20004  
202/783-7971  
fax. 202/737-2849

Larry Martin  
President  
American Apparel Manufacturer Association  
703/524-1864

Morrison Cain  
President  
International Mass Retail Association  
1700 North Moore Street  
Arlington, VA 22209  
703/841-2300  
fax. 703/84-1183

Congresswoman Lucille Roybal-Allard

Congresswoman Nydia Valesquez

Senator Tom Harkin

Senator Edward Kennedy

Congressman George Miller

Congressman Clay

Mr. Anthony G. Freeman  
Director, Washington Branch Office  
International Labor Organization  
1828 L Street, NW Suite 801  
Washington, DC 20036  
Tel: 653-7652  
Fax: 653-7687

Mr. Steve Rickard  
Washington Office Director  
Amnesty International - USA  
304 Pennsylvania Avenue, SE  
Washington, DC 20003  
Tel: 544-0200

Fax: 546-7142

Mr. Richard Dicker  
Associate Counsel  
Human Rights Watch  
485 Fifth Avenue  
New York, NY 10017  
Tel: 212-972-0905  
Fax: 212-972-0905

Mr. Abraham Katz  
President, U.S. Council for International Business  
1212 Avenue of the Americas  
New York, NY 10036  
Tel: 212-354-4480  
Fax: 212-575-0327

Mr. Edward E. Potter  
Legal Counsel  
U.S. Council for International Business  
c/o McGuiness & Williams  
1015 15th Street, NW  
Washington, DC 20005  
Tel: 789-8618  
Fax: 789-8684

Richard Lucas  
Arnold and Porter  
555 12th Street, NW  
Washington, DC 20004-1202  
202/942-5554  
fax. 202/942-5999

Kenneth Letzler  
Arnold and Porter  
555 12th Street, NW  
Washington, DC 20004-1202  
202/942-5921  
fax. 202/942-5999

Mark Fowlon  
Arnold and Porter

555 12th Street, NW  
Washington, DC 20004-1202  
202/662-1127  
fax. 202/942-5999  
Reverend Stan Haste  
The Alliance of Baptists  
202/745-7609  
fax: 202/745-0023

David Harris  
Director  
American Jewish Congress  
Government and Public Affairs Office  
203/332-4001  
Fax. 202/387-3434

Don Reeves  
Bread for the World  
301/608-2400  
Fax. 301/608-2401

Lisa Goldman  
B'nai B'rith  
202/857-6582  
Fax. 202/857-1099

Nancy Chupp  
Church Women United  
202/544-8787  
Fax.202/543-1297

Mandy Kreps  
Church of the Brethren  
202/546-3202  
Fax.202/544-5852

Reverend Paul Wee  
Church of the Reformation  
202/543-4200  
Fax. 202/543-4201

Joel Volk  
Executive Director  
Friends Committee on National Legislation

202/547-6000  
Fax. 202/547-6019

Dr. Clarence Hodges  
General Conference of Seventh Day Adventists  
Seventh Day Adventists  
301/680-6455  
Fax.301/680-6464

Ari Huffnung  
Hillel  
202/857-6543  
Fax.857-6693

David Schilling  
Interfaith Center on Corporate Responsibility  
212/870-2928  
Fax. 212/870-2023

Paul Greenberg  
Jewish Labor Committee  
212/477-0707  
Fax.202/484-1126

Sister Eymard Gallagher, RSHM  
Marymount University  
703/284-1636  
Fax. 703/284-1595

Forest Montgomery  
National Association of Evangelicals  
202/789-1011  
Fax. 202/842-0392

Kathy Thornton, RSM  
NETWORK  
202/547-5556  
Fax. 202/547-5510

Mary Ann Smith, MM  
NETWORK  
202/547-5556  
Fax. 202/547-5510

Anne Curtis  
NETWORK  
202/547-5556  
Fax. 202/547-5510

The Reverend Elenora Giddings Ivory  
Presbyterian Church (USA)  
202/543-1126

Reverend Archie Le Mone  
Progressive National Baptist Convention  
202/396-0558  
Fax. 202/398-4998

Rabbi David Saperstein  
Religious Action Center of Reform Judaism  
202/387-2800  
Fax. 202/667-9070

David Abrams  
Union of American Hebrew Congregations  
202/387-2800  
Fax. 202/667-9070

Sister Mary Waskowiak  
Sisters of Mercy of the Americas  
301/587-0423  
Fax. 301/587-8330

Rabbi Joel Soffin  
Temple Shalom  
201/584-5666  
Fax. 201/584-1674

Reverend Armand Mathew, OMI  
The Missionary Oblates of Mary Immaculate  
301/565-0060  
Fax. 301/587-4575

Sarrae Crane  
The United Synagogue of Conservative Judaism  
212/553-7800

Fax. 212/353-9439

Father Robert Brooks  
The Episcopal Church  
202/547-7300  
Fax. 202/547-4457

Richard Nugent  
Unitarian Universalist Association  
202/296-4672  
Fax. 202/296-4673

Dr. Thomas White Wolf Fasset  
The General Board of Church and Society  
United Methodist Church  
202/488-5600

Reverend Pharis Harvey  
International Labor Rights Fund  
United Methodist Church  
202/544-7198

Jane Hull Harvey  
United Methodist Church  
Ministry of God's Human Community  
General Board of Church and Society  
202/488-5600

Rev. Eliezer Valentin Castañon  
United Methodist Church  
Ministry of God's Human Community  
202/488-5600

Thomas Shellabarger  
United States Catholic Conference  
202/541-3189  
Fax. 202/541-3339

Ronaldo M. Cruz  
United States Catholic Conference  
Department of Social Development and World Peace  
202/541-3189  
Fax. 202/541-3339

Barbara Kohnen  
United States Catholic Conference  
202/541-3189  
Fax. 202/541-3339

Patrick Conover  
United Church of Christ  
202/543-1571  
Fax. 202/543-5994

Frank Gifford

Richard Hofstetter  
212/826-5557

Lee Weinstein  
Public Relations Manager  
NIKE, Inc.  
620 Avenue of Americas  
New York, NY 10011  
212/367-4448  
fax.212/367-4499

Kerry Kennedy Cuomo  
RFK Memorial Center for Human Rights  
703/522-1717

Mrs. Ethel Kennedy  
RFK Memorial Center for Human Rights  
703/734-9481

Norman Dorsen  
Chairman  
Lawyers Committee for Human Rights  
330 Seventh Avenue, 10th floor  
New York, NY 20004  
212/998-6233  
fax. 212/967-0916

Jon Rosenblum  
International Labor Rights Fund  
608/257-1894

Ashley Charron  
Liz Claiborne, Inc.  
One Claiborne Avenue  
North Bergen, NJ 07047  
201/626-3500  
fax. 201/626-1803

Brad Charron  
Liz Claiborne, Inc.  
One Claiborne Avenue  
North Bergen, NJ 07047  
201/626-3500  
fax. 201/626-1803

Steve Schueth  
President  
Calvert Group  
Chevy Chase, MD  
301/951-4800

February						
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# January 26 - February 1, 1997

## Office of Public Liaison

<b>Sunday</b>  <span style="font-size: 2em;">23</span>	
<b>Monday</b>  <span style="font-size: 2em;">24</span>	10:30 AM HBCU Presidents (BC) East Room 10:30 AM Houston Jewish Federation (Jay) 476 1:45 PM SPEECH TO AM COUNCIL ON EDUCATION (BC)--DC
<b>Tuesday</b>  <span style="font-size: 2em;">25</span>	4:00 PM International Affairs Budget Working Group (Marilyn) 208
<b>Wednesday</b>  <span style="font-size: 2em;">26</span>	CHILEAN STATE VISIT
<b>Thursday</b>  <span style="font-size: 2em;">27</span>	10:00 AM Mammography Event (HRC) 474 10:15 AM The Business Council (BC) Willard Hotel 1:00 PM Nat'l Assn of Commissions for Women (Betsy) 474 3:00 PM Non-Profit Liaison Roll-Out (Doris)
<b>Friday</b>  <span style="font-size: 2em;">28</span>	
<b>Saturday</b>  <span style="font-size: 2em;">1</span>	

2/20/97

Marilyn, what is this?

Sylvia

HBCU State by  
 10:30 AM  
 Kawa

To explain agencies

agencies to describe their programs for non-profits  
 grant info

N Time & Attendance Record

Travel  
picture

FOIA's

National ~~Forum~~  
Legal Policy  
Center  
~~USA~~

Jay Mazur

→ governing board

"SSR should represent the interests  
of workers, consumers & industry"

Conf call among NGO's

9 month - intend  
will form an  
ass'n

consultation/cooperation  
internal →

external → consultation <sup>and</sup> cooperation  
as matter ↓

of course  
wages - a study

# AGENDA

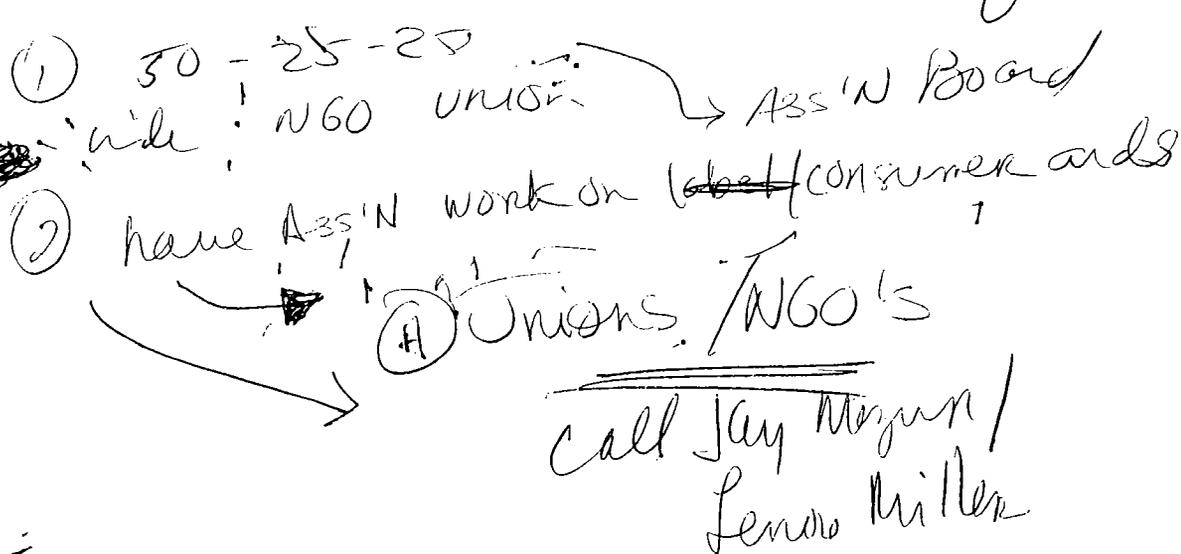
## 1. Status of Partnership

- Recommendations
  - workplace code of conduct
  - monitoring – internal and external
  - formation of an association
  - consumer communication
- Event
- Next steps

## 2. Strategy for Maximizing Results

Partnership - unions/cos → are tense, don't want to meet  
workplace standards seem to be almost done,  
little language left on laws  
monitoring - principles relating to internal

possible suggestions — a name to keep past's group  
McKinsey to volunteer developing business plan



# News Release

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U.S. Department of Labor

Office of Public Affairs  
Washington, D.C.

## OFFICE OF PUBLIC AFFAIRS

CONTACT: Carl A. Fillichio  
202/219-7316

USDL: 97-71  
FOR RELEASE: Immediate  
Tuesday, March 4, 1997

### LABOR DEPARTMENT RELEASES GARMENT ENFORCEMENT REPORT "No Sweat" Initiative Continues as New Measurers to Step Up Effectiveness of Manufacturing Monitoring are Announced

The U.S. Department of Labor recovered more than \$827,000 in back wages for minimum wage and overtime violations of the Fair Labor Standards Act (FLSA) for 2,200 garment workers during a 3 month period from October 1 to December 31, 1996, the department announced today.

According to the Labor Department's fourth quarterly garment enforcement report, the Los Angeles garment industry presents the greatest challenge to federal law enforcement. More than 800 workers there shared in roughly half (\$409,623) of the back wages recovered for the entire nation. Throughout the state, 119 investigations were conducted, resulting in 65 violations. Back wages of \$479,247 were collected for 1,245 garment workers throughout California. The state of New York followed with 80 investigations resulting in \$171,160 worth of back wages collected for 657 garment workers. In addition, the department assessed \$196,419 in civil money penalties for repeat and/or willful violations of FLSA. A total of \$102,802 in civil fines were assessed against garment makers in New York and \$62,617 in civil fines against California companies.

"This is the fourth garment enforcement report issued in the past year," said Cynthia A. Metzler, Acting U.S. Labor Secretary. "In 1995 retailers asked us then to let them know who the violators were, and they would take action to clean up this industry. We're asking the industry now to ask the tough questions of their suppliers. All retailers should know whether their merchandise was not produced illegally. We've now got a years' worth of information to help them do that."

-more-

Metzler also announced that the department will take additional enforcement steps and offer enhanced education initiatives to ensure the effectiveness of manufacturers' monitoring of contractors for compliance with labor laws. She also encouraged the retail industry to make better use of the reports to raise questions with their suppliers about whether goods might have been produced by labor law violators.

"The Labor Department's *No Sweat* initiative is continuing to make sure that those manufacturers who sign the Department's compliance monitoring agreement--which I am pleased to report now numbers 74 nationwide--are fulfilling their commitments by requiring their contractors to comply with FLSA, performing pre-contract review of pricing terms with contractors and monitoring their contractors for compliance with the minimum wage and overtime requirements of FLSA."

"We are pleased with the positive impact that monitoring is having on the level of contractors' compliance," Metzler continued. "At the same time, however, we are concerned that a small number of these manufacturers, which were some of the first to sign the department's compliance monitoring agreement, have appeared on three of the department's enforcement reports."

The department will review the status of certain manufacturers' monitoring agreements and ask them to conduct a self audit within 30 days outlining deficiencies found and identifying specific steps they will take to remedy flaws in their programs.

Manufacturers contacted by the department will be those appearing on three of the four reports issued to date, including those which have voluntarily implemented a monitoring program or had given the department written assurances to comply with the FLSA provisions. They will be asked to sign the department's compliance monitoring agreement.

According to Metzler, "all of our compliance surveys show that monitoring works, so education for retailers and manufacturers is a critical component." In May, the department will conduct compliance monitoring workshops in garment manufacturing centers throughout the United States and will sponsor a seminar in Los Angeles for manufacturers who have monitoring programs to provide additional guidance on how to make their programs more effective.

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U.S. Labor Department news releases are accessible on the Internet  
at: <http://www.dol.gov>

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The information in this news release will be made available to  
sensory impaired individuals upon request. TDD Message Referral  
Phone: 1-800-326-2577, Voice phone: (202) 219-7316.

SUSAN COWELL  
Vice President, UNITE  
1710 Broadway  
New York, NY 10019  
212/332-9380

Susan Cowell is a Vice-President and Staff Director of the Union of Needletrade, Industrial and Textile Employees (UNITE), the union formed from the merger of the International Ladies Garment Workers' Union and the Amalgamated Clothing and Textile Workers Union.

She joined the ILGWU staff in 1981, serving first in the Organization Department and then as Assistant to the Manager of Local 23-25, ILGWU. In that position, she coordinated the creation of the Garment Industry Day Care Center of Chinatown, the first public-private day care center in New York City.

She became Executive Assistant to the General Secretary-Treasurer in 1983 and Executive Assistant to the President in 1986. She has been a Vice-President since October 1987.

She is a member of the Executive Council of the Industrial Union Department of the AFL-CIO, the National Executive Board of the Coalition of Labor Union Women, the Board of Directors of the Fashion Center Business Improvement District, and the Board of Directors of Child Care Inc.

# CITY OF NORTH OLMSTED

## Resolution No. 97-9

A RESOLUTION SUPPORTING THE CURRENT ADMINISTRATION IN ITS POLICY OF PURCHASING, LEASING, RENTING OR TAKING ON CONSIGNMENT GOODS FOR USE AND FOR RESALE BY CITY-OWNED ENTERPRISES THAT ARE PRODUCED UNDER DECENT WORKING CONDITIONS AND DECLARING AN EMERGENCY, AS AMENDED

WHEREAS, the current administration has established a policy of not purchasing, leasing, renting or taking on consignment goods for use or for resale at city-owned enterprises which were produced under harsh or "sweatshop" conditions, and

WHEREAS, it is the desire of this council to support the right of citizens around the world to work in a safe and healthy workplace at reasonable compensation by not purchasing products made under sweatshop conditions.

NOW, THEREFORE BE IT RESOLVED BY THE COUNCIL OF THE CITY OF NORTH OLMSTED, COUNTY OF CUYAHOGA AND STATE OF OHIO:

Section 1: The following points shall be used by the administration to qualify goods as not being produced under sweatshop conditions:

A. Child Labor. The factory does not employ anybody younger than the legal age for children to work in the country in which the factory is located, and regardless of the legal age, does not employ anybody younger than age 15.

B. Forced labor. The factory does not use forced labor of any kind--prison labor, indentured labor or bonded labor.

C. Wages and benefits. The factory pays a wage which enables its employees to meet their basic needs for food, shelter, clothing and medical care and to set aside money for future purchases. The factory also provides all benefits required by law in their country and compensates workers for overtime.

D. Hours of work. Employees are not required to work more than 48 hours per weekly or less if the law of the country in which the factory is located sets a shorter work week.

E. Worker rights. The factory is a workplace free from physical, sexual or verbal harassment. Employees have the right to speak up about conditions in the factory without fear of retaliation and have the right to form unions of their own choosing without employer intimidation.

F. Health and safety. The factory provides a safe and healthy working environment.

These standards must be communicated to every worker, supervisor and manager in the factory, orally and in writing, in the language understood by each person.

Section 2: That the city is prohibited, to the extent possible, from purchasing, leasing, renting or taking on consignment goods for use or for resale at city-owned enterprises which were produced under sweatshop conditions. The administration shall maintain a policy of evaluating suppliers products concerning the working conditions under which the products are manufactured.

Section 3: That the administration is directed to notify the city's suppliers of this policy in writing and to inquire about the working conditions under which their goods are produced. To the extent possible, goods from suppliers who will not state that their products are not made under sweatshop conditions will not be purchased.

Section 4: That this resolution is hereby declared to be an emergency measure immediately necessary for the preservation of the public health, safety and welfare of the people of the City of North Olmsted and further provided the affirmative vote of two-thirds of all members of Council, it shall take effect and be in force immediately upon its passage and approval by the Mayor.

And there are signs that this will be a national movement. The U.S. Conference of Mayors has assigned two assistant directors to work with Mayor Boyle to promote this position. Mayor Boyle will also introduce a resolution at the annual U.S. Conference of Mayors meeting in San Francisco this June urging all cities to adopt this policy.

At the city council meeting after the rally, UNITE members from around Ohio came to witness this historic legislation pass.

The ordinance states that no goods will be purchased, rented or leased by the city which have been manufactured under sweatshop conditions and/or through the exploitation of workers and/or the abuse of child labor. Suppliers are required to say if their products are made with sweatshop labor. If the city discovers a supplier does sell sweatshop products, that is grounds to cancel the contract.

The City of North Olmsted spends approximately \$150,000 per year on items that are commonly produced in sweatshops. The city is currently evaluating all suppliers to determine their compliance with the new law.

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*Confirmed attendees include Congressmen Dennis Kucinich and Sherrod Brown, Commissioner Jane Campbell, and Mayor Tom Coyne of Brook Park. For your reference, this story was written up by the Associated Press on 2/2/97. Attached is the ordinance pertaining to the sweatshop issue.*

***Directions to the Rally***--I-480 to the Olmsted Falls exit. Merge with traffic and proceed to Butternut Ridge Road. Turn right onto Butternut Ridge, then take the first available left, which is Canterbury Road. **To City Hall**--take Butternut Ridge past Canterbury Road and turn right onto Dover Center Road.

# City of North Olmsted

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## Office of Mayor Ed Boyle

5200 Dover Center Road • North Olmsted, Ohio 44070  
216/777-8000 office • 216/777-5889 fax  
Nolmsted@Marketal.com • www.ci.north-olmsted.oh.us

For Immediate Release 2-17-97

Via Fax--4 pages

Contact: Eric Hensal 216-777-8000 ext. 257  
Nol@gmn.com  
Mayor's office 216-777-8000 ext. 230

### **CITY OF NORTH OLMSTED TAKES STAND AGAINST SWEATSHOPS**

#### **FIRST IN THE NATION TO PASS LEGISLATION PROHIBITING THE CITY FROM BUYING PRODUCTS MADE WITH CHILD LABOR OR UNDER UNSAFE WORKING CONDITIONS**

North Olmsted, Ohio is the first city in the nation to have a policy against purchasing goods for the city produced under sweatshop conditions. To spread the word about this new policy to other cities, Mayor Ed Boyle hosted a rally *at Springvale Golf Course, 5871 Canterbury Road, North Olmsted on Tuesday February 18th from 5:00-7:30* for the national leadership of the fight against sweatshops. After the rally, *North Olmsted City Council at North Olmsted City Hall, 5200 Dover Center Road, starting 8 PM*, passed the resolution that makes the policy law in the city.

International Vice President Ms. Susan Cowell from the United Needletrade, Industrial, and Textile Employees Union (UNITE) attended along with local elected public officials and union leaders.

Mayor Boyle said at the rally, "Government should not be party to the exploitation of children and adults anywhere in the world. Whether its children making soccer balls in Pakistan or women making GAP T-shirts in Guatemala, our democracy must not support these inhumane practices. And the best way to make our point is not to buy goods from sweatshops. Period"

Susan Cowell, UNITE Vice-President said of North Olmsted's policy "North Olmsted has taken an important and innovative stand in the fight against sweatshop labor. We are hopeful that this will become a model for other cities throughout the country."

Boyle resumed saying, "This position has teeth. It's not just my administration's policy, it is law in North Olmsted. And the ordinance is only a first step in this important fight against sweatshops. We now intend to spread the word and encourage other cities to do adopt this position. Our goal is to take one million dollars away from sweatshop production by this Labor Day."

The cities of Fairview Park, Brook Park, Berea, Bedford Heights, South Euclid and Highland Hills are actively pursuing this anti-sweatshop policy.

*Industry  
Apparel Task  
Force*

*CC: Nancy Kirshner  
Carl  
Manin  
Stephanie  
Earl  
Todd  
Jon K.  
Rae*



**FACSIMILE COVER PAGE**

**To: Suzanne Selden**  
**Time: 11:00:23**  
**Pages (Including cover): 5**

**From:**  
**Date: 2/18/97**

Suzanne,

Ann Hoffman from UNITE asked if I would send you this information. I hope you find it of interest.

Eric Hensal  
Administrative Assistant  
Mayor Ed Boyle of North Olmsted

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# INTERFAITH CENTER ON CORPORATE RESPONSIBILITY

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February 10, 1997

475 RIVERSIDE DRIVE, ROOM 566, NEW YORK, NEW YORK 10115 (212) 870-2293

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Ms. Maria Echaveste  
Administrator, Wage and Hour Division  
United States Department of Labor  
200 Constitution Drive, Northwest, Room S3502  
Washington, DC 20210

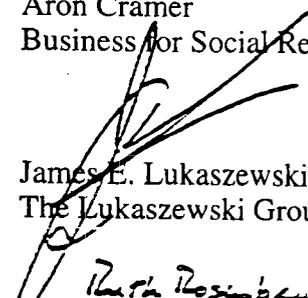
Dear Ms. Echaveste:

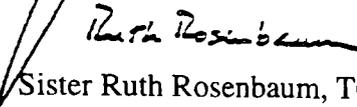
Enclosed is the most recent document produced by the Independent Monitoring Working Group – minutes of the December 3, 1996 meeting in New York City.

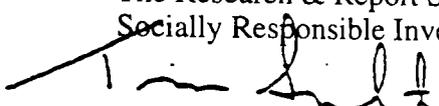
As always, we are interested in your comments and available to address any questions or concerns you might have. Please feel free to contact us through the ICCR.

Sincerely,  
The Independent Monitoring Working Group

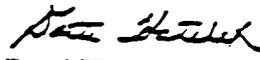
  
Aron Cramer  
Business for Social Responsibility

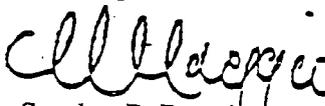
  
James E. Lukaszewski  
The Lukaszewski Group Inc.

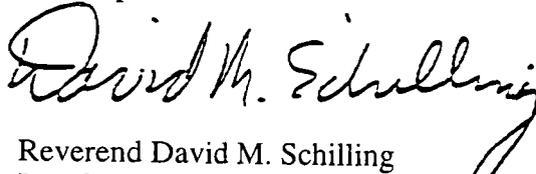
  
Sister Ruth Rosenbaum, TC  
The Research & Report Service for Ethical &  
Socially Responsible Investing

  
Timothy H. Smith  
Interfaith Center on Corporate Responsibility

  
Bob Dunn  
Business for Social Responsibility

  
Dotti Hatcher  
The Gap, Inc.

  
Stanley P. Raggio  
The Gap, Inc.

  
Reverend David M. Schilling  
Interfaith Center on Corporate Responsibility

**MINUTES  
IMWG MEETING**

Offices of the ICCR  
New York City  
December 3, 1996

Those present:

Aron Cramer, Dotti Hatcher, Jim Lukaszewski, Stan Raggio,  
Sister Ruth Rosenbaum, David Schilling, Tim Smith

The meeting agenda covered four topics:

1. Report on the NLC's new position toward the IMWG.
2. Review of the teleconference with Honduran religious leaders held on November 4, 1996.
3. Recap of the situation in El Salvador.
4. Plans for moving forward with independent monitoring in Honduras.

**I. Report on the NLC's new position toward the IMWG**

Earlier in the day on December 3, Stan Raggio, Dotti Hatcher, and Jim Lukaszewski met in Brooklyn Heights, New York with the Rev. David Dyson, Charles Kernaghan, and the Rev. Smith in Rev. Smith's living room. This was the site where the accord between Gap and the NLC was signed on December 15, 1995 by Rev. Dyson, Rev. Smith, Charles Kernaghan, and Stan Raggio.

During the December 3 meeting, Rev. Dyson and Mr. Kernaghan made it clear that the NLC had changed its position and no longer wished to take a direct role in the IMWG, but rather (1) to more directly work with the Gap when appropriate and necessary and (2) to function more independently without the restrictions of the IMWG, particularly those that restricted public statements and consultation with groups outside the IMWG.

The Gap was agreeable to the NLC's new position. The next meeting between NLC and GAP will be scheduled for some time in April 1997. A variety of issues will be reviewed, but with a focus on exploring funding issues for independent monitoring.

## II. Review of the teleconference with Honduran religious leaders held on November 4, 1996

Participants on the teleconference reported to the rest of the group on the substance of the call and future obligations of the IMWG to the religious leaders in Honduras. Aron Cramer, Dotti Hatcher, Jim Lukaszewski, Sister Rosenbaum, and David Schilling participated in the call from the U.S. Those in Honduras included Father Jim Barnett, Dominican priest; Father Robert Coyne, M.M., representing Monsignor Angel Garachana, Roman Catholic bishop of the diocese of San Pedro Sula; Javier Fernández, coordinator of projects for Caritas; Monsignor Bishop Frade; Carlos Gonzales, of Gap; Carlos Paz, legal representative of Caritas; and Fredy Martínez Varela, Socorro Juridico.

The group in Honduras opened the conversation by making a presentation to IMWG concerning three key areas:

- The process;
- Steps to follow; and
- Questions.

### A. The process as they saw it:

- No parties in the production process would participate in monitoring (no owners or workers from company unions).
- Total independence from IMWG and the Gap.
- Tripartite Commission programs (a trade group comprised of all Maquila members and several major trade unions having the power to impose certain sanctions on Maquila manufacturers) should not be involved in the first phase, but could probably participate later on.
- Organizations with the most involvement in the first stages could be:
  - Church groups
  - Commissioner of Human Rights
  - Medical Association
  - Women who work in the Maquilas
  - Religious leaders and their groups (to guarantee the application of law and justice)
  - Persons of high moral authority
  - People who wouldn't bring dissension, but who could do research, inquiry, and observation to apply the codes and procedures to correct problems

### B. Steps suggested by the group to develop the monitoring process include:

- Establishing the monitoring group;

- Open the discussion of how monitoring will work, including the roles and actions of the monitors;
- Begin investigations and observations in the field;
- Take steps to correct the problems using Gap Code and local laws;
- Report issues and results in various forums.

C. Questions requiring resolution:

Clarification was sought regarding roles and actions of monitors, time involvement, how long monitoring might remain in effect, and specifics to the actual process of inspecting and monitoring.

D. IMWG questions and issues raised during the telecon:

- If workers from the Maquilas will be included, how can monitoring be considered independent?
- What is meant by "no business participation" in monitoring?

E. Gap views expressed during the telecon:

- Local focus rather than international groups.
- Must work in a business context from Gap's perspective and that of the contractors.
- Our approach would be to support national efforts within the country as opposed to outside resources.
- There needs to be more focus on what monitoring actually is.

The group in Honduras expressed the desire to participate in the process provided it was fully independent and that there would be an absolute application of justice as a part of the process.

The IMWG agreed to respond to the questions raised during the teleconference by providing a complete set of key documents to telecon participants related to independent monitoring in El Salvador – the thought being these documents might provide insight into what has been learned thus far in El Salvador.

### III. Recap of the situation in El Salvador

- A. Stan Raggio and Dotti Hatcher briefed the group on the accomplishments at the factory.

- All former SETMI leaders who want to return have returned. In the case of one leader who gave birth to a child, she choose not to return. Three out of the six original workers have decided to return to work. The SETMI workers returned under supervision of the monitors.
- Eddie Bauer has gone back into the factory with orders. Business in the factory has been so low that there still is no appreciable hiring of workers, but with the exception of one incident, which was corrected, both those workers who were laid off due to lack of work and those laid off due to prior union organizing activity will be hired back as needed. Prospects for the factory's recovery seem quite good.

#### B. Independent Monitoring in El Salvador

The IMWG visited with monitors in El Salvador in early September of 1996. During that visit an agreement was developed with Mandarin. It has essentially been carried out but has long term implications, which will also need to be carried out.

The monitors expressed their commitment to continue the monitoring process and to expand their monitoring activities to other facilities where Gap may have production. At least two other factories have been approved to manufacture Gap's garments, but it would be some months before these factories will be ready to sew for the Gap. In the interim, a methodology is being worked out for an introduction between the monitors and factory managers – all of whom have expressed interest and a willingness to accept independent monitoring – once they have a clear idea of what will be done and how it will be handled.

The IMWG and IMGES continue to refine the monitoring model to make it more effective.

The IMGES also asked for an introduction to Eddie Bauer for the purpose of expanding independent monitoring to the manufacture of its garments in El Salvador. This request will also be honored in the near future.

#### IV. Plans for moving forward with independent monitoring in Honduras

A possible future trip to Honduras was discussed. The IMWG felt that more expeditious contact with those interested in monitoring will probably develop the process more effectively. Just how this will be accomplished and how quickly it will be carried out remain the subject of discussion.

In addition, members of the IMWG felt monitoring should be pursued on a number of levels including the Tripartite Commission, whose work in recent days seems to have credibility within the country – especially with regard to the Commission's response to the situation at two factories, Kimi and 3H.



**INTERFAITH CENTER ON  
CORPORATE RESPONSIBILITY**

Room 566

475 Riverside Drive  
New York, NY 10115-0050



Ms. Maria Echaveste  
Administrator, Wage and Hour Division  
United States Department of Labor  
200 Constitution Drive, Northwest, Room S3502  
Washington, DC 20210

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