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Folder Title:
Sweatshops: Apparel/Department of Labor [2]

Stack:	Row:	Section:	Shelf:	Position:
S	31	1	1	2

FACSIMILE

To: Anne Lewis
Maria Echaveste

From: Stephanie Swirsky
219-6197

Fax #: 456-2223
456-2983

Re: Garment Talking Points
Date: March 20, 1997
Pages: 3, including this cover sheet.

Attached are talking points and background information for telephone calls to Roberta Karp, General Counsel of Liz Claiborne and Brad Figel, Vice President of Nike. Call if you need additional information.

Thanks.

From the desk of...
Stephanie Swirsky
Office of Policy

Fax:

**Apparel Industry Partnership
Talking Points for calls to
Robbie Karp (Liz Claiborne Inc.) and
Brad Figel (Nike)**

BACKGROUND:

- On August 2, 1996, the President and Vice President met with leaders of industry, labor, and consumer groups from the footwear and apparel industries to discuss the problem of the production of goods under sweatshop conditions, consumers' concerns, and the need to join together to identify solutions and strategies that mean something to shoppers.
 - The August meeting resulted in the Rose Garden announcement that a voluntary, industry-driven effort would begin that would report back to the President its recommendations for industry action. At that time, the President also announced that the group agreed to report back to him within six months.
 - This group has been meeting since that time and is developing plans and recommendations for industry action, which was to include an agreed upon set of standards, a comprehensive, verifiable domestic and international monitoring system, and consumer communication strategies.
 - Most recently, the group has become somewhat polarized between the companies and the NGO/unions with new drafts being exchanged and threats of abandoning the process if no agreement is reached. Specifically, last week the companies circulated a revised draft containing their language changes as what they described as their final offer and now the NGO/union group is preparing their redraft as a response and is expected to provide it to the companies by the end of the week. We are hopeful that the calls from your office and a meeting on April 1 will help break this less than productive cycle.
-
- This is a critical point for the industry. It would be historic for the partnership to develop an agreement that would address the critical issues facing the industry. For the companies and NGOs and unions to agree on a set of standards, independent monitoring and a mechanism for ensuring that the process will continue to have credibility is remarkable for all involved.
 - I understand from staff that has been working closely with the process that the two positions (the companies and the NGO/unions) are remarkably close, with only a few items requiring some language modifications.
 - The most serious concern is that the language establishing the association needs to provide sufficient confidence that the association will be created and have a focus for its future work (in the form of a charter?). This would provide all involved with the greatest assurance that the hard work of the past six months would result in a lasting solution.

- We know all of the parties are tired of the process but want to encourage them to continue in this final stretch--too much work has been put into it and the possibility of success is too great to let it fall apart now. We must all move beyond our differences and look to the long term positive impact success of this group could have.
- We understand that much progress has been made, but it will all be for naught if it appears to be unilateral. Any proposal must provide for long term, credible change that is real enough for the NGOS and the unions to sign off. Anything less will be considered suspect by the public, and any progress will be discounted.
- We are already vulnerable because of the delay in addressing the consumer communication piece--which was the commitment made to the President last August. If the announcement does not have a mechanism for assuring that the process will continue and the endorsement and long term involvement of the NGOs and the unions, the negative reaction will overwhelm anything positive that may exist.
- We (Maria Echaveste and Gene Sperling) will be convening a working meeting here in Washington at the Old Executive Office Building on April 1, 1997 (from 10:00 am - 1:00 pm) to see if we can help the parties resolve their outstanding issues. It is clear from all we talk to that there is great commitment to resolving the differences and begin the process of implementing this historic achievement.

[In case you need additional leverage:

- We have been delaying taking a position on the legislation (both labeling and extended liability), deferring to the industry/union/NGO effort to come up with a voluntary system that would make additional legislation unnecessary and unwarranted. If this group fails to come to closure on something meaningful, there will be no incentive for us to not support the legislation. We will have to conclude that the industry is unable or unwilling to come to a voluntary agreement with the NGOs and the unions, and we will have to support the more punitive approach provided in the legislation.
- In addition, it would be difficult for the Administration to support a unilateral approach by the industry. We have to be concerned with the perception that we are providing the companies with "cover," if they are unwilling to continue to work with the NGOs and the unions to develop a meaningful system that would provide long term systemic change in the industry.]

News Release



U.S. Department of Labor

Office of Public Affairs
Washington, D.C.

OFFICE OF PUBLIC AFFAIRS

CONTACT: Carl A. Fillichio
202/219-7316

USDL: 97-105
FOR RELEASE: Immediate
Tuesday, March 25, 1997

THREE APPAREL COMPANIES ADDED TO LABOR DEPARTMENT'S TRENDSETTERS LIST

Tally up to 34 Companies Representing Hundreds of Apparel Lines and
Thousands of Retail Stores

Three major apparel companies have been added to the U.S. Department of Labor's *Trendsetter List*--a directory of garment retailers and manufacturers that take additional steps to ensure their goods are not made in sweatshop conditions.

The additions to the list are: Esprit de Corp, the San Francisco-based retailer (24 stores) and manufacturer of women's and children's sportswear and accessories, as well as the *Dr. Seuss* sportswear line; Eddie Bauer, the Redmond, Washington-based division of Spiegel Group, which sells private label men's and women's sportswear (*Eddie Bauer*, AKA *Eddie Bauer*, *EBTek* and *Eddie Bauer Home*) through its catalogs and 450 retail outlets; and Phillips-Van Heusen, the New York-based retailer and manufacturer of *Van Heusen*, *Gant*, *G.H. Bass*, *Geoffrey Beene*, *Jantzen* and *Izod* lines.

"The difference between following trends and setting them comes down to doing what is right," said Acting Secretary of Labor Cynthia A. Metzler when announcing the *Trendsetter List* additions. "Esprit, Eddie Bauer and Phillips-Van Heusen rightly deserve to be called *Trendsetters* because they do more than just say they are against sweatshops--they actually do something about the problem."

Metzler made the announcement to coincide with the 86th anniversary of the Triangle Shirtwaist Company factory fire--where 145 garment workers died as a result of sweatshop conditions.

-more-

-2-

The three companies join a virtual "who's who" of retailers and manufacturers, including Jessica McClintock, Jones Apparel Group, L.L. Bean, Lands End, Levi Strauss and Co., Liz Claiborne, Nicole Miller, Nordstrom, Patagonia, Reebok International Ltd., Quicksilver, Talbot's, The Gap, The Limited, VF Corporation, Warnaco and dozens of others who have already made the *Trendsetter List*. Today's announcement brings the number of *Trendsetters* to 34 companies--representing more than 125 apparel lines and tens of thousands of retail stores across North America.

Begun by former Labor Secretary Robert B. Reich in 1995, the list is based on information provided by the companies about their voluntary efforts to ensure that their goods are made in compliance with labor laws. To be included, companies must demonstrate a commitment to labor laws, cooperate with law enforcement agencies when violations of the law are found, educate suppliers regarding the FLSA, and regularly monitor their cutting and sewing contractors and subcontractors.

In addition, Metzler announced that the department's Wage and Hour division and the New York City Fire Department (NYFD) have entered into a "Sweatshop Partnership." The NYFD and the department will refer suspected labor and fire code violations to each other to better coordinate and marshal their limited resources.

"It is fitting that we announce this partnership on the anniversary of the Triangle Shirtwaist Company factory fire, where more than 145 young women died senselessly because of sweatshop conditions in their workplace. The egregious and pervasive nature of the violations in this industry require the eyes and cooperation of everyone. I congratulate the NYFD for suggesting this effort and look forward to working with them," Metzler said.

Since last March, the department has stepped up its garment enforcement activities in New York City, conducting 361 investigations and recovering \$747,000 in back wages for 2,400 workers for minimum wage and overtime violations.

Metzler also announced the scheduling of more compliance monitoring workshops for manufacturers. The workshops will be held in May in Dallas, Los Angeles and New York City.

-more-

-3-

Metzler said that consumers interested in learning more about the "No Sweat" initiative should contact the U.S. Department of Labor or visit the department's Internet web site at www.dol.gov and click on the "No Sweat" hot button for the most current information, including the entire *Trendsetter List*, Quarterly Garment Enforcement Reports, and suggestions on how consumers can get involved.

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

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.

Apparel

Even Business Week Magazine, in their August 24, 1992, issue admitted "there will be plenty of pain before the benefits start to flow. Many high-paying manufacturing jobs will disappear as companies shift work to Mexico." The \$15.45 hourly compensation costs in manufacturing (in the U.S. in 1991) were seven times the \$2.17 level in Mexico. The U.S.- owned maquiladora plants pay only \$1.25 per hour, even less than in the rest of Mexico. These wage differentials provide a strong incentive for U.S. companies to relocate manufacturing plants to Mexico.

Before we wrap up our analysis of NAFTA, a few words about the environment: as AFL-CIO Secretary-Treasurer Tom Donahue put it, the Bush administration's claim that NAFTA is "the greenest trade agreement in history" doesn't hold water. Since no previous trade agreement said anything about the environment, the claim is technically true. But in fact this agreement is a green light for the most greedy corporate polluters. The fact is that the current NAFTA contains no remedy whatsoever for the degradation and serious public health hazards that already exist along the border. The black-labor alliance and environmental and citizens' groups are urging that tough environmental standards be included in any trade agreement with Mexico.

Ciudad Juarez, the Mexican city bordering west Texas, is a striking testament to the environmental impact of unfair, unrestrained, so-called "free" trade. In 20 years, more than 300 foreign companies have opened plants there, to take advantage of low wages and duty-free exports to the U.S. Ciudad Juarez is home to more than 1.2 million people, three times that in 1970, and is now a producer of car wiring systems.

But the growth has had catastrophic side-effects, both for Ciudad Juarez and its sister city of El Paso, Texas. Some 400,000 Juarez citizens live in neighborhoods without sufficient housing, running water, sewerage facilities, pavements or electricity. El Paso has also suffered from its neighbor's explosive and poorly planned growth. El Paso is the fifth poorest city in America, with rates of hepatitis, dysentery and tuberculosis five, four and two times the national average, respectively. Cholera has been recently found in Juarez's water system and could soon find its way to El Paso, warns Dr. Lawrence Nickey, of the El Paso City-County Health District. Environmentalists and unions fear that NAFTA will exacerbate problems along the border, and do for the rest of Mexico what has been done for Ciudad Juarez.

The Clinton Administration is currently negotiating "supplemental agreements" with Mexico and Canada that will attempt to amend the current NAFTA to address our concerns. We will need to monitor these developments closely over the near future to ensure that all workers' rights are respected and that living standards improve rather than worsen at home and abroad.

Sweatshop Task Force Postpones Meeting

19
WWD, TUESDAY, APRIL 1, 1997

WASHINGTON — The meeting called by the White House of the President's task force on sweatshops scheduled for today has been postponed until Monday because of scheduling conflicts.

The session is considered crucial in determining the future of the task force, whose mission is to work out a global anti-sweatshop blueprint for the retail and apparel industries. Stymied over the issue of how to monitor contractor plants and other points, the 23-member panel of industry, labor and human rights officials has long passed its six-month deadline set by President Clinton in August. And labor and human rights groups are said to be at loggerheads with industry panel members.

While declining to detail them, Roberta Karp, general counsel and vice president of corporate affairs, Liz Claiborne, and task force co-chairperson, acknowledged there are areas of disagreement. "There's been progress made; whether it's to everyone's satisfaction remains to be seen, but I am hopeful," she said.

"There is resolve on behalf of industry leaders to address these issues in a meaningful way, and we hope it will continue through the partnership," Karp said. "By definition there will be tension created by the diversity of interests, but that's

what creates a more credible product, and that's why we joined this in the first place."

Jay Mazur, president of UNITE, characterized the task force as being at a "very delicate stage."

"Hopefully we can come to an agreement," he said. "UNITE is committed to the process. We think it's the direction of the future, the way the world is going."

In the debate over the monitoring of contractor plants for labor violations, the labor/human rights contingent is pressing for community-based groups who are in touch with factory workers to be central in any program, sources said. They also want monitoring efforts to be underwritten, at least in part, by the industry as a business expense, according to sources. Such outside monitoring, particularly in Third World countries, is considered essential by the labor and human rights panel members in order to keep tabs on factory conditions and wages.

For their part, industry panel members said they'll support some form of monitoring, but they have opposed having myriad local groups in a wide-ranging number of countries pass judgment on factory conditions, according to sources. They also bristle at the notion of levying some kind of fee for the inspections.

— Joanna Ramey

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Sweatshop Task Force, At Impasse, Called by White House for Meeting

By Joanna Ramey

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6 WWD, FRIDAY, MARCH 28, 1997

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Known as the Apparel Industry Partnership, the 23-member panel of industry, human rights and union officials has missed the January deadline set by President Clinton to report back with an anti-sweatshop strategy. The panel is viewed by the administration as key to its campaign to combat sub-par working conditions and wages among garment contractors worldwide, a goal of former Labor Secretary Robert Reich who made sweatshops a centerpiece of his four-year tenure.

At this point, the President, who met with the task force at the time it was formed in August, isn't scheduled to attend next week's meeting in the White House Conference Center, sources said. However, the panel is slated to talk with Maria Echaveste, White House director of the Office of Public Liaison who previously was Reich's top anti-sweatshop lieutenant as administrator of Labor's Wage and Hour Division.

Gene Sperling, presidential adviser and director of the National Economic Council, is also scheduled to attend.

Coming up with a plan to meet the anti-sweatshop expectations the President laid out eight months ago in a Rose Garden ceremony has proven difficult. The panel has become divided, essentially with labor and

human rights members pitted against industry, each accusing the other of being unbending. While several issues have been resolved, sources says the major controversy that remains is how contractor plants should be monitored to assure they are not violating labor standards.

No one would detail the panel's work or disagreements. Alan Howard, panel member and assistant to the president of the apparel union UNITE, said leaks to the press about the task force have been counterproductive.

"I'm very disturbed that our understanding of the confidentiality of our proceedings have been breached by some of the parties," he said. "It throws one more obstacle in a road that has many significant obstacles."

Stan Levy, a Los Angeles attorney with apparel manufacturing clients and a task force member, conceded that recent volleys between industry and the human rights and labor camps do underscore big differences, but he's convinced that somewhere there's common ground.

"Let's try and avoid polarization and confrontation," Levy urged, labeling as "offensive" a recent reply by the human rights and labor side to the industry's monitoring proposal. "I think this industry and task force have made tremendous progress, more than anyone has ever done on this issue," he said.

Human rights and union panel members are said to be fighting to have community and religious leaders who live near the factories be an integral part of the monitoring process. They would be involved in a variety of ways, such as participating in periodic unannounced visits to

contractors, as well as interviews with workers and audits of production and payroll records. These monitors would belong to an association created by the task force, which would have broad responsibilities to act as a source of no-sweatshop information for consumers, as well as keeping tabs on companies participating in monitoring programs.

Industry task force members are reportedly bristling at the nature of the human rights and labor members' monitoring concept. While not opposed to outside monitoring, sources said, they have argued that having an array of community-based entities inspect factories is unworkable and potentially disruptive to business. They also question whether local monitors would be disinterested enough to avoid fighting off unfounded charges of mistreatment, underpayment or the like lodged against companies. Industry members are also opposed to the creation of a no-sweatshop association overseeing a monitoring program. Instead, they would just like to issue a set of monitoring guidelines that apparel makers and retailers could follow and publicize as they see fit.

Not everything is in dispute by the task force, whose members include officials from Liz Claiborne, Patagonia, Phillips-Van Heusen, Tweeds, Warnaco, Nike, Reebok, Nicole Miller, L.L. Bean, UNITE and the International Labor Rights and Education Fund. After weeks of debate, the group has settled on a list of nine contractor standards comprising what they call a Workplace Code of Conduct, sources said. The code will also be part of the panel's recommendations.

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Women Bring the Sweatshop Question

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UNITE! President's office FAX

appeal

Date *4/8*

Number of pages including cover sheet *3*

TO: *Maria Echaveste*

FROM: **Jay Mazur
UNITE
1710 Broadway
New York, NY 10019**

Phone
Fax Phone *202-456-6218*

Phone **212-265-7000 X 250**
Fax Phone **212-315-3803**

CC:

REMARKS: Urgent For your review Reply ASAP Please Comment

F.Y.I.

The articles I mentioned

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Call Jay
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Arm H

3/25/97 T/C w/Jay Magor

Open issues — VS.
stockholders ← workers representatives / unions
company representatives →

Citizen's Cttee on Sweatshops (Public relations effort)

~~Effort~~ → not monitoring - create awareness
sweaty, civil rights, - of
good-minded, civil minded people

② "hours" were changed as to

4 or 5 outstanding and significant things

3/26/97 - Unite is committed to this process, see this as a real opportunity for change (don't want a meaningless process, don't want them (industry) to be called kosher when they're not).

New Issues (Industry has changed mind) ^{① UNITE} will not accept worker rep for union

- ② where doing so is not in violation of local law - intro
- ③ 52/wk vs 60/wk - this is not clear re countries where the maximum wk work < 48 hrs ④ Association be empowered to study and make recommendations of living wage ⑤ monitoring efforts objectives is excluding unions, human rights see ⑥

⑥ Association charter is not clear as to certifying compliance with codes of conduct ⑦ I principles of monitoring terminating contracts as a last resort

language in ^{was taken} ~~monitoring~~ out - why. Union wants clear that's a last resort

- ⑧ gig rule - see last page
- ⑨ originally agreed as external monitors
- ⑩ not to give list of contractors when coupled w HTS no

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

DATE: 3/27

FAX NUMBER: 456-2983

PAGES: 4
(include cover sheet)

LOCATION: _____

FROM Suzanne

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

NAME: Gail

NUMBER: 219-8305

COMMENTS/INSTRUCTIONS:

Re: Apparel Partnership - This response
was received this morning from
unions/NGO

March 26, 1997

TO: Companies in the White House Apparel Industry Partnership
FROM: Human Rights, Labor and Religious Members of the Partnership
RE: Status of Our Work

We have carefully considered your March 12 response to our recommendations for a code to assure that products are made in compliance with acceptable labor standards and for a credible monitoring system of that code.

We are disappointed in your response, which in our view retreats from a number of points on which we had reached an agreement. A number of these points relate to the transparency, clarity and effectiveness of both the Workplace Code of Conduct and the monitoring system. Your recommendations include new conditions that would lower standards in the Code and make it more difficult for consumers to get the kind of information essential to making informed decisions in the marketplace. Moreover, many of your proposals with respect to the monitoring process reduce rather than enhance the role for human rights groups, religious organizations and labor unions.

We gathered at the White House on August 2, 1996 as representatives of companies, labor, consumer, human rights and religious groups. President Clinton charged us with a two-pronged task: 1) "Take additional steps to ensure that the products [companies] make and sell are manufactured under decent and humane working conditions," and 2) "develop options to inform consumers that the products they buy are not produced under those exploitative conditions." President Clinton said, "The ultimate test of their commitment will be for them to produce tough criteria to make sure that sweatshops are not used and to make sure consumers know it."

In order for the Apparel Industry Partnership to fulfill this mandate, we believe these key elements must be in place:

1. A Code of Conduct Based on Strong, Clear Criteria.

While there were differences of views, we had reached agreement on the Workplace Code of Conduct, with the exception of the hours of work. Your revised language for the hours of work remains unacceptable. Our position is that in countries with a legal or normal work week less than 48 hours and no limit on mandatory overtime, the agreed upon 12-hour limit on overtime in the Code is applied to the legal or normal work week, setting a limit of less than 60 hours for those countries. Your new proposal to impose a "local law" exception to any and all provisions in the Code significantly weakens the Code and reopens an issue on which the Partnership had

reached a consensus. This exception is inconsistent with establishing a code based on internationally recognized workers' rights.

2. Establishment of Standard Monitoring Practices.

Effective internal and external monitoring systems are the key to ensuring compliance with the code of conduct and communicating that compliance to the consumer. Substantial work and time went into creating the Principles of Monitoring, yet your proposals retreat from several significant areas of consensus. These areas need to be present to fulfill the mandate of the task force:

- a) The monitoring process must actively engage local human rights groups, religious organizations and labor unions (NGOs). The participation of these local NGOs, both in the facilitation of communication with workers and in the reporting and evaluation of violations, is essential to an effective monitoring system. This critical role of NGOs in the monitoring process must be known to and acknowledged by workers and employers.
- b) The formation of an Association is crucial to the development of monitoring practices that will provide the public with confidence about compliance with the Workplace Code of Conduct. Further discussion is needed in order for the Partnership to come to an agreement on the governance of the Association, especially a formula for company, human rights, religious and labor union representation on the board. The Association should establish standard monitoring practices and implement procedures for the accreditation of external monitors. Consumers need assurance that the goods they purchase are not made in sweatshops. An important element in this process is for companies to retain external monitors whose qualifications have been verified by a credible association. It is also crucial for the Association to be able to study questions critical to the elimination of sweatshop practices.
- c) Monitors must recognize the relevant collective bargaining agreements and the appropriate role of legally constituted unions at particular worksites. Any monitoring system designed to eliminate sweatshops must function cooperatively with workers and their unions.
- d) In addition to the other elements of external monitoring, a credible monitoring system needs to audit the production records of all contractor facilities, not just a sampling.
- e) While we recognize that implementation of internal monitoring might vary depending on a company's resources, certain core elements of internal monitoring (such as the posting of the Code and education concerning the Code) must be adopted by all signatory companies and cannot be delegated to external monitors.

f) We do not believe that violations of the Code can be remediated effectively without companies agreeing that they will terminate business relations "only as a last resort." This principle should be recognized as part of the monitoring process.

3. Additional Concerns.

The proposed section, "Obligations of all Members of Apparel Industry Partnership," is unacceptable. The introduction of this element at this point in the process is counter-productive. In addition to our concerns that the language does not comport with the antitrust laws of the United States, we believe that seeking such a commitment from the members of the Partnership will discourage rather than encourage trust and cooperation among the members.

We can not accept a system that does not include the key elements discussed above.

There are other specific points in your response which concern us, such as eliminating the reference to retailers and their suppliers adhering to the Code, the characterization of contractors' responsibilities, the length of the transition period and other points. Our purpose here, rather than entering into a detailed discussion of wording, has been to identify what we believe are the key components that are necessary to fulfill the assignment President Clinton gave to all of us. We view your March 12 response as placing major obstacles in the way of our progress toward building the type of system President Clinton asked us to create over six months ago. We sincerely urge you to reconsider the substantive issues we have raised and to engage in a constructive dialogue. We look forward to meeting again to pursue the task we have been assigned.



National Consumers League

Founded 1899

1701 K Street, NW • Suite 1200 • Washington, DC 20006 • (202) 835-3323 • FAX (202) 835-0747

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MEMORANDUM

To: Colleagues on the White House
Garment Industry Partnership

From: Linda Golodner *Linda Golodner*

Date: March 26, 1997

Our partnership has had its high and low moments. It's now time to get back to the business at hand to fulfill our purpose and to complete our report to the Administration and to the public.

After much discussion, the human rights, labor, consumer, and religious members of the partnership have prepared the attached response to the industry document of March 12 (marked-up copy received on March 17).

We sincerely urge you to reconsider the substantive issues raised. It is important that we meet again to pursue our mutual goal of decent and humane working conditions for those in the garment industry and providing options for consumers so they be assured that the goods they buy have not been made under exploitive conditions.

Representing Consumers for 98 Years



March 26, 1997

TO: Companies in the White House Apparel Industry Partnership
FROM: Human Rights, Labor and Religious Members of the Partnership
RE: Status of Our Work

We have carefully considered your March 12 response to our recommendations for a code to assure that products are made in compliance with acceptable labor standards and for a credible monitoring system of that code.

We are disappointed in your response, which in our view retreats from a number of points on which we had reached an agreement. A number of these points relate to the transparency, clarity and effectiveness of both the Workplace Code of Conduct and the monitoring system. Your recommendations include new conditions that would lower standards in the Code and make it more difficult for consumers to get the kind of information essential to making informed decisions in the marketplace. Moreover, many of your proposals with respect to the monitoring process reduce rather than enhance the role for human rights groups, religious organizations and labor unions.

We gathered at the White House on August 2, 1996 as representatives of companies, labor, consumer, human rights and religious groups. President Clinton charged us with a two-pronged task: 1) "Take additional steps to ensure that the products [companies] make and sell are manufactured under decent and humane working conditions," and 2) "develop options to inform consumers that the products they buy are not produced under those exploitative conditions." President Clinton said, "The ultimate test of their commitment will be for them to produce tough criteria to make sure that sweatshops are not used and to make sure consumers know it."

In order for the Apparel Industry Partnership to fulfill this mandate, we believe these key elements must be in place:

1. A Code of Conduct Based on Strong, Clear Criteria.

While there were differences of views, we had reached agreement on the Workplace Code of Conduct, with the exception of the hours of work. Your revised language for the hours of work remains unacceptable. Our position is that in countries with a legal or normal work week less than 48 hours and no limit on mandatory overtime, the agreed upon 12-hour limit on overtime in the Code is applied to the legal or normal work week, setting a limit of less than 60 hours for those countries. Your new proposal to impose a "local law" exception to any and all provisions in the Code significantly weakens the Code and reopens an issue on which the Partnership had

reached a consensus. This exception is inconsistent with establishing a code based on internationally recognized workers' rights.

2. Establishment of Standard Monitoring Practices.

Effective internal and external monitoring systems are the key to ensuring compliance with the code of conduct and communicating that compliance to the consumer. Substantial work and time went into creating the Principles of Monitoring, yet your proposals retreat from several significant areas of consensus. These areas need to be present to fulfill the mandate of the task force:

- a) The monitoring process must actively engage local human rights groups, religious organizations and labor unions (NGOs). The participation of these local NGOs, both in the facilitation of communication with workers and in the reporting and evaluation of violations, is essential to an effective monitoring system. This critical role of NGOs in the monitoring process must be known to and acknowledged by workers and employers.
- b) The formation of an Association is crucial to the development of monitoring practices that will provide the public with confidence about compliance with the Workplace Code of Conduct. Further discussion is needed in order for the Partnership to come to an agreement on the governance of the Association, especially a formula for company, human rights, religious and labor union representation on the board. The Association should establish standard monitoring practices and implement procedures for the accreditation of external monitors. Consumers need assurance that the goods they purchase are not made in sweatshops. An important element in this process is for companies to retain external monitors whose qualifications have been verified by a credible association. It is also crucial for the Association to be able to study questions critical to the elimination of sweatshop practices.
- c) Monitors must recognize the relevant collective bargaining agreements and the appropriate role of legally constituted unions at particular worksites. Any monitoring system designed to eliminate sweatshops must function cooperatively with workers and their unions.
- d) In addition to the other elements of external monitoring, a credible monitoring system needs to audit the production records of all contractor facilities, not just a sampling.
- e) While we recognize that implementation of internal monitoring might vary depending on a company's resources, certain core elements of internal monitoring (such as the posting of the Code and education concerning the Code) must be adopted by all signatory companies and cannot be delegated to external monitors.

f) We do not believe that violations of the Code can be remediated effectively without companies agreeing that they will terminate business relations "only as a last resort." This principle should be recognized as part of the monitoring process.

3. Additional Concerns.

The proposed section, "Obligations of all Members of Apparel Industry Partnership," is unacceptable. The introduction of this element at this point in the process is counter-productive. In addition to our concerns that the language does not comport with the antitrust laws of the United States, we believe that seeking such a commitment from the members of the Partnership will discourage rather than encourage trust and cooperation among the members.

We can not accept a system that does not include the key elements discussed above.

There are other specific points in your response which concern us, such as eliminating the reference to retailers and their suppliers adhering to the Code, the characterization of contractors' responsibilities, the length of the transition period and other points. Our purpose here, rather than entering into a detailed discussion of wording, has been to identify what we believe are the key components that are necessary to fulfill the assignment President Clinton gave to all of us. We view your March 12 response as placing major obstacles in the way of our progress toward building the type of system President Clinton asked us to create over six months ago. We sincerely urge you to reconsider the substantive issues we have raised and to engage in a constructive dialogue. We look forward to meeting again to pursue the task we have been assigned.

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: 3/28/97

FAX NUMBER: 456-2983

PAGES: 3
(include cover sheet)

LOCATION: _____

FROM Suzanne Seiden

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

NAME: Bill

NUMBER: (202) 219-8305

COMMENTS/INSTRUCTIONS:

facsimile
TRANSMITTAL

to: Members of the Apparel Industry Partnership
from: Stephanie Swirsky
Suzanne Seiden
fax #:
re: April 1, 1997 Meeting
date: March 28, 1997
pages: 2, including this cover sheet.

We appreciate the response to the scheduling of the meeting of the Partnership on April 1, 1997 at the White House Conference Center (726 Jackson Place NW--directly across the street from the White House). We know that many of you have rearranged your calendars in order to attend and we want to help make the meeting as productive as possible to ensure that your efforts are not wasted.

After speaking with the co-chairs, we have developed the attached draft agenda for your review and consideration. Please provide us with your feedback and comments as soon as possible so that we can incorporate them for the meeting.

If you have not done so already, please RSVP by Monday noon to either of us (Suzanne at 202/219-8305 or Stephanie 202/219-6197 ext. 127--there is voice mail on the latter number, for after hours messages).

Thank you again for your hard work and commitment to this important effort. We know it has been an oftentimes difficult process, but we are convinced that it will be successful and lay a strong framework for the future.

Apparel Industry Partnership Meeting
April 1, 1997
10:00 am – 1:00 pm
Agenda

1. Introduction and Goals
2. Core Similarities
3. Outstanding Issues
4. Where do we go from here?
5. Determining a process for forming an association that achieves the Partnership's objectives
6. Reaffirming commitment to the Partnership

April 3, 1997

MEMORANDUM

TO: Companies in the White House
Apparel Industry Partnership

FROM: Human Rights, Labor, Consumer and Religious Members
of the Partnership

RE: Revised Report of Apparel Industry Partnership

Attached for your consideration at Monday's meeting of the Partnership in Washington, D.C. is a revised Report of the Apparel Industry Partnership. The attached draft incorporates those of your comments with which we agree and seeks to reconcile some of our other areas of disagreement. (The draft is marked to show changes from the draft that we circulated on March 3rd.)

In reviewing the attached, please note that we believe that at the present time there are four fundamental areas in need of agreement:

- The functions of the fair labor association: We do not believe that prior drafts expressed the functions of the association in a clear enough manner, and have attempted to do so in the attached revision.
- The governance of the fair labor association: We believe that the Partnership can arrive at a formula that is acceptable to all parties, and have sought to do so in the attached.
- The hours of work standard in the Code: We have included language to reflect our position on hours of work.
- The role of labor, human rights, religious and other local groups in the monitoring process: We have retained in the draft the original language that we all approved concerning the role of nongovernmental groups in the monitoring process.

We look forward to meeting on Monday at 11:00 at Arnold & Porter to discuss these issues and the revised Report.

Attachment

REPORT OF APPAREL INDUSTRY PARTNERSHIP

The members of the Apparel Industry Partnership will report to the President and to the public on:

- ° The adoption of the attached "Workplace Code of Conduct";
- ° The agreement of each company participating in the Partnership to pledge to adhere to the Code and to implement as soon as reasonably practicable a monitoring program consistent with the attached "Principles of Monitoring," by adopting an internal monitoring program consistent with such Principles and utilizing an external monitor that agrees to conduct its monitoring consistent with such Principles; and
- ° The intention of each participant in the Partnership to work together during a [four]-month transition period to reach agreement on the formation of a nonprofit association that would have the following functions intended to provide the public with confidence about compliance with the Code:
 - ° To determine the criteria for company membership in the association and for companies to remain members in good standing of the association;
 - ° To develop criteria and implement procedures for the accreditation of external monitors;
 - ° To design audit and other instruments for the establishment of standard monitoring practices for internal company monitors and accredited external monitors;
 - ° To study questions critical to the elimination of sweatshop practices; and
 - ° To serve as a source of information to consumers about the Code and about companies that comply with the Code.

The association would be governed by a board whose members would be nominated by companies, labor unions and consumer, human rights and religious groups.

WORKPLACE CODE OF CONDUCT

A signatory company agrees that, in addition to complying with all applicable laws of the country of manufacture, it will comply with and support the following Workplace Code of Conduct in accordance with the ~~attached Principles of Monitoring~~ and will apply the higher standard in cases of differences or conflicts. A signatory company also agrees to require its contractors and, in the case of a retailer, its suppliers to comply with applicable local laws and with this Code in accordance with the attached Principles of Monitoring and to apply the higher standard in cases of differences or conflicts.

Forced Labor. There shall not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise.

Child Labor. No person shall be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.

Harassment or Abuse. Every employee shall be treated with respect and dignity. No employee shall be subject to any physical, sexual, psychological or verbal harassment or abuse.

Nondiscrimination. No person shall be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.

Health and Safety. Employers shall provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities.

Freedom of Association and Collective Bargaining. Employers shall recognize and respect the right of employees to freedom of association and collective bargaining.

Wages and Benefits. Employers recognize that wages are essential to meeting employees' basic needs. Employers shall pay employees, as a floor, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and shall provide legally mandated benefits.

Hours of Work. ~~Except in extraordinary business circumstances, employees shall not be required to work more than 12 hours overtime~~ in addition to the regular work week established by the law of the country of manufacture (or 48 hours per week, in those countries where the regular work week is ~~not defined or where the country's regular work week exceeds 48 hours per week~~) and shall be entitled to at least one day off in every seven day period.

Overtime Compensation. Employees shall be compensated for overtime hours in addition to their regular compensation ~~at~~ at such premium rate as is legally applicable in the country of manufacture or, in those countries where such laws do not exist, at a rate at least equal to their regular compensation rate.

PRINCIPLES OF MONITORING

I. OBLIGATIONS OF COMPANIES¹

A. Establish Clear Standards

- Establish and articulate clear, written workplace standards²
- Formally convey those standards to company factories as well as to contractors and suppliers³
- Receive written certifications, on a regular basis, from company factories as well as contractors and suppliers that standards are being met, and that employees have been informed about the standards
- Obtain written agreement of company factories and contractors and suppliers to submit to periodic inspections and audits[,], including by external monitors, for compliance with the workplace standards[.]

B. Create An Informed Workplace

Ensure that all company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis

C. Develop An Information Database

- Develop a questionnaire to verify and quantify compliance with the workplace standards
- Require company factories and contractors and suppliers to complete and submit the questionnaire to the company on a regular basis

¹ It is recognized that implementation by companies of internal monitoring programs might vary depending upon the extent of their resources but that any internal monitoring program adopted by a company would be consistent with these Principles of Monitoring.

² Adoption of the Workplace Code of Conduct would satisfy the requirement to establish and articulate clear written standards. Accordingly, all references to the "workplace standards" and the "standards" throughout this document could be replaced with a reference to the Workplace Code of Conduct.

³ These Principles of Monitoring should apply to contractors where the company adopting the workplace standards is a manufacturer (including a retailer acting as a manufacturer) and to suppliers where the company adopting the standards is a retailer (including a manufacturer acting as a retailer). A "contractor" shall mean any contractor engaged in a manufacturing process, including cutting, sewing, assembling and packaging, which results in a finished product for the consumer.

D. Establish Program to Train Company Monitors

Provide training on a regular basis to company monitors about the workplace standards and applicable local and international law[, as well as about effective monitoring practices,]so as to enable company monitors to be able to assess compliance with the standards

E. Conduct Periodic Visits and Audits

- Have trained company monitors conduct periodic announced and unannounced visits to an appropriate sampling of company factories and facilities of contractors and suppliers to assess compliance with the workplace standards
- Have company monitors conduct periodic audits of production records and practices and of wage, hour and other employee records and practices of company factories and contractors and suppliers

F. Provide Employees With Opportunity to Report~~[Noncompliance~~

- Develop a grievance procedure to enable company employees to report to the company on noncompliance with the workplace standards, with security that they will not be punished or prejudiced for doing so
- Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable employees of contractors and suppliers to report to the company on noncompliance with the workplace standards], with security that they will not be punished or prejudiced for doing so

G. Establish Relationships with Labor, Human Rights, Religious or Other Local Leaders

- In assessing compliance with the workplace standards, consult regularly⁴with local human rights, labor union, religious or other local leaders⁴ who are likely to have the trust of workers and knowledge of local conditions
- Utilize such local leaders to facilitate communication with company employees and employees of contractors and suppliers~~]n the~~ reporting of noncompliance
- Make relationships with local leaders known to company factories and contractors and suppliers as well as to company employees and employees of contractors and suppliers
- Assure that implementation of monitoring is consistent with applicable collective bargaining agreements and performed in cooperation with legally constituted unions representing employees at the worksite~~]~~

⁴ "Local leaders" means leading labor, human rights, religious or other institutions or organizations in the relevant community.

H. Establish Means of Remediation

- Work with company factories and contractors and suppliers to correct H instances of noncompliance with the workplace standards promptly as they are discovered and to take steps to ensure that H such instances do not recurH, terminating business relationships only Hafter reasonable efforts at securing compliance have been exhausted
- Condition future business with contractors and suppliers upon compliance with the standards

II. OBLIGATIONS OF EXTERNAL MONITORS

A. Establish Clear Evaluation Guidelines and Criteria

H Establish clear, written criteria and guidelines for evaluation of company compliance with the workplace standards

B. Review Company Information Database

H Conduct independent review of written data obtained by company to verify and quantify compliance with the workplace standards

C. Verify Creation of Informed Workplace

H Verify that all company employees and employees of contractors and suppliers have been informed about the workplace standards orally, through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and through other educational efforts

D. Verify Establishment of Communications Channels

Verify that the company has established a grievance procedure to enable company employees, and a secure communications channel to enable employees of contractors and suppliers, to report to the company on noncompliance with the workplace standards, with security that they will not be punished or prejudiced for doing so

E. Conduct Independent Audit of Employee Records

H Conduct independent audit, on a confidential basis, of production records and practices and wage, hour and other employee records and practices of company factories and contractors and suppliers

F. Conduct Periodic Visits and Audits

H Conduct periodic unannounced visits, on a confidential basis, of an appropriate sampling of company factories and facilities of contractors and suppliers to survey compliance with the workplace standards

G. Conduct Confidential Employee Interviews

Conduct periodic confidential interviews, in a manner appropriate to the culture and situation, with a random sampling of company employees and employees of contractors and suppliers (in their local languages) to determine employee perspective on compliance with the workplace standards

H. Establish Relationships with Labor, Human Rights or Other Local Leaders

- Consult regularly with local human rights, labor union, religious or other local leaders who are likely to have the trust of workers and knowledge of local conditions
- Utilize such local leaders to facilitate communication with company employees and employees of contractors and suppliers, both in the conduct of employee interviews and in the reporting of noncompliance
- Assure that implementation of monitoring is consistent with applicable collective bargaining agreements and performed in cooperation with legally constituted unions representing employees at the worksite

I. Implement Remediation

Work, where appropriate, with company factories and contractors and suppliers to correct instances of noncompliance with the workplace standards

J. Complete Evaluation Report

Complete report evaluating company compliance with the workplace standards, [a copy of which will be delivered to the association upon its establishment]

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 / Gene Sperling DATE: 4/4/97
cc: Anne Lewis

FAX NUMBER: 456-2983 PAGES: _____
456-2878 (include cover sheet)
(301) 718-7946

LOCATION: _____
 FROM Suzanne Seiden / Stephanie Swirsky

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

NAME: Suzanne Seiden
 NUMBER: 219-8305

COMMENTS/INSTRUCTIONS: Re: Apparel Partnership
Enclosed are: ① Analysis of differences
② talking points on Partnership
③ talking points for call to Jay
Mazur - (who should call?)
④ Options for impasse

We think it may be useful to brief you on
a conference call (today if we need to rework documents
over weekend or make calls to key members).
Suzanne and Stephanie

PARTNERSHIP ISSUE ANALYSIS

Major Areas of Difference:

1. **Issue:** Clarity of the functions of the association

NGO/union draft:

[Language has been in earlier NGO/union drafts, and omitted from the company versions]

- o to develop criteria and implement procedures for the accreditation of external monitors
- o to design audit and other instruments for the establishment of standard monitoring practices for internal company monitors and accredited external monitors
- o to study questions critical to the elimination of sweatshop practices

Company draft:

Association would ... provide information to signatory companies and assist them in the implementation of the Code and monitoring and seek to develop and improve the monitoring practices of external monitors in a manner which would provide the public with confidence about compliance with the Code of Conduct.

Explanation:

The companies would not agree at this time for the association to play the role with regard to accreditation and standard setting for external monitors and monitoring and conduct of studies regarding sweatshop conditions. In addition, the NGO/union group interprets that the "studies" would include the fair wage issues, particularly overseas, which the companies are opposed to.

2. **Issue:** Clarity regarding the governance of the association

NGO/union draft:

[Modified language of what has been in earlier drafts]

the association would be governed by a board whose members would be nominated by companies, labor unions, and consumer, human rights and religious groups.

Company draft:

"...an association representing a diversity of interests including business, consumers, workers and human rights organizations."

Explanation:

The issue boils down to whether the document will refer to "unions" or "workers" participating on the board of the association. Whether UNITE will serve on the association's board has been ongoing, (the companies want "workers" and UNITE insists on "unions"), and stems, in large part, from the "mistrust" that has developed between the parties. The concern over board composition also makes the companies unwilling to agree on the functions of the association. We are not sure whether this new iteration would be acceptable to the companies.

3. Issue: Hours of work standard in the code of conduct

NGO/union draft:

[Modified language based on several drafts-may be basis for agreement]

"Except in extraordinary business circumstances, employees shall not be required to work more than 12 hours overtime in addition to the regular work week established by the law of the country of manufacture or 48 hours per week in those countries where the regular work week is not defined or where the country's regular work week exceed 48 hours per week) and shall be entitled to at least one day off every seven day period."

Company draft:

"Employees shall not be required to work more than the maximum weekly work hours, including overtime, allowed by the law of the country of manufacture.

Except in extraordinary business circumstances, employees shall:

1. not be required to work more than 48 hours per week and more than 12 hours additional overtime per week in those countries where the maximum weekly work hours, including overtime, are not defined or in those countries where the maximum weekly work week, including overtime, cumulatively exceed the hour caps above; and
2. be entitled to at least one day off in every 7 day period.

Explanation:

The difference in the language comes down to the NGO/unions wanting 40 hours plus 12 hours mandatory overtime for a 52 hour work week; and the companies wanting 48 hours plus 12 hours mandatory overtime for a 60 hour work week. This would apply both domestically and internationally.

4. Issue: The role of labor, human rights, religious and other local groups in the monitoring process

A) NGO/union draft:

[Including language that was in the document under both internal and external monitoring.]

- o Utilize such local leaders to facilitate communications with company employees and employees of contractors and suppliers
- o Make relationships with local leaders known to company factories and contractors and suppliers as well as to company employees and employees of contractors and suppliers.

Company draft:

[in both internal and external monitoring]

In assessing compliance with workplace standards, consult periodically with local human rights, labor unions, religious or other local leaders who are likely to have the trust of workers and knowledge of local conditions.

Explanation:

The group has gone back and forth on this issue, initially including a role for labor and human rights groups in earlier "agreed to" drafts for both internal and external monitoring. The bottom line is that the NGOs are looking for more specificity with regard to the role of local leaders in external monitoring. The companies want to keep this commitment general.

B. NGO/union draft:

[Language that has been modified, but never agreed to in earlier drafts]

Assure that implementation of monitoring is consistent with applicable collective bargaining agreements and performed in cooperation with legally constituted unions representing employees at the work site.

Company draft:

No language included.

Explanation:

The unions want a stronger commitment with regard to the local union's role in both internal and external monitoring. The companies want to keep this commitment general.

Other Issues:

1. ***Issue:*** Language in prologue to code of conduct regarding circumstances where local laws allow different levels of behavior

NGO/union draft:*[New language]*

“comply...in accordance with the attached Principles of Monitoring and to apply the higher standard in cases of differences or conflicts.”

Company draft:

“A signatory company will apply the higher standard in cases of differences between the code and the applicable laws of the country of manufacturing, where doing so is not in violation of local law.”

Explanation:

This is the “China” problem in that the companies do not want to be under pressure to apply code of conduct provisions (such as collective bargaining) where it may conflict with local laws.

2. **Issue: Establishment of remediation principles**

NGO/union draft:*[Earlier drafts have contained a number of different iterations of this concept]*

“Work with company factories and contractors and suppliers to correct instances of non-compliance with the workplace standards promptly as they are discovered and take steps to ensure that such instances do not recur, **terminating business relationships only after reasonable efforts at securing compliance have been exhausted.**”

Company draft:

Work with company factories and contractors and suppliers to correct instances of non-compliance with the workplace standards promptly as they are discovered and take steps to ensure that instances do not recur.

Explanation:

This is another ongoing issue that originally appeared in a recent draft from the NGOs/unions and was subsequently eliminated by the companies. This is another rewrite in an attempt to “word smith” the disagreement.

3. **Issue: Grievance procedure in both internal and external monitoring**

NGO/union draft:*[new language]*

“develop a grievance procedure to enable company employees to report to the company on non-compliance with the workplace standards when they occur, with security that they will not be punished or prejudiced for doing so.”

[“verification” that this procedure exists is newly contained in the new NGO/union external monitoring language.]

Company draft:
[no language]

Explanation:

This was not in any earlier drafts, although we expect that the companies will object, particularly because there has been no prior discussion of the issue.

4. **Issue:** **Development and dissemination of the external monitor’s evaluation report**

NGO/union draft:

“Complete report evaluating company compliance with the workplace standards, a copy of which will be delivered to the association upon its establishment.”

Company draft:

“Complete a report evaluating company compliance with workplace standards.”

Explanation:

Different language has been circulated. This is the new iteration. There have been a number of language proposals, all of which seem to fit, yet none seem to last between drafts.

5. **Issue:** **Duration of transition period**

Various proposals have the transition period (the time during which the association will be created) from 9 months in the most recent company draft to 4 months in the most current NGO/union draft.

**Apparel Industry Partnership
Talking Points for Monday April 7, 1997 Meeting**

BACKGROUND:

- On August 2, 1996, the President and Vice President met with leaders of industry, labor, NGOs, and consumer groups from the footwear and apparel industries to discuss the problem of the production of goods under sweatshop conditions, consumers' concerns, and the need to join together to identify solutions and strategies that mean something to shoppers.
- The August meeting resulted in the Rose Garden announcement that a voluntary, industry-driven effort would begin that would report back to the President its recommendations for industry action. At that time, the President also announced that the group agreed to report back to him within six months.
- This group has been meeting since that time and is developing plans and recommendations for industry action, which was to include an agreed upon set of standards, a comprehensive, verifiable domestic and international monitoring system, and consumer communication strategies.
- Most recently, the group has become somewhat polarized between the companies and the NGO/unions with new drafts being exchanged and threats of abandoning the process if no agreement is reached.
- Specifically, two weeks ago, the companies circulated a revised draft containing their language changes as what they described as their final offer and now the NGO/union group has circulated their draft for discussion at Monday's meeting. The issues in disagreement have remained fairly constant, with only a few new ones appearing in the new draft. (See attached analysis)

TALKING POINTS:

- This is a critical point for the industry. It would be historic for the partnership to develop an agreement that would address the critical issues facing the industry. For the companies and NGOs and unions to agree on a set of standards, independent monitoring and a mechanism for ensuring that the process will continue to have credibility is remarkable.
- I understand from staff that has been working closely with the process that the two positions (the companies and the NGO/unions) are remarkably close, with several issues still remaining.
- We know all of the parties are tired of the process but want to encourage you to continue in this final stretch—too much work has been put into it and the possibility of success is

too great to let it fall apart now. We must all move beyond our differences and look to the long term positive impact success of this group could have.

- We understand that much progress has been made, but it will all be for naught if any one group either abandons the process or goes it alone. Any proposal must provide for long term, credible change with all groups on board. Anything less will be considered suspect by the public, and any progress will be discounted.
- If an announcement does not have a mechanism for assuring that the process will continue and the endorsement and long term involvement all the parties, the negative reaction will overwhelm anything positive that may exist.
- We are committed to working with the parties, in whatever capacity you want us, to help resolve the differences and begin the process of implementing this historic achievement.
- But let us all be realistic with each other. The time for real action by all of you is now. You have spent over eight months negotiating the really critical elements of your recommendations. You cannot allow the remaining issues on the table to thwart your efforts now. We must look at each other and decide we are going to make this happen and do it today.
- We are at the bottom line, you have the finish line in your sights. You now must determine what your real interests and long term goals are; put aside your positions, egos, and frustrations; and take this process to its historic conclusion. If you don't do it today, your opportunity to make real change--not for the people in this room, but for the millions of garment workers around the world-- will be lost for now. But we all know, none of us can let that happen because too much is at stake for all of us--and I do mean all of us are here today.

TALKING POINTS FOR CALL TO JAY MAZUR

BACKGROUND:

- Our information from the participants in the NGO/union caucus indicates that while the others are prepared to negotiate this to a successful conclusion, the representatives from UNITE are unwilling to make reasonable compromise to get an initial agreement and keep the process moving forward.
- We believe a call from Gene or Maria would be helpful prior to Monday's meeting.

TALKING POINTS:

- We are at a critical juncture in this process. While we do not expect, nor ask UNITE to back away from its fundamental values, we want to be sure that the process comes to a successful conclusion and keeps the companies at the table with the unions and NGOs.
- We understand that the companies are prepared to walk away from this process, declare their victory, and their intention to implement the code of conduct and internal and external monitoring systems as written in their most recent proposal. This action on their part would naturally be viewed as historic, despite the absence of the unions and NGOs. It would be the first time that the industry took such concerted leadership on this issue.
- If this happens and the companies proceed on their own, the unions will be out of the game without any mechanism at all for ensuring that the companies are living up to their commitments.
- The bottom line for us, is that it would be almost impossible for the Administration to not commend the industry for its willingness to take these actions, even though we know they are doing without any checks and balances.

Options for Impasse:

If no agreement is reached on Monday, we expect that the companies will announce their intention to go ahead and immediately announce their intentions to the press. We expect the companies to announce the adoption of the code of conduct and their last proposal regarding internal and external monitoring principles, and their call to other companies to join their efforts. The following are options for an Administration response.

[neutral]

1. The administration is disappointed that all the parties could not reach consensus, but we will study the options and remain ready to work with the groups in the hope that agreement can ultimately be reached.

[pro-union]

2. The administration is disappointed that the parties were unable to come to agreement on these important issues. We will be exploring various options, including legislation and other means, to address the critical problems facing garment workers worldwide.

[pro-company]

3. While the administration is disappointed that the parties could not come to final agreement, we are pleased that the industry is taking some steps, including a common code of conduct and external, as well as internal monitoring procedures, to improve the conditions under which their products are being made.

REPORT OF APPAREL INDUSTRY PARTNERSHIP

The members of the Apparel Industry Partnership will report to the President and to the public on:

- The adoption of the attached "Workplace Code of Conduct";
- The agreement of each company participating in the Partnership to pledge to adhere to the Code and to implement as soon as reasonably practicable a monitoring program consistent with the attached "Principles of Monitoring," by adopting an internal monitoring program consistent with such Principles and utilizing an external monitor that agrees to conduct its monitoring consistent with such Principles; and
- ~~The intention of each participant in the Partnership~~ Partnership's commitment to work together to form, during a [four]-month[six-month] transition period to reach agreement on the formation of, a nonprofit association that would have the following functions intended to provide the public with confidence about compliance with the Code:
 - To determine the criteria for company membership in the association and for companies to remain members in good standing of the association;
 - To develop criteria and implement procedures for the ~~accreditation~~ qualification of external monitors;
 - To design audit and other instruments for the establishment of ~~standard~~ baseline monitoring practices ~~for internal company monitors and accredited external monitors~~;
 - To ~~study~~ continue to address questions critical to the elimination of sweatshop practices; ~~and~~
 - To develop means to maximize the ability of member companies to remedy any instances of noncompliance with the Code; and
 - To serve as a source of information to consumers about the Code and about companies that comply with the Code.

The association would be governed by a board whose members would be nominated by companies, labor unions and consumer, human rights and religious groups. The Partnership would work together during this transition period to further determine the governance of the association.

WORKPLACE CODE OF CONDUCT

A signatory company agrees that, in addition to complying with all applicable laws¹ of the country of manufacture, it will comply with and support the following Workplace Code of Conduct in accordance with the attached Principles of Monitoring and will apply the higher standard in cases of differences or conflicts. A signatory company also agrees to require its contractors and, in the case of a retailer, its suppliers to comply with applicable local laws and with this Code in accordance with the attached Principles of Monitoring and to apply the higher standard in cases of differences or conflicts.

Forced Labor. There shall not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise.

Child Labor. No person shall be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.

Harassment or Abuse. Every employee shall be treated with respect and dignity. No employee shall be subject to any physical, sexual, psychological or verbal harassment or abuse.

Nondiscrimination. No person shall be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.

Health and Safety. Employers shall provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities.

Freedom of Association and Collective Bargaining. Employers shall recognize and respect the right of employees to freedom of association and collective bargaining.

Wages and Benefits. Employers recognize that wages are essential to meeting employees' basic needs. Employers shall pay employees, as a floor, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and shall provide legally mandated benefits.

¹ All references to local law throughout this Code shall include regulations implemented in accordance with applicable local law.

Hours of Work. Except in extraordinary business circumstances, employees shall (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime, (b) the limits on regular and overtime hours allowed by the law of the country of manufacture, or (c) where the laws of such country do not limit the hours of work, the regular work week in such country plus 12 hours overtime and (ii) be entitled to at least one day off in every seven day period.

Overtime Compensation. ~~In addition to their compensation for normal hours of work, employees shall be compensated for overtime hours at such premium rate as is legally required~~ in the country of manufacture or, in those countries where such laws do not exist, at a rate at least equal to their regular hourly compensation rate.

PRINCIPLES OF MONITORING

I. OBLIGATIONS OF COMPANIES¹

A. Establish Clear Standards

- Establish and articulate clear, written workplace standards²
- Formally convey those standards to company factories as well as to contractors and suppliers³
- Receive written certifications, on a regular basis, from company factories as well as contractors and suppliers that standards are being met, and that employees have been informed about the standards
- Obtain written agreement of company factories and contractors and suppliers to submit to periodic inspections and audits, including by external monitors, for compliance with the workplace standards

B. Create An Informed Workplace

Ensure that all company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis

¹ It is recognized that implementation by companies of internal monitoring programs might vary depending upon the extent of their resources but that any internal monitoring program adopted by a company would be consistent with these Principles of Monitoring. If companies do not have the resources to implement some of these Principles as part of an internal monitoring program, they may delegate the implementation of such Principles to their external monitors.

² Adoption of the Workplace Code of Conduct would satisfy the requirement to establish and articulate clear written standards. Accordingly, all references to the "workplace standards" and the "standards" throughout this document could be replaced with a reference to the Workplace Code of Conduct.

³ These Principles of Monitoring should apply to contractors where the company adopting the workplace standards is a manufacturer (including a retailer acting as a manufacturer) and to suppliers where the company adopting the standards is a retailer (including a manufacturer acting as a retailer). A "contractor" or a "supplier" shall mean any contractor engaged in a manufacturing process, including cutting, sewing, assembling and packaging, which results in a finished product for the consumer.

C. Develop An Information Database

- ° Develop a questionnaire to verify and quantify compliance with the workplace standards
- ° Require company factories and contractors and suppliers to complete and submit the questionnaire to the company on a regular basis

D. Establish Program to Train Company Monitors

Provide training on a regular basis to company monitors about the workplace standards and applicable local and international law, as well as about effective monitoring practices, so as to enable company monitors to be able to assess compliance with the standards

E. Conduct Periodic Visits and Audits

- ° Have trained company monitors conduct periodic announced and unannounced visits to an appropriate sampling of company factories and facilities of contractors and suppliers to assess compliance with the workplace standards
- ° Have company monitors conduct periodic audits of production records and practices and of wage, hour, payroll and other employee records and practices of company factories and contractors and suppliers

F. Provide Employees With Opportunity to Report Noncompliance

- ~~° Develop a grievance procedure to enable company employees to report to the company on noncompliance with the workplace standards, with security that they will not be punished or prejudiced for doing so~~

Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable company employees and employees of contractors and suppliers to report to the company on noncompliance with the workplace standards, with security that they will not be punished or prejudiced for doing so

G. Establish Relationships with Labor Union, Human Rights, Religious or Other Local Leaders Institutions

- ~~° In assessing compliance with the workplace standards, consult regularly with local human rights, labor union, religious or other local leaders who are likely to have the trust of workers and knowledge of local conditions~~

¹ ~~"Local leaders" means leading labor, human rights, religious or other institutions or organizations in the relevant community.~~

- ° ~~Utilize such local leaders to facilitate communication with company employees and employees of contractors and suppliers in the reporting of noncompliance~~
- ° ~~Make relationships with local leaders known to company factories and contractors and suppliers as well as to company employees and employees of contractors and suppliers~~
- ° Consult regularly with local labor unions (including legally constituted unions representing employees at the worksite) and leading human rights, religious or other local institutions that are likely to have the trust of workers and knowledge of local conditions and utilize, where companies deem necessary, such local institutions to facilitate communication with company employees and employees of contractors and suppliers in the reporting of noncompliance
- ° Assure that implementation of monitoring is consistent with applicable collective bargaining agreements and performed in cooperation with legally constituted unions representing employees at the worksite

H. Establish Means of Remediation

- ° Work with company factories and contractors and suppliers to correct instances of noncompliance with the workplace standards promptly as they are discovered and to take steps to ensure that such instances do not recur, ~~terminating business relationships only after reasonable efforts at securing compliance have been exhausted~~
- ° Condition future business with contractors and suppliers upon compliance with the standards

II. OBLIGATIONS OF EXTERNAL MONITORS

A. Establish Clear Evaluation Guidelines and Criteria

Establish clear, written criteria and guidelines for evaluation of company compliance with the workplace standards

B. Review Company Information Database

Conduct independent review of written data obtained by company to verify and quantify compliance with the workplace standards

C. Verify Creation of Informed Workplace

Verify that all company employees and employees of contractors and suppliers have been informed about the workplace standards orally, through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and through other educational efforts

D. Verify Establishment of Communications Channel

Verify that the company has established a ~~grievance procedure to enable company employees, and~~ secure communications channel to enable ~~company employees~~ employees of contractors and suppliers, to report to the company on noncompliance with the workplace standards, with security that they will not be punished or prejudiced for doing so

E. Be Given Independent Access to, and Conduct Independent Audit of, Employee Records

- ° Be given independent access to all production records and practices and wage, hour, payroll and other employee records and practices of company factories and contractors and suppliers
- ° Conduct independent audit, on a confidential basis, of an appropriate sampling of production records and practices and wage, hour, payroll and other employee records and practices of company factories and contractors and suppliers

F. Conduct Periodic Visits and Audits

Conduct periodic announced and unannounced visits, on a confidential basis, of an appropriate sampling of company factories and facilities of contractors and suppliers to survey compliance with the workplace standards

G. Conduct Confidential Employee Interviews

- ° Conduct periodic confidential interviews, in a manner appropriate to the culture and situation, with a random sampling of company employees and employees of contractors and suppliers (in their local languages) to determine employee perspective on compliance with the workplace standards

~~H. Establish Relationships with Labor, Human Rights or Other Local Leaders~~

- ~~° Consult regularly with local human rights, labor union, religious or other local leaders who are likely to have the trust of workers and knowledge of local conditions~~
- ° Utilize such local leaders labor unions and leading human rights, religious or other local institutions to facilitate communication with company employees and employees of contractors and suppliers, both in the conduct of employee interviews and in the reporting of noncompliance

H. Establish Relationships with Labor Union, Human Rights, Religious or Other Local Institutions

- ° In those instances where external monitors themselves are not local labor unions or leading human rights, religious or other local institutions, consult regularly with local labor unions (including legally constituted

unions representing employees at the worksite) and leading human rights, religious or other local institutions that are likely to have the trust of workers and knowledge of local conditions

- Assure that implementation of monitoring is consistent with applicable collective bargaining agreements and performed in ~~cooperation~~ consultation with legally constituted unions representing employees at the worksite

I. Implement Remediation

Work, where appropriate, with company factories and contractors and suppliers to correct instances of noncompliance with the workplace standards

J. Complete Evaluation Report

Complete report evaluating company compliance with the workplace standards, [a copy of which will be delivered to the association upon its establishment]

To: MARIA ECHAUZSTE

From: STEPHANIE SURSKY

see attached

UCSB
202-296-4321
ML
Washington

White House Garment Industry Partnership

APRIL 7, 1997
11 a.m. - 3 p.m.

Arnold & Porter
555 - 12th Street, N. W.
Conference Room 300
Washington, DC

AGENDA

Adoption of Agenda

Brief remarks: Maria Echaveste, Assistant to the President
and Director for Public Liaison, Executive
Office of the President

Gene Sperling, Assistant to the President and
Director, National Economic Council

Procedural Issues

Draft Report

Code of Conduct

Monitoring - *obligations of members*

Fair labor association

Functions

Governance

Consumer outreach/information

obligations of all members of steps
Report to President or next steps

(Please keep your schedule flexible in case we need additional
time to complete our work.)

Robbie -

The board for new
association has to
include industry,
ngo's, labour unions

Apparel

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: Marjorie Tarmey

DATE: 4/2/97

FAX NUMBER: 456-~~5368~~ 2983

PAGES: 2
(include cover sheet)

LOCATION: _____

FROM _____

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

NAME: Suzanne

NUMBER: _____

COMMENTS/INSTRUCTIONS:

Marge - he from me too!

Museum

Talking Points – Apparel Industry Partnership

- For the past several months, leaders from the apparel and footwear industries, joined by representatives from unions, consumer groups and non-governmental organizations, have been developing options to rid the garment industry of the stain of sweatshops.
- There is great interest on the part of the public in the outcome of this effort as evidenced by recent articles (New York Times, L.A Times, WWD).
- This group has been tackling some very tough, complex issues that were not created overnight and has been making substantial progress.
- We commend the Partnership for their commitment and willingness to develop recommendations which will result in real changes in the industry.
- We understand the group is close to finalizing their recommendations and we encourage them to take the time they need to accomplish their objectives.
- The group is meeting next week, and we are continuing to work with them on what we hope will be a historic outcome.

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: Marge Tarmey
FAX NUMBER: 456-2983

DATE: 4/9/97
PAGES: _____
(include cover sheet)

LOCATION: _____
FROM Suzanne Seiden

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

NAME: _____

NUMBER: _____

COMMENTS/INSTRUCTIONS:

Marge - I need to discuss w/ maria before she
calls Klatsky - Bruce Klatsky (202) 541-~~7201~~ 7201
asst. Donna
or
541-5200

PHILLIPS-VAN HEUSEN CORPORATION

1290 Avenue of the Americas, New York, NY 10104-0101 / (212)541-5200

TO: Roberta Karp	Liz Claiborne	Fax# 201-295-7808
Suzanne Seiden	DOL	Fax# 202-219-4753
Lynda Clarizio	LCHR	Fax# 202-942-5999
		Fax # 202-942-5333
Linda Golodner	NCL	Fax# 202-219-8305

FR: Arthur Heffner

April 9, 1997

I have reviewed the draft with our corporate management including our CEO, Bruce Klatsky. They had quite a few problems. I've resolved most of the questions, however, there are three issues that must be addressed.

Yes

First, we would like the adjective "external" replaced with "independent" - or - add the modifier "independent" to all references to the "external monitor"; particularly on the first page ("The Report"). I don't believe this should be a problem since all NGO's have expressed the need for independence in external monitoring. While this point could have been picked up earlier; it wasn't. Nonetheless, it is an issue.

?

Second, in the monitoring section, External Monitoring, Paragraph IIG, Page 4, please add the phrase "Where considered appropriate" then "utilize local labor unions . . .".

take out local labor unions

Finally, on Page 4, Paragraph H, please take out the phrase we inserted, "in those instances where . . . or other local institutions". This phrase would now begin "Consult regularly with local labor unions . . .". The reason for this change is that local labor unions cannot be independent monitors. Human rights, religious or other local institutions certainly could be and we would not object to a revision retaining such language.

OK

I don't believe these are major revisions (the association language is a biggie; and we've accepted this), but they are necessary.

Thank you for your help.

Bruce Klatsky
212-468-7200
met 1/2 hour

D. Verify Establishment of Communications Channel

Verify that the company has established a ~~grievance procedure to enable company employees, and a~~ secure communications channel to enable employees of contractors and suppliers to report to the company on noncompliance with the workplace standards, with security that they will not be punished or prejudiced for doing so

Company employees and

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- ° Consult regularly with local human rights, labor union, religious or other local leaders who are likely to have the trust of workers and knowledge of local conditions

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- ° In those instances where external monitors themselves are not local labor unions or leading human rights, religious or other local institutions, consult regularly with local labor unions (including legally constituted

Note: this is for external monitors

PvH wants "where considered appropriate" we think it is not necessary and will be "independent" monitors choice

2

3

our suggestion either take of local labor unions or just have "local leaders"

Date: 04/09/97 Time: 16:29

CTentative agreement reached to set standards for apparel factories

WASHINGTON (AP) An agreement to create a voluntary code of conduct on wages and working conditions in American apparel factories worldwide is expected to be announced by President Clinton early next week.

A tentative agreement between labor unions, human rights groups and industry giants was reached Monday by a presidential task force on sweatshops, an administration official said, speaking on the condition of anonymity.

Companies that comply with the code will be able to put a label on their clothing assuring consumers it was not made in a sweatshop.

Linda Golodner, who co-chairs the task force with Roberta Karp, the general counsel at Liz Claiborne Inc., said the group was ``extraordinarily close'' to reaching a deal.

Most of the remaining work is over wording in proposed guidelines, she said Tuesday.

Task force members vowed to follow the code, which may include a 60-hour maximum workweek, in the factories they use in the United States and abroad. Participants said they hoped the effort would eventually lead to a work standards for the clothing industry worldwide.

The agreement also is expected to set up an association to oversee monitors who would inspect factories worldwide and ensure each is complying with the code of conduct.

APNP-04-09-97 1640EDT