

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sarah Rosen (CN=Sarah Rosen/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:22-MAR-1999 20:18:34.00

SUBJECT: 8:00

TO: Brian A. Barreto (CN=Brian A. Barreto/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TEXT:

Consumer Financial Event: The Event is now scheduled for 8:45 am on Thursday (3/25) morning. Speaking program will include: Rubin, POTUS, and hopefully a real person. If not a real person then consumer groups. We want LaFalce and Sarbanes on the podium, but not speak. Also Thursday morning, Senator Gramm will be having a bankruptcy committee hearing on aspects of the bankruptcy bill under the Banking Committee's jurisdiction. It is expected to focus in part on the consumer credit card provisions from last year's bill. Treasury (McClellan) will testify. There is some risk, however, that Gramm will use the hearing to criticize the President's consumer initiative, announced only a few hours before, as burdensome and unnecessary. Will argue that it is proof that Administration doesn't want Fin Mod or Bankruptcy legislation. WH press doesn't think that it is bad to have republicans criticize the President for protecting consumers. Also, will balance criticism from some consumer groups that we do not go far enough. (Most are supportive (but always want more). However, National Consumer Law Center will say we don't go nearly far enough. We're trying to resolve a number of their concerns, but they will remain critical.)

Financial Modernization: David Beier saw a press report that says that the President's consumer protection event planned for Thursday is proof that the Administration does not want to see Financial Modernization legislation enacted this year. (Expect this came from Senator Gramm.)

Bankruptcy Reform: Awaiting Gene's sign-off. Includes "veto" per Stein. DoJ also prepared a detailed letter on House bill, in clearance. House mark-up is this Wednesday. Senate mark-up is scheduled for Thursday, but will be put off until after recess. Senators Torrecelli and Biden joined Senators Grassley and Sessions in introducing a bankruptcy reform bill in the Senate last week. The new bill is modeled after last year's conference report (which the Administration threatened to veto). A number of significant improvements have been made, although not enough to resolve our concerns. Torrecelli sent a letter to Grassley that said he cosponsored the bill "because I believe that it is important to begin moving the bill forward in good faith and in a bipartisan manner." He thinks that last year's conference report had abandoned important principles which the new bill "goes far" in restoring. However, he says, there remain "a number of areas in which I think the bill must be improved and will work in the coming weeks to address those areas in further discussion with you, as well as in Committee and on the Floor." His list of concerns include the bulk of our concerns with the bill.

Apparel Industry Partnership: DoL has proposed that the President use next week's radio address (timed to coincide with the NCAA Final Four weekend) to applaud the 17 universities that have joined the AIP, the Fair Labor Association and help efforts to enlist other schools. (1800 college Presidents got a letter this week from the American Council of Education describing the FLA provisions for school participation and including a letter from human rights groups urging the schools to join the FLA.) As you know, AIP has stalled and been unable to enlist other companies. The breakthrough with the schools has the potential to create significant new momentum. Karen Tramontano suggested that we find out the AFL's likely reaction. However, if we go forward, we can anticipate some significant criticism from student groups that are trying to keep their schools from joining what they view as an inadequate system. (Sarah sent Melissa for you a copy of a newsletter from a student group that illustrates the kind of student reaction that is possible.) Sarah and Jon need to know what Gene's reaction is. Sarah sent Melissa a DoL draft to help you see the possibilities.

Y2K Liability: Senate Judiciary is now expected to mark up a bill this Thursday. The Working Group should have a memo to you and other principals early this week laying out our proposal that we hope to vet on the Hill. However, Senator Leahy's staff have asked that we not vet anything until after the mark-up. They expect that all the Democrats will oppose the bill (except Feinstein). They think that another party-line vote (except Feinstein) will strengthen the Democrats' and Administrations' hand. Dodd has still not introduced his bill. Although we thought he might be negotiating with Feinstein, Hatch or McCain, his staff deny any serious discussions have yet happened.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Brian A. Barreto (CN=Brian A. Barreto/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:22-MAR-1999 18:33:40.00

SUBJECT: 8:00am monring memo

TO: Sarah Rosen (CN=Sarah Rosen/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TEXT:

Consumer Financial Event: The Event is now scheduled for 8:45 am on Thursday (3/25) morning. Speaking program will include: Rubin, POTUS, and hopefully a real person. If not a real person then consumer groups. Hopefully LaFalce and Sarbanes would be on the podium, but not speak. (Also Thursday morning, Senator Gramm will be having a bankruptcy committee hearing on aspects of the bankruptcy bill under the Banking Committee's jurisdiction. It is expected to focus primarily on provisions involving bankruptcy of hedge funds and derivative holders, because the current bills no longer contain consumer provisions. There is some risk, however, that he will use the hearing to criticize the President's consumer initiative announced only a few hours before. Treasury is trying to determine whether to testify, as requested, and if they can limit their testimony to the non-consumer issues.)

Financial Modernization: Last Thursday (3/18), press reported that Lott wrote to Gramm telling him that we would like to target a floor vote on this bill for the week of May 3 or May 12. The week before last Gramm met last week with banking groups, telling them not to deal with Democrats on CRA or he would scuttle his own bill, but urging them to pressure key Democrats to support. In response, on Friday (3/19), Daschle and Sarbanes, accompanied by Rubin and Roger Ballentine, met with industry lobbyists. Meeting was designed to signal to them: ignore our CRA concerns at your peril, if you want a bill. But they also tried to dispel the impression that Gramm is trying to leave that the White House and Democrats do not want a bill. However, Congress Daily did say: &An undercurrent of doubt remains in the minds of some involved in the modernization fight about the White House's veracity with respect to wanting a bill. 8

Bankruptcy Reform: Awaiting report from Stein to decide what language to use in Nadler/Conyers letter. Should go out shortly as House Judiciary Committee mark-up is this Thursday. DoJ also prepared a detailed letter on House bill, in clearance. Senate mark-up is expected next week. Senators Torrecelli and Biden joined Senators Grassley and Sessions in introducing a bankruptcy reform bill in the Senate last week. The new bill is modeled after last year's conference report (which the Administration threatened to veto). A number of significant improvements have been made, although not enough to resolve our concerns. Torrecelli sent a letter to Grassley that said he cosponsored the bill &because I believe that it is important to begin moving the bill forward in good faith and in a bipartisan manner. 8 He thinks that last year's conference

report had abandoned important principles which the new bill goes far in restoring. However, he says, there remain a number of areas in which I think the bill must be improved and will work in the coming weeks to address those areas in further discussion with you, as well as in Committee and on the Floor. His list of concerns include the bulk of our concerns with the bill.

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Y2K Liability: Senate Judiciary may mark up a bill this week. (We had expected them to delay until after recess, but indications are they now may move more quickly.) Hatch-Feinstein are in discussions with Dodd. The Working Group should have a memo to you and other principals early this week laying out our proposal that we hope to vet on the Hill.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Kris M Balderston (CN=Kris M Balderston/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:23-MAR-1999 15:08:09.00

SUBJECT: DOL: Radio Address Proposal

TO: Ann F. Lewis (CN=Ann F. Lewis/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Maria Echaveste (CN=Maria Echaveste/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Loretta M. Ucelli (CN=Loretta M. Ucelli/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Jonathan A. Kaplan (CN=Jonathan A. Kaplan/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Karen Tramontano (CN=Karen Tramontano/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Marjorie Tarmey (CN=Marjorie Tarmey/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Stacie Spector (CN=Stacie Spector/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Thurgood Marshall Jr (CN=Thurgood Marshall Jr/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Gene B. Sperling (CN=Gene B. Sperling/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TEXT:
Interesting radio address idea from DOL linking the NCAA with the Apparel
Industry Partnership.

Thoughts?
----- Forwarded by Kris M Balderston/WHO/EOP on 03/23/99
03:06 PM -----

Gardenswartz Craig <gardenswartz-craig @ dol.gov>
03/22/99 09:01:18 AM
Record Type: Record

To: Sean P. O'Shea/WHO/EOP
cc: Kris M Balderston/WHO/EOP
Subject: DOL: Radio Address Proposal

<<Ncaa.wpd>>

Please submit the attached scheduling proposal for consideration. Thanks!

- Ncaa.wpd

=====
===== ATTACHMENT 1 =====
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D77]MAIL41645039X.036 to ASCII,
The following is a HEX DUMP:

=====
===== END ATTACHMENT 1 =====

SCHEDULE PROPOSAL

TODAY'S DATE __/__/__

_____ACCEPT

_____REGRET

_____PENDING

TO:

Stephanie Streett

Assistant to the President and Director of

Scheduling

THROUGH:

Thurgood Marshall, Jr.

Assistant to the President and Cabinet

Secretary

FROM:

Alexis M. Herman

Secretary of Labor

REQUEST:

The final four games of the NCAA basketball tournament have the entire nation focusing on college basketball and colleges in general. With the addition of 17 major universities to the Fair Labor Association (FLA), the association arm of the Apparel Industry Partnership (AIP), we suggest that the President use the radio address on March 27 to highlight the unique partnership between the retail/manufacturing industry, human rights

groups, consumer advocates and now, the university community.

PURPOSE:

The Administration has been the leader and catalyst in the fight against sweatshop labor in the United States and around the world. A radio address, using the final four tournament and the addition of major universities to the FLA as the hook, provides the perfect opportunity for the President to highlight his accomplishments in this area. Collegiate licensed goods--from caps to sweatshirts--are worth 2.5 billion retail dollars per year. Four schools (Notre Dame, Arizona, Florida State, and Duke) that are often cited as leaders in logo royalty income were among the first to sign on to the agreement. The President's address could focus on new, intelligent activism that is taking place on college campuses across the country. That activism, combined with unique partnerships between AIP members and the university community, coupled with the work of DOL, is making a real impact curbing exploitive labor in the garment industry.

BACKGROUND:

In November 1998, Final agreement on the establishment of a Fair Labor Association (FLA), a non-profit association governed by industry and NGOs to oversee monitoring and

accredit independent monitoring, was announced. On March 15, 1998, seventeen universities/colleges joined FLA: University of Arizona, Brown University, Columbia University, Cornell University, Dartmouth College, Duke University, Florida State University, Harvard University, Marymount University, the University of Notre Dame, the University of Pennsylvania, Princeton University, Rutgers University, Smith College, Tufts University, Wellesley College, and Yale University.

PREVIOUS PARTICIPATION: In August 1996, the President challenged the industry to forge new alliances and develop practical solutions to end exploitive and abusive labor practices in the garment industry. In April 1997, the President announced the landmark Code of Conduct and Principles of Independent External Monitoring.

DATE AND TIME: March 27, 1999

BRIEFING TIME: TBD

DURATION: TBD

LOCATION: TBD

PARTICIPANTS: TBD

REMARKS REQUIRED:

DOL will work with White House
Speechwriting to draft the President's
remarks.

RECOMMENDED BY:

U.S. Department of Labor

CONTACT:

Lee Satterfield, Chief of Staff
202-219-8271

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jonathan A. Kaplan (CN=Jonathan A. Kaplan/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:23-MAR-1999 16:06:22.00

SUBJECT: Re: DOL: Radio Address Proposal

TO: Kris M Balderston (CN=Kris M Balderston/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

CC: Sarah Rosen (CN=Sarah Rosen/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TEXT:

We've been looking into this with DOL for a few days. Unclear how the politics work with labor, which we're vetting with Karen.

Kris M Balderston
03/23/99 03:07:00 PM
Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: DOL: Radio Address Proposal

Interesting radio address idea from DOL linking the NCAA with the Apparel Industry Partnership.

Thoughts?

----- Forwarded by Kris M Balderston/WHO/EOP on 03/23/99
03:06 PM -----

Gardenswartz Craig <gardenswartz-craig @ dol.gov>
03/22/99 09:01:18 AM
Record Type: Record

To: Sean P. O'Shea/WHO/EOP
cc: Kris M Balderston/WHO/EOP
Subject: DOL: Radio Address Proposal

<<Ncaa.wpd>>

Please submit the attached scheduling proposal for consideration. Thanks!

- Ncaa.wpd

Message Sent

To: _____

Gene B. Sperling/OPD/EOP
Jonathan A. Kaplan/OPD/EOP
Thurgood Marshall Jr/WHO/EOP
Loretta M. Ucelli/WHO/EOP
Stacie Spector/WHO/EOP
Maria Echaveste/WHO/EOP
Marjorie Tarmey/WHO/EOP
Ann F. Lewis/WHO/EOP
Karen Tramontano/WHO/EOP

===== ATTACHMENT 1 =====
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D56]MAIL40133339X.036 to ASCII,
The following is a HEX DUMP:

===== END ATTACHMENT 1 =====

SCHEDULE PROPOSAL

TODAY'S DATE __/__/__

_____ACCEPT

_____REGRET

_____PENDING

TO:

Stephanie Streett

Assistant to the President and Director of

Scheduling

THROUGH:

Thurgood Marshall, Jr.

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Secretary

FROM:

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LOCATION: TBD

PARTICIPANTS: TBD

REMARKS REQUIRED: DOL will work with White House
Speechwriting to draft the President's
remarks.

RECOMMENDED BY: U.S. Department of Labor

CONTACT: Lee Satterfield, Chief of Staff
202-219-8271

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Melissa G. Green (CN=Melissa G. Green/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:23-MAR-1999 01:00:24.00

SUBJECT: Re: try this

TO: Melissa G. Green (CN=Melissa G. Green/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TEXT:

I originally thought this was in response to getting Gene to sign off on a letter (my bankruptcy response to Kate at a decent hour). Just for fyi: just hit view and cut and paste from the viewer into a word perfect screen and you are all set. It's amazing what one can learn when her head is often at risk.

Melissa G. Green
03/22/99 08:26:13 PM
Record Type: Record

To: Sarah Rosen/OPD/EOP
cc:
Subject: try this

Ideas for Saturday, March 27, 1999 Radio Address:

Today and Monday, four of our nation's leading universities will meet on a basketball court in Florida for the final rounds of the men's national championship. Two others will meet in California tomorrow to determine the women's national champion.

Many students, alumni and fans of these schools and others will be wearing T-shirts, sweatshirts, hats and other apparel proudly bearing the schools' names.

Recently, campuses all around the country have been expressing heart-felt concern about the conditions under which products associated with their schools are made. They want to be sure these products are not made by exploited or abused workers, in unsafe factories, who have been deprived of basic human rights.

POTUS very pleased that a number of colleges and universities have announced that they are joining a new non-profit organization, the Fair Labor Association, and will require the companies that produce their

products to live up to the FLA's comprehensive anti-sweatshop code of conduct, including independent external monitoring by human rights and labor groups in the local communities where the factories are located.

POTUS can take credit for an idea that has become reality. The creation of the Fair Labor Association shows how far we have come () from POTUS challenge to the apparel and footwear industry in the Rose Garden two years ago, to the point we are at now () where universities are affiliating with this new organization and have promised to ensure that none of their logo products are made by workers whose rights have been violated.

POTUS commends these universities for their commitment and their leadership, and urges others to join them.

The participation of universities brings an important new set of players onto the court *not only the universities themselves, but the companies that produce all those shirts and hats we'll be seeing this weekend. It also says that the rights of workers around the world are an important priority for institutions that are educating the next generation of Americans. By getting involved with the FLA now, colleges and universities can help strengthen and improve this new organization from its infancy.

It's just like basketball. After all the recruiting has been completed, all the plays have been diagrammed, and all the commentators have had their say, you win the game on the court *through execution of what you've prepared, through teamwork, and through persistence and determination. For this new organization to achieve its mission, many will have to play a part.

Apparel Industry Partnership (AIP) principles lay an important foundation for the creation of a credible, independent monitoring system that will hold companies, their contractors, and their suppliers publicly accountable for their labor practices around the world. It is a critical and credible base to improve working conditions in an industry where the stain of sweatshops has been present for too long.

POTUS thanks the students who have helped elevate sweatshop labor as an issue on campuses and elsewhere. We welcome your commitment and active engagement.

University participation () a new wave of intelligent college activism on campuses across the country -- expands on the unique partnership of industries, human rights groups and consumer activists that has spent the past two years working on this landmark agreement.

Description of the Fair Labor Association

The Fair Labor Association was created by representatives of the apparel and footwear industries; human rights, labor rights and consumer groups; and others in response to a challenge from our Administration to develop a system that would assure consumers that the goods they purchase have not

been made under sweatshop conditions, and would help to improve workers , lives throughout the world.

Affiliated Schools

The 17 schools affiliated with the Fair Labor Association include:
University of Arizona, Brown University, Columbia University, Cornell University, Dartmouth College, Duke University, Florida State University, Harvard University, Marymount University, University of Notre Dame, University of Pennsylvania, Princeton University, Rutgers University, Smith College, Tufts University, Wellesley College and Yale University.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jakecaller@aol.com (Jakecaller@aol.com [UNKNOWN])

CREATION DATE/TIME:25-MAR-1999 20:28:40.00

SUBJECT: Fwd: Nike, Reebok compete on labor rights

TO: mlunalong@emerald.tufts.edu (mlunalong@emerald.tufts.edu [UNKNOWN])

READ:UNKNOWN

TO: freeman@ilowbo.org (freeman@ilowbo.org [WHO])

READ:UNKNOWN

TO: Sarah Rosen (CN=Sarah Rosen/OU=OPD/O=EOP [OPD])

READ:UNKNOWN

TO: vhaufler@ceip.org (vhaufler@ceip.org [UNKNOWN])

READ:UNKNOWN

TO: NStiglian@gateway.net (NStiglian@gateway.net [UNKNOWN])

READ:UNKNOWN

TO: mhankin@acils.org (mhankin@acils.org [UNKNOWN])

READ:UNKNOWN

TO: AHirons@aol.com (AHirons@aol.com [UNKNOWN])

READ:UNKNOWN

TO: ferginG@jarkartac.us-state.gov (ferginG@jarkartac.us-state.gov [UNKNOWN])

READ:UNKNOWN

TO: DragnichGS@state.gov (DragnichGS@state.gov [UNKNOWN])

READ:UNKNOWN

TO: Liza Gregory <lbgregory@excite.com> (Liza Gregory <lbgregory@excite.com> [UNKNOWN])

READ:UNKNOWN

TO: thayer-ihr@dol.com (thayer-ihr@dol.com [UNKNOWN])

READ:UNKNOWN

TO: dbrooks@acils.org (dbrooks@acils.org [UNKNOWN])

READ:UNKNOWN

TO: terrydaru@hotmail.com (terrydaru@hotmail.com [UNKNOWN])

READ:UNKNOWN

TO: gsmith@levi.com (gsmith@levi.com [UNKNOWN])

READ:UNKNOWN

TO: johnsonmb@state.gov (johnsonmb@state.gov [UNKNOWN])

READ:UNKNOWN

TO: hpyne@worldbank.org (hpyne@worldbank.org [UNKNOWN])
READ:UNKNOWN

TO: rapid.cargo@hn.vnn.vn (rapid.cargo@hn.vnn.vn [UNKNOWN])
READ:UNKNOWN

TO: CWeston@walbro.com (CWeston@walbro.com [UNKNOWN])
READ:UNKNOWN

TEXT:

Return-path: <clr@igc.apc.org>

Received: from rly-za05.mx.aol.com (rly-za05.mail.aol.com [172.31.36.101]) by air-za04.mail.aol.com (v58.16) with SMTP; Thu, 25 Mar 1999 15:48:38 -0500

Received: from igc7.igc.org (igc7.igc.org [192.82.108.35]) by rly-za05.mx.aol.com (8.8.8/8.8.5/AOL-4.0.0) with ESMTP id PAA08215; Thu, 25 Mar 1999 15:48:36 -0500 (EST)

Received: from igce.igc.org (igce.igc.org [192.82.108.49]) by igc7.igc.org (8.9.2/8.9.2) with ESMTP id MAA19576; Thu, 25 Mar 1999 12:34:28 -0800 (PST)

Received: from trim (clr@PPPa20-ResaleEugene1-2R1041.saturn.bbn.com) by igce.igc.org (8.9.3/8.9.3) with SMTP id MAA24126; Thu, 25 Mar 1999 12:23:31 -0800 (PST)

Date: Thu, 25 Mar 1999 12:23:31 -0800 (PST)

From: Campaign for Labor Rights <clr@igc.apc.org>

Subject: Nike, Reebok compete on labor rights

X-Sender: clr@pop2.igc.org

To: clr@igc.org

Message-id: <2.2.16.19990325123028.4baf7262@pop2.igc.org>

MIME-version: 1.0

X-Mailer: Windows Eudora Pro Version 2.2 (16)

Content-type: text/plain; charset=US-ASCII

Content-transfer-encoding: 7BIT

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Membership/newsletter: Send \$35.00 to Campaign for Labor Rights, 1247 "E" Street SE, Washington, DC 20003. Sample newsletter available on request.

NIKE, REEBOK COMPETE TO SET LABOR RIGHTS PACE

News and analysis by Trim Bissell,
national coordinator, Campaign for Labor Rights
posted March 25, 1999

We should avoid overstating the initiatives announced recently by Nike and Reebok. The great majority of these companies' employees still toil under sweatshop conditions. The Nike campaign is not declaring a victory. Nonetheless, we have crossed a continental divide when the two leading sport shoe companies are trying to outbid each other in the area of improving labor rights.

SUMMARY: Sustained pressure finally has begun to pay off in the form of substantial changes in Nike's and Reebok's labor practices - at least in their shoe factories. The important changes which Nike and Reebok are implementing testify to the strength of the anti-sweatshop movement. We appear to have arrived at the point we have long predicted, when implementing fair labor practices would become a competitive advantage in the market place - because of heightened consumer awareness about sweatshop issues. The two leading sport shoe companies are leap-frogging each other in posting press releases with news of labor rights initiatives.

Now that our work is beginning to bring about results with these two companies, we should not squander the momentum. Campaign for Labor Rights advocates that we:

- * acknowledge the important changes and promises made by Nike and Reebok;
- * keep up the pressure so that both companies carry through on their promises;
- * continue to press for necessary changes to which Nike and Reebok have yet to commit themselves; and
- * begin to press other shoe companies to come up to the new marks being set by Nike and Reebok.

DISCLAIMER: There is vigorous strategic debate between allies in the Nike campaign. Campaign for Labor Rights does not claim to speak for the entire international effort.

WHY IS NIKE BEGINNING TO CHANGE NOW? At varying levels of intensity, the international Nike campaign has been hammering at the company's image for 8 years. Nike gradually shifted from outright denial of problems, to disclaiming that it had any responsibility for the behavior of its contractors and then to a series of public relations maneuvers designed to improve the company's image without significantly addressing its sweatshop abuses. We have long held that, eventually, Nike would decide that the only viable PR maneuver would be to reform its labor practices. That eventuality seems now to have come to pass.

Nike was seriously wounded financially. Its golden stocks turned to tin as sales plummeted and profits moved from black to red. Much of the decline, surely, was due to the loss of a sizable portion of Nike's Asian market following the crash there; and surely the vagaries of fashion - the turn from sneakers to brown shoes - also contributed to the company's troubles. Equally certain is that Nike's resistance to a real clean-up of its sweatshops did not go unnoticed by those more-aware consumers who constitute an important and growing minority of shoe and clothing buyers.

Last year, Nike hired Maria Eitel to be its new ethics czar and pledged to allot her independence and a say in company policy. Those who have negotiated with Eitel give her high marks for sincerity. If that is an accurate assessment of her, we should assume that hiring Eitel was a calculated business decision made out of necessity. Something had to give.

WHY IS REEBOK BEGINNING TO CHANGE NOW? We have consistently maintained that Nike's practices are typical of the entire sport shoe industry. Indeed, in

many cases, rival shoe companies produce side by side in the same Asian factories.

Reebok may have surmised (accurately) that it was about to become the next object of the labor rights movement's attention. Indeed, had Reebok's latest press release been posted only hours later, Campaign for Labor Rights would already have sent out an earlier version of this alert, in which we called for much of the pressure to shift to Reebok.

Reebok is a logical next focus. It follows Nike as number two in market share of the industry. Reebok has gotten a free ride, positioning itself as the responsible company without substantially reforming its labor practices.

Reebok's annual "Human Rights Award" (scheduled for yesterday, March 24) is a major exercise in hypocrisy. It was time to call Reebok's bluff.

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RESERVATIONS ABOUT NIKE HEALTH AND SAFETY GAINS: Mainstream media accounts of the inspection report on Tae Kwang Vina are more glowing than the report itself. While the improvements certainly are dramatic, serious chemical exposures and other safety issues remain unresolved. And this is, after all, only one factory. There is no truly independent structure in place yet for conducting more than spot checks in a limited number of factories. How to staff and fund truly independent health and safety monitoring of Nike's entire 37-factory shoe manufacturing network is a problem yet to be solved.

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and safety concerns are, other areas of concern remain unmonitored by independent sources - wages most glaringly. Also, while Nike certainly is to be credited for admitting a critic back into the same factory he had blown the whistle on, the company still refuses to allow in-country non-governmental organizations (NGOs) the same access. NGO access is a core empowerment issue.

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Ha's letter referred to Thuyen Nguyen and Vietnam Labor Watch (VLW). The effect of his letter was intimidation of VLW's sources of information in Vietnam, making it virtually impossible now for VLW to monitor what is happening in Nike shoe factories there.

Ha, noted for his caution, must have been shocked to find his own words suddenly so public. The uproar following the letter's publication was an embarrassment for both Ha and Nike. However, the letter is consistent with how many believe Nike operates privately in its dealings with authoritarian governments. Thuyen Nguyen of VLW wrote that Ha's letter "makes us wonder how many similar letters have been sent from Nike to other government officials of China and Indonesia."

The International Labor Rights Fund (ILRF) reports that Nike is taking the steps asked of it by the ILRF, to try to reverse the damage done by the publication of Ha's letter.

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Fireman said: "I am hoping that by making this letter public at this time, President Habibie will hear the cries for her release. Workers have the rights to freedom of speech and assembly. Dita Sari has been particularly effective at raising issues on behalf of factory workers, and her voice deserves to be heard."

Nike would do well to match Reebok in calling publicly for the release of Dita Sari.

CLOTHING FACTORIES: Most of the changes coming from Nike and Reebok headquarters apply to shoe factories. In November 1998 the National Labor Committee brought public attention to the case of Julia Esmeralda Pleites, who had worked in a sweatshop in El Salvador producing clothing for Nike and other companies. Although Nike is quick to assert that much of its clothing is manufactured in the United States, critics point out that domestic garment production, too, often happens in sweatshops. Now that there is momentum at Nike and Reebok for changing labor practices in their shoe factories, we should pressure the companies to extend those changes to every

sector of its production. Disclosure - providing the names and addresses of all its factories - would be one step which Nike and Reebok could take in demonstrating that the company truly intends to reform its labor practices.

CHILD LABOR AND SOCCER BALLS: Following a widely publicized exposure of Nike's use of child labor in the production of soccer balls in Pakistan, the company promised to set up controlled stitching centers in order to eliminate the use of child labor. However, the stitching centers producing soccer balls for Nike and some other companies have refused non-governmental activists access to their facilities to assess their follow-through on promises to end child labor.

The International Labor Rights Fund recently had the following to say about child labor and soccer balls: "In 1996, we first called attention to the bonded child laborers producing soccer balls for the world market in Sialkot, Pakistan. These children, often working in debt servitude, were producing balls carrying major labels like Challenge, Baden, Nike, Adidas and Reebok. In response to the exposes, soccer ball manufacturers agreed to participate in a monitoring program sponsored by the ILO [International Labor Organization]. The program had the stated goal of eliminating child labor from the soccer ball industry in Pakistan within 18 months. The program intended to provide former child workers with educational opportunities, so that they were not simply forced to work in another industry.

"Now, a year into the program, independent researchers have discovered that child labor persists in the Sialkot soccer ball industry. Moreover, even according to the ILO's own assessment of the program, it is beset with a number of problems. These include:

"Many manufacturers who signed onto the program have not paid dues or provided any details about their stitching centers.

"Even participating employers are still using children in their stitching centers, and in home-based employment; the ILO is not empowered to apply any sanctions to these employers.

"Soccer ball production may be shifting from Sialkot to nearby, unregulated regions of Pakistan, and some children may be moving from production of soccer balls to production of surgical instruments.

"In short, we are deeply concerned that soccer ball manufacturers and retailers are using their participation in the program to claim their balls are "child labor free," without actually taking sufficient steps to remove children from the production process."

NIKE AND FREEDOM OF ASSOCIATION: Although the AIP code supports the right of workers to form unions and to bargain collectively, Nike preferentially sites its production in countries with authoritarian governments which forbid and repress independent trade union organizing: China, Indonesia and

Vietnam. Elsewhere (the Philippines), evidence suggests that Nike actively pressures governments to weaken their labor codes. The burden of proof is on Nike to demonstrate that it means to make good on respecting freedom of association and that it does not collude with authoritarian governments in repressing that right. The evidence so far does not support a benign interpretation of Nike policy on this issue. The company never has intervened on behalf of workers fired after they organized for their rights.

Earlier this year, Cicih Sukaesih and 23 co-workers fired for leading a strike in 1992 settled with a Nike contractor, having to accept only partial payment, in spite of an Indonesian court ruling that they be reinstated with full back wages. Had Nike even once supported their case, these workers might have received the full payment owed them and might not have had to wait 6 years for what they did receive.

REEBOK AND FREEDOM OF ASSOCIATION: Some reports indicate that Reebok has been cooperating in a program of union training for the workforce in its Indonesian shoe factories. Information is far too incomplete at this time to give an assessment of that program.

PLANS FOR ACTION: For now, we need to focus on encouraging the contest between Nike and Reebok to see who will set the pace on labor rights reforms - and to pressure other companies to come up to the new standards. During the next several weeks, Campaign for Labor Rights expects to post a series of calls for actions, some of which can be taken by individuals and some by organized groups.

Meanwhile, behind the scenes, Global Exchange and others will be engaged in discussions with the management of Nike, Reebok and other shoe companies - seeking to drag and nudge them, step by step, through the process of reform.

ORGANIZING RESOURCES: For now, events are moving too swiftly to allow for producing and making available timely organizing materials in hard copy. Within the next couple of months, once things have stabilized a bit, Campaign for Labor Rights will prepare a second installment of the 1999 Sweatshop Activist Organizing Packet. The second installment will feature a new set of outreach materials taking into account recent changes in portions of the sport shoe industry, as well as suggestions for local action. The second installment and other updates will be mailed automatically to everyone who purchases the Organizing Packet.

1999 SWEATSHOP ACTIVIST ORGANIZING PACKET: Campaign for Labor Rights has prepared a multi-theme, multi-campaign packet for local activists organizing around sweatshop issues. Updated and additional materials will be mailed automatically during the year to everyone who purchases the initial installment. Order by email <CLR@igc.org> or phone (541) 344-5410. Include

your postal address; packet is in hard copy. Whole packets only; it is not practical to break down packets and send selected pieces. Packet includes a donation form and a return envelope. Suggested donation: \$10.00.

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CREATOR: Sarah Rosen (CN=Sarah Rosen/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:26-MAR-1999 09:08:33.00

SUBJECT: Fwd: Nike, Reebok compete on labor rights

TO: Melissa G. Green (CN=Melissa G. Green/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TEXT:

for gene -- but highlight the reference to AIP since that it most relevant. rest is too long.

----- Forwarded by Sarah Rosen/OPD/EOP on 03/26/99 09:11

AM -----

Jakecaller @ aol.com
03/25/99 08:17:46 PM

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Subject: Fwd: Nike, Reebok compete on labor rights

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igce.igc.org (8.9.3/8.9.3) with SMTP id MAA24126; Thu, 25 Mar 1999
12:23:31 -0800 (PST)

Date: Thu, 25 Mar 1999 12:23:31 -0800 (PST)

From: Campaign for Labor Rights <clr@igc.apc.org>

Subject: Nike, Reebok compete on labor rights

X-Sender: clr@pop2.igc.org

To: clr@igc.org

Message-id: <2.2.16.19990325123028.4baf7262@pop2.igc.org>

MIME-version: 1.0

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NIKE, REEBOK COMPETE TO SET LABOR RIGHTS PACE

News and analysis by Trim Bissell,

national coordinator, Campaign for Labor Rights

posted March 25, 1999

We should avoid overstating the initiatives announced recently by Nike and Reebok. The great majority of these companies' employees still toil under sweatshop conditions. The Nike campaign is not declaring a victory. Nonetheless, we have crossed a continental divide when the two leading sport shoe companies are trying to outbid each other in the area of improving labor rights.

SUMMARY: Sustained pressure finally has begun to pay off in the form of substantial changes in Nike's and Reebok's labor practices - at least in their shoe factories. The important changes which Nike and Reebok are implementing testify to the strength of the anti-sweatshop movement. We appear to have arrived at the point we have long predicted, when implementing fair labor practices would become a competitive advantage in the market place - because of heightened consumer awareness about sweatshop issues. The two leading sport shoe companies are leap-frogging each other in posting press releases with news of labor rights initiatives.

Now that our work is beginning to bring about results with these two companies, we should not squander the momentum. Campaign for Labor Rights advocates that we:

- * acknowledge the important changes and promises made by Nike and Reebok;
- * keep up the pressure so that both companies carry through on their promises;
- * continue to press for necessary changes to which Nike and Reebok have yet to commit themselves; and
- * begin to press other shoe companies to come up to the new marks being set by Nike and Reebok.

DISCLAIMER: There is vigorous strategic debate between allies in the Nike campaign. Campaign for Labor Rights does not claim to speak for the entire international effort.

WHY IS NIKE BEGINNING TO CHANGE NOW? At varying levels of intensity, the international Nike campaign has been hammering at the company's image for 8 years. Nike gradually shifted from outright denial of problems, to

disclaiming that it had any responsibility for the behavior of its contractors and then to a series of public relations maneuvers designed to improve the company's image without significantly addressing its sweatshop abuses. We have long held that, eventually, Nike would decide that the only viable PR maneuver would be to reform its labor practices. That eventuality seems now to have come to pass.

Nike was seriously wounded financially. Its golden stocks turned to tin as sales plummeted and profits moved from black to red. Much of the decline, surely, was due to the loss of a sizable portion of Nike's Asian market following the crash there; and surely the vagaries of fashion - the turn from sneakers to brown shoes - also contributed to the company's troubles. Equally certain is that Nike's resistance to a real clean-up of its sweatshops did not go unnoticed by those more-aware consumers who constitute an important and growing minority of shoe and clothing buyers.

Last year, Nike hired Maria Eitel to be its new ethics czar and pledged to allot her independence and a say in company policy. Those who have negotiated with Eitel give her high marks for sincerity. If that is an accurate assessment of her, we should assume that hiring Eitel was a calculated business decision made out of necessity. Something had to give.

WHY IS REEBOK BEGINNING TO CHANGE NOW? We have consistently maintained that Nike's practices are typical of the entire sport shoe industry. Indeed, in many cases, rival shoe companies produce side by side in the same Asian factories.

Reebok may have surmised (accurately) that it was about to become the next object of the labor rights movement's attention. Indeed, had Reebok's latest press release been posted only hours later, Campaign for Labor Rights would already have sent out an earlier version of this alert, in which we called for much of the pressure to shift to Reebok.

Reebok is a logical next focus. It follows Nike as number two in market share of the industry. Reebok has gotten a free ride, positioning itself as the responsible company without substantially reforming its labor practices.

Reebok's annual "Human Rights Award" (scheduled for yesterday, March 24) is a major exercise in hypocrisy. It was time to call Reebok's bluff.

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"Soccer ball production may be shifting from Sialkot to nearby, unregulated regions of Pakistan, and some children may be moving from production of soccer balls to production of surgical instruments.

"In short, we are deeply concerned that soccer ball manufacturers and retailers are using their participation in the program to claim their balls are "child labor free," without actually taking sufficient steps to remove children from the production process."

NIKE AND FREEDOM OF ASSOCIATION: Although the AIP code supports the right of workers to form unions and to bargain collectively, Nike preferentially sites its production in countries with authoritarian governments which forbid and repress independent trade union organizing: China, Indonesia and Vietnam. Elsewhere (the Philippines), evidence suggests that Nike actively pressures governments to weaken their labor codes. The burden of proof is on Nike to demonstrate that it means to make good on respecting freedom of association and that it does not collude with authoritarian governments in repressing that right. The evidence so far does not support a benign interpretation of Nike policy on this issue. The company never has intervened on behalf of workers fired after they organized for their rights.

Earlier this year, Cicih Sukaesih and 23 co-workers fired for leading a strike in 1992 settled with a Nike contractor, having to accept only partial payment, in spite of an Indonesian court ruling that they be reinstated with full back wages. Had Nike even once supported their case, these workers might have received the full payment owed them and might not have had to wait 6 years for what they did receive.

REEBOK AND FREEDOM OF ASSOCIATION: Some reports indicate that Reebok has been cooperating in a program of union training for the workforce in its Indonesian shoe factories. Information is far too incomplete at this time to give an assessment of that program.

PLANS FOR ACTION: For now, we need to focus on encouraging the contest between Nike and Reebok to see who will set the pace on labor rights reforms

- and to pressure other companies to come up to the new standards. During the next several weeks, Campaign for Labor Rights expects to post a series

of calls for actions, some of which can be taken by individuals and some by organized groups.

Meanwhile, behind the scenes, Global Exchange and others will be engaged in discussions with the management of Nike, Reebok and other shoe companies - seeking to drag and nudge them, step by step, through the process of reform.

ORGANIZING RESOURCES: For now, events are moving too swiftly to allow for producing and making available timely organizing materials in hard copy.

Within the next couple of months, once things have stabilized a bit, Campaign for Labor Rights will prepare a second installment of the 1999 Sweatshop Activist Organizing Packet. The second installment will feature a new set of outreach materials taking into account recent changes in portions

of the sport shoe industry, as well as suggestions for local action. The second installment and other updates will be mailed automatically to everyone who purchases the Organizing Packet.

1999 SWEATSHOP ACTIVIST ORGANIZING PACKET: Campaign for Labor Rights has prepared a multi-theme, multi-campaign packet for local activists organizing

around sweatshop issues. Updated and additional materials will be mailed automatically during the year to everyone who purchases the initial installment. Order by email <CLR@igc.org> or phone (541) 344-5410. Include your postal address; packet is in hard copy. Whole packets only; it is not practical to break down packets and send selected pieces. Packet includes a donation form and a return envelope. Suggested donation: \$10.00.

Message Sent

To:

CWeston @ walbro.com
DragnichGS @ state.gov
rapid.cargo @ hn.vnn.vn
ferginG @ jarkartac.us-state.gov
hpyne @ worldbank.org
AHirons @ aol.com
johnsonmb @ state.gov
mhankin @ acils.org
gsmith @ levi.com
NStiglian @ gateway.net
terrydaru @ hotmail.com
vhaufler @ ceip.org
dbrooks @ acils.org
Sarah Rosen/OPD/EOP
thayer-ihr @ dol.com
freeman @ ilowbo.org
Liza Gregory <lbgregory @ excite.com>
mlunalong @ emerald.tufts.edu

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sarah Rosen (CN=Sarah Rosen/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:31-MAR-1999 18:49:14.00

SUBJECT: Re: 8:00am memo - Update

TO: Brian A. Barreto (CN=Brian A. Barreto/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TEXT:

New Markets: Reps. Kanjorski and Hooley's staffs indicated that their members would be very interested in sponsoring the APICs legislation and think that Rep. Baker might join them. (That would give them Chair and Ranking Dem on the Capital Markets Subcommittee in House Banking.) Baker plans hearings for this spring. Interested in our views on best timing. Full legislative strategy meeting to be held with all agencies on Friday. The working group met yesterday to explore further concepts for the new markets tour.

Labor Rights Agenda: Today (Wednesday, 3/30) the Treasury has scheduled a meeting at the WH (10-12 in Roosevelt Room) for the Executive Directors of the International Financial Institutions and key Administration officials (yourself, if available, Tramontano, if available, Lael, Samans, Sarah, Samet, Koh, and other State and DoL officials). The purpose is to exchange information about initiatives on international labor standards and to emphasize the importance of this issue to the U.S. government. (See briefing packet.)

Apparel Industry Partnership: Sarah hosts conference call with DoL staff to discuss going forward strategy. Particularly concerned about how to bring on additional companies. May require subsequent meeting or conference call with Gene et al.

Lisa Green: Sarah has dinner with Lisa Green tonight to begin to brief her on issues.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sarah Rosen (CN=Sarah Rosen/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 1-APR-1999 18:48:09.00

SUBJECT: 8:00

TO: Brian A. Barreto (CN=Brian A. Barreto/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TEXT:

New Markets: The working group is meeting today with leg affairs from each agency and WH to discuss a legislative strategy. The working group is meeting on Tuesday with CEQ to discuss NEPA and how it applies to APICs. If, as we suspect, HUD has to have someone do an environmental analysis before each investment is approved, we could scare off investors.

Labor Rights Agenda: Following on the meeting with the EDs of the IFIs, Karen wants Gene and Lael to meet quickly with the AFL-CIO to discuss how to proceed. Lael suggested a small internal discussion first. If we are to put together a discussion of economics around the World Bank/IMF meeting, we need to act quickly, as it is only 3 weeks away.

Apparel Industry Partnership: AIP is up to 33 universities. 62 of the presidents of the most prestigious research universities will be in DC late in April for a conference. We're working with Princeton to find an appropriate role for Administration officials -- perhaps remarks by you or Kitty about AIP. Companies are finally undertaking a coordinated campaign to enlist new companies -- targeting 10 -- and working company to company. At least two companies look promising. Major new company participation, along with Universities, would be occasion to celebrate. Meanwhile, if UConn joins as it is considering, an event when POTUS greets UConn men and Duke women basketball champions at WH might be occasion for remarks on AIP or a radio address.

Consumer Financial: Scheduling notified us that the event is tentatively scheduled for April 12th, but it is expected to change due to expected travel by POTUS.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Brian A. Barreto (CN=Brian A. Barreto/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 1-APR-1999 18:32:30.00

SUBJECT: 8:00am monring memo

TO: Sarah Rosen (CN=Sarah Rosen/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TEXT:

New Markets: Reps. Kanjorski and Hooley's staffs indicated that their members would be very interested in sponsoring the APICs legislation and think that Rep. Baker might join them. (That would give them Chair and Ranking Dem on the Capital Markets Subcommittee in House Banking.) Baker plans hearings for this spring. Interested in our views on best timing. Full legislative strategy meeting to be held with all agencies on Friday. The working group met yesterday to explore further concepts for the new markets tour.

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Lisa Green: Sarah has dinner with Lisa Green tonight to begin to brief her on issues.

**Clinton Presidential Records
Automated Records Management System
[EMAIL] and Tape Restoration Project [Email]**

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies a responsive email, already made available within another collection.

Collection: 2013-0306-F

Bucket: OPD

Creation Date: 1999-04-02

Subject: 8:00

Creator: Sarah Rosen CN=Sarah Rosen/OU=OPD/O=EOP [OPD]

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Brian A. Barreto (CN=Brian A. Barreto/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 5-APR-1999 15:54:17.00

SUBJECT: 8:00am monring memo

TO: Sarah Rosen (CN=Sarah Rosen/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TEXT:

Apparel Industry Partnership: AIP is up to 34 universities -- one since last Thursday (4/1).

New Markets: You are meeting today (Monday, 4/5) with Stein. Last Friday (4/2), the working group met with leg affairs from each agency and WH to discuss a legislative strategy. A list of target co-sponsors (made up largely of those who have expressed interest) was produced. The working group is meeting tomorrow (Tuesday, 4/6) with CEQ to discuss NEPA and how it applies to APICs. If, as we suspect, HUD has to have someone do an environmental analysis before each investment is approved, we could scare off investors.

Bankruptcy: Sarah and selected members of the working group are meeting with retailers today (Monday, 4/5), following up on commitment made at the meeting that Podesta had with them.

Pensions: Working group meets today (Monday, 4/5) to discuss cash balance plan disclosure proposals as well as memos prepared by agencies as preliminary process to resolve dispute about provisions of Portman-Cardin. Goal is to get paper to deputies by end of the month.

Child Labor -- Children Soldiers: State, DoD, NSC, and NEC working group meets to hear report from Samet of negotiations with IMEC countries on position on children soldiers for child labor convention. They agreed to take our position (convention shouldn't cover, but if it does, it should bar forced conscription under 18 -- not bar combat under 18) which will be presented by Dutch. Other agencies are skeptical that this position will hold and want US to take lead in aggressive effort to block this part of convention. Samet thinks it will backfire. Meeting later this week on education issue in convention: it requires states to provide free basic education to all children.

Consumer Financial: Scheduling notified us that the event is tentatively scheduled for April 12th, but it is expected to change due to possible travel by POTUS.

**Clinton Presidential Records
Automated Records Management System
[EMAIL] and Tape Restoration Project [Email]**

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies a responsive email, already made available within another collection.

Collection: 2016-0531-F

Bucket: OPD

Creation Date: 1999-04-09

Subject: Fwd: PVH: student action week April 17-25

Creator: Sarah Rosen CN=Sarah Rosen/OU=OPD/O=EOP [OPD]

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:20-APR-1999 18:04:59.00

SUBJECT: Northern Marianas

TO: Jeffrey L. Farrow (CN=Jeffrey L. Farrow/OU=WHO/O=EOP@EOP [WHO])

READ:UNKNOWN

TEXT:

I understand that you have headed up the WH efforts to coordinate our policy on labor laws applicable to the Northern Marianas. I work at the NEC on various issues, including the Apparel Industry Partnership and international labor standards. I was told yesterday that "Reps. Franks (R) and Dingell (D) and Sens. Hollings (D) and Abraham (R) will introduce anti-transplanted Asian garment industry legislation Wednesday that would make garments made in the Northern Marianas ineligible for (1) free entry into U.S. customs territory (the small territories are separate customs zones) and (2) the "Made in USA" label."

Since this issue is related to our policies on overseas sweatshops generally and the apparel industry partnership, I would appreciate being kept in the loop on the Marianas issue. OMB asked me if we wanted to put the new bill (when introduced) into interagency review for comments. I said I would defer to whomever has had the lead on this, but it would seem logical.

Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jakecaller@aol.com (Jakecaller@aol.com [UNKNOWN])

CREATION DATE/TIME:25-APR-1999 10:53:25.00

SUBJECT: (no subject)

TO: mlunalong@emerald.tufts.edu (mlunalong@emerald.tufts.edu [UNKNOWN])
READ:UNKNOWN

TO: freeman@ilowbo.org (freeman@ilowbo.org [WHO])
READ:UNKNOWN

TO: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: vhaufler@ceip.org (vhaufler@ceip.org [UNKNOWN])
READ:UNKNOWN

TO: NStiglian@gateway.net (NStiglian@gateway.net [UNKNOWN])
READ:UNKNOWN

TO: mhankin@acils.org (mhankin@acils.org [UNKNOWN])
READ:UNKNOWN

TO: hpyne@worldbank.org (hpyne@worldbank.org [UNKNOWN])
READ:UNKNOWN

TO: rapid.cargo@hn.vnn.vn (rapid.cargo@hn.vnn.vn [UNKNOWN])
READ:UNKNOWN

TO: lbgregory@excite.com (Liza Gregory) (lbgregory@excite.com (Liza Gregory) [UNKNOWN])
READ:UNKNOWN

TO: thayer-ih@dol.com (thayer-ih@dol.com [UNKNOWN])
READ:UNKNOWN

TO: dbrooks@acils.org (dbrooks@acils.org [UNKNOWN])
READ:UNKNOWN

TO: terrydaru@hotmail.com (terrydaru@hotmail.com [UNKNOWN])
READ:UNKNOWN

TO: gsmith@levi.com (gsmith@levi.com [UNKNOWN])
READ:UNKNOWN

TO: johnsonmb@state.gov (johnsonmb@state.gov [UNKNOWN])
READ:UNKNOWN

TO: ferginG@jarkartac.us-state.gov (ferginG@jarkartac.us-state.gov [UNKNOWN])
READ:UNKNOWN

TO: DragnichGS@state.gov (DragnichGS@state.gov [UNKNOWN])
READ:UNKNOWN

TEXT:
Student Critics Push Attacks on Anti-Sweatshop Association

NYT Stevehouse 4/25/99<

[Unable to display image]just as it is about to get off the ground, a factory-monitoring association backed by the White House is facing strong attacks from students at more than a dozen universities who assert that the association will not be tough enough in ferreting out sweatshopconditions.

Students at Harvard, Brown and other universities are making aconcerted attack against it. The association has been joined by 56 colleges, whose officials view it as an important tool to insure that the apparel carrying their school names is not made in sweatshops.

But the students have less faith in the monitoring associationthan do their universities, and last week student protesters at Brown persuaded university officials to consider withdrawing fromthe association if it does not meet certain conditions.

The storm of criticism has been a setback to the association, which is comprised of human rights groups and seven prominent manufacturers, including

Liz Claiborne and Nike Officials say the association is intended to prevent sweatshops by adopting a code of conduct and monitoring factories for violations.

Many students complain that the group, called the Fair Labor Association, is dominated by apparel manufacturers and does not require enough disclosure about what monitors unearth. They argue that the association gives companies too much say over whichfactories are monitored and when.

"Corporations are the ones we're trying to monitor, and they have too much control over the process," said Nicholas Reville, a Brown sophomore from Worcester, Mass.

The monitoring association grew out of a two-year-old group, theWhite House Apparel Industry Partnership. The association's members are expected to begin factory inspections this summer.

"It's intended to provide public accountability for companiesand a system of monitoring," said Michael Posner, a member of the association and executive director of the Lawyers Committee for Human Rights. "It doesn't solve all the problems. But to try to destroy it before it's even up and running would be counterproductive. Let's give it a chance to work and then build onwhat we learn from it."

Many universities joined the association in the belief that it would placate students who had held protest rallies that called on their schools to guarantee that apparel carrying their school names was not made in sweatshops. But as soon as universities joined,student groups started protesting that move.

"We don't think it provides for truly independent monitoring," said Marion Traub-Werner, one of 40 University of North Carolina students who participated in a four-day sit-in last week at the school. "And we don't like that it lets manufacturers choose what sites will be monitored."

That sit-in, like previous ones at Duke and Georgetown, sought to press school officials to embrace anti-sweatshop measures.

Last Wednesday, Brown announced that it might pull out of the Fair Labor Association if certain conditions were not met by October. Brown wants universities and not corporations to choose the factory monitors and to establish criteria that determine which factories are monitored and when. Brown also wants the association to make monitoring reports public and to require unannounced inspections.

Association supporters say many student critics misunderstand its procedures. They note that while manufacturers can recommend factories to be monitored, the association's executive director can choose other factories to monitor. They insist that the association provides for unannounced inspections.

Roberta Karp, Liz Claiborne's general counsel and co-chairwoman of the Apparel Industry Partnership, said universities were free to demand that their apparel licensees agree to stricter conditions. Ms. Karp said the association would not agree to complete disclosure of monitoring reports, but she said colleges might require that of their licensees.

"We've spent over two years putting together a system," she said. "If it doesn't work, companies, nongovernment organizations and universities will either not do it or will force changes in the process."

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:26-APR-1999 09:19:53.00

SUBJECT: NYTs -- Students against FLA

TO: Lael Brainard (CN=Lael Brainard/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TO: Melissa G. Green (CN=Melissa G. Green/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TO: Karen Tramontano (CN=Karen Tramontano/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TEXT:

In case you didn't see this story from Sunday's Times. Ugh! I didn't know he was writing.

----- Forwarded by Sarah Rosen/OPD/EOP on 04/26/99 09:19 AM -----

Jakecaller@aol.com
04/25/99 10:44:48 AM

Please respond to Jakecaller@aol.com
Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: (no subject)

Student Critics Push Attacks on Anti-Sweatshop Association

NYT Stevehouse 4/25/99<

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Message Sent

To:

DragnichGS@state.gov

rapid.cargo@hn.vnn.vn

ferginG@jarkartac.us-state.gov

hpyne@worldbank.org

johnsonmb@state.gov

mhankin@acils.org

gsmith@levi.com

NStiglian@gateway.net

terrydaru@hotmail.com

vhaufler@ceip.org

dbrooks@acils.org

Sarah Rosen/OPD/EOP

thayer-ihr@dol.com

freeman@ilowbo.org

lbgregory@excite.com (Liza Gregory)

mlunalong@emerald.tufts.edu

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jonathan A. Kaplan (CN=Jonathan A. Kaplan/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:27-APR-1999 17:31:50.00

SUBJECT: Fair Labor Association

TO: Richard L. Siewert (CN=Richard L. Siewert/OU=WHO/O=EOP@EOP [WHO])

READ:UNKNOWN

CC: Melissa G. Green (CN=Melissa G. Green/OU=OPD/O=EOP@EOP [OPD])

READ:UNKNOWN

CC: Sarah Rosen (CN=Sarah Rosen/OU=OPD/O=EOP@EOP [OPD])

READ:UNKNOWN

TEXT:

Sam Lowenberg at the Legal Times called me to speak with someone on background about the Fair Labor Ass'n and the Apparel Industry Partnership. He would like to do that today or tomorrow morning at the latest. He is at 828-0349.

Jake, do you suggest Sarah speak with him, or Gene, or do you want to check in with the guy yourself?

Kaplan

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 2-MAY-1999 13:46:14.00

SUBJECT: Revised speech

TO: Thomas A. Kalil (CN=Thomas A. Kalil/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

CC: Lisa J. Levin (CN=Lisa J. Levin/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TEXT:

please review description of internet fraud initiative in potus remarks.
Also, does DoJ want to send someone. I think they had the AAG last time.
Event is 2:30 on Tuesday. Cabinet affairs can coordinate if you tell us
what you think we should do. (I added reference to DoJ explicitly in the
speech. We'll see if Speechwriting keeps it in.)

----- Forwarded by Sarah Rosen Wartell/OPD/EOP on
05/02/99 01:44 PM -----

Sarah Rosen Wartell
05/02/99 01:41:27 PM
Record Type: Record

To: Lowell A. Weiss/WHO/EOP@EOP
cc: Sally Katzen/OPD/EOP@EOP, Shannon Mason/OPD/EOP@EOP
Subject: Revised speech

I had an email glitch and I lost all emails sent to me on 4/29, so I don't
have the 3/25, 9:00 am draft you sent me to work off of. I made my
changes to the 3/24 7:00 p.m. version, but you should move them into the
current draft.

I shared the speech with Sally. She reacted very negatively to the
references to iron and steel (given our current tensions in those areas),
discussion of unchecked monopolies (given recent concern about wave of
mergers and concentration), and discussion of sweatshops (given the
student group protests about sweatshops and the WHs own Apparel Industry
partnership). For those reasons, she concurs with Treasury that we need a
different opening. The basic point that you make -- that when times
change we need to update the rules to preserve the age-old values --
works, but perhaps a hook other than Brandeis to make it.

Draft 3/24/99 7:00pm
Lowell Weiss

PRESIDENT WILLIAM J. CLINTON
REMARKS ON FINANCIAL PRIVACY AND CONSUMER FINANCIAL PROTECTION

THE WHITE HOUSE
March TK, 1999

Acknowledge: Sec. Rubin, FTC Chairman Robert Pitofsky, FTC Commissioner Shiela Anthony. [Can I add a sentence about the FTC's leadership role in protecting consumers here -- will send] [Someone from DoJ also. and Possibly SEC Chairman Levitt?] I also want to acknowledge the outstanding leadership of Sen. Sarbanes and Rep. LaFalce, who have made financial privacy and consumer protection a driving cause. [add: list of members in the audience.]

Like today, the dawn of the 20th Century was a time of great prosperity and ingenuity. Powered by remarkable new technologies, our industries could barely meet the demand for American iron and steel, cars and ships. But our industrial gains came at a very steep price. Unchecked monopolies were strangling competitors. Millions of men and women were laboring seven days a week in dangerous sweatshops -- and still couldn't afford to give their children three square meals a day. In the words of Supreme Court Justice Louis Brandeis, the laws and institutions built up under simpler conditions of living, could not handle the complex relations of the modern industrial world.

Justice Brandeis and the other prophets of the Progressive Movement recognized that while our laws were dangerously out of date, our oldest values were not. That is why he fought throughout his career to bring ever greater democracy to America's factory floors ... to expand freedom of speech and assembly ... to uphold the right to privacy, which he called the right most valued by civilized men. In the new industrial age, when men and women feared becoming small cogs in a giant machine, America's oldest values were, if anything, more relevant than ever before.

A century later, in the midst of a new era of vast economic and technological transformation, we must once again apply our oldest values to the challenge of change. Of course, there are many ways we are doing so already in our communities and around the world -- from building a system of lifelong learning ... to connecting every child to the wonders of the Internet ... to putting a human face on the complex and interconnected global economy. But today, we must take on a new challenge. To prepare for the 21st Century economy, we must update our privacy and consumer protection laws for our rapidly changing financial marketplace.

Over the past few years, new technology and increased competition have truly revolutionized the financial services industry. By and large, these changes have been very good for consumers. Average Americans have greater access to credit. They are using credit cards to earn frequent flyer miles. They are using the Internet to shop for the best mortgage rates. They are investing in equity markets in record numbers. In 1980, only one in 18 Americans was a direct or indirect investor in the stock market. Today, one in three Americans is participating in the stock market's dramatic gains.

But technology and increased competition have also created new

challenges. Many people don't have the knowledge to properly evaluate the dizzying array of financial options. Some are falling victim to new predatory abusive (RUBIN HATES THE WORD PREDATORY) practices or outright fraud. Others, particularly those in inner-city and rural areas, are being left out of the new financial marketplace altogether.

And so today, I am proud to unveil our Financial Privacy and Consumer Protection Initiative -- to give all Americans the tools and confidence they need to participate in our thriving but highly complex 21st Century economy. This initiative is based on five key principles. And it draws on several important proposals developed by the Members of Congress who are here today.

The first principle is that we must do more to protect every American's financial privacy. The Vice President has led this Administration's efforts to identify areas where privacy is at risk -- and financial transactions are one area of great concern. The technological revolution is now making it easier than ever before for financial institutions to mine Americans', private financial data for profit. While some of your private financial information is protected under existing federal law, your bank or broker or insurance company can still share with affiliated firms or sell to the highest bidder detailed information on whom you write checks to [awk?], what you buy on your credit card, and how you invest. This law is outdated. [It was written to allow credit bureaus to help lenders evaluate creditworthiness. But with new technology and new uses for information, your information may be shared for many other reasons without your knowledge.] It is wrong. We must change it -- update the law ... to give you the right to control your financial information ...to require your bank to let you decide whether they can share your private information with anyone. I look forward to working with members in the House and Senate on this critical issue.

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[TREASURY NEEDS TO REVIEW. CAREFULLY NEGOTIATED WITH CONSUMER GRPS.]

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RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 2-MAY-1999 13:44:10.00

SUBJECT: Revised speech

TO: Melissa G. Green (CN=Melissa G. Green/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TEXT:

I would rather gene look at the next draft, but since I won't have that for a while, if he is focusing on the other stuff, you can ask him if he wants to look at this one.

----- Forwarded by Sarah Rosen Wartell/OPD/EOP on
05/02/99 01:43 PM -----

Sarah Rosen Wartell
05/02/99 01:41:27 PM
Record Type: Record

To: Lowell A. Weiss/WHO/EOP@EOP
cc: Sally Katzen/OPD/EOP@EOP, Shannon Mason/OPD/EOP@EOP
Subject: Revised speech

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Draft 3/24/99 7:00pm
Lowell Weiss
PRESIDENT WILLIAM J. CLINTON
REMARKS ON FINANCIAL PRIVACY AND CONSUMER FINANCIAL PROTECTION
THE WHITE HOUSE
March TK, 1999

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A century later, in the midst of a new era of vast economic and technological transformation, we must once again apply our oldest values to the challenge of change. Of course, there are many ways we are doing so already in our communities and around the world -- from building a system of lifelong learning ... to connecting every child to the wonders of the Internet ... to putting a human face on the complex and interconnected global economy. But today, we must take on a new challenge. To prepare for the 21st Century economy, we must update our privacy and consumer protection laws for our rapidly changing financial marketplace.

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CREATOR: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 2-MAY-1999 13:41:38.00

SUBJECT: Revised speech

TO: Lowell A. Weiss (CN=Lowell A. Weiss/OU=WHO/O=EOP@EOP [WHO])

READ:UNKNOWN

CC: Shannon Mason (CN=Shannon Mason/OU=OPD/O=EOP@EOP [OPD])

READ:UNKNOWN

CC: Sally Katzen (CN=Sally Katzen/OU=OPD/O=EOP@EOP [OPD])

READ:UNKNOWN

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Draft 3/24/99 7:00pm

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PRESIDENT WILLIAM J. CLINTON

REMARKS ON FINANCIAL PRIVACY AND CONSUMER FINANCIAL PROTECTION

THE WHITE HOUSE

March TK, 1999

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RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jonathan A. Kaplan (CN=Jonathan A. Kaplan/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 3-MAY-1999 17:59:06.00

SUBJECT: Revised speech

TO: Melissa G. Green (CN=Melissa G. Green/OU=OPD/O=EOP@EOP [OPD])

READ:UNKNOWN

TEXT:

Has Gene seen the remarks?

----- Forwarded by Jonathan A. Kaplan/OPD/EOP on 05/03/99

05:58 PM -----

Sarah Rosen Wartell
05/02/99 02:23:50 PM
Record Type: Record

To: Jonathan A. Kaplan/OPD/EOP@EOP
cc:
Subject: Revised speech

----- Forwarded by Sarah Rosen Wartell/OPD/EOP on
05/02/99 02:23 PM -----

Sarah Rosen Wartell
05/02/99 01:43:59 PM
Record Type: Record

To: Melissa G. Green/OPD/EOP@EOP
cc:
Subject: Revised speech

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Record Type: Record

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THE WHITE HOUSE

March TK, 1999

Acknowledge: Sec. Rubin, FTC Chairman Robert Pitofsky, FTC Commissioner Shiela Anthony. [Can I add a sentence about the FTC's leadership role in protecting consumers here -- will send] [Someone from DoJ also. and Possibly SEC Chairman Levitt?] I also want to acknowledge the outstanding leadership of Sen. Sarbanes and Rep. LaFalce, who have made financial privacy and consumer protection a driving cause. [add: list of members in the audience.]

Like today, the dawn of the 20th Century was a time of great prosperity and ingenuity. Powered by remarkable new technologies, our industries could barely meet the demand for American iron and steel, cars and ships. But our industrial gains came at a very steep price. Unchecked monopolies were strangling competitors. Millions of men and women were laboring seven days a week in dangerous sweatshops -- and still couldn't afford to give their children three square meals a day. In the words of Supreme Court Justice Louis Brandeis, the laws and institutions built up under simpler conditions of living, could not handle the complex relations of the modern industrial world.

Justice Brandeis and the other prophets of the Progressive Movement recognized that while our laws were dangerously out of date, our oldest values were not. That is why he fought throughout his career to bring ever greater democracy to America's factory floors ... to expand freedom of speech and assembly ... to uphold the right to privacy, which he called the right most valued by civilized men. In the new industrial age, when men and women feared becoming small cogs in a giant machine, America's oldest values were, if anything, more relevant than ever before.

A century later, in the midst of a new era of vast economic and technological transformation, we must once again apply our oldest values to the challenge of change. Of course, there are many ways we are doing so already in our communities and around the world -- from building a system of lifelong learning ... to connecting every child to the wonders of the Internet ... to putting a human face on the complex and interconnected global economy. But today, we must take on a new challenge. To prepare for the 21st Century economy, we must update our privacy and consumer protection laws for our rapidly changing financial marketplace.

Over the past few years, new technology and increased competition have truly revolutionized the financial services industry. By and large, these changes have been very good for consumers. Average Americans have greater access to credit. They are using credit cards to earn frequent flyer miles. They are using the Internet to shop for the best mortgage rates. They are investing in equity markets in record numbers. In 1980, only one in 18 Americans was a direct or indirect investor in the stock market. Today, one in three Americans is participating in the stock market's dramatic gains.

But technology and increased competition have also created new challenges. Many people don't have the knowledge to properly evaluate the dizzying array of financial options. Some are falling victim to new predatory abusive (RUBIN HATES THE WORD PREDATORY) practices or outright fraud. Others, particularly those in inner-city and rural areas, are being left out of the new financial marketplace altogether.

And so today, I am proud to unveil our Financial Privacy and Consumer Protection Initiative -- to give all Americans the tools and confidence they need to participate in our thriving but highly complex 21st Century economy. This initiative is based on five key principles. And it draws on several important proposals developed by the Members of Congress who are here today.

The first principle is that we must do more to protect every American's financial privacy. The Vice President has led this Administration's efforts to identify areas where privacy is at risk -- and financial transactions are one area of great concern. The technological revolution is now making it easier than ever before for financial institutions to mine Americans', private financial data for profit. While some of your private financial information is protected under existing federal law, your bank or broker or insurance company can still share with affiliated firms or sell to the highest bidder detailed information on whom you write checks to [awk?], what you buy on your credit card, and how you invest. This law is outdated. [It was written to allow credit bureaus to help lenders evaluate creditworthiness. But with new technology and new uses for information, your information may be shared for many other reasons without your knowledge.] It is wrong. We must change it -- update the law ... to give you the right to control your financial information ...to require your bank to let you decide whether they can share your private information with anyone. I look forward to working with members in the House and Senate on this critical issue.

To enhance your financial privacy, we must also protect the sanctity of medical records. With the growing number of mergers between insurance companies and banks, lenders potentially can gain access to the private medical information contained in your insurance forms. So the Vice President and I propose to outlaw the sharing of medical information within financial services conglomerates. You should not have to worry that the results of your latest physical exam will be used to deny you a home mortgage or a credit card.

Second, we must require greater public disclosure and enhance every consumer's right to know. For as Judge Brandeis famously put it -- and as I have quoted far too many times -- "sunshine is the best of disinfectants." Last year, consumers received nearly 4 billion credit card solicitations. Many of these offers contain new traps for the unwary. For example, sometimes credit card companies advertise low interest rates -- known as "teaser rates" -- to get consumers on board and then surprise them with unexpected interest rate hikes. Working with Congress, we will insist that any marketing of "teaser" rates for credit cards include equally prominent disclosure of the expiration date of the introductory rate, the eventual annual percentage rate, and any penalties that apply.

Millions of consumers also have found out the hard way that making only minimum payments rarely helps retire a debt and almost always results in very large interest payments. So we will require clear and conspicuous notice of how long and how costly repayment would be if the consumer makes only the minimum payment.

And consumers are rightly frustrated with ATM surcharges. This is what we propose: If an ATM is going to charge you a fee on top of any fee you pay to your own bank, it must say so clearly -- not only on the computer screen once you initiate the transaction but in a clear sign on the outside of the machine. You should have the opportunity to comparison shop for ATMs -- and the opportunity to reject those that charge too much.

Third, we must do more to combat consumer fraud. Once, stealing another's identity required fraudulent documents. But today simply stealing a PIN can be sufficient to allow a person to take out huge loans, run up enormous credit card debts, and tap into bank accounts. And no one is immune. Last year, in fact, it happened to two very senior officials in the White House.

Last October, Congress passed and I signed the Identity Theft and Assumption Deterrence Act. This is a good law, but now we need to give it sharp teeth. [Reference the story of Mari Frank -- our real person. I don't have her remarks yet, but will send you her story.] So today, I am instructing the Treasury and Justice Departments to give higher priority to cases involving identity theft, particularly those involving organized crime groups, with the goal of increasing the number of prosecutions both at the state and federal level. Treasury will also convene a national summit on identity theft and work with the private sector to make it much harder to steal someone else's identity in the first place.

We will also crack down on fraud committed over the Internet. The

Internet has the potential to be our economy's greatest engine of growth. But if we want to seize that potential, we must stay ahead of those who would use this open medium to manipulate stock prices, commit fraud in online auctions, or perpetuate any other type of financial scam. That is why we are I have asked the Department of Justice to stepping up prosecutions; developing a national center for tracking Internet fraud schemes; training state, local, and federal law enforcement officers how to recognize and root out these schemes; and using technologies to reduce the incidence of fraud. SEC Chairman Levitt is also launching an expanded effort to arm investors with the information they need to protect themselves against online securities fraud. -- and mMy new balanced budget contained a substantial increase in funding to help with this effort for SEC enforcement, but in the last six months complaints about potential internet securities fraud have almost tripled, so today I announce plans to work with Congress and SEC Chairman Levitt to provide additional resources to the SEC for enforcement.

Fourth, we must provide financial services for those who have been denied access to credit and basic banking services for far too long. I am proud to announce that the Treasury Department will soon begin to provide pay set-up costs for low-fee basic electronic banking accounts for those who receive federal benefits like welfare and Medicaid. The accounts will provide them with a low-cost, yet safe and sound place to deposit and save money. I am also eager to work with Congress to reauthorize the Community Development Financial Institution Fund, which are helping to build a nationwide network of financial institutions in underserved communities. [TREASURY NEEDS TO REVIEW. CAREFULLY NEGOTIATED WITH CONSUMER GRPS.]

Finally, we must increase Americans', financial literacy. Today, it's no longer enough to know how to balance a checkbook. Even those who are fortunate enough to have the help of accountants sometimes have a hard time understanding all the ins and outs of investing in an IRA, paying off credit card debt, or refinancing a mortgage. That is one reason why more than half of all Americans report they are behind in meeting their financial goals and only one in three now has a financial plan.

So today, I am directing my National Economic Council to work with our agencies and develop a plan to make financial literacy just as central a goal in our country as computer literacy [is this awk to read?]. School is the best place to start learning about personal finance. There are terrific programs that integrate financial literacy into the basic curriculum in grades K through 12 but they are not widely used. The Department of Education will promote these "best practices" -- helping educators find tools that work to teach financial literacy as they teach math, economics, and social studies.

Greater choice does not have to mean greater anxiety for consumers. I know there are good ways we can help all Americans understand their complex options far better and save far more.

Protecting privacy. Enhancing disclosure. Combating fraud. Expanding access. Increasing education. These are all familiar principles. They are the exact principles that Louis Brandeis and his disciples used to harness the power and benefits of the Industrial

Revolution. {Revise -- see comments above.] And they are just as vital today as they were a century ago. Let us use them once again to seize the enormous potential of the Information Revolution. If we work together, we can use these principles to help all families lock in the benefits of new choices and new technologies. We can help all our people thrive in our 21st Century economy.

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RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:23-MAY-1999 15:19:37.00

SUBJECT: Fwd: Nike: opportunity not to be wasted

TO: Karen Tramontano (CN=Karen Tramontano/OU=WHO/O=EOP@EOP [WHO])

READ:UNKNOWN

TO: Melissa G. Green (CN=Melissa G. Green/OU=OPD/O=EOP@EOP [OPD])

READ:UNKNOWN

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igce.igc.org (8.9.3/8.9.3) with SMTP id SAA07495; Fri, 21 May 1999
18:02:19 -0700 (PDT)

Date: Fri, 21 May 1999 18:02:19 -0700 (PDT)

From: Campaign for Labor Rights <clr@igc.apc.org>

Subject: Nike: opportunity not to be wasted

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NIKE AND FREEDOM OF ASSOCIATION:

An Opportunity Not To Be Wasted
posted May 21, 1999

In this alert:
Commentary: An Opportunity Not To Be Wasted
Nike again denies contractor's law-breaking
Nike labor abuses in Australia
1999 sweatshop activist organizing packet

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AN OPPORTUNITY NOT TO BE WASTED
commentary by Trim Bissell, national coordinator, Campaign for Labor Rights

In the piece immediately following this commentary, Jeff Ballinger, who has closely tracked Nike's labor practices in its Indonesian shoe factories since the early 90s, amply documents Nike's hypocrisy in claiming that it will respect freedom of association. As Ballinger points out, Nike allows its contractors to fire workers who organize for their rights and then Nike slanders the fired workers.

But Nike's hypocrisy is not the most important part of the story. What is of primary importance is that organizing continues in Nike shoe factories in Indonesia. Some of that organizing is being conducted by workers fired for participating in earlier struggles at Nike contractor factories.

The organizing that is going on - still! - in Nike shoe factories in Indonesia is clandestine. Given the necessity for secrecy (to protect workers from firing) and given the very modest resources available to the non-governmental organizations and small unions carrying out the organizing, it could be a long time before there is a sustained union struggle in any of those factories for international labor rights advocates to support ... unless, that is, our movement mobilizes proactively to let Nike workers and their Indonesian allies know that they are not alone.

A combined campus-based / community-based movement could mobilize during the

coming academic year to pressure Nike to live up to its pledges to respect freedom of association. Nike is the most visible member of the Apparel Industry Partnership - AIP, the White House task force on sweatshops. At Nike's encouragement, administrators of 56 colleges and universities (at last count) have joined the AIP. The AIP code includes a commitment to respect freedom of association.

Nike may come to regret having pushed schools to join the task force. If the student activists who have been mobilizing around the issue of codes were now to mobilize around Nike and freedom of association and if they were joined by community-based activists, jointly we could greatly strengthen the hand of organizers whom Nike has denied access to its shoe factories in Indonesia. It is thrilling to contemplate the prospect of students mobilizing around this issue on scores, or even hundreds, of campuses and joined by their community counterparts.

U.S. labor rights advocates are currently strengthening their bridges of communication with the courageous Indonesian organizers who are carrying out clandestine organizing in Nike factories. The great question now is whether student activists will take the lead in using their considerable leverage. The collegiate licensing business is a \$2.5 billion a year industry. Nike has a sizable chunk of it. Nike has a lot to lose on campuses where it has contracts to produce apparel with the school logo - campuses where students have pressured administrators to sign strong agreements on the issue of licensing codes.

Now that many of such agreements already have been signed, activists are positioned to regain and increase the momentum when the academic year begins in the fall. If activists use those agreements with administrators and use the AIP code to hold Nike to account - with the goal of cracking open Nike's Indonesian shoe factories to free trade union organizing - they will have a cause which could excite and mobilize large numbers of students. Another alternative is to go back into negotiations over minutiae of monitoring schemes ... and watch the mass base disappear.

During the past year, for a number of good reasons, much of the emphasis for both the campus-based and community-based sweatshop movement has been on monitoring systems. However, it is practical to obtain information directly from Indonesian worker advocates. The kind of information we are talking about does not require elaborate schemes of monitoring. If Nike refuses organizers access to its shoe factories - which it does - that is easily determined. If organizers have to do their work in secret - which they do - that is easily determined.

The problem, then, is not the obtaining of information. We already know and can document that Nike violates the AIP code with regard to freedom of association. The question is: Now that we have that information, what will we do with it?

At enormous personal risk, Indonesian organizers are secretly making contact with Nike shoe workers and educating them about their rights. Will we leave those organizers to toil in isolation, or will we seize the opportunity dropped into our laps by Nike's membership in the AIP and the rush by college and university administrators to join Nike on the White House task force?

The prize - cracking open Nike's Indonesian shoe factories to union organizing - could make a palpable difference in the lives of many thousands of workers. What's more, the Nike campaign could now shift from a reform mode to putting worker empowerment front and center.



NIKE AGAIN DENIES CONTRACTOR'S LAW-BREAKING

[The following item was provided by Jeff Ballinger of Press for Change, publisher of the newsletter, Nike in Indonesia. Six issues: \$20.00. Free to teachers. See address below. <jeffreyd@mindspring.com>, web site: <www.nikeworkers.org>. Also see: "Behind the Swoosh: The Struggle of Indonesians Making Nike Shoes," a 224-page book written by Jeff Ballinger and Claes Olsson. Send \$12.50 (includes shipping costs) to Press for Change, P.O. Box 161, Alpine, NJ 07620.]

ARIZONA AND ILLINOIS STUDENTS HEAR DIFFERENT STORY FROM SACKED NIKE WORKER, CICIH SUKAESIH: Earlier this month, Cicih Sukaesih visited the campuses of the Universities of Illinois and Arizona and spoke about her dismissal from a Nike-producing factory and the ensuing six-year legal battle. Even after [the workers'] winning at the Indonesia's Supreme Court, Nike's contractor refused to pay more than 10% of lost wages to Cicih and the 22 others involved in the case.

In an interview with the Arizona student newspaper (<http://wildcat.arizona.edu>), Nike spokesman Vada Manager blamed the workers for causing "disruptions" leading to their dismissal and denying that factory issues were to blame - a position the company has repeated over the years.

The facts clearly show otherwise and can be found in Indonesian labor and administrative court records. (Press for Change has translated these to English.) The reason that the Nike contractor was ordered to hire back the workers and pay back wages was because some workers were receiving below the minimum wage (\$1.30/day at the time), giving the strike organizers a legitimate grievance.

BACKGROUND: While Nike officials often point to the company's Code of Conduct for contractors making Nike shoes and apparel, here is a well-documented case proving that the pledge made by [Nike contractor] Sung Hwa Dunia to Nike in 1992 was worthless. Cicih and a couple dozen other

workers circulated a petition in November of 1992, calling on SHD to pay the minimum wage to all workers. 62 brave workers signed the petition and demanded action from the management of SHD. After being rebuffed, the workers (over 6,000) struck. While there was some minor property damage inside the factory compound, courts in Indonesia placed the blame squarely on the wage-chiseling managers of SHD. (Even the U.S. State Department's report on Human Rights practices in Indonesia for 1992 singled out foreign investment shoe factories for refusal to pay the legal minimum.)

The number of strikes in Indonesia had risen dramatically in 1991 and 1992. This is partly because of a government campaign in these years aimed at shaming foreign investors who were cheating workers. Stories in the highly-controlled Indonesian press carried threats to jail factory managers found paying less than the minimum. This, of course, emboldened workers used to toiling at wages below the subsistence-level.

The security forces, on the other hand, had a low tolerance for worker unrest. For two months after the SHD strike, workers were interrogated by the military. Finally, in early 1993, the "troublemakers" were dismissed.

It should be pointed out that the labor court's decision to force the Nike contractor to hire back the workers was an extraordinary rebuke. In normal practice, Indonesian labor courts would make an employer pay a severance settlement, not re-hire workers that organized a protest. This fits with the government's stated goal of building harmonious worker / management relations (as meaningless as such platitudes are in daily practice).

NIKE AND FREEDOM OF ASSOCIATION: Since the dismissal of these two dozen workers in 1993, Nike officials have gone out of their way to heap abuse on them. Donald Katz, author of *Just Do It* (Random House, 1994) was told by top

Nike managers that Sadisah [another of the fired workers] had "destroyed documents" - a claim she vigorously denies and which does not appear in any of the court records. (She was interviewed in a CBS TV story in 1993.)

Interviewers for *The Sweatshop Quandary: Corporate Responsibility on the Global Frontier* (Investor Responsibility Research Center, 1997) were told by

Nike that the workers deserved to be fired. This is well after the company knew that SHD had been paying illegally low wages, in violation of the Nike Code. During Cicih's earlier visits to North America, similar sentiments were expressed.

Based on this case, therefore, there is little hope that Nike [will fulfill its] recent pledges - through the Apparel Industry Partnership and revisions of its own code - on respecting Freedom of Association principles. As a matter of fact, workers who stand up to Nike contractors can expect no helping hand from Nike officials.

OTHER RESOURCES ON THIS CASE:

Reclaiming America: Nike, Clean Air and the New National Activism, Randy Shaw (Univ. of California Press, 1999) pp. 38-43

Law and Multinationals: An Introduction to Law and Political Economy, John J. Bonsignore (1994, Prentice-Hall) pp. 309-312

Indonesia's Labor Relations Dispute Resolution Process - a Base Line Study (Monograph by James J. Gallagher, member of American Arbitration Association) pp. 48-58

Ministry of Manpower, Registrar of Central Industrial Dispute Settlement Panel No. : TAR. 496/M/KP4P/1993 Jakarta, 23 August 1993

Ministry of Manpower, Directorate General of Industrial Relations, Development and Work Norms Supervision No. : TAR 62/BW/BK1994 Jakarta, 28 February 1994

Acknowledgment of Supreme Court Judgement No. : 96 K/TUN/1996

Shoemaker Mulls Court's Decision, Jakarta Post, 22 June 1998

Indonesian Takes on Nike?, Portland Oregonian, 24 July 1996

Trampled Dreams, New York Times, 12 July 1996

The Wrong Indonesian, New York Times, 1 November 1996

These Sneakers?, New York Daily News, 18 July 1996

Just Do It, Donald Katz (Random House, 1994) pp. 188-191 (This book is at the top of Nike's "reading list" sent to students who express an interest in the shoe industry. Katz describes the Nike/Indonesia factory regime as "management by terror.")

Nike In Indonesia (Press for Change newsletter) Vol. 2, No. 2 and Vol. 4, No. 3

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NIKE LABOR ABUSES IN AUSTRALIA

[The following report was sent to us by Pamela Curr of FairWear in Australia: <fairwear@vic.uca.org.au>. Note: In the United States, homework /

outwork - manufacturing conducted outside of regular factory premises - is illegal, although instances still frequently occur in the U.S. garment industry. In Australia and a number of other countries where homework / outwork remains legal, abuses frequently occur, even though outworkers are supposed to be protected by labor law. To supplement legislative protections, labor advocates in Australia have drawn up a voluntary Outworkers Code of Practice, which Nike has refused to sign.]

Just a quick note to let you know that Nike is in trouble down under. The Textile Clothing and Footwear Union (TCFUA) is taking Nike to the Federal

Court for Breaches of the Australian labour laws. FairWear (the community-based campaign supporting outworkers / homeworkers in the clothing industry) went along to the Court to support the union case. We wore calico bags with RATHER WEAR A BAG THAN NIKE painted on the front. Nike was refusing to allow union access to records of contracts; however, this was disallowed and the Judge stated three times that there was an obvious public interest / community concern about the case as we sat in the front row in our elegant bags. Nike manufactures clothing in Australia and opened a Nike Superstore in Melbourne last year. Nike says that it does not use outworkers and has refused to sign the Outworkers Code of Practice, which guarantees fair wages to outworkers. However, as 95% of clothing manufacture is now off-factory in the homes of outworkers, Nike's claims are hollow. The case adjourns for further legal jousting in June. In the meantime, we are making sure that Nike stays in the news for its actions.

Last week, four FairWear supporters went into the change rooms of Motto (a fashion boutique in court with Nike for similar offences) and came out in their underwear to the doors of the shop and the waiting TV cameras to announce that they would rather wear nothing than wear clothes made by exploited workers. News reports followed up on the issue.



1999 SWEATSHOP ACTIVIST ORGANIZING PACKET

Campaign for Labor Rights has prepared a multi-theme, multi-campaign packet for local activists who are organizing around sweatshop issues. Updated and additional materials will be mailed automatically during the year to everyone who orders the initial installment. The initial packet includes brochure masters (INS and immigration issues, living wage, What can I buy?), leaflet masters, masters for consumer cards, masters for sign-on letters, background information on campaigns (farmworkers, Disney, Nike, Phillips-Van Heusen, The Gap) and a resource list. Order by email <CLR@igc.org> or phone (541) 344-5410. Include your postal address: Packet is in hard copy. Whole packets only; it is not practical to break down packets and send selected pieces. Packet includes a donation form and a return envelope. Suggested donation: \$10.00.

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RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:27-MAY-1999 10:08:41.00

SUBJECT: Fwd: 20/20 Saipan expose: transcript

TO: Richard L. Siewert (CN=Richard L. Siewert/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TEXT:

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05/27/99 06:27:20 AM

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20/20 SAIPAN EXPOSE: TRANSCRIPT
posted May 26, 1999

In this alert:
On our own doorstep
Gap protests continue
Transcript of 20/20's new Saipan expose
1999 sweatshop activist organizing packet



ON OUR OWN DOORSTEP
commentary by Trim Bissell, national coordinator, Campaign for Labor Rights

As the following transcript of a recent 20/20 segment demonstrates,
exploitation of young, foreign women on the U.S. territory of Saipan
involves both garment sweatshops and forced prostitution.

That such abuses occur on the soil of our own country is deeply offensive
to
all people of conscience. The expose of abuses on Saipan - like the
discovery of slave labor in a garment sweatshop in El Monte, California in
1995 - literally brings home to us the reality of sweatshops.

We will make a terrible mistake, however, if our reaction to these
home-grown abuses is to wrap ourselves in the flag and imagine that we can
create a U.S. island of fair play in a global ocean of sweatshops.

We will not stamp out sweatshop abuses by buying only clothing with a "Made
in USA" label. Also, as important as legislative corrections certainly are,
legislation ending Saipan's special exemptions will not eliminate the
sweatshops hidden away in many of our large U.S. cities. In these
sweatshops, too, a mostly immigrant, underpaid and maltreated workforce of
young women sews "Made in USA" labels into clothing produced for major U.S.
brand names.

Large corporations prowl the world, looking for low-wage havens, whether
they are in Latin America, Asia, Africa, Eastern Europe or - as in the case
of Saipan - here on U.S. soil. The problem lies with those corporations
(and
their friends in government), not with the national origin of the exploited
workers.

As a matter of simple justice, and in our enlightened self-interest, we
ought to resist the seduction of narrow nationalism. It should be a warning
sign to us that many of the same U.S. corporations which exploit their U.S.
workforce are avid promoters of "buy American" slogans.

It is a source of great hope that so much of the American public is repelled by sweatshop abuses, whether they occur here at home or in far-off countries. This reflects the basic decency of people. And it shows that common sense prevails in the understanding that an injury to one is an injury to all. Sweatshops are a global problem created by corporations which owe no allegiance to country. Ending sweatshops will require a global movement working together for a global solution.

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GAP PROTESTS CONTINUE

The San Francisco-based Gap company is one of 17 U.S. clothing retailers and manufacturers facing lawsuits for sweatshop abuses on Saipan. Protests continue nationally at Gap outlets on the first Saturday of each month. For more information, contact Global Exchange at (415) 255-7296, <juliette@globalexchange.org>.

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TRANSCRIPT OF 20/20'S NEW SAIPAN EXPOSE

The Shame of Saipan

ABC News: 20/20; May 24, 1999

[This is an unedited, uncorrected transcript. Note: VO signifies voice-over.]

CONNIE CHUNG, ABCNEWS Good evening, and welcome to 20/20 Monday. Charlie and

I are happy to have you with us. Tonight, a 20/20 investigation into a shameful violation of human rights on American soil - the US territory of Saipan, an island in the Pacific. In Washington today, human rights activists asked the Attorney General to investigate allegations first raised in an award-winning report by our chief investigative correspondent Brian Ross - allegations that some young Asian women have become virtual indentured servants on the island.

CHARLES GIBSON, ABCNEWS Well, now Brian Ross has gone back to Saipan for a new investigation into charges that things have gotten even worse. This time, he has found evidence that some young women are being lured into Saipan's thriving sex trade and forced into onstage sex acts and prostitution. As you watch our investigation, you may ask yourself, "Could something like this really be happening on American soil?"

BRIAN ROSS, ABCNEWS (VO) These are undercover pictures made by the human rights group Global Survival Network of a business proposition on the American island of Saipan.

ASIAN WOMAN One hour - one hour, \$60.

BRIAN ROSS (VO) Sixty dollars for an hour of massage with one of the

thousands of young women from across Asia who, under a loophole in American immigration law, have been legally brought to work on American soil, Saipan.

STEVE GALSTER, EXECUTIVE DIRECTOR, GLOBAL SURVIVAL NETWORK Most of these women were told that they were coming to work as waitresses in restaurants or nightclubs. Once they got there, they were told that they had to do more than that.

BRIAN ROSS (VO) Steve Galster is the executive director of Global Survival Network and the man who wore the hidden camera in Saipan.

STEVE GALSTER We're not talking about prostitution here. We're talking about forced prostitution.

BRIAN ROSS (VO) In fact, this beautiful American island in the middle of the Pacific, where thousands of American soldiers died in World War II, has come to be known by many as a place of broken promises, according to Congressman George Miller.

REP GEORGE MILLER, (D) CALIFORNIA These people are working under the protection of the American flag, and they're being exploited as if they were in the worst Third World country.

BRIAN ROSS (VO) It's part of a system that was set up on Saipan primarily to provide thousands of foreign workers for the island's notorious garment factories. Truckloads of young women from China and the Philippines, who have actually paid thousands of dollars - an entire family's life savings - for what they are told will be good jobs in America.

GEORGE MILLER The minute they get off the plane, they realize they've been tricked, and now they're without any rights.

BRIAN ROSS (VO) Put to work under often grueling conditions, the women are not free to change jobs because of the Saipan loophole. It's something that would not be legal on the mainland. But under the same loophole in the law, a growing number of women are being brought into staff Saipan's booming Garapan district, a seedy, sleazy place of nightclubs and karaoke bars, where the customers range from wealthy Japanese businessmen to American sailors to local government officials.

KATRINA (through translator) Once there was a customer that bit my breast. But the boss told us the customer is always right.

BRIAN ROSS (VO) Many of the women who work here are only teenagers. Many under age, like Katrina, not her real name, who was 14 when she was recruited from the Philippines.

KATRINA (through translator) It was my first time to dance naked, and I was

ashamed.

BRIAN ROSS (VO) Katrina told federal investigators that she signed this official Saipan government affidavit, thinking she was going to be a waitress and ended up forced into live sex acts on stage.

KATRINA (through translator) Then he started cursing me and threatened to take off my clothes. So I was afraid, and I took them off instead.

BRIAN ROSS (VO) And federal authorities say even those not forced into sex are still exploited, usually kept in labor barracks, delivered en masse to the club seven nights a week and often required to sign labor contracts that say they could be fired and sent home, doomed to poverty, if they are not obedient or make trouble or fail to respect the owner or his VIP guests.

GOV PEDRO TENORIO I'm not happy about that. I'm not proud of it.

BRIAN ROSS (VO) Even the governor of Saipan, Pedro Tenorio, admits what's happening is a huge embarrassment while, at the same time, defending the system used to recruit the women.

PEDRO TENORIO It's legal. I assume it's - no, it's legal for them to work at the club. But not to the extent of, you know, force them to do anything other than what is in the contract.

BRIAN ROSS (on camera) And yet that happens, though, don't you know that?

PEDRO TENORIO I don't know.

BRIAN ROSS You don't know? And no one ever brought that to your attention?

PEDRO TENORIO No.

BRIAN ROSS You've never heard that these women are brought and forced into prostitution?

PEDRO TENORIO I'm aware of that. Yes, I am aware of that.

BRIAN ROSS You are aware of it?

PEDRO TENORIO Yeah, sure.

BRIAN ROSS (VO) And that very night, we saw even more for the governor to be embarrassed about. A man with two young bar girls, who said he was a top police official, became upset when he saw our cameras.

UNIDENTIFIED MAN Sir, you want to take a picture or what?

BRIAN ROSS (VO) He said he was conducting his own investigation. And in short order, uniformed officers showed up to stop our taping.

POLICE OFFICER You better turn off that camera right now.

BRIAN ROSS (on camera) Why is that? (VO) When we refused to stop, one officer then threatened to arrest 20/20 producer Rhonda Schwartz, saying she had illegally parked and could be considered a flight risk. (on camera) My question is why are you ignoring the prostitution that is just around the corner here? And why are you stopping our camera crews?

POLICE OFFICER Why are you so concerned about us making arrests on the prostitutes?

BRIAN ROSS Aren't you concerned about the prostitutes?

POLICE OFFICER We are concerned about it, of course.

BRIAN ROSS (VO) And then, one of the nightclub owners showed up, insisting he had a high-class clientele, including important government officials he wanted us to see for ourselves. And sure enough, among the customers, in a black and white shirt, was a man identified to us as the governor's son, the head of the island's tourism office, entertaining a delegation of Japanese government officials. Hiding his head, the governor's son fled the scene, and neither he nor his father have had anything else to say about the matter.

GEORGE MILLER Clearly, you have a situation where business and government have come together and really promoted the exploitation of foreign workers, workers who are brought to Saipan.

BRIAN ROSS (VO) And Congressman Miller says the concern involves not only the nightclubs and sex shops, but also the sweatshops in the much bigger garment industry which, as 20/20 found last year, include many places of blocked fire exits, overheated electrical panels, toilets that don't work - what authorities called flagrant violations of US labor and safety laws. (on camera) Brian Ross from ABCNEWS 20/20. Can we see the manager, please? (VO) And not surprisingly, when we came back this year to follow up, the factories were not very happy to see us. (on camera) May we come in? (VO) One place went so far as to padlock the front door of a factory full of women working well after midnight, then blocked our view and the main exit for the workers and finally turned off the lights. (on camera) So, sir, you've blocked the windows and turned off the lights. All the workers are still inside?

MAN AT FACTORY Yeah.

BRIAN ROSS (VO) And now, the situation here led to a novel legal approach - a \$1 billion lawsuit, not just against the factories, but also the American designers and retailers who do business with them.

AL MEYERHOFF, HUMAN RIGHTS ATTORNEY The lawsuit alleges that Saipan is America's biggest sweatshop.

BRIAN ROSS (VO) Led by veteran attorney Al Meyerhoff, human rights groups and labor unions have filed suit on behalf of Saipan garment workers, naming some of the biggest names in American fashion.

AL MEYERHOFF It's our position that companies like The Gap and Tommy Hilfiger and Wal-Mart, they have profited in the hundreds of millions of dollars from the Saipan sweatshops.

BRIAN ROSS (VO) In statements to 20/20, The Gap and Wal-Mart say they try to monitor the factories they use on Saipan and won't tolerate sweatshop conditions. But American retailers have long been drawn to Saipan because it is an American territory, where clothes can legally be labeled with some version of "made in the USA," even though almost all of the workers are foreign, working in foreign-owned factories.

AL MEYERHOFF It's a scandal. It's illegal, and it has to be stopped.

BRIAN ROSS (VO) But at the Saipan state house, the newly elected Governor Tenorio, who had promised last year to crack down if he found any sweatshops, dismissed the lawsuit as unnecessary. (on camera) When was the last time that you, as governor, were inside one of these factories or one of these barracks?

PEDRO TENORIO I made a point not to visit them, to be honest.

BRIAN ROSS You make a point not to visit them?

PEDRO TENORIO Not to visit them. But my ...

BRIAN ROSS Why wouldn't you want to see for yourself what's going on inside?

PEDRO TENORIO Because I told them that they have to do what they're supposed to do and meet all the requirements of the law, otherwise the ...

BRIAN ROSS I don't understand that. Why would you make a point of deliberately not looking inside?

PEDRO TENORIO No, I go around, but I don't want to go inside their barracks or anything.

BRIAN ROSS Well, that's where the problems are. I mean, you drive by it?

PEDRO TENORIO Once in a while, yes.

BRIAN ROSS (VO) But even the governor would have had a hard time avoiding the latest outrage in Saipan. More than 1,000 workers made sick by suspected food poisoning at one of the biggest and supposedly best-run factory on the island, owned by the politically prominent Willie Tan. A lawyer for Tan

said

the factory is well run and no sweatshop and suggested to Saipan TV station KMCV that it might be sabotage somehow connected to the lawsuit.

TAN'S ATTORNEY Sir, we have with this lawsuit and everything else that's been going on, there could be some sabotage.

BRIAN ROSS (VO) But federal officials say Tan's factory has a history of problems, including the contamination of water used for drinking and cooking. And Tan's factory is named in the billion-dollar lawsuit because of the work it does for Tommy Hilfiger and other well-known American retailers.

AL MEYERHOFF The occasions of people becoming ill, workers fainting, food poisoning, drinking water contamination, well-documented. These are sweatshops plain and simple.

BRIAN ROSS (on camera) And you say that Tommy Hilfiger - he's in New York - should know what's going on half a world away.

AL MEYERHOFF The allegation of the complaint is that the Tommy Hilfigers of the world either know or should know that the violations of human rights in Saipan are occurring in the production of their clothing lines.

BRIAN ROSS (VO) Hilfiger is one of the hottest names in the American fashion industry. And he made a big splash at this year's fashion week in New York. But when we asked Hilfiger about the clothes he makes on Saipan, he didn't seem to know much about it.

TOMMY HILFIGER, FASHION DESIGNER I think it's absurd that people make clothes in places in the world that are not of US standards.

BRIAN ROSS (on camera) Having said that, are you doing anything about it?

UNIDENTIFIED WOMAN I'm sorry, we have to ...

TOMMY HILFIGER We're doing a lot about it. Absolutely.

BRIAN ROSS Such as?

TOMMY HILFIGER I think you can check with my lawyers. We're doing a lot about it.

BRIAN ROSS (VO) Since then, Hilfiger's lawyers have sent 20/20 this statement that no new orders would be given to factories in Saipan for the indefinite future, although current production continues. But it's not just Tommy Hilfiger. The same factory where the workers became ill produces even more clothes for the Polo line of Ralph Lauren, which told 20/20 last year it would investigate conditions but has continued production here. This year, Ralph Lauren, who is president of the company, said he didn't want to talk about the garment factories on Saipan. (on camera) It's your name that's being used.

RALPH LAUREN I think it's used - I'm sure it's being used properly.

BRIAN ROSS You're satisfied with what's happening there?

RALPH LAUREN No. No, I'm not. And I think - I just finished my show. And I'd appreciate having some lunch. Thank you.

BRIAN ROSS (VO) Lauren is not named in the lawsuit. But in a statement later sent to 20/20, his company said it had for several years been taking action to improve worker conditions in Saipan but would not specify what the action was.

GEORGE MILLER Congress could fix this that quickly. All we have to say is that the immigration laws and the labor laws of the United States of America apply to Saipan.

BRIAN ROSS (VO) And yet Congressman Miller says his efforts to do that have been blocked by one of the most powerful people in Congress.

EVENT HOST The Majority Whip of the House of Representatives, Tom DeLay.

BRIAN ROSS (VO) The number-three Republican in the House, Tom DeLay.

REP TOM DELAY, MAJORITY WHIP Thank you.

BRIAN ROSS (VO) DeLay and members of his staff took a Christmas holiday trip to Saipan in 1997, toured select garment factories and barracks and then praised the island.

REP TOM DELAY And you represent everything that is good about what we're trying to do in America.

BRIAN ROSS (VO) In fact, when Steve Galster of Global Survival Network went undercover posing as a garment executive, he heard all about Congressman DeLay from the Mr Big of Saipan garment manufacturers - this man, Willie Tan. Tan, who owns the factors where the workers became ill, claims he is close to DeLay and boasted of the assurances he said the congressman had given him that the proposed laws on Saipan would be killed.

WILLIE TAN Because Tom DeLay will never let it go.

STEVE GALSTER You're sure?

WILLIE TAN Sure. Do you know what Tom told me? He said, "Willie, if they elect me Majority Whip, I make the schedule of the Congress, and I'm not going to put it on the schedule." So Tom told me, "Forget it, Willie. No chance."

BRIAN ROSS (VO) A spokesperson for DeLay says it's no secret he opposes the legislation and a lawyer for Tan says Tan was just exaggerating to impress a man he thought was a potential customer. But Congressman Miller says the tape provides a rare insight into the behind-the-scenes fight against reform on Saipan.

GEORGE MILLER It makes me very angry, very angry. You know, that's not what the Congress of the United States is supposed to be about.

BRIAN ROSS (VO) So the bottom line is, despite the promises to investigate and the calls for reform, it seems little has changed on Saipan. And when the sun goes down on this American territory, another shift of foreign workers, brought to this country under the same legal loophole, reports for duty at another kind of thriving grim business.

GEORGE MILLER Makes you ashamed, makes you very ashamed.

CHARLES GIBSON The Justice Department tells 20/20 that it has now begun a broad investigation into the allegations of sexual slavery on Saipan to assert once and for all that American law does apply on the island.

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1999 SWEATSHOP ACTIVIST ORGANIZING PACKET

Campaign for Labor Rights has prepared a multi-theme, multi-campaign packet for local activists who are organizing around sweatshop issues. Updated and additional materials will be mailed automatically during the year to everyone who orders the initial installment. The initial packet includes brochure masters (INS and immigration issues, living wage, What can I buy?), leaflet masters, masters for consumer cards, masters for sign-on letters, background information on campaigns (farmworkers, Disney, Nike, Phillips-Van Heusen, The Gap) and a resource list. Order by email <CLR@igc.org> or phone (541) 344-5410. Include your postal address: Packet is in hard copy. Whole packets only; it is not practical to break down packets and send selected pieces. Packet includes a donation form and a return envelope. Suggested donation: \$10.00.

Message Sent

To: _____

DragnichGS@state.gov
rapid.cargo@hn.vnn.vn
ferginG@jarkartac.us-state.gov
hpyne@worldbank.org
johnsonmb@state.gov
mhankin@acils.org
gsmith@levi.com

NStiglian@gateway.net
terrydaru@hotmail.com
vhaufler@ceip.org
dbrooks@acils.org
Sarah Rosen Wartell/OPD/EOP
thayer-ihf@dol.com
freeman@ilowbo.org
lbgregory@excite.com (Liza Gregory)
mlunalong@emerald.tufts.edu

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: "(DRL) Aller, John C" <AllerJC@state.gov> ("(DRL) Aller, John C" <AllerJC@state.gov> [UNKNOWN])

CREATION DATE/TIME: 11-JUN-1999 16:48:36.00

SUBJECT: No Sweat Memo

TO: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP [OPD])
READ: UNKNOWN

TO: 'Soniya Mathews' <soniya_mathews@lmgate2.eop.gov> ('Soniya Mathews' <soniya_mathews@lmgate2.eop.gov> [UNKNOWN])
READ: UNKNOWN

TEXT:

Note: Some recipients have been dropped due to syntax errors. Please refer to the "\$AdditionalHeaders" item for the complete headers.

Sarah,

I just faxed you our latest version of the "No Sweat" Paper. I am also enclosing it with this e-mail.

<<Revised No Sweat Initiative TP for WH M 28.doc>> <<Memo on No Sweat WH SR J 11.doc>>

Jake Cosmos Aller

DRL/IL
202-647-3664 FAX 647-0341
E-mail allerjc@state.gov (DRL)Aller John C.
or home e-mail jakecaller@aol.com

- Revised No Sweat Initiative TP for WH M 28.doc - Memo on No Sweat WH SR J 11.doc=====

ATTACHMENT 1 =====

ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D54]ARMS22590807E.136 to ASCII,
The following is a HEX DUMP:

===== END ATTACHMENT 1 =====

===== ATTACHMENT 2 =====

ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D54]ARMS24590807F.136 to ASCII,

The following is a HEX DUMP:

===== END ATTACHMENT 2 =====

"No Sweat Initiative"

Over the last several years, attention has focused on the enduring problem of sweatshop labor, both domestically and overseas. In an April 14, 1997 speech, the President, noted, "We know that sweatshop labor will not vanish overnight...Our real measure of progress must be in the changed and improved lives and livelihoods of apparel workers here and around the world." With the strong encouragement of the Clinton Administration, a number of initiatives are underway, including government and private sector initiatives to address this continuing problem. Our approach is multi-faceted, encouraging US employers to eliminate the last vestiges of sweatshop labor in their work spaces, and encouraging actions by other governments and international organizations to combat sweatshop labor conditions.

What is the "No Sweat Initiative"?

In this spirit, the President has proposed a new program to address the problem of sweatshop labor. The proposed \$5 million "No Sweat Initiative" is intended as a USG funded program to assist the private sector to eliminate unsafe, unhealthy, or abusive labor conditions, particularly in foreign based factories that produce consumer goods for the U.S. market.

The "No Sweat Initiative" serves the USG's essential labor diplomacy goal of promoting internationally recognized labor standards, in part through the encouragement of corporate codes of conduct by U.S. multinational corporations doing business overseas. The core labor standards include: freedom of association; the right to organize and to bargain collectively; prohibition of forced or compulsory labor; elimination of child labor; and non-discrimination in employment. Through the "No Sweat Initiative", companies, trade unions and NGO's will be eligible to receive grants to support promotion of these core labor standards and the model business principles.

The "No Sweat Initiative" is one of the essential components of the Clinton's Administration's international labor diplomacy agenda and efforts to put a "human face on the global economy." It is important for the USG to be seen as taking the lead internationally in promoting core labor standards worldwide. The "No Sweat Initiative"

allows the USG to promote these core labor and human rights values by encouraging trade unions, corporations and NGO's to form partnerships to promote these shared goals.

The "No Sweat Initiative" is aimed at fostering the burgeoning effort to develop codes of responsible conduct for all industries that produce for the U.S. market. The proposed initiative would provide grants to trade unions, business groups, and other NGO's that support and encourage the implementation of "Model Business Principles" and workplace codes of conduct in various industries, both domestically and internationally.

Over the last several years, innovative approaches have emerged to promote core labor standards, and to eliminate sweatshop labor both domestically and overseas. For example:

- The U.S. was a prime mover in the adoption of a "Declaration on Fundamental Principles and Rights at Work" by the annual Conference of the ILO in June 1998. These core labor standards include: freedom of association; the right to organize and to bargain collectively; prohibition of forced or compulsory labor; elimination of child labor; and non-discrimination in employment. We are working on remaining details necessarily for effective implementation.
- The Secretary General of the UN, Kofi Annan, has called upon corporations to voluntarily adopt codes of conduct that would address environmental, human rights and other conditions.
- The World Bank and the Nike Corporation have launched a new program, called the Global Alliance for Workers and Communities.
- The Council on Economic Priorities Accreditation Agency has launched SA8000, which is a social audit program that monitors corporate compliance with labor, human rights and environmental standards.
- The Rev. Leon Sullivan has developed a new set of model business principles, called the "Global Sullivan Principles" that call upon corporations worldwide to

adopt programs to address human rights, environmental and labor concerns.

- The Apparel Industry Partnership has announced the establishment of the Fair Labor Association to improve workshop conditions in that industry.
- The AFL-CIO through its Center for International Labor Solidarity, is conducting various programs to improve labor standards in developing countries, by offering training and technical assistance.

The "No Sweat Initiative" is one of several interlocking programs that the Administration is proposing to not only help eliminate sweatshop conditions but also to promote core labor standards worldwide. The President proposed in the FY 2000 budget: \$5 Million for the No Sweat Initiative for the State Department to award grants to promote core labor standards; \$25 million for a new ILO program that would address the need to implement core labor standards and establish social safety nets; \$10 million for bilateral assistance programs to be administered by the Department of Labor, \$10 million for a new child labor education program to be administered by US AID, and \$30 million to continue to support the ILO's International Program for the Elimination of Child Labor. (IPEC). The US is now the largest IPEC donor.

TALKING POINTS

- The "No Sweat Initiative" will provide grants to corporations, trade unions and NGO's to promote observance of core labor standards through corporate codes of conduct and corporate-labor cooperation.
- No one recipient organization or entity will "own" the "No Sweat" program. As presently envisioned, no single recipient will receive more than 25 percent (i.e. \$1,250,000) of the program's total available funds. Our hope is that the "No Sweat Initiative" will promote the establishment of partnerships in various industries, and will be introduced over time into additional industries and countries.
- The "No Sweat" program will help the Administration achieve key economic and policy goals of fostering corporate social responsibility and business-union partnerships, and of addressing the problem of sweatshop labor conditions worldwide.
- The President is requesting \$5 million for FY 2000. The first grants could be made available in the beginning of the year 2000.

DRL/H/JCA/AIP/Revised No Sweat Initiative TP for WH M 28
Drafted: DRL/IL: JCAller 7-3664 5/28/99

Cleared: DRL DAS: BFreeman
DRL/IL: NASTigliani
DRL: DYang

June 11, 1999

TO: White House/NEC - Sarah Rosen

FROM: State/DRL/IL - Nick Stigliani

I spoke to Bennett Freeman this morning regarding our "No Sweat Initiative" paper. (copy attached). We would both prefer to use all of the examples on page two, including the AIP example, or use no examples at all. We will leave it up to your office to decide whether to include specific examples or not. If you decide not to include specific examples, we would still like to include the bullet on the ILO Declaration, but would make it a stand alone paragraph.

Bennett Freeman said that if you need to speak with him in Geneva, you can reach him on Monday through Terri Mays at 41-22-749-4624 at the US Mission.

The Department of Labor would like to see the latest version of this paper, but we would like to wait until we have your clearance before sharing it.

Attachment:

As stated.

**Automated Records Management System
Hex-Dump Conversion**

Unclassified

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:20-JUN-1999 17:53:02.00

SUBJECT: 8:00

TO: Brian A. Barreto (CN=Brian A. Barreto/OU=OPD/O=EOP@EOP [OPD])

READ:UNKNOWN

TEXT:

Y2K Legislation: Rumors late Friday were that the House would take up the Senate bill under a closed rule (no amendments) this week. The earliest would be if it went to Rules on Tuesday and the House floor on Wednesday. On the floor, the Senate added an amendment that gives business a pass if they fail to meet regulatory requirements because of Y2K. Environmental groups are agitating . May present opportunities to show extremism of the bill.

Bankruptcy: Awaiting Gene's sign-off on reaffirmation deal with Senator Grassley. Senator Durbin's staff reluctantly concurs the deal makes sense; Senator Reed will agree to co-sponsor. Senator Kennedy's aide didn't show so we don't have his views yet. Stein is eager for us to make this deal. Even Bankruptcy Lawyers' counsel (off the record) said he thinks we should accept it.

Financial Modernization - Privacy: Last week, Hastert said that the House would get to H.R. 10 before July 4th. The Republicans claim it will go to Rules Committee this week, and floor the next, although it is highly unlikely that they would separate the two by more than a day or two. At Friday's House Leg Director meeting, there was a discussion about HR 10 and privacy. The Democrats are hoping to angle the debate towards the privacy issue. There was some grumbling that possibly the WH was "going soft" on the issue. Treasury Leg Affairs spoke with Congressman Markey's staff about the remarks.

New Markets - FHLB Issue: Awaiting Gene's resolution of this issue before we can send draft APIC and NMVC firm legislation to Congress for review in anticipation of the legislative roll out event later this month.

ILO Child Labor Convention: Senator Harkin is planning a Sense of the Senate resolution regarding the ILO convention. Don't have text yet, but Wellstone, Kohl, Lautenberg, Kennedy, Torrecelli, and Dodd are already co-sponsors.

Apparel Industry Partnership: Tuesday is the first meeting of the almost 100 colleges and universities that have joined the Fair Labor Association -- the nonprofit created by AIP. Some possibility that students will protest. Sarah and Gene both to speak during the day.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:21-JUN-1999 19:19:37.00

SUBJECT: 8:00

TO: Brian A. Barreto (CN=Brian A. Barreto/OU=OPD/O=EOP@EOP [OPD])

READ:UNKNOWN

TEXT:

Y2K Legislation: There were rumors late Friday (6/18) that the House would take up the Senate bill under a closed rule (no amendments) sometime this week. The earliest would be if it went to Rules on today (6/22) and the floor of the House on Wednesday (6/23). However, we have heard nothing specific yet. Industry met with House leadership on Friday but no decision has been announced.

ILO Child Labor Convention: Senator Harkin offered a Sense of the Senate resolution regarding the ILO Convention as an amendment to the State Authorization bill. Senator Helms had edits and DoL urged Harkin to take them -- as the last thing we need is to piss off Helms on his first encounter with the Convention. The Helms edits were incorporated and the amendment was included in the manager's mark. (Text will be faxed to Gene separately.)

Apparel Industry Partnership: Tuesday (6/22) is the first meeting of the 100 colleges and universities that have joined the Fair Labor Association -- the nonprofit created by AIP. I will speak at the opening and read a welcoming message from the President.

Bankruptcy: Rumor has it that Lott has postponed consideration of bankruptcy until after the July 4th recess. Not yet confirmed.

Financial Modernization - Privacy: Last week, Hastert said that the House would get to H.R. 10 before July 4th. The Republicans claim it will go to Rules Committee this week, and floor the next, although it is highly unlikely that they would separate the two by more than a day or two. At Friday's House Leg Director meeting, there was a discussion about HR 10 and privacy. The Democrats are hoping to angle the debate towards the privacy issue. There was some grumbling that possibly the WH was "going soft" on the issue. Treasury Leg Affairs spoke with Congressman Markey's staff about the remarks. Markey called Gene. Treasury preparing talking points for returning the call.

New Markets - FHLB Issue: Sarah is preparing memo to POTUS but timing is URGENT. Event to unveil bill is next week and we haven't been able to share drafts with capital hill.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Brian A. Barreto (CN=Brian A. Barreto/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:21-JUN-1999 18:49:18.00

SUBJECT: 8:00am memo

TO: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP@EOP [OPD])

READ:UNKNOWN

TEXT:

Y2K Legislation: There were rumors late Friday (6/18) that the House would take up the Senate bill under a closed rule (no amendments) sometime this week. The earliest would be if it went to Rules on Tuesday (6/22) and the floor of the House on Wednesday (6/23). On the floor, the Senate added an amendment that gives business a pass if they fail to meet regulatory requirements because of Y2K. Environmental groups are agitating. May present opportunities to show extremism of the bill.

ILO Child Labor Convention: Senator Harkin is planning a Sense of the Senate resolution regarding the ILO Convention. Don't have text yet, but Wellstone, Kohl, Lautenberg, Kennedy, Torrecelli, and Dodd are already co-sponsors. When Sarah has copy of text she will forward it to you.

Apparel Industry Partnership: Tuesday (6/22) is the first meeting of the almost 100 colleges and universities that have joined the Fair Labor Association -- the nonprofit created by AIP. There is a possibility that students will protest. Sarah Rosen and I will both speak during the day.

Bankruptcy: Senator Durbin's staff reluctantly agrees the deal makes sense; Senator Reed will agree to co-sponsor. Senator Kennedy's aide didn't show so we don't have his views yet. Stein is eager for us to make this deal. Even Bankruptcy Lawyers' counsel (off the record) said he thinks we should accept it. Awaiting Gene's sign-off on reaffirmation deal with Senator Grassley.

Financial Modernization - Privacy: Last week, Hastert said that the House would get to H.R. 10 before July 4th. The Republicans claim it will go to Rules Committee this week, and floor the next, although it is highly unlikely that they would separate the two by more than a day or two. At Friday's House Leg Director meeting, there was a discussion about HR 10 and privacy. The Democrats are hoping to angle the debate towards the privacy issue. There was some grumbling that possibly the WH was "going soft" on the issue. Treasury Leg Affairs spoke with Congressman Markey's staff about the remarks.

New Markets - FHLB Issue: Awaiting Gene's resolution of this issue before we can send draft APIC and NMVC firm legislation to Congress for review in anticipation of the legislative roll out event later this month.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:22-JUN-1999 19:13:45.00

SUBJECT: No Sweat Memo

TO: Paul A. Tuchmann (CN=Paul A. Tuchmann/O=OVP@OVP [UNKNOWN])

READ:UNKNOWN

TEXT:

see my earlier email -- don't use the language in the attachment -- but it provides background. make sure I review any language on this is speech before it goes. tks,

----- Forwarded by Sarah Rosen Wartell/OPD/EOP on
06/22/99 07:13 PM -----

"(DRL) Aller, John C" <AllerJC@state.gov>

06/11/99 04:48:36 PM

Record Type: Record

To: Sarah Rosen Wartell/OPD/EOP, 'Soniya Mathews'

<soniya_mathews@lsgate2.eop.gov>

cc:

Subject: No Sweat Memo

Note: Some recipients have been dropped due to syntax errors.
Please refer to the "\$AdditionalHeaders" item for the complete headers.

Sarah,

I just faxed you our latest version of the "No Sweat" Paper. I am also enclosing it with this e-mail.

<<Revised No Sweat Initiative TP for WH M 28.doc>> <<Memo on No Sweat WH
SR J 11.doc>>

Jake Cosmos Aller

DRL/IL

202-647-3664 FAX 647-0341

E-mail allerjc@state.gov (DRL)Aller John C.

or home e-mail jakecaller@aol.com

- Revised No Sweat Initiative TP for WH M 28.doc
- Memo on No Sweat WH SR J 11.doc

===== ATTACHMENT 1 =====

ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D10]ARMS25517508A.136 to ASCII,
The following is a HEX DUMP:

===== END ATTACHMENT 1 =====

===== ATTACHMENT 2 =====

ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D10]ARMS27517508B.136 to ASCII,
The following is a HEX DUMP:

===== END ATTACHMENT 2 =====

"No Sweat Initiative"

Over the last several years, attention has focused on the enduring problem of sweatshop labor, both domestically and overseas. In an April 14, 1997 speech, the President, noted, "We know that sweatshop labor will not vanish overnight...Our real measure of progress must be in the changed and improved lives and livelihoods of apparel workers here and around the world." With the strong encouragement of the Clinton Administration, a number of initiatives are underway, including government and private sector initiatives to address this continuing problem. Our approach is multi-faceted, encouraging US employers to eliminate the last vestiges of sweatshop labor in their work spaces, and encouraging actions by other governments and international organizations to combat sweatshop labor conditions.

What is the "No Sweat Initiative"?

In this spirit, the President has proposed a new program to address the problem of sweatshop labor. The proposed \$5 million "No Sweat Initiative" is intended as a USG funded program to assist the private sector to eliminate unsafe, unhealthy, or abusive labor conditions, particularly in foreign based factories that produce consumer goods for the U.S. market.

The "No Sweat Initiative" serves the USG's essential labor diplomacy goal of promoting internationally recognized labor standards, in part through the encouragement of corporate codes of conduct by U.S. multinational corporations doing business overseas. The core labor standards include: freedom of association; the right to organize and to bargain collectively; prohibition of forced or compulsory labor; elimination of child labor; and non-discrimination in employment. Through the "No Sweat Initiative", companies, trade unions and NGO's will be eligible to receive grants to support promotion of these core labor standards and the model business principles.

The "No Sweat Initiative" is one of the essential components of the Clinton's Administration's international labor diplomacy agenda and efforts to put a "human face on the global economy." It is important for the USG to be seen as taking the lead internationally in promoting core labor standards worldwide. The "No Sweat Initiative"

allows the USG to promote these core labor and human rights values by encouraging trade unions, corporations and NGO's to form partnerships to promote these shared goals.

The "No Sweat Initiative" is aimed at fostering the burgeoning effort to develop codes of responsible conduct for all industries that produce for the U.S. market. The proposed initiative would provide grants to trade unions, business groups, and other NGO's that support and encourage the implementation of "Model Business Principles" and workplace codes of conduct in various industries, both domestically and internationally.

Over the last several years, innovative approaches have emerged to promote core labor standards, and to eliminate sweatshop labor both domestically and overseas. For example:

- The U.S. was a prime mover in the adoption of a "Declaration on Fundamental Principles and Rights at Work" by the annual Conference of the ILO in June 1998. These core labor standards include: freedom of association; the right to organize and to bargain collectively; prohibition of forced or compulsory labor; elimination of child labor; and non-discrimination in employment. We are working on remaining details necessarily for effective implementation.
- The Secretary General of the UN, Kofi Annan, has called upon corporations to voluntarily adopt codes of conduct that would address environmental, human rights and other conditions.
- The World Bank and the Nike Corporation have launched a new program, called the Global Alliance for Workers and Communities.
- The Council on Economic Priorities Accreditation Agency has launched SA8000, which is a social audit program that monitors corporate compliance with labor, human rights and environmental standards.
- The Rev. Leon Sullivan has developed a new set of model business principles, called the "Global Sullivan Principles" that call upon corporations worldwide to

adopt programs to address human rights, environmental and labor concerns.

- The Apparel Industry Partnership has announced the establishment of the Fair Labor Association to improve workshop conditions in that industry.
- The AFL-CIO through its Center for International Labor Solidarity, is conducting various programs to improve labor standards in developing countries, by offering training and technical assistance.

The "No Sweat Initiative" is one of several interlocking programs that the Administration is proposing to not only help eliminate sweatshop conditions but also to promote core labor standards worldwide. The President proposed in the FY 2000 budget: \$5 Million for the No Sweat Initiative for the State Department to award grants to promote core labor standards; \$25 million for a new ILO program that would address the need to implement core labor standards and establish social safety nets; \$10 million for bilateral assistance programs to be administered by the Department of Labor, \$10 million for a new child labor education program to be administered by US AID, and \$30 million to continue to support the ILO's International Program for the Elimination of Child Labor. (IPEC). The US is now the largest IPEC donor.

TALKING POINTS

- The "No Sweat Initiative" will provide grants to corporations, trade unions and NGO's to promote observance of core labor standards through corporate codes of conduct and corporate-labor cooperation.
- No one recipient organization or entity will "own" the "No Sweat" program. As presently envisioned, no single recipient will receive more than 25 percent (i.e. \$1,250,000) of the program's total available funds. Our hope is that the "No Sweat Initiative" will promote the establishment of partnerships in various industries, and will be introduced over time into additional industries and countries.
- The "No Sweat" program will help the Administration achieve key economic and policy goals of fostering corporate social responsibility and business-union partnerships, and of addressing the problem of sweatshop labor conditions worldwide.
- The President is requesting \$5 million for FY 2000. The first grants could be made available in the beginning of the year 2000.

DRL/H/JCA/AIP/Revised No Sweat Initiative TP for WH M 28
Drafted: DRL/IL: JCAller 7-3664 5/28/99

Cleared: DRL DAS: BFreeman
DRL/IL: NASTigliani
DRL: DYang

June 11, 1999

TO: White House/NEC - Sarah Rosen

FROM: State/DRL/IL - Nick Stigliani

I spoke to Bennett Freeman this morning regarding our "No Sweat Initiative" paper. (copy attached). We would both prefer to use all of the examples on page two, including the AIP example, or use no examples at all. We will leave it up to your office to decide whether to include specific examples or not. If you decide not to include specific examples, we would still like to include the bullet on the ILO Declaration, but would make it a stand alone paragraph.

Bennett Freeman said that if you need to speak with him in Geneva, you can reach him on Monday through Terri Mays at 41-22-749-4624 at the US Mission.

The Department of Labor would like to see the latest version of this paper, but we would like to wait until we have your clearance before sharing it.

Attachment:

As stated.

Automated Records Management System
Hex-Dump Conversion

Unclassified

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:22-JUN-1999 19:12:52.00

SUBJECT: Re: UNITE and anti-sweatshop program

TO: Paul A. Tuchmann (CN=Paul A. Tuchmann/O=OVP@OVP [UNKNOWN])

READ:UNKNOWN

TEXT:

You can get stuff on the core labor standards from Rick Samans. He works on that.

If he isn't around -- Sharon Yuan -- lael's assistant can probably track down a copy.

On the \$5 million antisweatshop, please let me review exactly the language you use. This is very sensitive.

UNITE walked away from the Apparel Industry Partnership (and its successor the Fair Labor Association) last november and have been working to kill it. Sensitive issue with the Administration as we have continued to express our strong support. I don't think VP wants to get near that.

When we first announced the possibility of the \$5 million program to help fund antisweatshop initiatives, UNITE and AFL went bezerk seeing it as a way to institutionalize and FUND AIP/FLA. We said no -- that it is designed to let 1000 flowers bloom -- to support a variety of innovative approaches to eliminating sweatshops. Perhaps it will fund programs by unions or another model program called SA 8000 from the Council of Economic Priorities or new ideas we don't yet know about. We committed that no one program will get more than 25% of the funds, so they can't fear that AIP will get it all. They were appeased and saw it as a way that they could work together with the administration on approaches that they favored -- but they will look carefully at how it is described to see if it sounds like a backdoor AIP program. So, the safest thing is to use the language the President used or we used in these other fact sheets.

I do have a longer paper on this, but it isn't sensitively written. I will forward it so you have some detail, but it is NOT a good model of how to describe the effort.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:24-JUN-1999 23:18:18.00

SUBJECT: weekly

TO: Brian A. Barreto (CN=Brian A. Barreto/OU=OPD/O=EOP@EOP [OPD])

READ:UNKNOWN

CC: Melissa G. Green (CN=Melissa G. Green/OU=OPD/O=EOP@EOP [OPD])

READ:UNKNOWN

TEXT:

Y2K Liability Reform: On Wednesday, the Year 2000 Industry Coalition (high tech and others) sent Congressional leadership a letter pleading for a serious dialogue with the Administration to avert a veto. In response, John Podesta sent a letter urging that they avoid "this destructive path" not allow partisan issues to hurt such an important sector of our economy. The Conference Committee met Thursday with a stated plan to adopt a minor amendment and complete work in an hour. The House Republicans did not want to compromise further than the Senate bill and clearly wished to provoke the veto. But some Senate Republicans fear there won't be another bill after the veto. Conference Chairman McCain invited your staff to the Conference in hopes we would accept a small fig leaf, but then criticized the Administration for not having provided sufficient specificity about our concerns and desired changes. The Republicans all tried to create a record to establish that it is the Administration's fault if no agreement is reached. Nonetheless, the Conference was continued until next Tuesday and your staff will be negotiating Friday and over the weekend in hopes of reaching agreement.

Apparel Industry Partnership/Fair Labor Association: 107 colleges and universities have now signed up to be members of the Fair Labor Association -- the nonprofit organization created to implement the AIP's Code of Conduct and Monitoring principles. I spoke Monday at the first meeting of the FLA's Advisory Committee of Colleges and Universities, providing them with a message from you applauding their involvement. In its first meeting, the committee laid out an ambitious agenda of issues, demonstrating that our assertion is true -- FLA will become a forum where ongoing issues can be debated and continued improvements achieved.

Financial Modernization and Privacy: The House leadership melded the Commerce and Banking Committee texts into a bill that they plan to bring to the floor next Thursday. On our long-standing concerns -- choice in operating structure and CRA -- the base text is fine and a credit to Treasury's lobbying efforts. However, the Commerce Committee text had included privacy protections that were substantially the same as you proposed in your Financial Privacy and Consumer Protection Plan. The financial industry called the Commerce privacy provisions a "deal killer." The leadership compromise weakened them. Specifically, it would not require that a consumer be given a choice about whether their

information can be shared with an affiliate of the institution (e.g., no choice whether Citibank can share information with its Travelers insurance affiliate). While even the compromise represents far more than we once thought obtainable, the public interest in this issue is intense. We hope to avoid two outcomes: (1) being blamed for bringing down the bill by heated rhetoric on the importance of privacy; or (2) suggestions that the Administration is backing down on privacy in order to appease banks. In addition, we hope to preserve your options. If the conference goes against Treasury on the operating structure issue, it will be helpful to have an issue like consumer protection and privacy to explain a veto.

**Clinton Presidential Records
Automated Records Management System
[EMAIL] and Tape Restoration Project [Email]**

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies a responsive email, already made available within another collection.

Collection: 2016-0531-F

Bucket: OPD

Creation Date: 1999-07-08

Subject: draft - here you go!

Creator: Susan_M._Hiniker@oa.eop.gov
Susan_M._Hiniker@oa.eop.gov [UNKNOWN]

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 8-JUL-1999 12:33:33.00

SUBJECT: Assignment

TO: Melissa G. Green (CN=Melissa G. Green/OU=OPD/O=EOP@EOP [OPD])

READ:UNKNOWN

TEXT:

SARAH ROSEN

Financial Modernization/Privacy

Conferees are yet to be appointed. Some say they will try to complete the conference before the August recess.

Major concerns with Senate bill are Op Sub and CRA; House bill concerns are FHLBs, less than we want on financial privacy, and bad medical privacy within conglomerate language.

Working group meeting next week with OMB, Treasury, HHS, and WH Leg Affairs to coordinate strategy on medical privacy within conglomerate issue. (See Washington Post op ed, 7/8/99)

Gensler to probably testify week of July 12th before Senate Banking at a Privacy hearing.

Someone (unclear who) may also testify soon before House Banking at a Privacy hearing.

New Markets Legislation/FHLB Issue

SBA and HUD caved and agreed to preclude GSE participation in the APIC and NMVC legislation, when faced with alternatives from Treasury that would give Treasury (to their minds) too much control over program regulations for APICs and NMVC firms. (See detailed email on this issue.)

NMVC legislation was cleared on Thursday afternoon to send to the Hill in draft. APICs should follow although a few drafting issues being worked out.

Expect Morrison to go ballistic.

Y2K Liability Reform

No bill yet received by WH as of Wednesday p.m.

Sarah working on signing statement to emphasize unique nature of the Y2K problem -- no precedent for tort reform or class actions.

Tort Reform Strategy

Class Actions, Small Business Product Liability, and Aesbestos legislation pending in Congress. Proponents of these -- especially class actions -- will seek to capitalize on momentum from Y2K bill.

Sarah convening working group to develop a proposed tort reform strategy.

Apparel Industry Partnership/ Fair Labor Association

Addidas announced this week it was joining. First new company since FLA was unveiled. Levi-Strauss is near, but not quite ready. A group of others including Timberlake and Hilfinger are thought likely to follow if these two are on board.

Meeting with students tentatively set for afternoon of July 20, when Posner and Harvey can be here too after AIP meeting in DC.

Child Labor /ILO

Sarah coordinated multi-agency input to the TAPILs report on US laws that help to implement the new convention. DoL is now drafting.

TAPILs report on ILO convention on mine safety -- under consideration by TAPILs for over a year -- has been completed and has State Department approval. At NSC for final review. Working to send to Senate shortly for ratification. DoL believes that this noncontroversial convention will help with ILO and labor relations and will create good context for Senate consideration of the child labor convention this fall.

Monitoring progress of budget proposals. New \$10 "School Works!" program at USAID fully funded in their appropriations mark.

Treasury/Customs' Advisory Committee on Child Labor meets next week. Sarah is a member. Discussion may focus on Child Labor Executive order.

Bankruptcy

Grassley announced there was "an agreement" with the WH on reaffirmations despite clear word to his Staff that they should NOT do so. Nadler's staff was unhappy to learn about it that way, since we hadn't had a chance to give them a heads up.

Still a need for Gene to call Grassley -- to complain gently about the announcement -- and to make clear that we need a commitment to protect the whole deal through conference.

Consumer groups are working with Daschle, Leahy, Sarbanes, and Dodd to propose a privacy amendment on the Senate floor on the bankruptcy bill.

The substance doesn't exactly match our preferred policy. It calls for "opt-in" for third parties and does not call for anything more than disclosure on affiliate sharing. But they think that by avoiding the affiliate issue, they have a chance of winning or at least holding all Dems. Daschle staff agree that it is no help if there is a bad vote on Privacy in the Senate.

Natural Disaster Insurance

House Banking is tentatively planning a hearing on H.R. 219 (Lazio's bill) on July 28th. If so, Treasury is likely to testify. Working group is working on testimony, consistent with general decision at Deputies to support the plan with some modifications. Working separately with Treasury and OMB to determine how to discuss budget issues.

Consumer Financial Education and Literacy

Sarah convening a large interagency meeting to approve a workplan for developing the Administration "strategy" that the President called for in

his Consumer event. The workplan includes a series of outreach meetings with industry firms and trade groups, umbrella organizations for consumer education efforts, and consumer, community development, and education advocates to get their ideas on how the Administration can best add value. Early input suggests they want us to coordinate various private efforts and use the bully pulpit.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:15-JUL-1999 10:51:54.00

SUBJECT: Gene Prep re WTO, Africa Trade, Etc.

TO: Lori Hendricks (CN=Lori Hendricks/OU=OPD/O=EOP@EOP [OPD])

READ:UNKNOWN

TO: D Holly Hammonds (CN=D Holly Hammonds/OU=OPD/O=EOP@EOP [OPD])

READ:UNKNOWN

CC: Sharon H. Yuan (CN=Sharon H. Yuan/OU=OPD/O=EOP@EOP [OPD])

READ:UNKNOWN

CC: Melissa G. Green (CN=Melissa G. Green/OU=OPD/O=EOP@EOP [OPD])

READ:UNKNOWN

CC: Lael Brainard (CN=Lael Brainard/OU=OPD/O=EOP@EOP [OPD])

READ:UNKNOWN

TEXT:

Next Tuesday, Gene is meeting with a delegation of students from United Students Against Sweatshops. He is very jazzed about the meeting and wants lots of prep.

In their most recent materials, the students have gone beyond Apparel industry Partnership issues to talk about "the Clinton and Gore Administration's [penchant for highlighting] small and symbolic promises instead of creating real, enforceable labor standards." They criticize our choice of Africa trade bills to support, the Seattle WTO ministerial, etc. Bernie Sanders and Wellstone have been working with them and engaged them on some of their other trade concerns -- dolphins, Burma, IMF, China joining WTO, etc.

Can I send you the materials I have and ask you to find (probably from off the shelf stuff) background for Gene on all these issues that may well be raised by the students? I am trying to put a packet together for the weekend (or at least over the weekend).

Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: D Holly Hammonds (CN=D Holly Hammonds/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:15-JUL-1999 11:17:52.00

SUBJECT: Gene Prep re WTO, Africa Trade, Etc.

TO: Lori Hendricks (CN=Lori Hendricks/OU=OPD/O=EOP@EOP [OPD])

READ:UNKNOWN

TEXT:

Pls get back to sarah today and do this....Juts get WTO from Matt/john.

They are both mucho swamped!

----- Forwarded by D Holly Hammonds/OPD/EOP on 07/15/99

11:17 AM -----

Sarah Rosen Wartell
07/15/99 10:51:51 AM
Record Type: Record

To: D Holly Hammonds/OPD/EOP@EOP, Lori Hendricks/OPD/EOP@EOP
cc: Lael Brainard/OPD/EOP@EOP, Sharon H. Yuan/OPD/EOP@EOP, Melissa
G. Green/OPD/EOP@EOP
Subject: Gene Prep re WTO, Africa Trade, Etc.

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RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sharon H. Yuan (CN=Sharon H. Yuan/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:15-JUL-1999 12:41:18.00

SUBJECT: Gene Prep re WTO, Africa Trade, Etc.

TO: Malcolm R. Lee (CN=Malcolm R. Lee/OU=OPD/O=EOP@EOP [OPD])

READ:UNKNOWN

CC: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP@EOP [OPD])

READ:UNKNOWN

TEXT:

Malcolm handles China WTO.

----- Forwarded by Sharon H. Yuan/OPD/EOP on 07/15/99
12:40 PM -----

Sarah Rosen Wartell
07/15/99 10:51:51 AM
Record Type: Record

To: D Holly Hammonds/OPD/EOP@EOP, Lori Hendricks/OPD/EOP@EOP
cc: Lael Brainard/OPD/EOP@EOP, Sharon H. Yuan/OPD/EOP@EOP, Melissa
G. Green/OPD/EOP@EOP
Subject: Gene Prep re WTO, Africa Trade, Etc.

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RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Malcolm R. Lee (CN=Malcolm R. Lee/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:15-JUL-1999 13:04:56.00

SUBJECT: Gene Prep re WTO, Africa Trade, Etc.

TO: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP@EOP [OPD])

READ:UNKNOWN

TEXT:

----- Forwarded by Malcolm R. Lee/OPD/EOP on 07/15/99
01:04 PM -----

Malcolm R. Lee
07/15/99 01:04:32 PM
Record Type: Record

To:
cc:
Subject: Gene Prep re WTO, Africa Trade, Etc.

Sarah: Background on China and Labor for gene. We are using this for
this years annual MFN renewal battle. ML

----- Forwarded by Malcolm R. Lee/OPD/EOP on 07/15/99 01:03 PM

Sharon H. Yuan
07/15/99 12:41:11 PM
Record Type: Record

To: Malcolm R. Lee/OPD/EOP@EOP
cc: Sarah Rosen Wartell/OPD/EOP@EOP
Subject: Gene Prep re WTO, Africa Trade, Etc.

Malcolm handles China WTO.

----- Forwarded by Sharon H. Yuan/OPD/EOP on 07/15/99
12:40 PM -----

Sarah Rosen Wartell
07/15/99 10:51:51 AM
Record Type: Record

To: D Holly Hammonds/OPD/EOP@EOP, Lori Hendricks/OPD/EOP@EOP
cc: Lael Brainard/OPD/EOP@EOP, Sharon H. Yuan/OPD/EOP@EOP, Melissa
G. Green/OPD/EOP@EOP
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Thanks.

===== ATTACHMENT 1 =====
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D98]ARMS22693689L.136 to ASCII,
The following is a HEX DUMP:

===== END ATTACHMENT 1 =====

LABOR ASPECTS OF NORMAL TRADE RELATIONS (NTR) STATUS

Engagement made possible by NTR allows us to directly raise our concerns over core labor standards, and to work toward a WTO accession agreement that would protect vital interests of American workers. The United States has repeatedly made clear our concerns about labor rights violations in China. China denies or curtails the basic freedom of its workers, including freedom of speech and association. The government tolerates no independent labor unions.

For the first time, President Clinton and President Jiang announced a dialogue on labor issues in June 1998 that addresses core labor standards, labor law, and the development of a social safety net for workers. The Chinese Minister of Labor and Social Security Jiang visited Washington in March, met with Secretary of Labor Herman, and invited Secretary Herman to continue this dialogue in China this fall. He also met with representatives of organized labor and U.S. employers. U.S. employers in the footwear, apparel, sporting goods, and toy industries expressed the importance of observance of core labor standards. In this dialogue, Secretary Herman made clear:

- The importance of respect for international standards. In 1998, China joined the United States and other members of the International Labor Organization (ILO) in adopting a new Declaration of Fundamental Rights and Principles at Work. This Declaration included a follow-up compliance mechanism and covered rights such as freedom of association, right of collective bargaining, non-discrimination, and the abolition of forced labor.
- The priority we place on implementation of core labor standards. Our commitment to proper protections, opportunities, and basic rights is well-understood in China as a result of Secretary Herman's dialogue with her counterpart.
- Our firm opposition to and deep concern about detention, arrest, and imprisonment of persons for labor-related activities that are protected by International Labor Organization (ILO) standards. Herman encouraged China to give all consideration to recent ILO findings urging modifications to Chinese labor laws and urging release of Chinese detainees for labor related activities.

The United States has supported ILO findings on China's law and practice in the area of freedom of association. We will continue to engage China on the importance of complying with international labor standards.

A sound WTO accession agreement will significantly open China's markets to U.S.-made exports and give American workers and domestic industries stronger protection against unfair trade practices.

- A sound WTO deal will eliminate Chinese requirements that transfer production and technology, thereby endangering U.S. jobs, namely: forced technology transfers as a condition of investment, offsets, and export performance, foreign exchange balancing and local content requirements.
- A sound WTO deal will ensure that American firms and workers have strong protection against dumping and subsidies. The U.S. and China have agreed the U.S. will be able to maintain our current antidumping methodology (treating China as a non-market economy) in future antidumping cases. When we apply our countervailing duty law to China we will be able to take the special characteristics of China's economy into account when we identify and measure any subsidy benefit that may exist. The duration of these provisions remains under discussion.
- A sound WTO deal will mean American firms have strong protection against import surges of Chinese products. A product specific safeguard provision would establish a special mechanism to address increased imports from China that cause or threaten to cause disruption to U.S. industry. It would permit the U.S. to apply restraints unilaterally to Chinese exports based on standards that are lower than those in the WTO Safeguards Agreement. Talks continue on the duration of this provision.
- A sound WTO deal will mean more U.S. exports and good jobs. China's accession to the WTO must provide commercially meaningful market access for U.S.-made goods and services. That means lower tariffs, elimination of quotas and other market access barriers, and access to consumers across a full range of sectors. Currently, China can raise its tariff rates as high as it wants, whenever it wants. Under a sound WTO deal, China would reduce its tariffs rates significantly and commit not to raise them. That means more exports, and more American workers making these exports.
- A sound WTO deal will include China's commitment that it will ensure state-owned and state-invested enterprises make purchases and sales based solely on commercial considerations and provide U.S. firms the opportunity to compete on non-discriminatory terms. We have clarified that state-owned and state-invested enterprises will be subject to WTO disciplines in several respects.

July 14, 1999

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:18-JUL-1999 17:03:38.00

SUBJECT: 8:00

TO: Brian A. Barreto (CN=Brian A. Barreto/OU=OPD/O=EOP@EOP [OPD])

READ:UNKNOWN

TEXT:

Privacy: Gensler to testify before Roukema subcommittee hearing on Privacy on Wednesday.

Consumer Financial Literacy: 25 agencies meeting today to discuss outreach plan for developing strategy. (Postponed from Friday.)

Class Actions: Consumer groups have asked for a meeting with Podesta to "reestablish trust" after Y2K and to press the need for Administration firmness on other legal liability issues, especially class actions. (See detailed email sent to you, Tramontano and Dawn Smalls.)

Apparel Industry Partnership/Students Against Sweatships: Group meeting Tuesday to address the search for the Exec. Dir., process for selecting the board, accreditation of monitors, funding, etc. After the meeting, Posner and Harvey join you at a meeting with 8 students to discuss their concerns about the FLA and labor rights in the context of international trade.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Brian A. Barreto (CN=Brian A. Barreto/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:19-JUL-1999 17:30:53.00

SUBJECT: 8:00am memo

TO: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP@EOP [OPD])

READ:UNKNOWN

TEXT:

Please update and send back to me. Thanks.

Privacy: Gary Gensler will testify before the Roukema subcommittee hearing on Privacy on Wednesday (7/21).

Consumer Financial Literacy: There will be a meeting of 25 agencies today (Monday, 7/19) to discuss outreach plan for developing strategy. (Postponed from Friday, 7/16)

Class Actions: Consumer groups have asked for a meeting with Podesta to & reestablish trust 8 after Y2K and to press the need for Administration firmness on other legal liability issues, especially class actions. (See detailed email sent to you, Tramontano and Dawn Smalls.)

Apparel Industry Partnership/Students against Sweatshops: There will be a group meeting Tuesday (7/20) to address the search for the Exec. Dir., process for selecting the board, accreditation of monitors, funding, etc. After the meeting, Posner and Harvey join you at a meeting with 8 students to discuss their concerns about the FLA and labor rights in the context of international trade.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:19-JUL-1999 15:52:55.00

SUBJECT: Re: AIP/FLA Column by Tom Friedman

TO: Patrick M. Dorton (CN=Patrick M. Dorton/OU=OPD/O=EOP@EOP [OPD])

READ:UNKNOWN

TEXT:

Tom Friedman is a NYT columnist -- writes on international issues -- wrote book from Beirut to Jerusalem and a current one with "Lexus" in the title about global economy.

Michael Posner is the head of the Lawyers COmmittee for Human Rights and the leading NGO that has driven the Apparel Industry Partnership (and the new organization it is creating -- the FLA). I will get you a packet of background.

**Clinton Presidential Records
Automated Records Management System
[EMAIL] and Tape Restoration Project [Email]**

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies a responsive email, already made available within another collection.

Collection: 2016-0531-F

Bucket: OPD

Creation Date: 1999-07-26

Subject: FW: USAS press release

Creator: Mike Posner <posnerm@LCHR.ORG> Mike Posner
<posnerm@LCHR.ORG> [UNKNOWN]

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Patrick M. Dorton (CN=Patrick M. Dorton/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:28-JUL-1999 15:35:04.00

SUBJECT: Gene Needs To Know This

TO: Peter A. Weissman (CN=Peter A. Weissman/OU=OPD/O=EOP@EOP [OPD])

READ:UNKNOWN

TO: Melissa G. Green (CN=Melissa G. Green/OU=OPD/O=EOP@EOP [OPD])

READ:UNKNOWN

TEXT:

I talked to Tom Friedman at the NYT. He is doing a column on Apparel Industry Partnership. I asked him if he wanted Gene to touch base w/him. He politely declined, and said he has his own take on this. Mike Posner did talk to him and told Sarah that Friedman was writing a positive column on AP that, while acknowledging the criticism, called in progress.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Robert D. Kyle (CN=Robert D. Kyle/OU=OMB/O=EOP [OMB])

CREATION DATE/TIME:30-JUL-1999 17:04:23.00

SUBJECT: Re: Antisweatshop budget initiative -- Got any good ideas?

TO: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP@EOP [OPD])

READ:UNKNOWN

CC: Keri A. Eisenbeis (CN=Keri A. Eisenbeis/OU=OMB/O=EOP@EOP [OMB])

READ:UNKNOWN

CC: Rodney G. Bent (CN=Rodney G. Bent/OU=OMB/O=EOP@EOP [OMB])

READ:UNKNOWN

TEXT:

Thanks for the heads up. I think it would be a good idea to meet with OMB staff to assess the basis for the Congressional resistance and how to make the best case for the initiative. We would probably have to fight for this in some end game negotiation where we would have leverage to add back in initiatives Congress has taken out. Bob

Sarah Rosen Wartell
07/30/99 04:12:05 PM
Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: Antisweatshop budget initiative -- Got any good ideas?

As you may know, the President's budget contains a \$5 million budget initiative at the Department of State aimed at funding innovative approaches to eliminating sweatshops. The proposal is important to us in that it will allow us to work with a variety of different approaches and a variety of different groups (e.g., labor, ngos, companies, etc.) on these issues. It will help to get us out of the box we are in with the Apparel Industry Partnership (which we strongly support but which some of our friends like less) by allowing us to work toward the same goal with various different partners. The program also would provide a source of potential funds for existing programs (AIP or SA 8000) although no one will get more than 25%.

For what ever reason, none of the potential participants in the program have made lobbying for it a priority. Moreover, State DRL did a poor job of preparing advocacy materials for the program and they never succeeded in their efforts to make this a priority of State's Leg Affairs shop.

As a result, it is not in the Senate bill nor in the bill going to the House floor shortly.

Even though the overall funding levels in these bills are low, Gene has urged that we fight through the process to keep the President's labor rights priorities front and center. If not, no way we can insist on funding them during the end game.

I am afraid that we may be loosing any chance to get this funded. Harkin wants to focus on child labor. I have talked to Gephardt's office but got a luke warm response.

I plan to meet with State and OMB staff next week to see what more we can do, but would greatly appreciate any recommendations or guidance you could provide.

Message Sent

To:

Robert D. Kyle/OMB/EOP@EOP

Keri A. Eisenbeis/OMB/EOP@EOP

Michael Casella/OMB/EOP@EOP

Charles E. Kieffer/OMB/EOP@EOP

Lisa Zweig/OMB/EOP@EOP

Elizabeth Gore/OMB/EOP@EOP

Martha Foley/WHO/EOP@EOP

Karen Tramontano/WHO/EOP@EOP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Nicole L. Davison (CN=Nicole L. Davison/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 3-AUG-1999 19:00:57.00

SUBJECT: NEC Travel

TO: Jonathan A. Kaplan (CN=Jonathan A. Kaplan/OU=OPD/O=EOP@EOP [OPD])

READ:UNKNOWN

TEXT:

I have forwarded you all of the responses I got from staff--
Other than the international stuff, which Sharon sent you, only Sarah
Rosen and Rob Wescott responded.

Sarah said that there is a possibility that she may go to NYC in September
for an apparel Industry Partnership meeting. She also said that if money
is tight, it is not a high priority.

Rob said that he had nothing planned.

Nickie

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jonathan A. Kaplan (CN=Jonathan A. Kaplan/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 3-AUG-1999 18:59:04.00

SUBJECT: Re: Upcoming Travel

TO: Nicole L. Davison (CN=Nicole L. Davison/OU=OPD/O=EOP@EOP [OPD])

READ:UNKNOWN

TEXT:

Actually, if you don't mind, could you cut and paste everyone's together sometime tomorrow for me so you and I can go over all of them at once?

Thanks.

Nicole L. Davison
08/03/99 06:58:12 PM
Record Type: Record

To: Jonathan A. Kaplan/OPD/EOP@EOP
cc:
Subject: Re: Upcoming Travel

----- Forwarded by Nicole L. Davison/OPD/EOP on 08/03/99
06:58 PM -----

Sarah Rosen Wartell
08/03/99 11:00:21 AM
Record Type: Record

To: Nicole L. Davison/OPD/EOP@EOP
cc:
Subject: Re: Upcoming Travel

distant possibility that I would go to NYC in early September for an Apparel Industry Partnership meeting. DoLabor staff will be there so if money is tight, not the highest priority.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Nicole L. Davison (CN=Nicole L. Davison/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 3-AUG-1999 19:04:56.00

SUBJECT: Complete NEC Travel

TO: Jonathan A. Kaplan (CN=Jonathan A. Kaplan/OU=OPD/O=EOP@EOP [OPD])

READ:UNKNOWN

TEXT:

Sarah Rosen:

distant possibility that I would go to NYC in early September for an Apparel Industry Partnership meeting. DoLabor staff will be there so if money is tight, not the highest priority.

Rob Wescott:

None planned in next 8 weeks, except if Gene asks me to go to APEC in September.

International:

APEC (9/9-9/16); New Zealand
Gene (travel with POTUS for entire trip- AF1)
Holly (travel with POTUS for entire trip- AF1/Support)
Malcolm (commerical/support both ways for part of the trip) --- bilats
One other staffer (?)

(fyi- I spoke to Holly. Matt Schaefer is planning on going but is NSC. Holly thinks that if NSC is paying for Matt, then they will not pay for Holly.)

I assume that this would be paid for in the next fiscal year. However, I wanted to give you a heads up in case we could do something about it before then.

WTO Ministerial (11/30-12/2); Seattle, Washington
Gene (travel with POTUS for entire trip)
Holly (travel with POTUS for entire trip?)
Rick (travel with POTUS for entire trip?)- for Labor and Environment
One other staffer (?)

The above is the planned travel for the international staff. However, depending on available funding and development of intl issues, there could also be potential travel for:

Malcolm Lee (China WTO) - travel to Asia
Sonal Shah (Kosovo/Balkan Reconstruction) - travel to Southeast Europe
Rick Samans (Southwest Borders) - travel to Southwest Border region

Holly Hammonds (WTO prep) - travel to Geneva

**Clinton Presidential Records
Automated Records Management System
[EMAIL] and Tape Restoration Project [Email]**

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies a responsive email, already made available within another collection.

Collection: 2016-0531-F

Bucket: OPD

Creation Date: 1999-08-18

Subject: FW: USAS press release

Creator: Sarah Rosen Wartell CN=Sarah Rosen
Wartell/OU=OPD/O=EOP [OPD]

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Alexander V. Rau (CN=Alexander V. Rau/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:24-AUG-1999 14:17:10.00

SUBJECT: Labor/Environment papers

TO: Richard M. Samans (CN=Richard M. Samans/OU=OPD/O=EOP@EOP [OPD])

READ:UNKNOWN

TEXT:

Rick,

Here are the electronic copies.

Alex

===== ATTACHMENT 1 =====

ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

Unable to convert ARMS_EXT:[ATTACH.D54]ARMS23537753C.236 to ASCII,

The following is a HEX DUMP:

===== END ATTACHMENT 1 =====

===== ATTACHMENT 2 =====

ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

> hc etq"SXik\DEPARTMENT OF COMMERCE

The following sets out existing programs the Department of Commerce supports to contribute to a trade policy process which would more fully integrate labor concerns.

Labor Participation in Advisory

Groups

Currently the Auto Parts Advisory Committee and the PEC have labor representation. One of four dialogues within the U.S./EU Transatlantic Business Dialogue is the Transatlantic Labor Dialogue, which brings together U.S. representatives of national labor organizations, media, academia, and government to participate in a dialogue with their European counterparts on labor issues. Secretary Daley has also included labor representatives in his various local, state, and national forums, Virtual Trade Missions and Roundtables.

Commerce Representation at ILO

The U.S. government delegation to the ILO, led by the Labor and State Departments, includes a Commerce Department representative. The Department

t work with the ILO is currently focused on child labor issues, in particular assessing the state of child labor standards in other countries.

EDA Programs

T

The Economic Development Administration (EDA) provides a number of mechanisms for greater labor participation in programs:

EDA regulations require labor representation on the boards of the 320 funded regional economic development districts that prepare local economic strategies and identify project priorities for EDA and other public funding;

Local redevelopment organizations which develop reuse strategies for military bases often include representatives of labor when unionized employees are affected by closures;

EDA funds community development corporations and other non-profit organizations, when working with local governments, to implement local economic development projects;

EDA has involved organized labor at the national level through briefings on EDA programs and through formal participation on a national technical assistance program;

EDA funds community development corporations and other non-profit organizations, when working with local governments, to implement local economic development projects;

EDA has involved organized labor at the national level through briefings on EDA programs and through formal participation on a national technical assistance program;

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Commerce Department

Department Plan on Child Labor

The Commerce Department has established its own child labor awareness program to make sure that all businesses, both U.S. and foreign, using the Department's programs understand child labor laws and policies. Elements of the program include:

One page handout on child labor laws and policies in all U.S. Foreign and Commercial Service information packages. These packages are given out to almost all companies that come into our domestic and overseas offices. This one-pager will also be included on the Trade Information Center website.

Child labor pamphlets/info sheets on the useful information shelves in the entry ways of our domestic and overseas offices.

Posters in our domestic offices highlighting that it is illegal to import goods made by forced or indentured child labor.

A directive to all our domestic and overseas offices and asking them to make sure clients are aware of child labor laws and policies when doing business with suspect countries. ITA staff would also include a reminder on our child labor laws when doing their international trade seminars.

A discussion of the importance of ending child labor practices in the Virtual Trade Mission program which goes out to 1000s of middle schools and high schools around the country.

DEPARTMENT OF STATE

INVENTORY OF ACCOMPLISHMENTS ON ECONOMIC / LABOR ISSUES

International Organizations

International Labor Organization (I

LO): USG demarches were a key factor in the ILO's June 1998 adoption, despite strong resistance from some quarters, of the Declaration on Fundamental Principles and Rights at Work. DOS actively participates in the thrice yearly ILO Governing Body, the annual International Labor Conference, and through its Mission in Geneva is in contact with the ILO on a day-to-day basis. DOS participation contributed significantly to the achievement of the 1998 USG objectives for the ILO, namely: adoption of the declaration on core labor standards; continued pressure on countries that violate worker rights; and the election of a new Director General committed to both worker rights and ILO structural reform. In addition, the U.S. is a driving force in the ongoing discussions on the adoption of a new ILO convention to eliminate exploitative child labor and has increased its contribution to the ILO Program on the Elimination of Child Labor (IPEC) by ten-fold to \$30 million in FY 99.

OECD: DOS is the National Contact Point for the OECD Guidelines for Multinational Enterprises. The Guidelines are currently under review in the OECD Committee on Investment and Multinational Enterprises (CIME). DOS has held several interagency meetings to develop USG proposals for updating the Guidelines. Also, DOS has been an interlocutor on our efforts to encourage the establishment of an OECD work program on trade and labor standards and a supporter of additional work on codes of conduct in the OECD Trade Committee.

G-8: The State Department coordinates the Foreign Affairs Sous Sherpa and Political Directors input to the G-8 process and has used G-8 channels to build support in various fora for proposals to work on corporate codes of conduct, elimination of child labor, women's equality in the work place, and core labor standards. From February 24-25 DOL hosted the G-8 Labor Ministers Conference. The Labor Ministers agreed to support strengthening of ILO capacity to assist countries in implementing core labor standards but did not agree on supporting a WTO work program on trade and labor.

Economic Fora

WTO: Currently, the WTO has no mechanism for considering trade/labor issues. The vast majority of WTO members have taken the stance that labor issues are the exclusive province of the ILO. At the insistence of the U.S., the 1996 Singapore Ministerial Declaration did affirm support for promoting core labor standards and noted that the WTO and the ILO will continue their existing collaboration. In practice, there has been little such collaboration. The 1999 WTO Ministerial will be held in Seattle in November. DOS was part of the interagency team that recently discussed our ideas for introducing labor issues into the WTO with trade and labor officials in Brussels, where our ideas were well-received, and in Bonn, where opposition was substantial. The U.S. has nevertheless laid a marker for including trade/labor issues on the agenda of the 1999 Ministerial in Seattle.

TEP: We are also addressing trade/labor issues with the EU through the Transatlantic Economic Partnership (TEP). Among the issues we have agreed to discuss are an exchange of views regarding worker rights provisions in our respective

e GSP programs and additional support for the ILO International Program for the Elimination of Child Labor.

FTAA: DOS has the lead on the Government Committee on Civil Society (GCCS) which was established last year in the Free Trade Area of the Americas (FTAA). The GCCS will receive comments from civil society, including labor, regarding the FTAA and forward those comments in a report for consideration by the FTAA trade ministers. The GCCS has the potential to become an effective mechanism for incorporating labor concerns into the FTAA. However, we must deal with the recalcitrance of the Mexicans and several other delegations. The next meeting of the GCCS is set for May and the Ministerial will be held this November.

Asia-Pacific Economic Cooperation (APEC): We have been indirectly addressing labor standards in APEC through the Human Resource Development Working Group. DOL Secretary Herman is hosting the 1999 HRD Ministerial in Washington on July 27-30. Among the agreed themes for the Ministerial is Work Place Practices.

The Asian financial crisis has demonstrated that politically stable economic growth requires equitable sharing of the fruits of growth. We are thus also urging all Asian governments, APEC and non-APEC alike, to ensure that recovery occurs in a manner that improves conditions in the workplace and respects core labor standards.

NAFTA: Bilateral relations with Mexico on NAFTA labor-related issues have greatly improved over the past year. Through its cooperation program and complaint procedure, the NAALC has generated transparency and public debate on key labor issues. DOS works closely with DOL to foster greater cooperation in improving the effectiveness of the NAALC, particularly to increase respect for worker rights in Mexico. DOL Secretary Herman met with the Mexican Labor Minister February 26- March 2 to review progress under the North American Agreement on Labor Cooperation (NAALC) and to discuss ways to strengthen basic worker rights globally.

International Financial Institutions:
Both the IDA-11 (World Bank) and the ADF-VII (Asian Development Bank) agreements specifically reference the importance of improving labor standards. Following on its 1997 report on child labor, The World Bank is making progress on institutionalizing its approach to labor issues, adding labor experts to its staff to assess the impact of World Bank assistance on country labor standards, particularly to identify potentially negative impacts. Cooperation between the Multilateral Development Banks and the ILO has been strengthened through information-sharing. The MDB's are incorporating safeguards and/or training programs aimed at promoting core labor standards into individual projects. Several IFIs also have formal cooperation agreements with the ILO. The EX-IM Bank Act was amended to include child labor as one of the foreign policy considerations upon which the Secretary of State may base a recommendation for denying a credit application.

In relation to lessons learned from the Asian financial crisis, we are also actively promoting programs to protect the most vulnerable in society, including job creation, worker protection, and training programs, through the World Bank, the Asian Development Bank and other international financial institutions.

ons.

Business/Labor Cooperation

US-EU Codes of Conduct: The State Department

collaborated with DOL last year on two symposiums which brought together employers, workers and NGOs from both sides of the Atlantic to discuss voluntary corporate codes of conduct. The U.S. and EU are now exploring the possibility of collaborating on a technical seminar on the labor dimensions of economic integration and a symposium on entrepreneurship.

Apparel Industry Partnership: DOS

is among the USG agencies that participate as observers in the Apparel Industry Partnership (AIP). The AIP is a private sector initiative resulting from Presidential consultations with apparel industry manufacturers, labor unions, and NGOs. From an initial purpose of eliminating sweatshops in the industry, the Partnership has advanced to adopting a voluntary international code of conduct for U.S. apparel manufacturers. The Partnership recently formed an association to monitor compliance with the code and to explore options, such as No Sweat labels, for ensuring consumers that Partnership products are produced under decent and humane working conditions. In November 1998 labor unions withdrew from the Partnership to express their dissatisfaction with the AIP monitoring plan and the lack of commitment to a "living wage".

Model Business Principles: Several

executive branch agencies are active in supporting the efforts of U.S. international businesses to promote model global business practices. USG efforts take their impetus from the five areas of the voluntary Model Business Principles issued by the White House and Department of Commerce in 1996. Those five areas encompass labor, environmental, legal, and ethical considerations.

Best Global

Practices Award: The Department of State has assumed responsibility from the Department of Commerce for administration of the Best Global Practices Award. This award was established as part of the President's initiative to encourage responsible and exemplary corporate conduct by U.S. companies abroad. The award is based on the Administration's Model Business Principles and emphasizes the important role U.S. businesses can play abroad as good corporate citizens and as catalysts for economic growth and prosperity. The Department is coordinating an interagency effort to rejuvenate the program, including reviewing the criteria for the award and determining an appropriate mechanism for administering it.

Advisory Committee on International Economic Policy: The State Department's Advisory Committee on International Economic Policy (ACIEP) provides a forum for representatives of the labor community to provide input on international economic policy and to discuss labor concerns about economic policy with business, environment, and academic representatives, as well as representatives from various USG agencies. This advisory committee is one of the avenues through which we work to obtain labor support for our global economic objectives. We believe that labor's interests are well-served by advancing principles such as rule of law, transparency, anti-corruption and good governance since achieving these goals would contribute to improved working environments. Last fall, to refine our focus on civil society concerns related to our trade agenda, we established

an ACIEP subgroup, the Civil Society Task Force. Labor representatives have been very active in both the ACIEP and the Civil Society Task Force.

Labor Diplomacy

Advisory Committee on Labor Diplomacy: DOS is close to completion of the administrative steps necessary to create a new Advisory Committee on Labor Diplomacy, which will comprise the Secretaries of State and Labor and eight prominent public members with expertise on international labor issues. DOS is also in the process of establishing the new, high level position of Special Representative to the Secretary of State for International Labor Affairs.

Labor Attaché Program

Since summer 1998, DOS has increased the number of labor-designated positions at its overseas diplomatic posts from 35 to about 50. In the interest of greater collaboration and cross-fertilization on international labor issues, DOS has also begun an exchange program whereby up to six Department of Labor officials will be assigned to overseas or domestic tours with the Department of State.

Support of Free Trade Unions: Foreign Service labor officers at our overseas diplomatic missions have long supported the development and strengthening of free and democratic trade unions in the countries where they are posted.

Labor officers do this by reporting violations of trade union rights, organizing visits to and from the U.S., working closely with representatives of the AFL-CIO Solidarity Center in countries where the latter are assigned, and advising USAID missions on appropriate assistance to trade unions.

DOL Labor Advisory Committee

DOS participates in the DOL's Labor Advisory Committee (LAC) and has briefed the group on the FTAA Government Committee on Civil Society.

Human Rights Reporting

The State Department's annual human rights report ((Country Reports on Human Rights Practices) describes and assesses the worker rights situation in a total of more than 190 countries. Topics covered include: the right of association; the right to organize and bargain collectively; prohibition of forced or compulsory labor; minimum age for employment of children; and acceptable conditions of work.

SHORT TERM ECONOMIC / LABOR OBJECTIVES

International Organizations

ILO: We are working in the ILO to ensure establishment of an effective follow-up mechanism for the ILO Declaration on Fundamental Principles and Rights at Work. Current thinking envisions the initial follow-up mechanism in terms of yearly reports and debates at ILO meetings. Countries that are deficient in enforcing core labor standards would be offered technical assistance to improve their capacity. . In support of such efforts, we also want to ens

ure approval of the Presidents \$25 million FY2000 budget request to fund a new ILO unit to promote international adherence to core labor standards. The purpose of the new unit would be to provide technical assistance to developing countries for capacity-building in enforcing core labor standards and creating social safety nets.

We are also working on the proposed new ILO convention on the worst forms of child labor in order to ensure that the convention expected to be adopted at the June 1999 International Labor Conference is effective and ratifiable by the U.S. Related to child labor as well, we want to see the USG funding of IPEC stay at the \$30 million per year level and we want other countries to increase their contributions to IPEC to a similar level

OECD: In 1996 the OECD ELSA and Trade Committees published a joint paper on trade, employment and labor standards. We have already begun discussions with the OECD about updating that report and/or initiating other trade/labor studies that will help us promote the case for incorporating labor concerns into future trade agreements. We also want to ensure that the review of the CIME guidelines for Multinational Enterprises produces a revision that, at a minimum, explicitly includes all of the core labor standards. In addition, we will continue to push for a work program on corporate codes of conduct in the Trade Committee.

G-8: We are lobbying G-8 members to build support for our WTO objectives on labor. In addition, we are exploring the possibility of proposing a G-8 initiative on codes of conduct at the June G-8 Summit. We also want to build on the February 1999 Labor Ministerial Communiqué to secure commitments to provide funding to the ILO for capacity-building.

Economic Fora

WTO: The November 1999 Ministerial to be held in Seattle presents a prime opportunity for the U.S. to push our trade/labor agenda and to set an example for other WTO members in terms of civil society participation. With respect to the agenda for the Ministerial, we laid down markers in January regarding the need for WTO work on labor standards, for better WTO collaboration with the ILO, and for observership status for the ILO.

We have already begun bilateral discussions to build support for our ideas. The Belgians have been particularly receptive and have taken the initiative, which we fully support, to form a "Friends of Trade and Labor" group among WTO members to promote integration of labor issues into the WTO. We would also like to explore the possibility of a joint WTO/ILO study on the impact of labor standards on competitiveness and a WTO commendation to the ILO for adopting the Declaration on core labor standards.

TEP: European Community members are currently divided on the issues of including labor rights in economic negotiations. The EU has said it does not support a WTO program on trade/labor. Through cooperation with the EU in the areas where we are of accord on labor issues we hope to use the TEP process to move the EU to a position of support for our ideas for integrating labor issues into economic fora, including the WTO.

FTAA: We must ensure that the GCCS is an effective channel through which all segments of civil society, including labor, can relay their concerns directly to the FTAA trade ministers. We will work to 1) ensure that the report on the first round of civil society comments is given serious consideration by the trade ministers, 2) establish means other than written for civil society input and 3) ensure the status of the GCCS as a permanent FTAA committee.

Asia-Pacific Economic Cooperation (APEC): We will continue to promote respect for core labor standards through initiatives of the APEC Human Resource Development Working Group. We will also continue to use consultations on the Asian financial crisis to promote the establishment of better protections for the most vulnerable, including worker rights.

NAFTA: The NAALC is one avenue through which we hope to gradually blunt the staunch resistance that Mexico currently displays in various trade fora with respect to incorporation of labor issues into trade negotiations.

International Financial Institutions: Although they are generally supportive of the core labor standards, most IFIs have yet to formalize consideration of labor rights issues in their decision-making processes. Over the next 2-3 years we would like to see institutionalized consideration of labor issues become the norm rather than the exception in international financial institutions, especially the IMF.

Business/Labor Cooperation

The State Department (DRL in collaboration with EB) plans to expand efforts to promote corporate codes of conduct in the short to medium term. Efforts will include assistance to the Fair Labor Association established under the Apparel Industry Partnership (AIP), as well as identification of companies outside the apparel industry that have a major overseas presence and would be promising candidates for adherence to voluntary codes of conduct. If Congress approves the President's FY2000 budget request for an appropriation of \$5 million to the Department of State for a No Sweat initiative, we will seek to provide assistance to labor organizations and NGOs as well as the AIP and businesses for the promotion of codes of conduct.

We are particularly interested in promoting new voluntary codes of conduct modeled on the Global Sullivan Principles. In these endeavors, we will seek to convince trade unions to set aside their traditional suspicion of corporate codes of conduct by facilitating a dialogue between them and the business community (see also the section on Long Term vision).

Too, we want to further cooperation and support of labor organizations for our economic objectives and continue to encourage business and labor to work together to improve working conditions worldwide.

Labor Diplomacy

Advisory Committee on Labor Diplomacy: We hope to have the new Advisory Committee on Labor Diplomacy, the Office of the Special Representative for International Labor Affairs, and the DOS-Department of Labor exchange tour program up and running in the short term.

Support of Free Trade Unions: With the expansion of the corps of Foreign Service Labor Officers from 35 to about 50 (currently under way) we hope to enhance our ability to support free and democratic trade unions and to work collaboratively with the AFL-CIO Solidarity Center and USAID on international labor issues worldwide.

Human Rights Reporting: With the expansion of the corps of Foreign Service Labor Officers, both the volume and the scope of State Department reporting on human/worker rights issues should grow accordingly, especially in relation to reporting on forced or compulsory labor and child labor. ILO reports associated with the Declaration on Fundamental Principles and Rights at Work will also enhance the depth of the worker rights sections of our annual human rights report.

BUREAU OF INTERNATIONAL LABOR AFFAIRS

Commitment in italics, progress to date in plain text.

Review of future Free Trade Agreement (FTA) partners. Inform members of Congress and the public about relevant conditions in prospective FTA partner countries. Among the issues to be reviewed are labor law and practice and legal systems, specifically "relevant labor and environmental laws, including the enforcement of those laws." The Department of Labor is specifically mentioned as one of the Executive Branch Agencies that will participate in the preparation of the report. The report is to be submitted to Congress and made public when an agreement is brought back for Congressional approval.

The Department of Labor's Bureau of International Labor Affairs (ILAB) continuously gathers information on labor law and practice abroad. Sources of information include ILO reports; the State Department's Country Reports of Human Rights Practices; the ICFTU's Annual Survey of Violations of Trade Union Rights; State Department Embassy reports; field visits; and academic research.

Labor Department Annual Report on Labor Conditions under the North American Agreement on Labor Cooperation.

DOL will produce an annual report reviewing for each NAFTA partner the labor laws, practices, and conditions covered by the NAALC, as well as the relevant proceedings, actions and cases under the NAALC, and the steps being taken by our NAFTA partners to conform to the findings in any such cases.

The U.S. National Administrative Office (NAO), Bureau of International Labor Affairs, U.S. DOL, is preparing a report on i

issues raised in calendar year 1998 under the NAALC through the public communications process, the cooperative activities program, and Secretariat projects. Principal NAALC activities during 1998 discussed in the report include the Han Young, Itapsa and gender discrimination submissions before the U.S. NAO and their ministerial consultations and implementation agreement; submissions to the Mexican NAO regarding migrant and agricultural workers in the United States; and the exchange of information and best practices by tripartite delegations in the labor market and contracting out conferences; and the encouraged ILO work to address this issue. The United States played a key role in the June 1998 adoption by the International Labor Conference of a Declaration on Fundamental Principles and Rights at Work, with an accompanying follow-up mechanism that will hold all ILO member states accountable for respecting basic labor standards, and will include technical assistance to promote implementation of these principles.

The US government has supported the ILO's efforts on EPZs and has maintained consultations with ILO staff working on this project. In September, the US government attended, as an observer, a Tripartite Meeting on the Labor and Social Issues Relation to Export Processing Zones. The US DOL receives copies of all studies and related documents generated under the ILO's EPZ program. This literature will be an important input to the update of the DOL's study of EPZs.

C

Child Labor

Release fourth congressionally-mandated DOL report on child labor.

Begin fifth report evaluating strategies that have been undertaken in other countries to reduce exploitative child labor. Enforce recent statutory clarification that products of forced or indentured child labor can be refused entry to the U.S.

DOL released its fourth report on international child labor in 12/1997.

This fourth volume in a Congressionally-mandated series of annual reports reviewed private sector efforts to eliminate child labor through the use of labeling systems and codes of conduct. The study focused on programs in the hand-knotted carpet, leather footwear, soccer ball and tea industries in a variety of countries.

DOL has completed a fifth report examining the child labor situation in 16 developing countries. The report provides information on the incidence of child labor in these countries; relevant child labor laws, regulations, and enforcement data; the state of universal primary education; and examples of child labor projects now under way in several of the countries studied.

In the

1998 State of the Union address, President Clinton called for the US to create its work against abusive child labor, and to encourage other countries to do the same. The FY1999 President's budget included an initiative to combat child labor internationally and at home. The initiative, which was fully funded by Congress, included a 10-fold increase from \$3 million to \$30 million in the US commitment to the International Programme on the Elimination of Child Labor (IPEC) of the ILO.

Secretary Herman led the US Government delegation to the 86th annual International Labor Conference in Geneva, where she urged the negotiation of a convention to prohibit the worst forms of child labor. As part of the 2-year negotiation process, DOL submitted tripartite comments on the proposed convention, and will lead the final negotiations in June 1999.

In October 1998, S

Secretary Herman announced a landmark agreement between the ILO and the Pakistani Carpet Manufacturers and Exporters Association (PCMEA) to eliminate child labor in Pakistan's carpet industry, provide educational opportunities for the children, and establish a compliance monitoring system. The project will be supported with funds from the department.

In November 1998, First Lady Hillary Clinton noted during a trip to Haiti that the US intends to support a program to help child domestic slaves in Haiti with funds from DOL. In March 1998, Secretary Herman traveled to Africa with President Clinton and announced the initial phase of a strategy to eliminate abusive child labor in Africa, including technical assistance to African countries to combat child labor. As part of this plan, the Secretary announced the funding of a national statistical survey on child labor in South Africa, support for bringing Uganda into the IPEC program, and a major regional project on elimination abusive child labor in the plantation sector.

In April 1998, Secretary Herman announced a \$1 million grant to implement President Clinton's plan to combat child labor in Central America. Also in April, President Clinton noted this initiative in his speech to US and Chilean business leaders in Santiago, Chile, where he also called on Central American countries to join the US in the global initiative to combat abusive child labor.

Improve and expand Trade Adjustment Assistance and ensure a quick response for worker dislocation.

Congress extended both the TAA and NAFTA-TAA programs through June 30, 1999. In September, Reps. Matsui and Bonior introduced TAA reform legislation (H.R. 4733) which provided for authorization of the reformed program for five years. The legislation was not taken up by the House prior to adjournment. The Administration participated in the preparation of this legislation and supported its enactment.

Give workers in firms which shift production to another country trade adjustment assistance: Proposed reform legislation would provide that workers may be certified based upon a shift of production to any country.

Promote "rapid response" for all substantial layoffs and plant closures: DOL formed a federal-state-local technical workgroup in February 1998 consisting of Title III and trade adjustment practitioners and planners. This group held help meeting sites in several locations around the country to bring together other interested parties in improving rapid response assistance for workers displaced as a result of any substantial layoff or plant closure. The National Rapid Response Workgroup has solicited input from all sectors (including organized labor and employers) and begun to identify best practices. The core messages in their presentations at workforce investment conferences around the country is the importance of early intervention to help workers return to the workforce as quickly as possible and the promotion of collaboration and active participation of all resources in the community and the state related to all aspects of the adjustment process.

The Workforce Investment Act (WIA) of 1998 which was signed by the President on August 7, 1998 will become fully operational on July 1, 2000. WIA contains the requirement for rapid response assistance as a key responsibility and policy of Governors and private sector-led State Workforce Investment Boards through a state dislocated worker unit. States have the authority to set aside up to 25% of their state's annual WIA dislocated worker formula allotment to carry out rapid response assistance throughout the state.

Cut certifi

ication times by one-third: The Office of Trade Adjustment Assistance is implementing an in-house trade and industry capability which will result in the more timely issuance of determinations. In addition, the proposed legislation (HR 4733) provides for a reduction in the certification period to 40 days.

Modify

waiver for training requirements for TAA and NAFTA-TAA so that they are similar: HR 4733 provides for the merger of the TAA and NAFTA-TAA programs and the enactment of a single set of conditions and waivers.

Implement performance measures

for TAA and NAFTA-TAA programs to ensure that programs work effectively: The Performance Measurement plan was approved by OMB in July. ETA conducted training sessions attended by all States during the summer. States have submitted implementation plans and are currently inputting fourth quarter data.

Create P

residential Commission on "Workers and Economic Change": HR 4733 provides for the creation of a Presidential Commission on Workers and Economic Change in the New Economy.

Expand dislocated worker funding so that funding in 2003 would be triple what it was in the year before President Clinton took office.

\$750 million

increase in dislocated worker funding over five years: The Administration proposed increasing funding for dislocated worker programs by a total of \$750 million over the next five years. Thus, by 2003, funding available for dislocated workers would more than triple the \$517 million in funding for dislocated workers in the year before the President took office. The FY1999 funding level is \$1.4 billion.

Earmark \$250 million in existing funds for secondary workers

while initiating an informational campaign to reach out to them more effectively.

Earmark \$250 million over the next five years in Secretary of Labor's dislocated worker discretionary fund for secondary workers: DOL set aside administratively up to \$50 million in national reserve funds. These funds will be granted to States and other entities that apply for additional resources to serve secondary workers, when formula funds are insufficient.

Application guideline

s have been prepared and are being reviewed to further inform the system of assistance.

Clarify that secondary firms can be certified, even if primary firm does not apply for certification: ETA is finalizing revised and updated guidelines to the States on Secondary-Worker implementation which clarifies this issue.

Initiate informational and outreach campaign to increase take-up rate of secondary workers: ETA has created a fact sheet on Secondary Workers which is included on the ETA Internet Home Page.

Create a Trade-Adjustment Assistance Contingency

to ensure that workers who lose their jobs due to trade including those who lose their jobs due to future trade agreement negotiated under Fast-Track authority receive benefits.

Create a Trade-Adjustment Assistance contingency fund

and that will automatically make additional adjustment assistance available for workers who have lost their jobs due to trade: This is included in HR 4733.

Provide \$250 million for community adjustment create Office of Community and Economic Adjustment to coordinate the response to trade-impacted areas.

Exp

and Community Adjustment by \$250 million over five years create an Office of Community and Economic Adjustment to deal with trade-impacted areas: The Department of Commerce has responsibility for this.

U.S. TREASURY DEPARTMENT

FAS

FAST TRACK COMMITMENTS TREASURY DEPARTMENT PROGRESS REPORT

Summary: In November

1997 the Administration undertook commitments in a number of areas relevant to the request for renewal of fast-track trade negotiation authority. A major commitment was to enhance US leadership in pressing for the incorporation of issues related to core labor standards (CLS) in the planning and programs of the international financial institutions (IFIs). Commitments on CLS are of three kinds:

Efforts to increase focus on CLS within the Administration;

Efforts to direct

more international attention to CLS; and

Efforts to elevate the priority given

to CLS at the IFIs.

This report provides details on accomplishments thus far.

I. Enhanced Focus Within the Administration

A. Commitment

A commitment was

made that Secretary Rubin, in consultation with Secretary of Labor Herman, would propose formation of an interagency team to explore issues related to core labor standards broadly and explore their systematic incorporation into the works of the IFIs.

Accomplishments

The Treasury Department and the DOL have developed a close, cooperative relationship in jointly addressing issues of core labor standards internationally.

The Treasury and Labor Departments consulted in preparation of the G8 Labor Ministers Conference hosted in Washington, DC, on Feb. 24-26, 1999, by DOL. Rubin addressed the conference.

Secretaries Rubin and

Herman led the US delegation to the Feb. 21 and 22, 1998, G8 Conference on G

rowth, Employability and Inclusion in London. They have consulted on the issue of core labor standards in the IFIs.

Treasury and Labor staff, along with the offices of the US Executive Directors at the World Bank and IMF, are in regular contact on labor issues as related to IFI policies and operations.

Treasury has

hired a senior labor policy analyst from DOL to work exclusively on labor issues at the IFIs and elevate the priority of labor issues among staff.

II. Ensuring

International Focus on Worker Rights Issues

Commitments

Commitments were

made: (1) for Rubin to continue to comment on CLS in appropriate international fora; and (2) to seek a summit meeting of the presidents of the IFIs and Director-General of the ILO to reinforce the commitment of the institutions to work closely together.

Accomplishments

Public comment on CLS

Rubin delivered an

address to the participants of the G8 Labor Ministers Conference in Feb. 1999 in which he emphasized the Administrations and Treasurys commitment to the promotion of core labor standards internationally.

Rubin stressed the importance of

social safety nets and workers rights in his Dec. 7, 1998 speech before the National Foreign Trade Council.

At the Birmingham Summit in May 1998, G8 Leaders

endorsed the implementation of internationally recognized core labor standards, including increased collaboration between the ILO and WTO Secretariats.

As a result

of US intervention, the April 1998 Development Committee communique, issued by Ministers including Secretary Rubin, acknowledged the World Bank and IMF's efforts to help governments improve labor standards.

The Feb. 1998 communique

of the London G7 meeting of finance ministers and central bank governors endorsed core labor standards. These officials recognized the importance of the IFIs support for the work of the ILO in promoting CLS.

In speeches to the Governors

of the IMF and World Bank in 1997 and 1998, Rubin urged the World Bank, as part of its work to address key development issues, to place more emphasis on CLS, including the right to organize and bargain collectively, the prohibition of forced or exploitative child labor, and the principle of non-discrimination.

2

. ILO-IFI Summit

At Treasurys urging, a high level IBRD/IMF/ILO meeting was held

on October 28, 1998, during which the leaders of these institutions discussed future cooperation on core labor standards in the programs of the financial institutions.

The Deputy Director General of the ILO traveled to Washington, DC and met separately and jointly with the President of the World Bank Group and the Managing Director of the IMF.

Meetings among the staffs of the three institu

tions were also held which should provide a sound basis for future cooperation.

III. Heightening the Priority Given by the IFIs to Worker Rights Issues

Comm itments

A number of commitments were made in an effort to elevate the priority that the IFIs accord to worker rights issues. These include:

Calling on the W

orld Bank to establish an office dedicated to labor issues and encourage cooperation with the ILO.

Promoting the development of a screening mechanism to ensure that CLS issues are taken systematically into account in IFI operations.

Call

ing on the World Bank and IMF to host a conference on CLS.

Urging the multilate

ral development banks to increase technical assistance and direct lending to promote greater adherence to CLS.

Calling on the IMF to emphasize labor issues in its annual reviews of its member countries.

Urging the World Bank to follow up

on the recommendations in the child labor paper.

Continuing to implement the s

tatutory requirement directing the Secretary of the Treasury to urge the IFIs to adopt policies encouraging borrowing countries to protect worker rights and requiring an annual report to Congress on how the IFIs are performing.

Accompli shments

Calling on the World Bank to establish an office dedicated to labor issues. Encourage contact between such an office and the ILO.

In order to streng

then its coverage of labor issues, the Bank expanded its Human Development Network to include an office focused on labor issues within its Social Protection Office. The labor team is headed by an expert with extensive experience working on labor issues; main tasks include 1) promoting greater understanding of labor issues, including trade unions, child labor and core labor standards; 2) reviewing projects in the Bank's portfolio as the first step in a screening process, and 3) facilitation contacts between the Bank and trade unions.

The Social P

rotection Office of the World Bank has expanded its cooperation with the ILO and the two institutions maintain ongoing contact.

Promoting the development of

a screening mechanism to ensure that CLS issues are taken systematically into account.

In his speech at the April 1998 Development Committee, Secretary Rubin

called upon the Bank to work with the ILO to develop a screening mechanism for labor issues, including CLS. The USEDs at all the multilateral development banks (MDBs) requested that, as a standard practice, each CAS include an assessment of labor laws and practices.

The December 23, 1998, agreement on the replenishment of the International Development Association (IDA) of the World Bank Group, includes language in the report promoting further collaboration on CLS with the ILO and the inclusion of a systematic analysis of key issues, including CLS and the inclusion of a systematic analysis of key issues, including CLS, in the Country Assistance Strategies (CAS). This will enable the Bank to raise labor issues, if necessary, in the policy dialogue with the respective countries authorities.

The Inter-American Development Bank Group (IDB) approved a new policy and procedures for environmental and labor review of Inter-American Investment Corporation (IIC) projects during the IDBs Annual Meeting in March 1999. This policy was adopted at the urging of Treasury and the USED. Under the new policy, the IIC will not invest in projects that use exploitative child labor or forced labor and will ensure that projects comply with the national laws of host countries, including, explicitly, those protecting core labor standards.

At the urging of the USED, the management of the AfDB agreed, in December 1998, to pursue an active agenda in the debate on labor standards and will incorporate labor standards into its policy guidelines. This is a remarkably forward-looking document, which explicitly recognizes the positive role of labor organizations in democracy and economic development. The Bank also agreed that Country Strategy Papers (CSPs) will be expanded to include labor standard issues.

The ADB has circulated internally a preliminary paper on integration of key labor standards into ADB operations. A proposal for a follow-on study with more extensive treatment of these issues is pending a decision by the Bank management.

The World Bank has undertaken two studies on CLS: 1) a review of available literature on CLS and development and 2) a study on the relationship between CLS and economic development. Both of these studies will be completed during the 1999 calendar year.

IMF management intends to increase IMF resources and skills needed to deal with social issues.

The World Bank's October 1997 paper, Child Labor, Issues and Directions for the World Bank, adopts a number of elements as proposed by the US for a screening mechanism, and lays out a broad framework for the elimination of exploitative child labor in both its lending and non-lending activities as well as in its operational practices.

Also, at the urging of the USED, the 1998 African Development Report: Human Capital Development, published in May 1998, includes for the first time, a discussion on child labor, labor markets and gender, as related to human capital development.

Calling on the World Bank and IMF to host a conference on core labor standards, with participation from labor, academia, and NGOs.

In his speech at the April 1998 Development Committee, Rubin called upon the IMF and World Bank to host a conference on worker rights issues. As part of the 1998 Bank/Fund Annual Meeting, a seminar, Labor Standards: Who Really Benefits? was held on October 6. This seminar was open

n to all annual meeting participants and explored such issues as: the intended and unintended benefits of labor standards; the contribution these standards make to economic development; and the roles of government, employers, workers, and international organizations in the process of developing and implementing CLS.

In addition to this conference, a number of additional meetings and conferences with important labor implications and participation were held during 1998 and 1999.

In January 1999 senior management of the World Bank and IMF (including IMF Director Camdessus) met separately with a visiting delegation of senior trade union leaders from North America, Western Europe, Asian, Latin America and Africa. Discussions were held on the issue of labor rights and standards in the context of the economic development programs of the World Bank and the financial and macro-economic objectives of the IMF.

In January 1999, the World Bank conducted a Regional Meeting on Social Issues Arising from the East Asian Crisis in Bangkok, Thailand. The meeting evaluated the repercussions of the Asian financial crisis and discussed various policy alternatives for coping with the aftermath and protecting against future downturns. Representatives of the World Bank, the Asian Development Bank, labor unions, governments and NGOs of the East Asian Countries, and employers attended the meeting.

In April 1998 the ILO convened a high level conference in Bangkok on Social Responses to the Financial Crisis in Asia with participants from governments, and workers and employers organizations from eight affected countries, plus Hong Kong, as well as senior representatives of the World Bank, IMF, and Asian Development Bank. The meeting examined the deterioration in labor and social conditions as a result of the Asian financial crisis, reviewed the reform policies adopted in response, and outlined the steps required to address the social dimensions of the crisis.

Ur
ging the multilateral development banks to increase technical assistance and direct lending to promote greater adherence to core labor standards.

In a memorandum to World Bank President James Wolfensohn, dated May 1, 1998, US World Bank Executive Director Jan Piercy-Wolfensohn memo called on the Bank to allocate and monitor a technical assistance budget for countries to strengthen enforcement capacities to further the implementation of CLS.

The World Bank loan to Bangladesh for a silk development project incorporated actions aimed at the elimination of exploitative child labor.

Several education and early childhood development projects in India, Brazil, Colombia, Bolivia, and Yemen target disadvantaged children, including working children, and provide incentives for children to leave work and return to school.

ADB provided a \$300 million social protection development program to mitigate the effects of the economic crisis in Indonesia.

A principal activity under this program is the provision of block grants to children to keep them in school.

The ADB provided loans to the Philippines in the amount of \$38 million, and Bangladesh, in the amount of \$100 million, for child development and education focus on measures to reduce dropout rates and encourage school retention for poor students.

The Inter-American Development Bank G

roup (IDB) made a non-reimbursable grant in the amount of \$4 million to the Labor Ministries of the Central American countries of Belize, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, and Panama. The objective of this grant is the improvement of labor market operations through the modernization of current regulations and of the institutions in charge of policy formulation and implementation.

The IDB has helped to modernize labor relations and conduct retraining for labor leaders in Uruguay, Mexico, and other countries in the region. In Bolivia, the IDB approved a program designed to promote a national dialogue and to reach a consensus on modernizing labor relations.

In the Dominican Republic public and private sector representatives received training in using alternative dispute resolution techniques.

In Argentina, the IDB

continues to support a program providing job training, scholarships, and other educational employment opportunities to young people from low income families

Other labor market programs supported by the IDB include a basic skills certification program in Brazil; a national labor skills system and regulatory system to ensure the quality of training services in Uruguay; a program for the training and employment of disabled people in the Caribbean community; and a program providing job training for low income women in Belize, Guyana, Jamaica, and Trinidad and Tobago.

Urging the IMF further to emphasize the importance of labor issues: a) in the annual reviews of member countries, and b) by examining the link between core labor standards and macro-economic performance.

Treasury

has established a Task Force on Implementation of US Policy and Reforms in the IMF. The Task Force is chaired by the Director of Treasury's IMF Office and will meet periodically to strengthen the process for ensuring implementation of US policy and reforms called for in legislative mandates, including those on labor issues.

The link between CLS and macroeconomic performance was addressed in the October 6 Bank/Fund Seminar on Labor Standards: Who Really Benefits?

In recent

months, labor issues have been raised specifically during Board discussions for a number of countries, notably:

Ethiopia: During the discussion of the Article IV consultation, the US raised concern about reports from the US Embassy

regarding the use of child labor in the informal sector.

Pakistan: At the time

of the Board's mid-term review of Pakistan's first annual arrangement under its current three-year ESAF, Treasury warned the Pakistani authorities that use of bonded and child labor threatens international acceptance of Pakistani projects and called for the elimination of these labor practices. In January 1999, the US Executive Director abstained from supporting an IMF program for Pakistan because of, among other considerations, the failure of Pakistan to adequately address problems of child labor.

Morocco: The U.S. statement regarding the last Article IV review, called upon the IMF staff to pursue a dialogue with the Moroccan

authorities to ensure that measures designed to facilitate labor market flexibility are consistent with core worker rights, including free association and collective bargaining.

Indonesia: During the approval process for the initial

Indonesia program, the US raised the issue of the governments limitations on freedom of association, with only one officially recognized trade union. We stressed the connection between workers having a voice regarding wages and working conditions and the likelihood of continued destabilizing strikes and protests.

The US, IMF, and World Bank all pressed the Indonesian authorities to move forward on labor rights and broaden the role of independent trade unions. These efforts, building on strong world opinion, contributed to the release from prison of Mr. Mochtar Pakpahan, leader of Indonesias independent trade union movement.

Korea: The US has led the way in calling for an equitable distribution of the burdens of economic restructuring and the need to provide a social safety net. We advocated labor being a participant in the program negotiations to ensure strong program ownership and commitment to the reform process. At the urging of senior US and IMF officials, the Korean Government created the Social Tripartite Commission, a group of business, labor and government representatives, to determine the terms for restructuring its chaebol-based industries.

Thailand:

During the recent discussion of Thailands Article IV review and third review under the Stand-by Arrangement, we noted that smooth labor relations are a key element in maintaining domestic and international confidence. We urged reconsideration of the prohibition on state enterprise employees from organizing unions and engaging in collective bargaining.

Brazil: The IMF loan package for Brazil

includes language ensuring adequate funding for social assistance projects.

The US Executive Director has stressed to the Brazilians and the IMF staff that budget austerity measures not impact those agencies responsible for enforcing labor laws, in particular those addressing child labor and forced labor. The project has undergone considerable revision but the commitments on social assistance and labor law enforcement remain, though it is too early to ascertain if they are being maintained.

Urge the World Bank to follow up on the recommendations in the child labor paper.

In April 1998, under new policy and contract language, use of forced and exploitative child labor is prohibited in MIGA-guaranteed operations. We are urging adoption of this policy throughout the World Bank Group and the other MDBs.

Copies of the World Banks October 1997 paper, Child Labor, Issues and Directions for the World Bank, have been sent to USEDs at the other MDBs with a request that they seek similar policy papers from these institutions.

In January 1999, the US Executive Director of the World Bank abstained from approval of a loan to Pakistan citing, among other reasons, the inadequate measures of the Government of Pakistan to address the inter-linked problems of child labor and primary school education.

Continue to implement the statutory requirements (Sanders/Frank Amendment) directing the Secretary of the Treasury to adopt policies encouraging borrowing countries to protect internationally recognized worker rights and requiring an annual report to the Congress on how the IFIs are performing.

The Treasury Department submitted its annual report to the Congress in November 1998. The report provides detailed information on Treasurys compliance with its statutory mandates.

All US Executive Directors have received formal instructions from and are working closely with Treasury regarding implementation of the Sanders/Frank Amendment. They have worked vigorously to put labor issues on the agenda of their respective institutions. For example, the USED at the IMF regularly raises labor concerns during Article IV reviews of countries economic policies, and the USEDs at the MDBs raise these concerns in discussions of relevant projects and country assistance strategies.

N NEAR TERM ACTION PLAN ON PURSUING CORE LABOR STANDARDS AT THE INTERNATIONAL FINANCIAL INSTITUTIONS

Following are steps Treasury will undertake in the near term on CLS.

Efforts to increase focus on CLS within the Administration

The Treasury

The Treasury Department will continue to coordinate its efforts closely with other US agencies, particularly the Labor and State Departments, to inform the US position on labor issues within the IFIs and in IFI projects.

Efforts to direct more international attention to CLS

Treasury will pursue the inclusion of labor issues, including CLS, in the principles of good social policy practices, as part of the international financial architecture exercise that is currently underway. Senior Treasury officials will continue to support CLS at international fora and meetings of the IFIs.

Efforts to elevate the priority given to CLS at the IFIs.

This category has several components:

ILO-World Bank Cooperation

Treasury

will press for the implementation of the commitments in the IDA-12 replenishment agreement to include core labor standards systematically in the preparation of Country Assistance Strategies (CASs), which are fundamental planning documents of the institution. In accordance with the replenishment agreement, the Bank should consult with the ILO as warranted.

High level meetings between senior Treasury and ILO officials, as well as staff level contacts, will continue in an effort to further enhance ILO-IFI cooperation.

Screening Mechanisms

The World Bank

Bank staff is preparing its Social Protection Sector Strategy Paper for presentation to the Bank's Executive Directors during the last quarter of 1999. The purpose of the paper is to develop the strategic thrust of the World Bank's future work in this area. The paper will contain provisions addressing respect for core labor standards, though we are unable to determine at this time to what extent. Treasury will engage the Bank closely on this matter.

In response to US efforts

and those of like-minded partners, the World Bank has undertaken to conduct a study on the economic effect of labor rights and standards, including CLS.

Bank staff is also conducting a review of economic literature on the economic effects of labor rights and standards. It is anticipated that both of these papers will be completed and released during this calendar year.

Treasury and the

USED of the Inter-American Development Bank Group (IDB) will follow-up on the implementation of the recently adopted policy on labor and environmental review of projects of the Inter-American Investment Corporation (IIC).

In response to

US efforts and those of others, the African Development Bank (AfDB) has agreed to incorporate labor standards into its policy guidelines. The Bank also agreed that Country Strategy Papers (CSPs) will be expanded to include labor standard issues. Treasury will monitor the Bank's implementation of these measures. The inclusion of labor issues, with input from the ILO, in the CASs of the World Bank, places labor issues in the first step of the Bank's planning and screening process. Treasury will continue to engage the Bank to ensure that labor issues are incorporated throughout the project planning cycle where appropriate.

T

reasury will urge the Asian Development Bank (ADB) to follow-up on the implementation of a study of international labor standards and their incorporation into ADB activities.

Joint Conferences on CLS

Treasury facilitated a high level meeting between IMF, World Bank, and ILO officers and staff in October 1998 and supported a number of other such events. We have indicated to the ILO and union organizations that we are prepared to facilitate and support future such meetings if necessary.

Technical Assistance and Direct Learning

Treasury has supported and will continue to support technical assistance and lending projects to selected countries to improve adherence with CLS.

IMF Review of Labor Issues

Parti

ally in response to Treasury efforts, the IMF has adopted a practice of ensuring the protection of budgets for social assistance projects in its economic adjustment programs, as well as those ensuring the protection of CLS.

Treasury will

monitor IMF planning and review instruments to ensure that labor issues, including CLS, are considered in the preparation and implementation of IMF projects as well as in the policy dialogue with selected member countries.

Child Labor/

Forced Labor

At the urging of Treasury and other like-minded partners, the Multilateral Investment Guarantee Agency (MIGA) of the World Bank Group has adopted a policy and contract language prohibiting the use of forced labor and exploitative child labor in the projects it supports.

We anticipate that similar language

will be adopted shortly by the International Finance Corporation (IFC) of the World Bank Group and the Inter-American Investment Corporation (IIC) of the Inter-American Development Bank Group.

Implementation of Legislative Mandates

Tr

reasury will continue to pursue an aggressive action plan consistent with the legislative mandates and Administration policy. An important element of this effort will involve seeking support from like-minded member governments of the IFI

s through various multilateral fora as well as through bilateral initiatives. Reports will be submitted annually to the Congress as per the legislation.

D EPARTMENT OF LABOR

INTERNATIONAL LABOR STANDARDS

What Has Been Accomplished

International Labor Organization (ILO)

The International Labor Organization established a working party on the social dimensions of the liberalization of international trade. This working party has met at each Governing Body meeting since November 1994. One of the outcomes of this working party is a consensus on the concept of core labor standards—a set of standards that ought not be seen as dependent on a country's level of economic development. The list of such standards has been agreed to include: (1) freedom of association; (2) collective bargaining; (3) nondiscrimination; (4) prohibition on forced labor; and (5) prohibition on abusive child labor.

In June 1998, the ILO adopted a Declaration on Fundamental Principles and Rights at Work and a followup mechanism. As Secretary Herman stated at the time of the passage of the Declaration, this is a big step forward for the ILO and its members as we enter the 21st Century. With the passage of the Declaration, the ILO has underlined and clarified the importance of the fundamental rights of workers in an era of economic globalization. It firmly demonstrates that we can and will move forward in an effort to see trade and labor concerns as mutually supportive—not mutually exclusive. The followup provides for the accountability of all member states through new reporting mechanisms.

Also in June 1998, the ILO completed the first negotiating session on a new convention that would ban the worst forms of child labor. The second negotiating session is scheduled to occur in June 1999, at which time the Convention is expected to be adopted.

In his 1999 State of the Union Address, the President announced a Core Labor Standards and Social Safety Net Initiative for FY2000 consisting of two parts: 1) \$25 million for multilateral assistance to be provided through the ILO to help countries provide basic labor protections and improve working conditions; and 2) \$10 million in bilateral assistance, to be administered by the U.S. Department of Labor, to provide policy guidance to help governments, businesses and workers implement standards in the workplace. Together, these initiatives will increase international implementation of core labor standards and provide rapid response policy and implementation guidance to countries seeking to build safety nets because they recognize the role that such programs play in stabilizing their economies and their governments.

Child Labor/IPEC

The Department of Labor has established itself as one of the most respected authorities on international child labor issues, providing the intellectual basis for the Administration's child labor initiatives. The Department has published five reports on international child labor and is currently at work on

a sixth.

The first two reports documented the use of child labor in manufacturing, mined, plantation and fisheries products imported into the United States, as well as the conditions of forced and bonded child laborers, and children exploited in the commercial sex industry.

The third report studied the use of codes of conduct in the apparel industry and the impacts of such codes on the use of child labor, while the fourth focused on labeling initiatives that allow consumers to know that items are not produced with child labor.

The fifth report documents and evaluates strategies that have been undertaken by governments and NGOs in other countries to reduce exploitative child labor.

The sixth report will deal with the economics of child labor.

During FY 1996-98, the United States provided \$8.1 million to the ILO's International Program on the Elimination of Child Labor (IPEC). These funds have been used for technical assistance programs in various countries. The funded projects include: (1) Bangladesh: A program to remove all children from the apparel sector and place them in education programs; (2) Thailand: A program to keep in school girls at risk of entering the sex trade; (3) Philippines: A national statistical survey of the use of child labor; (4) Africa: A regional program on strategies to reduce the use of children in plantation agriculture; (5) South Africa: A national statistical survey on the use of child labor; (6) Uganda: A program to assist Uganda in preparing for full participation in the IPEC program; (7) Brazil: A program to eliminate the use of child labor in the footwear industry; (8) Pakistan: A program in Sialkot to remove children from the handstitched soccer ball industry and place them in school and a program to remove children from the carpet industry and place them in school.

During the April 1988 Second Summit of the Americas in Santiago, President Clinton asked other Western Hemisphere countries to join in the fight to combat abusive child labor around the world. The President announced a \$2 million initiative to combat child labor in Central American region through a \$1 million grant from the Department of Labor to IPEC and a \$1 million grant from the United States Agency for International Development (USAID). The IPEC programs in Central America are already operational.

In the 1998 State of the Union address, the President referred to the need to end abusive child labor. Subsequently, he requested in the FY 1999 budget \$30 million for U.S. funding of IPEC. Congress fully funded the Presidential request, making the United States a world leader in this area.

On March 10, 1999, in a speech to the Legislative Assembly of El Salvador, the President announced that the United States would provide \$8.2 million in IPEC funds for projects in the region designed to eliminate child labor and help move children from work to school. The funds will be used to fund two regional programs (\$5 million to implement targeted programs for the progressive elimination of child labor in commercial agriculture and \$1.1 million for statistical surveys, data collection and analysis on the extent and nature of child labor, to be able to determine the progress being made in reducing child labor) and several national programs (\$1 million to eliminate child labor in the fireworks industry of Guatemala, \$300,000 for a program to combat child labor in the fireworks industry in El Salvador, and \$300,000 to combat child labor in garbage dumps in Nicaragua).

Secretary Herman announced on March

17, 1999, \$7.5 million in new funding, through IPEC, for regional and country-specific child labor projects in Africa. These projects include: \$1.5 million to support a regional program to remove children from hazardous work in commercial agriculture and help them stay in school in Kenya, South Africa, Tanzania, Uganda, Zambia and Zimbabwe; \$1 million for a regional project to combat the trafficking of children for the purpose of domestic work and provide educational alternatives in Benin, Burkina Faso, Ghana, Mali, Togo, Cameroon, Gabon, Ivory Coast and Nigeria; \$3.7 million to fund participation of Ghana, South Africa, Uganda, Zambia and Nigeria in the IPEC program; and nearly \$1.3 million to conduct statistical surveys to document the nature and extent of child labor in Ghana, Nigeria, Uganda and Zambia.

North American Agreement on Labor Cooperation (NAALC)

The main objective of the NAALC is to improve working conditions and living standards in the United States, Mexico and Canada. The Agreement does this through cooperation and through oversight mechanisms to ensure that labor laws are being enforced in all three countries, promote a better understanding by the public of labor laws, and enhance transparency of enforcement. Labor law is defined in the agreement with reference to 11 fundamental principles, which include international core labor standards.

Unprecedented level of cooperation on key labor issues. Over forty trilateral conferences, seminars, and technical exchanges to share information and make improvements in many critical areas, including conferences to explore ways to eliminate the exploitation of child labor; to improve safety and health in the steel, petrochemical, construction and electronics industries; and to share information on equity in the workplace.

Twenty submissions have been submitted for review under the NAALC so far; 13 have been filed with the U.S. National Administrative Office (NAO), the agency within the U.S. Department of Labor that has day-to-day responsibilities for implementation of the agreement, of which 11 deal with Mexico and 2 with Canada; 5 complaints have been filed with the Mexican NAO, all of which concern the United States; 2 complaints have been filed with the Canadian NAO, one each dealing with the United States and Mexico. The reviews conducted by the U.S. NAO have illustrated a significant problem in Mexico concerning control of labor tribunals by the country's officially aligned unions.

Since the NAALC went into effect, there have been a number of significant developments in Mexico on broad labor policy reform, particularly in the area of freedom of association and collective bargaining.

The Mexican Supreme Court found state laws restricting union organizing in the state governments to be unconstitutional. The types of restrictions addressed in these cases had been reviewed publicly on by the United States in the submissions process.

In 1997, a Mexican appellate court found that the Federal Conciliation and Arbitration Board acted unconstitutionally when it canceled the registration of an independent union. This union's predicament had been reviewed and reported publicly on previously by the U.S. NAO. The court ordered the registration of the union restored. This decision and the Supreme Court decision signal a departure from significant restrictions on the ability to organize in the public sector existing since 1960.

Policy guidelines issued by the Me

xican Secretariat of Labor and Social Welfare in 1996 lay out a plan to address a number of laws and practices restricting union registration and organization in the private sector. Many of the areas targeted for reform were reported on by the U.S. NAO.

In a major development related to a case reported on by the U.

S. NAO involving preemployment discrimination against pregnant women, Mexican officials publicly stated at a March 1999 conference organized under the NAALC that under Mexico's Federal Labor Law employment discrimination, both pre and post hire, on the basis of gender and pregnancy is illegal and would not be tolerated. The Mexican Secretariat of Labor also announced a plan of action to address discrimination, including the creation of an office within the Secretariat dedicated to women's issues and an education and promotional campaign to inform women workers of their rights.

Since the NAFTA and the NAALC went into effect, Mexico

has increased resources devoted to federal enforcement of its labor laws.

According to Mexican government statistics, the enforcement budget of the General Inspection Directorate of the Secretariat of Labor and Social Welfare increased by almost 250 percent, in real terms, from 1993 to 1996.

World Trade Organization (WTO)

The Declaration issued at the December 1996 WTO Ministerial Meeting in Singapore refers to countries renewing their commitment to the observance of internationally recognized core labor standards. The Singapore Declaration also endorses continued collaboration between the WTO and ILO Secretariats. This is the first time in the half century of the GATT/WTO that a Ministerial Declaration recognizes the importance of labor standards.

In his May 18, 1998 address

to the WTO, President Clinton stated:

Likewise the WTO and the International

Labor Organization should commit to work together, to make certain that open trade lifts living conditions, and respects the core labor standards that are essential not only to workers' rights, but to human rights everywhere. I ask the two organizations' secretariats to convene at a high level to discuss those issues.

Meanwhile, Ambassador Barshefsky's Statement to the WTO, May 18, 1998, said:

A basic objective of the WTO, and the GATT before it, is to raise standards of living. There is no doubt that workers around the world have shared in the benefits of the international trading system. Today our challenge is to assure the workers in our countries that they will continue to benefit from this system. We must do more to reassure and demonstrate to our workers that trade contributes to their wellbeing, rather than undermines it. [...] We also look forward to more collaboration between the ILO and WTO Secretariats. Just as more contact between the ILO and the International Financial Institutions is important, active collaboration could be useful to the work of both organizations.

Generalized System of Preferences (GSP)/Worker Rights

The GSP statute requires

that countries receiving preferential trade benefits must be taking steps to afford internationally recognized worker rights to its workers. Pursuant to the statute, in 1996, the Administration took strong action in removing 50 percent of GSP benefits from Pakistan because of child labor abuses and lack of worker rights in export processing zones. In addition, USTR suspended GSP benefits from

m Maldives because of restrictions on freedom of association and from Mauritania because of failure to enforce laws prohibiting slavery.

Following changes to

labor codes consistent with ILO norms, GSP worker rights reviews were terminated regarding El Salvador, Costa Rica, Panama and Paraguay. The Dominican Republic was found to be taking steps to promote worker rights following adoption of measures to enforce the labor code in export processing zones. The GSP Subcommittee conducted a lengthy review of worker rights in Guatemala (1992-1997) and secured improved enforcement of the labor code and a reduction in the level of violence affecting trade union members.

However, other GSP reviews have not produced clearcut results and several cases have been continued from previous years.

The ongoing review of Thailand, the longest in the history of the GSP program, commenced in 1991 and has been continued at least five separate times. The GSP review of Indonesia was suspended in 1994 and replaced by a bilateral worker rights dialogue conducted by USTR. Reviews of Belarus and Swaziland have been underway since 1997.

In June 1998 the AFL-CIO and the International Labor Rights Fund filed petitions requesting GSP reviews of Cambodia and Guatemala. The Administration declined initiation of reviews on both cases.

Organization for Economic Cooperation and Development (OECD)

The United States was instrumental in launching a working group within the OECD to examine the relationship between labor standards and trade. In May 1996, the OECD completed a two-year study on Trade, Employment and Labor Standards: A Study of Core Worker Rights in International Trade. Key findings of the study are: (1) there exists a set of core labor standards that are both human rights and preconditions for the achievement of better working conditions; (2) the results of the study imply that any concerns expressed by certain developing countries that core labor standards would negatively affect their economic performance or their international competitive position in the marketplace are unfounded; indeed, it is theoretically possible that the observance of core labor standards would strengthen the long-term economic performance of all countries; (3) there appears to be a mutually reinforcing relationship between core labor standards and trade liberalization; and (4) adherence to core labor standards should not depend on the level of development.

The Communiqué of the April 27-28, 1998, meeting of the OECD Council at Ministerial Level stated:

Ministers also renewed their support for the observance of internationally recognized core labor standards and the goal of reaching agreement on an ILO declaration and follow-up mechanism. They noted the important role of the social partners in the process. Ministers also rejected the use of labor standards for protectionist purposes.

Voluntary Compliance

One result of growing concerns about unacceptable labor conditions, including child labor, in the apparel industry was a decision by the President in August 1996 to ask a number of companies, trade unions and NGOs, to form the Apparel Industry Partnership (AIP) to work cooperatively to establish a code of conduct for acceptable conditions and methods to assure consumers that the products they are purchasing have

ve been produced under acceptable labor conditions. The AIP entered into an agreement creating a Fair Labor Association and beginning the implementation of the code of conduct in November 1998.

The May 1997 Declaration of Leaders of San

Jose referred to codes of conduct and asked labor ministers to advance their cooperation on such initiatives. The AIP was a prominent part of the agenda of the November 1997 meeting held by Secretary Herman with her counterparts from Central America, the Dominican Republic, Panama and Belize.

In February 1998, Secretary

Secretary Herman and EU Commissioner Flynn cohosted a symposium in Brussels on codes of conduct and international labor standards, attended by representatives of labor, business, NGOs and governments from both sides of the Atlantic. A followup meeting was held in Washington in December 1998.

Western Hemisphere

The B

uenos Aires Declaration and Plan of Action, adopted by the Tenth InterAmerican Conference of Ministers of Labor, held in Buenos Aires in October 1995 under the auspices of the Organization of American States, recognized the importance of implementing labor standards for the process of economic integration. A report issued by the Ministers of Labor was presented to the hemispheric Ministers of Trade meeting in Belo Horizonte, Brazil, in May 1997. The report states that core labor standards should be respected in the process of hemispheric economic integration.

In May 1997, the Declaration of San Jose, signed by President Clinton and the leaders of Central America, the Dominican Republic, Panama and Belize, specifically referred to labor standards as follows:

We reaffirm our comm

itment to human rights as stipulated in the Universal Declaration and to international and interamerican human rights instruments, to which we are parties. In particular, we recognize the importance of economic, social and cultural rights, and within these we underscore the rights of workers, and reaffirm our commitment to ensure compliance with the Constitution and Conventions of the International Labor Organization, as respectively ratified by our governments. We welcome the input of the labor sector in the hemispheric economic integration process.

The Declaration also called for a followup meeting of labor ministers which was convened by Secretary Herman in Washington in November 1997. The issue of labor standards was a prominent part of the agenda of that meeting.

At the

November 4, 1997 meeting with the Labor Ministers from Central America, Belize, Panama and the Dominican Republic, Secretary Herman announced the expansion by \$3 million of funding by the U.S. Agency for International Development for a program to modernize the labor ministries of the region and increase their capacity regarding labor inspection. Secretary Herman supported the successful request from these ministries for financial support of \$__ million from the InterAmerican Development Bank for further modernization projects.

At the April 18/19

, 1998, Summit of the Americas in Santiago, Chile, the President and the leaders of the democraticallyelected governments of the hemisphere agreed to a Political Declaration and Plan of Action.

In the portion of the Plan of Action deali

ng with the FTAA, there is reference to the committee of government representatives to hear the views of civil society and provide input to the trade minister

s in the negotiation of the FTAA that USTR had succeeded in obtaining in the March 1998 meeting of Minister of Trade in San Jose. Civil society is defined to include labor.

The Plan of Action also includes items dealing with: (1) modernization of labor ministries; and (2) basic worker rights. These two elements will be advanced through the work of the labor ministers with the help of the OAS, ILO and IDB. The United States is the coordinator (with Brazil serving as coordinator) of these items of the Plan of Action.

Secretary Herman led the U.S.

delegation to the XI InterAmerican Conference of Ministers of Labor, held in Valparaíso, Chile, in October 1991. The Valparaíso Declaration adopted by the Conference established two working groups: 1) Globalization of the Economy and its Social and Labor Dimensions, cochaired by Peru and Uruguay; and 2) Modernization of the State and Labor Administration, cochaired by Costa Rica and Venezuela. The United States is participating in both of the working groups, which have been directed by the Conference to prepare programs of activities and preliminary timetables for implementation by April 1999.

Secretary Herman was a keynote speaker at the ILO Symposium on Labor Issues in the Context of Economic Integration: A Caribbean Perspective, held in Port of Spain, Trinidad and Tobago, in January 1999. The Secretary's remarks stressed that expanding trade and securing worker rights are mutually reinforcing goals and called on the Caribbean countries to become more active in the labor dimension of the hemispheric integration process.

U.S.EU

In May 1996, under the New Transatlantic Agenda, the United States and the EU established a joint Working Group on Employment. One of the agenda items for the working group is labor standards in the international context. In June 1996, at the U.S.EU Summit in Washington, President Clinton and his EU counterparts endorsed the establishment of the Transatlantic Labor Dialogue, parallel to the already existing Transatlantic Business Dialogue.

The

Transatlantic Economic Partnership, launched at the May 18, 1998 U.S.EU Summit in London, included within its multilateral actions support for the observance of internationally recognized core labor standards and the goal of reaching agreement on an ILO declaration and followup mechanism, noting the importance of the social partners in the process, and rejecting use of labor standards for protectionist purposes. Within the bilateral actions foreseen by the Partnership is the following: Within the framework of our bilateral partnership we will seek to advance our shared values in the areas of labor and the environment. Finally, the document reaffirms the commitment in the New Transatlantic Agenda to promote dialogue between representatives of consumer and labor interests as illustrated by the helpful second meeting of the Transatlantic Labor Dialogue held in London in April.

G8

In February 1998, at the meeting of G8 Labor and Finance Ministers, the Departments of Labor and Treasury and the NEC negotiated the inclusion in the communique of language regarding the implementation of labor standards both with regard to the pending activities of the ILO and the Asian financial crisis.

The Communique of the G8 Birmingham Summit, issued on May 17, 19

98, states: We are also willing to share our principles and experiences, including in the relevant international institutions particularly the ILO, OECD and IFIs, to help foster growth, jobs and inclusion not only in the G8 but also throughout the world. We renew our support for global progress towards the implementation of internationally recognized core labor standards, including continued collaboration between the ILO and WTO secretariats in accordance with the conclusion of the Singapore conference and the proposal for an ILO declaration and implementation mechanism on these core labor standards.

Secretary Herman hosted

the G8 Labor Ministers in Washington on February 24-26, 1999, to discuss the topic of Labor Policies in a Rapidly Changing Global Economy. IMF Managing Director Michel Camdessus addressed the Ministers at lunch and Secretary Rubin did the same at dinner, both discussing labor standards and the international financial institutions. The Chairs Conclusions from the meeting included:

Agreement

that global economic growth must take place under conditions of social justice in order to sustain globalization and that this calls for the universal respect for core labor standards, which Ministers agreed to pursue as a key objective.

Recognition of the importance of the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-Up Mechanism as a tool in the effort to improve the lives of workers throughout the world and support for the strengthening of the ILO's capacity to assist countries to put in place and implement core labor standards and to enhance the coverage and effectiveness of social safety nets. The Ministers also called on the ILO to establish a rapid response capacity, enhanced technical assistance, and a clearinghouse to provide feasible and timely policy guidance to countries seeking to implement social safety nets strategies.

Support for the ILO's IPEC program, urging IPEC to further report on program outcomes, lessons learned and best practices in efforts to stop abusive child labor and support for a new ILO convention to eliminate the worst forms of child labor.

Statement that the G8's common goals of promoting respect for labor rights and continued trade and investment liberalization are important and mutually reinforcing, support for continued collaboration between the ILO and WTO Secretariats on these issues, and commitment to bring the Chairs Conclusions to the attention of Trade Ministers.

Recognition of the increased cooperation between the ILO and the IFIs and urging that labor concerns be better integrated in IFI programs and in the policy dialogue between IFIs and members.

Africa

In her recent keynote address to the first-ever U.S.-Africa Economic Ministerial in Washington, Labor Secretary Alexis M. Herman pledged her commitment to supporting the Presidents Partnership Initiative for Growth and Opportunity in Africa through cooperation in the area of human resources development. As part of this initiative, Secretary Herman announced the largest-ever grant of funds \$ 7.5 million in FY99 for programs to combat child labor in Africa.

The U.S. Department

of Labor is providing advice and technical assistance to labor ministries in sub-Saharan Africa and has initiated work in the region to promote core labor standards and combat child labor. For African countries making serious commitments

ents to core labor standards, implementation of worker rights can only be guaranteed by modern labor ministries with strong and effective response capabilities. Core labor standards and economic growth are mutually reinforcing and are critical to the development of democratic institutions.

In South Africa, the D

epartment of Labor has received funding from USAID for a four-year program of technical cooperation with the South African Department of Labor (SADOL). Among its components are two projects specifically targeted to improving South African labor standards and enforcement capacity in the areas of antidiscrimination and occupational safety and health. In addition, the Department has drawn on the USIS South Africa Exchange Support Fund to train mining inspectors from South Africa's Department of Minerals and Energy. The inspectors attended training at the Department's Mine Safety and Health Administration Academy in West Virginia, where MSHA worked with the inspectors to draft a South African mine inspector training plan which could eventually result in the first mine safety training academy on the African continent.

China

Freedom of association concerns in Ch

ina are obvious, as are recent arrests of dissidents pressing the agenda of trade union rights. At the same time, China is undergoing enormous shifts in its labor market policy and is interested in pursuing a closer bilateral relationship on these issues. The Department of Labor receives more visitors from China eager to know about Departmental programs each year than from any other country.

At the June 1998 Summit Meeting of President Clinton and Chinese President Zhang Zemin, there was agreement to establish a U.S.-China Labor Dialogue. The Dialogue called for the U.S. Secretary of Labor and the Chinese Minister of Labor to undertake reciprocal visits and for the two countries to exchange views and information on policies related to labor markets and core labor standards, and social safety net issues.

China's Minister of Labor and Social Security Zhang

Zouji is scheduled to visit Washington on March 29-30, 1999 to initiate the Dialogue. On March 29, Minister Zhang will visit the Social Security Administration and HHS's Health Care Financing Administration. On March 30, Minister Zhang will meet with Secretary Herman and key Department officials responsible for labor market information, policy development, worker adjustment and unemployment insurance. He will also have meetings with representatives of the U.S. labor and business sectors. It is anticipated that the Department and the Ministry will sign a Memorandum of Understanding regarding cooperative activities in several areas, including labor law and labor standards. A visit to China by Secretary in the fall of 1999 is likely.

APEC

In 1990, APEC established a Human Resources Development Working Group (HRDWG); DOL became the U.S. coordinator of the HRDWG in 1995. Although we have been unsuccessful in including directly labor standards, we have accomplished the following: 1) U.S. delegations led by DOL to HRDWG meetings and HRD Ministerials consistently have included labor representatives and other countries are following our lead; 2) we succeeded in revising the medium term strategic priorities of the HRDWG to include a focus on workplace issues and gender and equity considerations; and 3) in cooperation with the U.S. National Safety Council, we are sponsoring an activity to Examine the Linkages Between Workplace Safety and Health and Productivity.

The economic crisis

has led to greater receptivity to addressing the needs of vulnerable groups and recognizing the role of social safety nets in sustaining longterm economic growth. A June 1999 conference on best practices regarding labor management government cooperation scheduled will lay the foundation for continuing a tripartite approach in HRDWG activities.

The next APEC HRD Ministerial will be hosted by Secretary Herman in Washington in July 1999 and will focus on how economies can best respond to the human resource and social impacts of the financial crisis. Specific topics to be discussed will include developing the institutional capacity for dealing with dislocated workers, restructuring, improving workplace practices and productivity, and social safety net issues.

Labor Diplomacy

The Dep

artment of Labor and the Department of State have been working closely together to revitalize and strengthen the labor diplomacy function within U.S. foreign policy development and implementation. The measures that have been initiated include:

Advisory Committee on Labor Diplomacy: The Vice President announced the formation of an Advisory Committee on Labor Diplomacy on February 19 at the AFLCIO Executive Council meeting. The purpose of the Committee is to advise the Secretary of State and the President with respect to the labor diplomacy programs administered by the Department of State. A charter for the Committee has been approved; it provides for up to 8 public members, appointed by the Secretary of State, having an interest and expertise in the subject and a commitment to international labor policy and labor diplomacy; it may include representatives of labor unions, employer groups, nongovernmental groups, and academic and public policy institutions. The Secretaries of State and Labor would serve as ex officio members of the Committee.

Positions: The number of overseas Foreign Service positions formally designated as having labor diplomacy responsibilities currently stands at 46, an increase of 13 since mid1998. Active consideration is being given to increasing that number further.

Grade Structure/Assignments: Th

e Department of State is currently reviewing the grade structure of labor diplomacy officers to ensure that the duties of the positions are reflected in the grade levels. The Departments of State and Labor have worked out a more structured interagency vetting process that allows the Department of Labor to have a more formal role in identifying candidates for labor diplomacy assignments abroad.

Mission Program Plans: The Departments of State and Labor have initiated a procedure whereby the Department of Labor's views can be integrated into the program planning process for overseas missions.

Personnel Exchanges: Beginning in FY1999, Department of Labor employees will be considered for labor diplomacy assignments abroad. Between 4 and 6 Department of Labor candidates may be assigned to such positions.

Training: The Department of Labor is working closely with the Department of State to strengthen the annual labor training course presented at the Foreign Service Institute and exploring incorporating a labor component into other relevant courses.

Evaluations/Awards: The Departments of State and Labor are developing a formal mechanism for the Department of Labor to have

input into the evaluation process of labor officers. The two Departments also plan to establish a joint Secretaries award for labor reporting.

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ENVIRONMENTAL PROTECTION AGENCY

EXISTING EPA ACTIVITIES AND PROGRAMS THAT PROMOTE BETTER ENVIRONMENTAL STANDARDS AND PRACTICES ABROAD, PARTICULARLY IN DEVELOPING COUNTRIES:

The development and implementation of strong health, safety and environmental (hereinafter "environmental") laws and policies abroad, particularly in developing countries, will play a critical role in ensuring that trade and investment liberalization is consistent with environmental goals, in support of sustainable development. Strong environmental laws and policies, combined with effective enforcement, will promote sound environmental practices and help ensure that international markets take into account environmental costs associated with international trade and investment activity. Experience has also shown that such laws and policies can promote the flow of environmental technologies and services, reduce uncertainties in multinational firm decision-making, and enhance economic results at the national, industry and company levels.

Working closely with the U.S. Agency for international Development and other bilateral and multilateral development organizations, EPA is engaged in a relatively modest effort to strengthen environmental institutions and human resource capabilities in priority countries and regions around the world. Targeted interventions in Central and Eastern Europe, the New Independent States, Central America, and Southeast Asia, for example, are aimed at a) strengthening environmental policy frameworks, b) developing technical, policy and other human resource capabilities, and c) demonstrating appropriate management and technical approaches for specific environmental problems.

These programs reflect the Administration's objectives on global environmental issues, such as the reduction of greenhouse gas emissions under the UN Framework Convention on Climate Change and persistent organic pollutants (POPs) under the global convention now under negotiation. They also reflect the latest in domestic environmental protection, including the emphasis on cleaner production and pollution prevention, transparency and community involvement, and place- and sector-based approaches.

Because EPA can devote only a tiny percentage of its own resources to the international arena, most of these programs are dependent on the availability of continued USAID funding or other outside support. A relatively small part of EPA's technical assistance capacity has been tapped, and the Agency could do much more if resources are made available.

Strengthening Environmental Policy Frameworks

Environmental protection efforts in many developing countries continue to suffer from weak or overlapping ministries and mandates, insufficient funds, lack of trained personnel, and uneven or nonexistent enforcement regimes. EPA works with targeted environment ministries in applying lessons learned from more than 30 years of U.S. domestic experience. This work includes such environmental management tools as strategic planning, environmental impact assessment,

development of regulations and standards, enforcement and compliance assurance, cost-benefit analysis, stakeholder involvement and community outreach.

Development of Technical, Policy and Other Human Resources Capabilities

A shortage of trained and experienced personnel continues to hamper environmental protection efforts in many developing countries. Where funding is available, EPA offers training courses, fellowship opportunities, and information products related to air and water quality management, small community wastewater systems, pesticide usage and disposal, lead phase-out, hazardous waste management, risk assessment, pollution prevention, environmental monitoring and information systems, and other areas of most concern to developing countries.

Demonstrating Management and Technical Approaches for Specific Environmental Problems

The application of specific environmental and technical approaches, under conditions unique to the individual country, is critical to environmental protection efforts in developing countries. With funding and staff-time the principal constraint, EPA engages in site-specific demonstrations of particular technologies and management approaches. EPA has also worked effectively with many U.S. state and local organizations and with the private sector in carrying out such demonstrations.

TRADE AND ENVIRONMENT

STATUS:

The Committee on Trade and Environment has produced a report to the Singapore Ministerial Conference that records the debates that have taken place in the Committee and offers a number of conclusions and recommendations. The conclusions and recommendations are modest, reflecting the current limited consensus within the Committee and we have expressed reservation or offered clarifications on several points. At the same time, there are a number of points that are quite welcome and will serve as useful basis for further work.

BACKGROUND:

The mandate of the CTE is to examine the relationship between trade measures and environment measures and to make appropriate recommendations to the ministers at Singapore as to whether and, if so, what changes are needed in the rules of the multilateral trading system to foster positive interaction between trade and environment measures and to avoid protectionist measures. While the work to date has been serious and substantive, the views of delegations have been diverse and strongly held and the negotiation of the Report to Ministers was quite contentious. The following set out the major areas of focus by the group and summarize the relevant portions of the report for each.

Multilateral Environmental Agreements (MEAs) – Inclusion of trade measures in MEAs has been and will continue to be essential to meeting the objectives of certain agreements but may raise questions with respect to WTO obligations. There are sharp differences of view within the CTE on whether this is an issue that needs to be addressed and, if so, how. Some delegations strongly prefer the status quo, others have proposed an accommodation with minimal constraints on MEA negotiators, while still others have proposed an accommodation subject to substantive conditions on the use of trade measures. Among those countries that prefer the status quo are Egypt, India, Mexico and the ASEANs. The EU and Switzerland have proposed an accommodation subject to limited conditions. New Zealand and Korea have also proposed an accommodation but subject to much more extensive conditions. None of these approaches has come close to garnering a consensus. From the US perspective, the divergent views described above made clear that the status quo was preferable, from both a trade and environmental perspective, to any result we were likely to achieve in the CTE by Singapore.

Given these fundamental differences of view, the report of the CTE focuses on identifying areas of common ground. In this connection, the report, inter alia, (1) recognizes the important role that trade measures have played, and may play in the future, in MEAs; (2) emphasizes that WTO rules provide scope for trade-related measures needed for environmental purposes, including those in MEAs, which is important and should be preserved; and (3) calls on countries that are WTO members and also parties to an MEA to consider bringing any dispute involving the trade provisions of the MEA to that agreement, as opposed to the WTO.

Ecolabeling - There is broad concern in the Committee that ecolabeling may be used as a barrier to trade while, at the same time, ecolabeling is viewed by environmental policy makers as an important policy instrument. There are various types of ecolabeling programs but the type that has raised the most concern is labels that include criteria based on production processes and methods (PPMs) that do not affect the characteristics of the product. There are divergent views within the CTE as to whether this type of ecolabeling is covered by the WTO Agreement on Technical Barriers to Trade (the TBT Agreement). The US believes the TBT Agreement applies to all forms of ecolabeling and that inclusion of PPM-type elements in ecolabeling schemes is not per se a violation of WTO rules. We believe that the TBT Agreement provides sufficient flexibility to permit unincorporated PPM-based ecolabeling, subject to appropriate trade disciplines. Other countries – particularly developing countries – disagree. The Committee has also discussed the role that transparency in the formulation of ecolabeling programs can play in meeting the environmental objectives of such programs while mitigating trade concerns. The US has been seeking a commitment to enhanced transparency. Unfortunately, disagreement over the applicability of current WTO rules to ecolabeling led to resistance to discussing an enhanced commitment.

The Committee's report: (1) recognizes the importance of transparency, including opportunities for input from all interested parties, in the development and implementation of ecolabels; and (2) stresses the importance of WTO members following the provisions of the Agreement on Technical Barriers to Trade with respect to ecolabeling, notwithstanding differences of view as to whether certain (i.e., PPM-related) aspects of ecolabeling schemes and criteria are covered by the Agreement.

Market Access – Much of the work in this area has focused on the potential environmental benefits of reducing or eliminating trade distorting measures. There is a broad degree of consensus in the Committee, as reflected in its report, that trade liberalization, in conjunction with appropriate environmental policies, can yield environmental benefits. The US, Argentina, and Australia have drawn particular attention to the potential for such a “double dividend” in the agriculture sector, while at the same time suggesting that the Committee should work to identify other areas with particular promise. The report endorses this latter proposal.

TRIPs – India has tabled three proposals suggesting that the CTE consider relaxing provisions of the TRIPs Agreement to “accommodate environmental concerns”. Two of the proposals suggest that the patent term for environmentally beneficial products should be reduced, that it should be made easier to impose compulsory licensing and that trade secret protection should be reduced. The third proposal would modify the TRIPs Agreement to make it more “supportive” of the Convention for Biodiversity by, inter alia, creating special provisions for indigenous and farmers rights. India’s proposals have not drawn any substantial support in the CTE and several countries have spoken against them. That the US, supported by the EU, Canada, and Switzerland, has made clear its view that India has not presented a logically supportable case for changing the TRIPs Agreement. We have also taken the view that “indigenous rights” and “farmers rights” are not intellectual property and are not within the mandate of the CTE. The US underlined the important role that TRIPs can play in meeting environmental objectives by promoting the development and dissemination of environmentally sound technologies. The report of the CTE simply notes these disagreements and that further discussion will take place in the Committee.

Environmental Reviews – The US has proposed to the CTE that Ministers endorse the concept of environmental reviews of trade agreements that may have significant environmental effects. Regrettably, we were unable to achieve agreement on this proposal because a number of delegations questioned whether this was an issue within the CTE’s competence.

Future of the CTE – The Marrakech Ministerial Decision establishing the CTE calls on the Singapore Ministerial to review its work and terms of reference. The CTE’s report recommends that that the Committee should continue its work under its existing terms of reference.

USAID ACTIVITIES AND PROGRAMS

Free trade and investment policies and agreements have tremendous potential to be supportive of sustainable development. If not strategically and carefully formulated, however, the impact on U.S. broader goals and strategic objectives in developing countries can be devastating. This is a critical concern for USAID and DOS as these agencies have mandate and responsibility to promote policy and legal frameworks that support sustainable development. It is important for trade and investment policies and agreements to be developed in ways that fully exploit the opportunity to promote multiple national goals. Just as unwise trade and investment policies can

undermine other policy goals, weak environmental protection measures and ineffectual enforcement can amount to unfair trading practices. Environmental standards must be included among the criteria for deciding when to liberalize trading arrangements.

Key elements of US development assistance programs related to sustainable development and international trade and investment policy include:

- supporting developing countries' capacity to create and to implement essential regulatory frameworks for environmental, health, and safety protection,
- strengthening developing countries' capacity to promote local government and community-based natural resource management, including environmental protection,
- fostering civil society and governance, through promoting rule of law, democratic processes, transparency, public participation, access to information and decentralization, and
- alleviating the fundamental causes of poverty.

The United States has encouraged countries, both in multilateral agreements and via development assistance programs, to put in place policy and regulatory frameworks that encourage investment supportive of sustainable development. Trade and investment agreements and policies that give international investors advantages and rights without concurrent and adequate consideration of essential environmental and governance dimensions, undermine developing country governments' efforts to develop basic policy and regulatory frameworks.

The examples below highlight potential conflicts among US policies and actions in support of sustainable development, and the typical disciplines of investment agreements.

1. *Environmental regulatory frameworks.* Unless carefully drafted, expropriation and compensation provisions, coupled with dispute resolution provisions granting investors rights to bring claims directly against governments, may undermine the efforts of developing countries to create the policy, legal and regulatory frameworks necessary for sustainable development. Most developing countries are in the process of developing an adequate set of such measures and could be precluded from continuing that process. As is the case for the US and other developed countries, as more is learned of environmental issues, these measures need to change to keep up with the science.

Example: In Eastern Europe, USAID and USEPA are promoting the development of legislation establishing environmental liability with respect to hazardous waste sites. Under the existing expropriation provisions (NAFTA, BITs) there may be a chilling effect on governments' willingness to develop and implement this type of legislation.

2. *Community Development.* Many developing countries are only beginning to address social equity concerns through regulatory reform. In addition, performance requirement provisions in BITs could close off policy options which developing countries might use to strengthen and diversify their domestic industries. Policies that have been used effectively by all OECD and Newly Industrializing Countries, such as the regulation of foreign investment in the public interest or export subsidies, could be denied to developing countries.

Example: South Africa has shown interest in how the US has developed and implemented the Community Reinvestment Act (CRA) and the Vice President and Secretary Cuomo strongly support comparable policy development in South Africa through the Bi-National Commission. It is highly likely that the US CRA will be

grandfathered in ongoing negotiations. However, it may take a number of years for South Africa and other countries to develop this type of legislation. If not in place when trade and investment agreements are signed, these arrangements can, and perhaps will, be interpreted to prohibit this type of social development/equity regulation.

3. *Local governance/decentralization:* Developing countries are increasingly unwilling to decentralize and devolve authority for a variety of government functions, including urban environmental protection and natural resource management. Unless carefully drafted, national treatment and dispute resolution provisions have the potential to impede this progress. Particularly problematic for local governance are investor-state dispute resolution provisions that have the potential of overriding future subnational measures and do not allow for local government (much less community or civil society) participation in the process. Although investors could challenge local regulations, only the national government would take part in the dispute settlement process. Unless there is room for future subnational measures and participation by local governments/communities, this provision could compromise the painstakingly established legal underpinnings of local control.

Example: urban environmental protection

The key to increased environmental protection in the majority of urban areas lies in local governments' ability to develop environmental management measures that may be more stringent than national measures. An example of this is USAID's program in Ahmedabad, India. The city government has developed a 'tool kit' of improved environmental management measures/regulations which include risk assessments, improved zoning codes and stringent controls on wastewater and solid waste management services. These measures/regulations have been designed for specific problems associated with Ahmedabad's urban environment and are more restrictive than India's national measures and many other local government measures. Provisions such as those proposed for the MAI and most BITs have significant potential to undermine Ahmedabad's environmental management measures/regulations.

Example: natural resource management

Cambodia attracted larger FDI flows than any other least developed country (LDC) in 1996. Like almost all LDCs, Cambodia's internal market is small and characterized by the low purchasing power of consumers. Investment in Cambodia is oriented towards production for markets abroad, making use of Cambodian natural resources and inexpensive labor. The primary private investment market for Cambodia is its timber concessions. USAID/Cambodia's Special Objective, like many of USAID's natural resource management activities, is aimed to improve management capacity of natural resources at the local community level. Many policies and laws supporting community-based natural resource management are based on discriminatory measures favoring local control and benefits which could be seen as contradictory to national treatment discipline of investment agreements.

“NEXT STEP” POLICY OPTIONS

To ensure that trade/investment policies and agreements positively impact and enhance commitments to sustainable development, we should incorporate and develop the following principles and values laid out in the President's WTO and State of the Union speeches into the current work on FTAA, NAFTA Chapter 11 review, and the revision of BITs.

1. *Commitment to upward harmonization and high levels of protection and effective enforcement of environmental laws.* Lowering standards to promote or attract trade and investment is neither sound environmental or social policy, nor wise economic policy. Trade and investment policies and agreements should not impair countries' ability to ensure that their laws and regulations provide for high levels of environmental, health and safety protection, and for the protection of human rights. Countries should also commit to improve and enforce those laws and regulations, as necessary, and to respect the right of other governments to do so. Trade and investment policies and agreements have a positive role to play and an affirmative responsibility to promote USG efforts to help developing countries develop the capacity to protect the rights, health and safety of their citizens and their environment.
2. *Commitment to ensure that domestic regulatory and enforcement authority to protect health, safety and the environment is protected.* Policies and provisions of agreements should explicitly recognize that countries should not be prevented from adopting, maintaining or enforcing measures that are appropriate and necessary to protect health, safety and the environment. The vast majority of developing countries are struggling to develop legal and regulatory frameworks to address existing problems and concerns. Increases in trade and investment will bring other issues that will have to be addressed. Countries should not be arbitrarily constrained in their ability to develop necessary policies and measures.
3. *Commitment to undertake environmental impact assessment of trade and investment activities subject to decisions by a competent government authority.* We should encourage parties to undertake early, written, transparent, and participatory environmental reviews of trade and investment agreements. We should also encourage parties to perform more detailed and comprehensive environmental impact assessments for trade and investment activities that are likely to have a significant adverse impact on human health or the environment. USG policy should commit to such environmental reviews and assessments and encourage comparable commitments by others. It is particularly important that US development assistance help countries develop the capacity to undertake these reviews and ensure public understanding of the consequences of proposed actions.

UNITED STATES TRADE REPRESENTATIVE

STATEMENT OF POLICY – COMMITMENT TO GLOBAL ENVIRONMENTAL PROTECTION

Thanks in large part to US leadership, making environmental and trade policy mutually supportive has now taken an important place on the international trade agenda. The 1992 Rio Sustainable Development Summit, the 1994 Summit of the Americas, and ongoing work in the

WTO all reflect an international commitment to the importance of making trade and environmental protection mutually supportive.

Efforts to reconcile trade and environmental policymaking did not begin with this Administration. President Bush successfully negotiated the inclusion of environmental provisions into the NAFTA itself (which his Administration called the “greenest of trade agreements ever”). In 1993 this Administration build upon that base, negotiating an unprecedented framework for environmental cooperation through the North American Agreement on Environmental Cooperation (dedicated to enhancing environmental protection throughout North America and the effective enforcement of our respective laws) and the US-Mexico Border Environmental Cooperation Agreement (creating the Border Environment Cooperation Commission (BECC) and the North American Development Bank (NADBank)). We have since taken a leadership role in the implementation of environmental problems through certifying and arranging financing for numerous infrastructure projects, initiating a diverse cooperative work program, and facilitating cooperative environmental enforcement activities.

Since 1947, the GATT has contained exceptions for the use of measures to protect human, animal, or plant life or health, and to conserve natural resources. Recognizing that more was required to make the trading system more responsive to environmental policy concerns, the US led the successful effort to include in the Uruguay Round Agreements provisions that more clearly safeguard US environmental, health and safety standards and provide greater transparency to the procedures for dispute settlement. We also persuaded other countries that the trading system needs to address a much broader range of issues where trade and environmental policy interact, resulting in a commitment to undertake a program of work on the trade-environment relationship through a Committee on Trade and Environment. Moreover, thanks to our further efforts since the WTO agreements came into effect, the WTO has continued to become more transparent and more accountable to the interested public, through greater derestriction of documents and improved relationships with nongovernmental organizations (though more needs to be done).

While promoting global recognition of the interrelationship between trade policy and environmental policy, we have been equally dedicated to using global, regional, and bilateral diplomacy to achieve progress on a wide range of environmental concerns. We are fully cognizant of the need to ensure that the economic development fostered by trade liberalization takes place in the context of appropriate environmental policies. We are equally cognizant of the fact that US opportunities for global environmental leadership can only be enhanced by a United States positioned to be the global leader on trade matters, for which fast track is indispensable.

US global environmental diplomacy has focused on five environmental priorities: the problems of climate change, toxic chemicals, species extinction, deforestation, and marine degradation, which are the consequences of the enormous pressures placed on the world's resources by an ever-increasing population, spreading industrialization, land conversion, urbanization, and rising consumption. We are leaders, for example, in the negotiation of agreement on future emissions reductions in the Global Climate Change Convention; the negotiation of a global agreement requiring that trade in hazardous chemicals and pesticides be accompanied by greater sharing of

information about these substances' hazards; the establishment of national networks of protected forest areas through the Convention on Biological Diversity; and the implementation of the Convention on International Trade in Endangered Species. We have taken bold steps on multiple fronts to address the unprecedented stresses on world fisheries; for example, leading the negotiation and ratification of a landmark 1995 UN treaty designed to improve the management of shared fish stocks, and creating and strengthening regional fisheries conservation and management bodies.

Recognizing the reality that environmental problems do not respect borders, the US has worked to improve environmental cooperation among neighboring nations. We are opening regional environmental hubs at US embassies in Costa Rica, Uzbekistan, Ethiopia, Nepal, Jordan, and Thailand, to work on transboundary solutions to regional environmental problems, and to raise the profile of environmental issues in many of our bilateral relationships. Priorities for regional environmental diplomacy include water resources, air quality, energy resources, land use, and urban and industrial growth.

As part of our goal of ensuring that trade liberalization takes place in the context of a sound environmental protection regimes, the US has led efforts in both the Western Hemisphere and APEC to further regional environmental cooperation. In each forum, the region's environment ministers have pursued an active agenda of environmental initiatives. At the 1996 Bolivia Sustainable Development Summit, we and other hemispheric leaders forged a comprehensive plan of action covering health and education (as they relate to environment), sustainable agriculture and forests, sustainable cities and communities, water resources and coastal areas, and energy and minerals. In APEC, we have taken the lead on implementing two of three sustainable development initiatives launched at the July 1996 Environment Ministerial, those concerning "clean production" and the marine environment. These initiatives, undertaken in tandem with the FTAA and APEC trade liberalization initiatives, can serve as a model for future regional trade liberalization activities.

In addition to global, multilateral and regional environmental initiatives, the Administration has undertaken and will continue a wide range of bilateral activities to further US environmental policy interests and enhance environmental cooperation. We are using new and existing high level dialogues with key countries to leverage our resources on important global issues; for example, the Vice President's bilateral Commissions with Russia, South Africa, and Egypt, and a set of high level policy dialogues with Japan, Brazil, and India. We are also working to establish a sustainable development forum with the Chinese where environmental issues will be a major focus. Closer to home, the US remains committed to working cooperatively with Mexico on multiple fronts to eliminate the egregious environmental problems along the US-Mexico border. The NAFTA bilateral environmental institutions, the BECC and NADBank, together constitute the institutions necessary to identify worthwhile projects and leverage the financing that is critical to environmental clean up along the border, and the Border XXI Program, incorporating the work of several environmental, health, and natural resource agencies and organizations in both countries, sets the blueprint for improving the quality of life and the environment along the border.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Camille Massey <masseyc@LCHR.ORG> (Camille Massey <masseyc@LCHR.ORG> [UNKNOWN])

CREATION DATE/TIME: 8-SEP-1999 18:24:08.00

SUBJECT: FLA Chair Announcement

TO: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP [OPD])

READ:UNKNOWN

CC: Justine Nolan <NolanJ@LCHR.ORG> (Justine Nolan <NolanJ@LCHR.ORG> [UNKNOWN])

READ:UNKNOWN

TEXT:

Hi Sarah,

As we discussed, attached is our final press release (to be put on FLA letterhead). We look forward to receiving your release. Please email it to me and to Justine Nolan, our Business & Human Rights Consultant, at justinenolan@yahoo.com. We'll get it to Mike.

Thank you again for your offer to call Patrick Kortman in the NEC press office. I will also try to reach him tomorrow.

Camille

L. Camille Massey, Esq.
Director of Communications
Lawyers Committee for Human Rights
333 Seventh Avenue, 13 Floor
New York, NY 10001
(212) 845-5225 phone
(212) 845-5299 fax
<http://www.lchr.org>

- DRAFT PRESS RELEASE.doc===== ATTACHMENT 1 =====
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

New York, September 9, 1999 The Fair Labor Association (FLA) today announced the appointment of Charles Ruff as the first Chair of its Board of Directors.

The FLA grew out of the Apparel Industry Partnership, a voluntary initiative supported by the White House, which brought together a group of manufacturers, human rights, labor rights and consumer organizations. The Association will accredit independent monitors who will inspect factories manufacturing products for each company that is part of the FLA's monitoring process. The FLA's Board of Directors includes an equal number of companies and human rights, labor rights and consumer organizations. It also includes a university representative. As Chair of the Board Mr. Ruff will help lead this new institution that will oversee the enforcement of an industry wide code of conduct and monitoring principles i

n the apparel and footwear industries.

Ten companies have agreed to participate in this process to date: adidas-Salomon A.G, Kathie Lee Gifford, Levi Strauss & Co, Liz Claiborne Inc., L.L. Bean, Nicole Miller, Nike, Patagonia, Reebok and Phillips Van Heusen. In addition, 121 colleges and universities have affiliated with the FLA, requiring their licenses to comply with FLA standards. Four public interest organizations; the International Labor Rights Fund, the Lawyers Committee for Human Rights, the National Consumers League and the Robert F. Kennedy Center for Human Rights have participated in the establishment of the FLA.

Mr. Ruff served as White House Counsel from 1997-1999. Last month he returned to the Washington law firm of Covington & Burling. Mr. Ruff was a partner at the firm from 1982-1995. From 1995-1997, Mr. Ruff was Corporation Counsel to the District of Columbia. Before going to Covington & Burling, Mr. Ruff was the U.S. Attorney for the District of Columbia and Acting Deputy Attorney General in the Department of Justice. From 1975-1977 he was the Special Prosecutor and Director of the Watergate Special Prosecution Force. In 1993, Mr. Ruff was Chair of the Multinational Panel to Inquire into the Curbing of Violence in the South African Elections.

Michael Posner, Executive Director of the Lawyers Committee for Human Rights said "The appointment of Charles Ruff marks an important step for the FLA as it prepares to begin its operations. He has the independence, judgement, and integrity needed for the job. We all look forward to working with him."

"We have taken a significant step forward by selecting Charles Ruff, who possesses the integrity and skills needed to lead the FLA in these formative years. His experience and expertise position him well to help implement the principles on which the FLA is founded, and I am confident he will make an excellent chair" said Roberta S. Karp Vice President, Corporate Affairs and General Counsel, Liz Claiborne Inc.

Jim Wilkerson, Duke University and Carol Kaesebier, University of Notre Dame, the Co-Chairs of the University Advisory Council to the FLA stated "We are delighted that Mr. Ruff has been appointed as Chair of the FLA. His selection is a crucial step in building the foundation of the FLA and its efforts to improve working conditions. He is a person of high integrity who will approach the work in a thoughtful and fair-minded way. We are confident that his broad experience, including time spent in academia, will serve the university interests extremely well."

The FLA plans to hire its first executive director in the next month and begin active operations later this fall. The first inspections of factories by independent monitors will take place next year. Mr. Ruff will participate in the recruitment and appointment of FLA staff, including its executive director.

For additional information see: www.lchr.org/sweatshop/main.htm

===== END ATTACHMENT 1 =====

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 8-SEP-1999 18:29:26.00

SUBJECT: FLA Chair Announcement

TO: Patrick M. Dorton (CN=Patrick M. Dorton/OU=OPD/O=EOP@EOP [OPD])

READ:UNKNOWN

CC: Jonathan A. Kaplan (CN=Jonathan A. Kaplan/OU=OPD/O=EOP@EOP [OPD])

READ:UNKNOWN

CC: Melissa G. Green (CN=Melissa G. Green/OU=OPD/O=EOP@EOP [OPD])

READ:UNKNOWN

TEXT:

this is what FLA plans on releasing tomorrow -- still in draft.

DoL wants to do a press release as well, but they won't draft it until the morning.

Camille -- the press person for the lawyers committee (who is supporting FLA until they are staffed) is the contact for you. (See below for number, etc.) She said that Steve Greenhouse (NYT) is very interested and may write. They also have had luck with the San Francisco Chronicle (mike collier) and NPR's marketplace (Bob Edwards). Gene should see if he can get a reference in Al Kamen, if we can't get the post to write itself. You should talk to Camille in the morning.

My draft will follow in a minute.

----- Forwarded by Sarah Rosen Wartell/OPD/EOP on
09/08/99 06:26 PM -----

Camille Massey <masseyc@LCHR.ORG>

09/08/99 04:15:45 PM

Record Type: Record

To: Sarah Rosen Wartell/OPD/EOP

cc: Justine Nolan <NolanJ@LCHR.ORG>

Subject: FLA Chair Announcement

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tor of the Watergate Special Prosecution Force. In 1993, Mr. Ruff was Chair of the Multinational Panel to Inquire into the Curbing of Violence in the South African Elections.

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Jim Wilkerson, Duke University and Carol Kaesebier, University of Notre Dame, the Co-Chairs of the University Advisory Council to the FLA stated "We are delighted that Mr. Ruff has been appointed as Chair of the FLA. His selection is a crucial step in building the foundation of the FLA and its efforts to improve working conditions. He is a person of high integrity who will approach the work in a thoughtful and fair-minded way. We are confident that his broad experience, including time spent in academia, will serve the university interests extremely well."

The FLA plans to hire its first executive director in the next month and begin active operations later this fall. The first inspections of factories by independent monitors will take place next year. Mr. Ruff will participate in the recruitment and appointment of FLA staff, including its executive director.

For additional information see: www.lchr.org/sweatshop/main.htm

===== END ATTACHMENT 1 =====

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:10-SEP-1999 09:15:19.00

SUBJECT: Final WH release

TO: posnerm@LCHR.ORG (posnerm@LCHR.ORG @ inet [UNKNOWN])
READ:UNKNOWN

TO: masseyc@LCHR.ORG (masseyc@LCHR.ORG @ inet [UNKNOWN])
READ:UNKNOWN

TO: NolanJ@LCHR.ORG (NolanJ@LCHR.ORG @ inet [UNKNOWN])
READ:UNKNOWN

TO: justinenolan@yahoo.com (justinenolan@yahoo.com @ inet [UNKNOWN])
READ:UNKNOWN

TEXT:

I wish I had caught the reference to labor in the first sentence -- should have dropped it, as it implies that labor is part of FLA. Hope we don't get a complaint.... Sorry.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release
September 9, 1999

STATEMENT BY THE PRESS SECRETARY

Anti-Sweatshop Fair Labor Association Names Charles Ruff As Chair

Over three years ago, the President called together members of the apparel and footwear industries, labor, and consumer, labor rights, and human rights organizations to find ways to ensure that products made for American consumers were not made under abusive sweatshop conditions. Responding to his challenge, the invited groups joined together to form the Apparel Industry Partnership (AIP). The AIP established a historic workplace code of conduct and monitoring principles and drafted a blueprint for a new organization, the Fair Labor Association (FLA), to oversee implementation of code, development of a service mark, and raise consumer awareness.

These companies and non-governmental organizations have taken a major step toward making the FLA blueprint a reality by announcing today that Charles Ruff will be the first Chair of the Board of Directors of the FLA. The President is confident that Mr. Ruff will bring to the FLA the

extraordinary intellect, energy, and integrity that have served him so well through his distinguished legal career, including his service as White House Counsel. Mr. Ruff's ability to forge compromise among diverse points of view and his commitment to an inclusive process make him a natural to head an organization that provides a forum for some of the most difficult and contentious issues in international labor rights. Mr. Ruff's leadership and foresight will be invaluable to this evolving institution as it addresses these issues.

This appointment of the Chair comes on the heels of other significant steps: the recent announcement that two additional major apparel companies have joined the FLA and the decision by yet more colleges and universities (now over 120) to require that their licensees meet FLA standards. These events, taken together, make clear that the FLA promises to be one serious, viable mechanism to address our shared goals of raising labor standards in workplaces around the world and providing accountability to American consumers.

The President congratulates the FLA for its new leadership and applauds the companies that have made this commitment to raising labor standards. We hope that others will continue to join the effort.

30-30-30