

# Cable

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**PREC:** PRIORITY  
**CLASS:** UNCLASSIFIED  
**LINE1:** PAAUZYUW RUEHULA1260 0610607-UUUU--RHEHAAX.  
**LINE2:** ZNR UUUUU ZZH  
**LINE3:** P 020607Z MAR 99  
**LINE4:** FM AMEMBASSY SEOUL  
**OSRI:** RUEHUL  
**DTG:** 020607Z MAR 99  
**ORIG:** AMEMBASSY SEOUL  
**TO:** SECSTATE WASHDC PRIORITY 7453  
**INFO:** ////  
**SUBJ:** DEPARTMENT OF LABOR WAGE STUDY FOR THE APPAREL  
INDUSTRY PARTNERSHIP

**TEXT:**

UNCLAS SEOUL 001260

DRL/IL FOR JAKE ALLER

DRL/ILAB FOR JORGE PEREZ-LOPEZ

E.O. 12958: N/A

TAGS: ELAB, EIND, ETRD, PHUM, SOCI

SUBJECT: DEPARTMENT OF LABOR WAGE STUDY FOR THE APPAREL  
INDUSTRY PARTNERSHIP

REF: SECSTATE 23410

1. (U) THE FOLLOWING IS IN RESPONSE TO REFTEL'S ACTION  
REQUEST.

2. (U) MINIMUM WAGE: EACH YEAR, AT THE REQUEST OF THE LABOR  
MINISTER, THE LABOR MINISTRY'S MINIMUM WAGE COUNCIL SUBMITS  
BY MARCH 31 A MINIMUM WAGE PROPOSAL BASED ON WORKERS' LIVING  
COSTS AND LABOR PRODUCTIVITY. THE LABOR MINISTER MAKES A  
FINAL DECISION ON THE MINIMUM WAGE BY AUGUST 5 AND THE NEW  
LEVEL IS APPLIED FROM SEPTEMBER 1 TO AUGUST 31 OF THE NEXT  
YEAR. THE CURRENT MINIMUM WAGE IS WON 1,525/HOUR  
(APPROXIMATELY USD 1.27 AT CURRENT EXCHANGE RATES). THE  
PREVAILING WAGE IN THE FOOTWEAR INDUSTRY IS WON  
1,118,027/MONTH (USD 932) AND THE PREVAILING WAGE IN THE  
APPAREL INDUSTRY IS WON 872,349/MONTH (USD 727).

3. (U) TAX CREDITS AND NON-WAGE BENEFITS: THE ROKG OFFERS NO  
INDUSTRY-SPECIFIC TAX CREDITS. HOWEVER, WORKERS WHOSE  
INCOME IS BELOW WON 1,000,000/MONTH (USD 833) DO NOT PAY  
TAXES ON OVERTIME, NIGHT, HOLIDAY, AND WEEKEND INCOME.  
INDIVIDUAL FIRMS OFFER NON-WAGE BENEFITS SUCH AS EXTRA PAY  
FOR OVERSEAS WORK, ACCIDENT COMPENSATION, AND SUBSIDIES FOR  
SCHOOL EXPENSES.

4. (U) POVERTY LINE: THE ROKG USES A MARKET BASKET TO DETERMINE THE POVERTY LINE. THIS INCLUDES EXPENSES RELATED TO FOOD, HOUSING, HEALTH AND MEDICAL CARE, CULTURE AND RECREATION, CLOTHING AND FOOTWEAR, COMMUTING, UTILITIES, AND FURNITURE. THE MINISTER OF HEALTH AND WELFARE ANNOUNCES THE POVERTY LINE EVERY DECEMBER, BASED ON INFLATION AND THE RESULTS OF A MARKET BASKET SURVEY CARRIED OUT EVERY FIVE YEARS. THE MOST RECENT SURVEY WAS IN 1994. THE POVERTY LINE FOR 1998, BASED ON THE 1994 SURVEY AND SUBSEQUENT INCREASES IN THE COST OF LIVING, WAS WON 218,000/MONTH (USD 182).

5. (U) LIVING WAGE: KOREA DOES NOT HAVE A LIVING WAGE.

6. (U) THE ABOVE INFORMATION WAS PROVIDED BY THE MINISTRIES OF LABOR AND HEALTH AND WELFARE, THE NATIONAL TAX OFFICE, THE KOREA EMPLOYERS' FEDERATION, AND THE KOREA INSTITUTE FOR HEALTH AND SOCIAL AFFAIRS.

BOSWORTH

**SECT:** SECTION: 01 OF 01

**SSN:** 1260

**TOR:** 990302010835 M3720539

**DIST:**

SIT: BADER BOUCHARD GUARNIERI KLEIN LIEBERTHAL MCCARTHY OSIUS PRITCHARD  
VACCARO VONLIPSEY  
SIT: NSC

# Cable

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**PREC:** PRIORITY  
**CLASS:** UNCLASSIFIED  
**LINE1:** PAAUZYUW RUEHPEA1287 0611945-UUUU--RHEHAAX.  
**LINE2:** ZNR UUUUU ZZH  
**LINE3:** P 021945Z MAR 99  
**LINE4:** FM AMEMBASSY LIMA  
**OSRI:** RUEHPE  
**DTG:** 021945Z MAR 99  
**ORIG:** AMEMBASSY LIMA  
**TO:** RUEHC/SECSTATE WASHDC PRIORITY 7344  
RUEHC/DEPT OF LABOR WASHINGTON DC  
**INFO:** RUEHXI/LABOR COLLECTIVE  
RUEHQ/AMEMBASSY QUITO 1216  
RUEHBO/AMEMBASSY BOGOTA 2560  
RUEHCV/AMEMBASSY CARACAS 2951  
RUEHLP/AMEMBASSY LA PAZ 4289  
**SUBJ:** DEPARTMENT OF LABOR WAGE STUDY FOR THE APPAREL INDUSTRY  
PARTNERSHIP  
**TEXT:**  
UNCLAS LIMA 001287  
  
DEPT FOR DRL/IL  
  
LABOR FOR DOL/ILAB (JORGE PEREZ-LOPEZ)  
  
E.O. 12958: N/A  
TAGS: ELAB, EIND, ETRD, PHUM, SOCI, PE  
SUBJECT: DEPARTMENT OF LABOR WAGE STUDY FOR THE APPAREL INDUSTRY  
PARTNERSHIP  
  
REF: STATE 23410

THE FOLLOWING INFORMATION RESPONDS RESPECTIVELY TO THE FOUR  
QUESTIONS POSED IN REFTTEL:

A. THE CURRENT MINIMUM WAGE IN PERU STANDS AT 345 SOLES A MONTH,  
OR APPROXIMATELY 100 U.S. DOLLARS, A FIGURE WHICH WAS SET, IN JULY  
1997, BY AN EMERGENCY DECREE. IN THE ABSENCE OF A RIGID FORMULA  
FOR DETERMINING THE MINIMUM WAGE, THE INFORMAL PROCESS FOR SETTING  
THE MINIMUM WAGE TAKES INTO CONSIDERATION THE PREVAILING RATE OF  
INFLATION AND, MORE IMPORTANTLY, THE NEED TO AVOID RAISING THE  
MINIMUM WAGE SO HIGH THAT IT WOULD TRIGGER LAYOFFS AND REDUCE  
OVERALL EMPLOYMENT.

THE VAST MAJORITY OF WORKERS IN THE APPAREL AND FOOTWEAR INDUSTRIES  
ARE SUBJECT TO THIS GENERAL MINIMUM WAGE OF 345 SOLES A MONTH.  
SINCE, FOR THE MOST PART, THESE WORKERS PERFORMED THEIR JOBS ALONG  
ASSEMBLY LINES AND, THEREFORE, HAVE NO OPPORTUNITY TO INCREASE  
THEIR INDIVIDUAL PRODUCTIVITY, THE ACTUAL PAY THEY RECEIVE ALSO  
AMOUNTS TO 345 SOLES A MONTH. IN ADDITION, THEIR REGULAR ANNUAL

PAY FOR 12 MONTHS OF WORK IS BOOSTED BY THREE EXTRA MONTHLY PAYMENTS: ONE SUCH PAYMENT JUST BEFORE CHRISTMAS, A SECOND SUCH PAYMENT JUST BEFORE PERU'S INDEPENDENCE DAY, ON JULY 28, AND A THIRD SUCH PAYMENT WHICH ALL WORKERS RECEIVE ANNUALLY FOR THE YEAR OF SERVICE THEY HAVE JUST COMPLETED. THIS LATTER YEAR-OF-SERVICE-RELATED BONUS IS DEPOSITED BY THE EMPLOYER IN AN INTEREST-BEARING SAVINGS ACCOUNT FROM WHICH IT MAY NORMALLY BE WITHDRAWN ONLY UPON TERMINATION OF EMPLOYMENT.

THERE DOES EXIST A RELATIVELY SMALL NUMBER OF WORKERS IN THE APPAREL AND FOOTWEAR INDUSTRIES WHO DO NOT WORK ALONG ASSEMBLY LINES, BUT RATHER IN SMALL, SELF-CONTAINED TEAMS OF SIX OR EIGHT INDIVIDUALS AND, ACCORDINGLY, ARE BETTER ABLE TO INFLUENCE THEIR INDIVIDUAL OR GROUP PRODUCTIVITY AND, IN TURN, THEIR ACTUAL COMPENSATION. SUCH PRODUCTIVITY INCREASES MAY, AT BEST, GENERATE NO MORE THAN 10-15 PERCENT EXTRA PAY, OVER AND ABOVE THE MINIMUM WAGE AND PREVAILING PAY OF 345 SOLES A MONTH. CONVERSELY, SINCE MANY OF THESE SMALL TEAMS OPERATE IN THE INFORMAL ECONOMY, OUTSIDE THE REACH OF GOVERNMENT SUPERVISION, IT IS LIKELY THAT UNPRODUCTIVE MEMBERS OF THESE TEAMS RECEIVE COMPENSATION BELOW THE MINIMUM WAGE LEVEL OF 345 SOLES.

IT IS IMPORTANT TO NOTE THAT THE RELATIVELY LOW PRODUCTIVITY AND LOW PAY THAT ARE CHARACTERISTIC OF PERU'S APPAREL AND FOOTWEAR INDUSTRIES ARE, IN LARGE PART, A FUNCTION OF OUTDATED TECHNOLOGY AND INEFFICIENT INDUSTRIAL ENGINEERING PRACTICES. IT IS OUR UNDERSTANDING THAT, WITH RESPECT TO WELL-ESTABLISHED, LARGE COMPANIES IN PERU'S APPAREL AND FOOTWEAR INDUSTRIES, AVERAGE MANUFACTURING EFFICIENCY STANDS AT ONLY 50 TO 55 PERCENT OF THE WORLD AVERAGE FOR SIMILAR PLANTS, AND THAT, WITH RESPECT TO MICRO-ENTERPRISES IN THE APPAREL AND FOOTWEAR INDUSTRIES, THE AVERAGE EFFICIENCY RELATIVE TO THE WORLD AVERAGE FOR SIMILAR ENTERPRISES IS EVEN LOWER, AMOUNTING TO NO MORE THAN 20 TO 25 PERCENT.

B. NORMAL NON-WAGE BENEFITS IN THE APPAREL AND FOOTWEAR INDUSTRIES ARE FEW. BESIDES GRANTING THEIR WORKERS ONE MONTH OF VACATION ANNUALLY, EMPLOYERS CONTRIBUTE AN AMOUNT EQUAL TO 11 PERCENT OF EACH WORKER'S WAGES TOWARD SOCIAL SECURITY.

C. THE POVERTY LINE IS DETERMINED ON THE BASIS OF LIVING STANDARDS MEASUREMENT SURVEYS (LSMS) CONDUCTED ANNUALLY OR BI-ANNUALLY. THE MOST RECENT LSMS WAS CARRIED OUT IN NOVEMBER 1997, AS A RESULT OF WHICH THE POVERTY LINE WAS SET AT 157 SOLES, OR APPROXIMATELY 47 U.S. DOLLARS PER MONTH.

D. WE KNOW OF NO STUDIES OF THE ISSUE OF A LIVING WAGE.  
JETT

**SECT:** SECTION: 01 OF 01

**SSN:** 1287

**TOR:** 990302144958 M3721942

**DIST:**

SIT: ARMSTRONG AVERY DENNISTON GALLUCCI HAMMONDS HOLTZAPPLE LEE MILLER  
ORFINI  
SIT: NSC

# Cable

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**PREC:** IMMEDIATE  
**CLASS:** UNCLASSIFIED  
**LINE1:** OAAUZYUW RUEHDGA1150 0631349-UUUU--RHEHAAX.  
**LINE2:** ZNR UUUUU ZZH  
**LINE3:** O 041349Z MAR 99  
**LINE4:** FM AMEMBASSY SANTO DOMINGO  
**OSRI:** RUEHDG  
**DTG:** 041349Z MAR 99  
**ORIG:** AMEMBASSY SANTO DOMINGO  
**TO:** SECSTATE WASHDC IMMEDIATE 4093  
**INFO:** ////  
**SUBJ:** DOMINICAN REPUBLIC DATA FOR DOL STUDY FOR THE APPAREL  
INDUSTRY PARTNERSHIP

**TEXT:**

UNCLAS SANTO DOMINGO 001150

FOR DRL/IL - JAKE ALLER  
ALSO FOR WHA/CAR - MARY BARNICLE  
PLEASE PASS DOL/ILAB - JORGE PEREZ-LOPEZ

E.O. 12958: N/A  
TAGS: ELAB, EIND, ETRD, PHUM, DR  
SUBJECT: DOMINICAN REPUBLIC DATA FOR DOL STUDY FOR THE APPAREL  
INDUSTRY PARTNERSHIP

REF: STATE 23410

1. THE MINIMUM WAGE, WHICH DEPENDS ON THE SIZE OF A COMPANY AND THE NATURE OF ITS BUSINESS (SEE PARAGRAPHS 4, 5, AND 6), IS SET BY A NATIONAL SALARY COMMITTEE. THE COMMITTEE REPORTS TO THE SECRETARIAT OF LABOR AND ITS DIRECTOR GENERAL IS APPOINTED BY THE PRESIDENT. IN ORDER TO CHANGE THE MINIMUM WAGE, THE DIRECTOR GENERAL, TWO COMMITTEE MEMBERS APPOINTED BY THE PRESIDENT, AND SPECIAL COMMITTEE MEMBERS THAT REPRESENT LABOR AND MANAGEMENT HOLD HEARINGS AND THEN PUBLISH PROPOSED NEW MINIMUM WAGES. THE SPECIAL COMMITTEE MEMBERS ARE APPOINTED BY THE DIRECTOR GENERAL, BASED ON THE RECOMMENDATIONS OF LABOR AND MANAGEMENT ORGANIZATIONS.

2. EMPLOYERS AND WORKERS THEN HAVE 15 DAYS TO REGISTER OBJECTIONS WITH THE SECRETARY OF LABOR. IF THERE ARE NO OBJECTIONS, THE NEW WAGES BECOME LAW. IF THERE ARE OBJECTIONS, THE SECRETARY OF LABOR CONSIDERS THEM AND EITHER APPROVES THE NEW MINIMUM WAGES (AND THEY BECOME LAW) OR SENDS THE RECOMMENDATIONS BACK TO THE COMMITTEE FOR FURTHER CONSIDERATION. THE MINIMUM WAGES MUST BE REVIEWED AT LEAST EVERY TWO YEARS.

3. SINCE 29 JULY 1997, THE MINIMUM MONTHLY WAGE IN THE FREE TRADE ZONES HAS BEEN RD\$1932. FROM 1995 TO 29 JULY 1997, IT WAS RD\$1680. (CURRENT EXCHANGE RATE IS RD\$16.00/US\$1.00)

4. SINCE 18 OCTOBER 1997, THE MINIMUM MONTHLY WAGES FOR INDUSTRIAL COMMERCIAL, OR SERVICE COMPANIES HAVE BEEN (1995-1997 FIGURES IN PARENTHESES):

--RD\$2412 (RD\$2010) FOR THOSE COMPANIES WITH CAPITAL ASSETS OF AT LEAST RD\$500,000

--RD\$1728 (RD\$1440) FOR THOSE COMPANIES WITH CAPITAL ASSETS OF MORE THAN RD\$200,000 AND LESS THAN RD\$500,000

--RD\$1555 (RD\$1296) FOR THOSE COMPANIES WITH CAPITAL ASSETS OF RD\$200,000 OR LESS

5. SINCE 9 OCTOBER 1997, THE MINIMUM MONTHLY WAGES FOR HOTELS, RESTAURANTS, BARS, CAFES, AND OTHER FOOD SERVICE ESTABLISHMENTS HAVE BEEN (1995-1997 FIGURES IN PARENTHESES):

--RD\$2309.10 (RD\$1956.86) FOR THOSE COMPANIES WITH CAPITAL ASSETS OF MORE THAN RD\$500,000

--RD\$1649.36 (RD\$1397.76) FOR THOSE COMPANIES WITH CAPITAL ASSETS OF MORE THAN RD\$200,000 AND NOT MORE THAN RD\$500,000

--RD\$1484.70 (RD\$1258.22) FOR THOSE COMPANIES WITH CAPITAL ASSETS OF RD\$200,000 OR LESS.

6. SINCE 30 MAY 1998, THE MINIMUM HOURLY WAGES FOR MANUFACTURERS/REPAIRERS OF SHOES, PURSES, BAGS, BELTS, ETC. (OUTSIDE OF FREE TRADE ZONES) HAVE BEEN:

--RD\$10.80 FOR THOSE COMPANIES WITH CAPITAL ASSETS OF AT LEAST RD\$300,000

--RD\$8.64 FOR THOSE COMPANIES WITH CAPITAL ASSETS OF LESS THAN RD\$300,000

7. THE CURRENT MINIMUM WAGE FOR PUBLIC SECTOR WORKERS, WHICH IS SET DIRECTLY BY PRESIDENTIAL DECREE, IS RD\$1500.

8. THERE ARE OTHER MINIMUM WAGES FOR SPECIFIC GROUPS (E.G. FOR SECURITY GUARDS OR NON-PROFIT ORGANIZATIONS), BUT THE ABOVE WAGES COVER THE MAJORITY OF WORKERS EMPLOYED IN THE FORMAL SECTOR.

9. GOVERNMENT MANDATED NON-WAGE BENEFITS FOR WORKERS IN THE APPAREL AND FOOTWEAR INDUSTRY DO NOT DIFFER FROM THOSE OF OTHER WORKERS. FOR EXAMPLE, WORKERS ARE ENTITLED TO 14 DAYS OF VACATION PER YEAR AND SEVERANCE PAY EQUIVALENT TO ALMOST ONE MONTH OF PAY PER YEAR OF SERVICE. SOME WORKERS RECEIVE HEALTH CARE THROUGH THE DOMINICAN INSTITUTE OF SOCIAL SECURITY (IDSS). (THE IDSS, A WOEFULLY INADEQUATE GOVERNMENT AGENCY, IS FUNDED BY WORKERS, EMPLOYERS, AND THE GOVERNMENT). THE IDSS ALSO PAYS EMPLOYEES A PORTION OF THEIR SALARY IF THEY MISS MORE THAN SEVEN DAYS DUE TO ILLNESS/INJURY. IN THE FREE TRADE ZONES, MOST COMPANIES HAVE "COLLECTIVE VACATIONS" IN WHICH THE BUSINESS CLOSES DURING THE DECEMBER HOLIDAY SEASON. THE EMPLOYEES ARE THUS OBLIGATED TO USE THEIR 14 VACATION DAYS AT THAT TIME. OUTSIDE OF THE FREE ZONES, IT IS MORE TYPICAL THAT EMPLOYEES TAKE THEIR VACATION DAYS ON THE ANNIVERSARY OF THEIR DATE OF HIRE.

10. THERE ARE NO CURRENT DATA AVAILABLE REGARDING THE POVERTY LINE. THE CENTRAL BANK LAST CONDUCTED A POVERTY LINE STUDY IN 1989. WE ESTIMATE THAT APPROXIMATELY 60 PERCENT OF DOMINICANS LIVE IN POVERTY.

WATT

**SECT:** SECTION: 01 OF 01

**SSN:** 1150

**TOR:** 990304090215 M3725712

**DIST:**

SIT: ARMSTRONG AVERY BABBITT BUSBY DENNISTON GALLUCCI GUARNIERI HAMMONDS  
HOLTZAPPLE LEE MILLER NAPLAN ORFINI SCHWARTZ STROMSETH VACCARO WIPPMAN  
SIT: NSC

# Cable

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**PREC:** IMMEDIATE

**CLASS:** UNCLASSIFIED

**LINE1:** OAAUZYUW RUEHMEA1941 0632339-UUUU--RHEHAAX.

**LINE2:** ZNR UUUUU ZZH

**LINE3:** O 042339Z MAR 99

**LINE4:** FM AMEMBASSY MEXICO

**OSRI:** RUEHME

**DTG:** 042339Z MAR 99

**ORIG:** AMEMBASSY MEXICO

**TO:** RUEHC/SECSTATE WASHDC IMMEDIATE 2408  
RUEHC/DOL WASHDC IMMEDIATE

**INFO:** RUEHSJ/AMEMBASSY SAN JOSE 0044  
RUEHDG/AMEMBASSY SANTO DOMINGO 0029  
RUEHSN/AMEMBASSY SAN SALVADOR 0052  
RUEHGT/AMEMBASSY GUATEMALA 0104  
RUEHTG/AMEMBASSY TEGUCIGALPA 0063  
RUEHKG/AMEMBASSY KINGSTON 0010  
RUEHBR/AMEMBASSY BRASILIA 0075  
RUEHBO/AMEMBASSY BOGOTA 0161  
RUEHPE/AMEMBASSY LIMA 0046  
RUEHRO/AMEMBASSY ROME 0028  
RUEHMD/AMEMBASSY MADRID 0003  
RUEHAK/AMEMBASSY ANKARA 0001  
RUEHLO/AMEMBASSY LONDON 0019  
RUEHEG/AMEMBASSY CAIRO 0001  
RUEHTV/AMEMBASSY TEL AVIV 0001  
RUEHAD/AMEMBASSY ABU DHABI 0001  
RUEHKA/AMEMBASSY DHAKA 0001  
RUEHBJ/AMEMBASSY BEIJING 0003  
RUEHHK/AMCONSUL HONG KONG 0005  
RUEHNE/AMEMBASSY NEW DELHI 0002  
RUEHJA/AMEMBASSY JAKARTA 0001  
RUEHLI/AMEMBASSY LISBON 0001  
RUEHKL/AMEMBASSY KUALA LUMPUR 0002  
RUEHIL/AMEMBASSY ISLAMABAD 0001  
RUEHML/AMEMBASSY MANILA 0001  
RUEHGP/AMEMBASSY SINGAPORE 0001  
RUEHUL/AMEMBASSY SEOUL 0006  
RUEHLM/AMEMBASSY COLOMBO 0001  
RUEHBK/AMEMBASSY BANGKOK 0004  
RUEHIN/AIT TAIPEI 0001

**SUBJ:** DEPARTMENT OF LABOR WAGE STUDY FOR THE  
APPAREL INDUSTRY PARTNERSHIP - MEXICO

**TEXT:**  
UNCLAS SECTION 01 OF 05 MEXICO 001941

STATE FOR DRLIL FOR ALLER  
LABOR FOR ILAB FOR PEREZ-LOPEZ

E.O. 12958: N/A

TAGS: ELAB, EIND, ETRD, PHUM, SOCI, MX  
SUBJECT: DEPARTMENT OF LABOR WAGE STUDY FOR THE  
APPAREL INDUSTRY PARTNERSHIP - MEXICO

REF: STATE 023410

1. PER REQUEST (PARAS 6 AND 7 OF REFTEL), EMBASSY PROVIDES THE FOLLOWING INFORMATION ON WAGES IN THE MEXICAN APPAREL INDUSTRY.

A. THE MINIMUM WAGE IS SET ANNUALLY BY THE TRIPARTITE (LABOR, MANAGEMENT, AND GOVERNMENT) NATIONAL MINIMUM WAGE COMMISSION (CNSM) DURING THE FIRST WEEK OF DECEMBER. NORMALLY, THE INCREASE IN THE MINIMUM WAGE AUTHORIZED BY THE CNSM IS SET TO BEGIN ON JANUARY 1 OF THE FOLLOWING YEAR. HOWEVER, THE INCREASE FOR 1999 BECAME EFFECTIVE ON DECEMBER 3, 1998. FOR A DECADE, UNTIL 1997, THE DECISION OF THE CNSM FOLLOWED TRIPARTITE DELIBERATIONS IN OCTOBER TO PRODUCE THE ANNUAL "PACTO ECONOMICO" (ECONOMIC PROJECTIONS FOR THE FOLLOWING YEAR). SINCE 1997, THE "PACTO" HAS BEEN REPLACED BY THE ANNUAL CONGRESSIONAL DELIBERATIONS ON THE FEDERAL BUDGET.

WHETHER BASED ON THE "PACTO ECONOMICO" OR THE FEDERAL BUDGET, THE CNSM HAS AUTHORIZED AN INCREASE SLIGHTLY ABOVE THE PROJECTED RATE OF INFLATION FOR THE FOLLOWING YEAR. HOWEVER, THE AUTHORIZED INCREASE FOR 1998 (14.4 PERCENT) FELL SHORT OF ACTUAL INFLATION FOR THE YEAR (18.61 PERCENT). THE INCREASE AUTHORIZED FOR 1999 (14 PERCENT) WAS BASED ON A PROJECTED ANNUAL INFLATION RATE OF 13 PERCENT, BUT MOST ANALYSTS EXPECT THE ACTUAL RATE TO BE ABOUT 15-16 PERCENT.

THE COUNTRY IS DIVIDED INTO THREE ECONOMIC ZONES FOR PURPOSES OF DIFFERENTIATING THE MINIMUM WAGE, WITH THE MOST INDUSTRIALLY DEVELOPED AREAS IN ZONE A AND THE LEAST DEVELOPED IN ZONE C. IN THAT CONTEXT, THE MINIMUM WAGE RATES FOR 1999 ARE: ZONE A (34.45 PESOS PER DAY -- ROUGHLY USDOLS 3.50); ZONE B (31.90 PESOS PER DAY -- ROUGHLY USDOLS 3.20); AND ZONE C (29.20 PESOS PER DAY -- ROUGHLY USDOLS 3.00). NOT EVERYONE IN THE ECONOMICALLY ACTIVE POPULATION (PEA) IS PAID THE MINIMUM WAGE, AS 12- 15 PERCENT OF THE PEA RECEIVES NO INCOME AT ALL, ABOUT 5 PERCENT RECEIVE BETWEEN ZERO AND ONE MINIMUM WAGE, ABOUT 32 PERCENT RECEIVE 1-2 MINIMUM WAGES; AND, AT THE OTHER END OF THE PAY SPECTRUM, WORKERS COVERED BY COLLECTIVE BARGAINING CONTRACTS RECEIVE DAILY WAGES FROM 3-5, OR EVEN, MORE TIMES THE MINIMUM WAGE.

THE MINIMUM WAGE IS SUPPOSED TO PROVIDE BASIC SUPPORT FOR AN AVERAGE SIZED FAMILY, BUT A RECENT STUDY COMMISSIONED BY THE LABOR CONGRESS (CT) LABOR UMBRELLA ORGANIZATION REPORTED THAT

THE BASIC BASKET OF GOODS AND SERVICES REACHED 3,000 PESOS PER MONTH OR MORE THAN THREE TIMES THE MINIMUM WAGE. THE MINIMUM WAGE IS ONE OF SEVERAL UNCLAS SECTION 02 OF 05 MEXICO 001941

STATE FOR DRLIL FOR ALLER  
LABOR FOR ILAB FOR PEREZ-LOPEZ

E.O. 12958: N/A  
TAGS: ELAB, EIND, ETRD, PHUM, SOCI, MX  
SUBJECT: DEPARTMENT OF LABOR WAGE STUDY FOR THE APPAREL INDUSTRY PARTNERSHIP - MEXICO

ECONOMIC REFERENCES IN COLLECTIVE BARGAINING NEGOTIATIONS, ALONG WITH PREVAILING RATES IN THE INDUSTRY, THE ECONOMIC CONDITION OF THE FIRM, AND PRODUCTIVITY.

IN MEXICO THE GARMENT INDUSTRY NORMALLY IS CONSIDERED TOGETHER WITH TEXTILES, WHILE THE SHOE INDUSTRY IS CONSIDERED SEPARATELY. STATISTICS ON COMPENSATION IN THESE INDUSTRIES FREQUENTLY ARE NOT SO CLEARLY DELINEATED. FOR EXAMPLE, THEY MIGHT FALL UNDER THE HEADINGS OF MANUFACTURING, TEXTILES, OR MAQUILADORAS (IN-BOND EXPORT) RATHER THAN UNDER APPAREL. IN THE LEAST SOPHISTICATED PORTION OF THE GARMENT INDUSTRY THERE IS A HIGH PERCENTAGE OF FEMALE FIRST-TIME WORKERS. BECAUSE OF THAT CONDITION, IT IS COMMON FOR EMPLOYERS TO HIRE THEM AT THE MINIMUM WAGE, AT LEAST UNTIL THEY COMPLETE BASIC TRAINING PROGRAMS.

TURNOVER TENDS TO BE HIGHER BECAUSE OF THE RELATIVELY LOW SKILL LEVEL REQUIRED AND THE RATHER LOW LEVEL OF INVESTMENT IN TRAINING. TEXTILES ARE SOMEWHAT DIFFERENT, ESPECIALLY IN THOSE FIRMS WHICH EMPLOY EXPENSIVE, SOPHISTICATED MACHINERY, REQUIRING A MORE HIGHLY SKILLED, USUALLY MALE WORK FORCE. TEXTILES AND GARMENT WORKERS ARE OFTEN REPRESENTED BY UNIONS BELONGING TO TRADITIONAL LABOR CONFEDERATIONS.

THE FOOTWEAR INDUSTRY IS CONCENTRATED IN THE RELATIVELY PROSPEROUS CENTRAL, CENTRAL-WEST REGION OF THE COUNTRY. IT CONSISTS OF TWO COMPONENTS, INDUSTRIAL FACTORIES AND FAMILY WORKSHOPS, WHICH ARE THE PRINCIPAL RECIPIENTS OF OUT-SOURCED CONTRACTS. WHILE SHOE FACTORY WORKERS GENERALLY ARE REPRESENTED BY ORGANIZED LABOR, FAMILY WORKSHOPS ARE NOT, AND THEY FREQUENTLY EMPLOY LOW OR UNPAID MINORS.

OVER THE PAST SEVERAL YEARS, NEGOTIATED INCREASES IN COLLECTIVE BARGAINING CONTRACTS HAVE GENERALLY KEPT UP WITH INFLATION, BUT THEY HAVE NOT SUCCEEDED IN RECOVERING BUYING POWER LOST OVER THE PAST SEVERAL DECADES DUE TO SIGNIFICANT DOWNTURNS IN THE ECONOMY. THAT PATTERN OF

NEGOTIATED INCREASES IS EXPECTED TO CONTINUE IN 1999.

ON MARCH 1, THE AMERICAN APPAREL MANUFACTURERS ASSOCIATION AND THE CAMARA NACIONAL DE LA INDUSTRIA DEL VESTIDO (CHAMBER OF THE MEXICAN APPAREL INDUSTRY) HELD A BRIEFING IN MEXICO CITY TO PROMOTE A PILOT OF THE "RESPONSIBLE APPAREL PRODUCTION PROGRAM" (RAPP). TEN FIRMS IN MEXICO VOLUNTEERED TO BE MONITORED TO DETERMINE WHETHER THEY ARE IN COMPLIANCE WITH THE INDUSTRY CODE OF CONDUCT, INCLUDING WORKER RIGHTS, UNCLAS SECTION 03 OF 05 MEXICO 001941

STATE FOR DRLIL FOR ALLER  
LABOR FOR ILAB FOR PEREZ-LOPEZ

E.O. 12958: N/A  
TAGS: ELAB, EIND, ETRD, PHUM, SOCI, MX  
SUBJECT: DEPARTMENT OF LABOR WAGE STUDY FOR THE APPAREL INDUSTRY PARTNERSHIP - MEXICO

ESTABLISHED BY THE APPAREL INDUSTRY.

AVERAGE MONTHLY WAGES IN APPAREL SINCE 1995: INEGI

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AT AVERAGE ANNUAL EXCHANGE RATE: BANK OF MEXICO  
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#BASED ON A 48-HOUR WORK WEEK  
##1998 FIGURES ONLY THROUGH MAY

GARMENTS

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	1995	1996	1997	# 1998
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HOSIERY\$	794.26	986.80	1,207.35	1,091.68
SWEATERS	299.34	328.57	380.24	358.47
MEN'S CLOTHES	1,452.74	1,972.54	2,587.91	2,537.88
WOMEN'S CLOTHES	611.99	725.70	798.43	736.09
SHIRTS	588.13	642.82	760.76	705.03
UNIFORMS	335.27	372.29	443.31	447.02
CHILDREN'S CLOTHES	466.98	550.08	699.23	613.33

## FOOTWEAR

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LEATHER	2,653.52	3,360.87	3,782.13	3,828.90
NON-LEATHER	690.00	940.49	1,142.38	976.29

B. THE MEXICAN GOVERNMENT, THROUGH THE FEDERAL LABOR LAW (LFT), REQUIRES EMPLOYERS TO MAKE THE FOLLOWING NON-SALARY PAYMENTS TO, OR ON BEHALF OF THE EMPLOYEE (NOT EXCLUSIVE TO THE APPAREL INDUSTRY):

-- ANNUAL BONUS (15 DAYS WAGES)

-- VACATION PREMIUM ON SALARY (25 PERCENT OF DAILY WAGES FOR VACATION DAYS)

UNCLAS SECTION 04 OF 05 MEXICO 001941

STATE FOR DRILL FOR ALLER  
LABOR FOR ILAB FOR PEREZ-LOPEZ

E.O. 12958: N/A

TAGS: ELAB, EIND, ETRD, PHUM, SOCI, MX

SUBJECT: DEPARTMENT OF LABOR WAGE STUDY FOR THE APPAREL INDUSTRY PARTNERSHIP - MEXICO

-- TRANSPORT BONUS (SUBSIDIZED TRANSPORTATION TO AND FROM WORK)

-- PERFORMANCE BONUS

-- SENIORITY BONUS

-- THIRD SHIFT BONUS

-- SUNDAY BONUS

-- PUNCTUALITY BONUS

-- QUARTERLY BONUS

-- PERIODIC PAYMENTS IN KIND (BASIC FOODSTUFFS)

AVERAGE MONTHLY FRINGE BENEFITS SINCE 1995: INEGI

-----  
AT AVERAGE ANNUAL EXCHANGE RATE: BANK OF MEXICO  
-----

#BASED ON A 48-HOUR WORK WEEK

##1998 FIGURES ONLY THROUGH MAY

GARMENTS

	1995	1996	1997	# 199
8	-----	-----	-----	-----
-				
HOSIERY 30	\$ 612.82	580.08	680.97	601.
SWEATERS 69	178.04	187.28	205.75	224.
MEN'S CLOTHES 69	588.97	760.45	991.89	944.
WOMEN'S CLOTHES 93	264.17	277.49	322.66	270.
SHIRTS 67	242.15	256.92	211.10	200.
UNIFORMS 11	119.43	149.30	151.82	143.
CHILDREN'S CLOTHES 47	225.82	230.53	245.85	227.

UNCLAS SECTION 05 OF 05 MEXICO 001941

STATE FOR DRILIL FOR ALLER  
LABOR FOR ILAB FOR PEREZ-LOPEZ

E.O. 12958: N/A  
TAGS: ELAB, EIND, ETRD, PHUM, SOCI, MX  
SUBJECT: DEPARTMENT OF LABOR WAGE STUDY FOR THE  
APPAREL INDUSTRY PARTNERSHIP - MEXICO

FOOTWEAR  
-----

LEATHER 77	1,499.02	1,526.36	1,578.08	1,514.
NON-LEATHER 49	409.45	446.72	494.62	494.

C. METHODOLOGY FOR DETERMINING THE LEVELS OF POVERTY VARIES. THE MOST SOPHISTICATED SYSTEM EMPLOYED IS THAT DEVELOPED FOR THE MEXICAN GOVERNMENT'S ANTI-POVERTY PROGRAM, "PROGRESA." THIS PROGRAM IS AIMED AT THE ABJECT POOR, WHICH IS PRINCIPALLY RURAL AND INDIGENOUS AND TOTALS

ABOUT 26 MILLION PEOPLE (TOTAL POPULATION IN EXCESS OF 97 MILLION). SINCE THE PROGRAM IS CENTERED ON EDUCATION AND HEALTH, THE DETAILED FIELD CENSUS EMPLOYED TO IDENTIFY PERSONS ELIGIBLE FOR BENEFITS FACTORS IN NOT ONLY INCOME LEVELS, BUT ALSO ACCESS TO PUBLIC EDUCATION AND HEALTH CARE.

BASED UPON A LESS RIGOROUS METHODOLOGY, A VARIETY OF GOVERNMENT AGENCIES CONCLUDE THAT ABOUT 40 MILLION MEXICANS LIVE BELOW A LESS WELL-DEFINED POVERTY LINE. THE DIFFERENCE BETWEEN THE 26 MILLION AND 40 MILLION FIGURES COULD GENERALLY BE CONSIDERED THE WORKING URBAN POOR, MANY OF WHOM ARE FOUND IN THE GROWING INFORMAL ECONOMY, AND WHO LARGELY WORK WITHOUT THE PROTECTION OF THE LFT. A 1999 UN POPULATION FUND STUDY ASSERTED THAT 78 PERCENT OF THE MEXICAN POPULATION COULD BE CONSIDERED NOT PROSPEROUS, AND THAT THE NUMBER OF POOR PEOPLE INCREASED BY 10.6 MILLION BETWEEN 1994 AND 1996. THE STUDY FURTHER ASSERTED THAT 51 MILLION MEXICANS ARE VERY POOR AND 26 MILLION LIVE IN ABJECT POVERTY (A FIGURE IDENTICAL TO THAT USED BY THE MEXICAN GOVERNMENT).

D. IN ORDER NOT TO DELAY FURTHER THE TRANSMISSION OF THIS REPORT (SCHEDULED DEADLINE COULD NOT BE MET BECAUSE OF PREPARATIONS AND SUPPORT FOR FEBRUARY 27-MARCH 2 VISIT OF SECRETARY HERMAN), EMBASSY WILL IDENTIFY AND SEND COPIES OF RELEVANT STUDIES PERTAINING TO ISSUES COVERED IN THIS REPORT.

DAVIDOW

**SECT:** SECTION: 01 OF 05

<^SECT>SECTION: 02 OF 05

<^SECT>SECTION: 03 OF 05

<^SECT>SECTION: 04 OF 05

<^SECT>SECTION: 05 OF 05

**SSN:** 1941

<^SSN>1941

<^SSN>1941

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<^TOR>990304190606 M3726966

<^TOR>990304190719 M3726968

**DIST:**

SIT: ARMSTRONG AVERY DENNISTON GALLUCCI MILLER ORFINI

SIT: NSC

# Cable

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**PREC:** ROUTINE  
**CLASS:** UNCLASSIFIED  
**LINE1:** RAAUZYUW RUEHEGA1827 0680956-UUUU--RHEHAAX.  
**LINE2:** ZNR UUUUU ZZH  
**LINE3:** R 090956Z MAR 99  
**LINE4:** FM AMEMBASSY CAIRO  
**OSRI:** RUEHEG  
**DTG:** 090956Z MAR 99  
**ORIG:** AMEMBASSY CAIRO  
**TO:** RUEHC/SECSTATE WASHDC 1996  
RUEHC/DEPT OF LABOR WASHDC  
**INFO:** ////  
**SUBJ:** EGYPT: RESPONSES TO DEPARTMENT OF LABOR WAGE  
**TEXT:**  
UNCLAS CAIRO 001827

STATE FOR NEA/ENA, EB/TPP, AND DRL/IL (ALLEN

DOL FOR ILAB - JORGE PEREZ-LOPEZ

E.O. 12958: N/A

TAGS: ELAB, EIND, ETRD, KTEX, PHUM, SOCI, EG  
SUBJECT: EGYPT: RESPONSES TO DEPARTMENT OF LABOR WAGE  
STUDY FOR THE APPAREL INDUSTRY PARTNERSHIP

REF: STATE 23410

1. THE FOLLOWING INFORMATION RESPONDS RESPECTIVELY TO  
THE FOUR QUESTIONS POSED IN PARAGRAPH 6 REFTEL:

A. THE CURRENT MINIMUM WAGE IN EGYPT STANDS AT L.E.  
116 A MONTH OR APPROXIMATELY USD 34, A FIGURE WHICH WAS  
SET IN JANUARY 1999. AN INCREASE IN THE MINIMUM WAGE  
IS SET BY THE GOVERNMENT ON AN ANNUAL (OR OCCASIONAL  
SEMI-ANNUAL BASIS). IN ADDITION, MINIMUM WAGE WORKERS  
ARE ESTIMATED TO RECEIVE AROUND USD 180 ANNUALLY IN  
FRINGE BENEFITS AND ALLOWANCES. EGYPT'S AVERAGE ANNUAL  
WAGE IN THE APPAREL AND FOOTWEAR INDUSTRIES IS USD  
1,312.

B. THERE ARE NO SPECIFIC MANDATED NON-WAGE BENEFITS OR  
TAX CREDITS FOR WORKERS IN THE APPAREL AND FOOTWEAR  
INDUSTRIES.

C. THERE IS NO OFFICIALLY ACCEPTED POVERTY LINE.

D. WE KNOW OF NO STUDIES ON THE ISSUE OF A LIVING WAGE  
IN EGYPT.

KURTZER

**SECT:** SECTION: 01 OF 01

**SSN:** 1827

**TOR:** 990309045721 M3733462

**DIST:**

SIT: MALLEY

SIT: NSC

# Cable

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**PREC:** ROUTINE

**CLASS:** UNCLASSIFIED

**LINE1:** RAAUZYUW RUEHLOA2225 0720613-UUUU--RHEHAAX.

**LINE2:** ZNR UUUUU ZZH

**LINE3:** R 130613Z MAR 99

**LINE4:** FM AMEMBASSY LONDON

**OSRI:** RUEHLO

**DTG:** 130613Z MAR 99

**ORIG:** AMEMBASSY LONDON

**TO:** RUEHC/SECSTATE WASHDC 3927

RUEHC/DEPT OF LABOR WASHDC

**INFO:** RUEHOT/AMEMBASSY OTTAWA 0444

RUEHME/AMEMBASSY MEXICO 0021

RUEHPE/AMEMBASSY LIMA 0040

RUEHRO/AMEMBASSY ROME 1559

RUEHMD/AMEMBASSY MADRID 0285

RUEHKA/AMEMBASSY DHAKA 0028

RUEHBJ/AMEMBASSY BEIJING 0273

RUEHNE/AMEMBASSY NEW DELHI 0193

RUEHLI/AMEMBASSY LISBON 0049

RUEHPL/AMEMBASSY PORT LOUIS 0010

RUEHDL/AMEMBASSY DUBLIN 0800

RUEHED/AMCONSUL EDINBURGH 0303

RUEHBL/AMCONSUL BELFAST 0891

RUEHHK/AMCONSUL HONG KONG 0052

RUEHSO/AMCONSUL SAO PAULO 0026

**SUBJ:** UK TEXTILE INDUSTRY: RESPONSE TO DOL WAGE STUDY FOR

- APPAREL INDUSTRY PARTNERSHIP

**TEXT:**

UNCLAS SECTION 01 OF 03 LONDON 002225

DEPT FOR DRL/IL - JAKE ALLER

LABOR FOR DOL/ILAB - JORGE PEREZ-LOPEZ

E.O. 12958: N/A

TAGS: ELAB, EIND, ETRD, PHUM, SOCI

SUBJECT: UK TEXTILE INDUSTRY: RESPONSE TO DOL WAGE STUDY FOR

- APPAREL INDUSTRY PARTNERSHIP

REF: A) STATE 23410 (NOTAL) B) EDINBURGH 10 (NOTAL)

THE TEXTILES INDUSTRY IN THE UNITED KINGDOM IS IN SHARP  
DECLINE. THE INDUSTRY EMPLOYS BETWEEN 360,000 TO 426,000  
PEOPLE, DEPENDING ON WHAT PARTS OF THE TEXTILE MAKING  
PROCESS ARE COUNTED. IT GENERATES GOODS WORTH OVER BPS 17  
(\$27.5) BILLION A YEAR. JOB LOSSES OF 150,000 ARE EXPECTED

OVER THE NEXT FIVE YEARS. IN FACT, THE INDUSTRY HAS BEEN IN DECLINE FOR OVER A HUNDRED YEARS IN THE UK, BUT THE CURRENT PROBLEMS FACING IT ARE MORE THREATENING THAN IN THE PAST. ACCORDING TO A UNION REP ON THE "TEXTILES NATIONAL INDUSTRIAL COMMITTEE", MANY OF THE PROBLEMS ARE DUE TO TRADE BARRIERS, A LACK OF INVESTMENT AND CHEAP IMPORTS PRODUCED BY CHILD LABOR IN THIRD WORLD COUNTRIES.

RECENT EXAMPLES OF THIS DECLINE IN THE INDUSTRY WERE EVIDENCED BY THE CLOSURE OF A PLANT OWNED BY FRUIT OF THE LOOM IN NORTHERN IRELAND LAST YEAR (ALONG WITH ITS PARENT PLANT IN THE REPUBLIC OF IRELAND). WRANGLER ALSO ANNOUNCED THIS YEAR THAT IT WAS CLOSING ITS PLANT IN SCOTLAND (REF B).

THE INDUSTRY INCLUDES A WIDE RANGE OF INDUSTRIAL ACTIVITY, FROM BASIC GARMENTS TO HAND-CRAFTED SHOES TO HIGH-TECH BULLET-PROOF FABRICS. IT IS CONCENTRATED IN A FEW REGIONAL CENTERS: COTTON TEXTILES IN THE NORTH WEST, FINE KNITWEAR IN SCOTLAND, LINEN IN NORTHERN IRELAND, WOOLENS AND WORSTEDS IN YORKSHIRE, AND KNITWEAR AND FOOTWEAR IN THE EAST MIDLANDS. CLOTHING PRODUCTION IS MORE DISPERSED, ALTHOUGH THERE ARE CONCENTRATIONS IN WEST MIDLANDS AND NORTH AND EAST LONDON AMONG ETHNIC MINORITY COMMUNITIES.

THE MAIN CHALLENGES POSED TO THE TEXTILES INDUSTRY AS PUT FORTH BY THE DEPARTMENT OF TRADE AND INDUSTRY ARE:  
--FACING UP TO OVERSEAS COMPETITION;  
--ATTRACTING LABOR AND INVESTMENT;  
--MOVING TO HIGHER VALUE PRODUCTION WHILE RESPONDING MORE QUICKLY TO CUSTOMERS' REQUIREMENTS; AND,  
--DEVELOPING INNOVATIVE PRODUCTS AND TAKING ADVANTAGE OF THE UK'S UNDOUBTED STRENGTHS IN FASHION AND DESIGN.

OVERSEAS COMPETITION IS CRITICAL. CHEAP IMPORTS, FIRST FROM HONG KONG, AND NOW FROM COUNTRIES SUCH AS CHINA AND MAURITIUS HAVE MADE IT DIFFICULT FOR UK PRODUCERS TO COMPETE IN THE MASS MARKET. FOR EXAMPLE, AT THE END OF LAST YEAR, NOTED NATIONAL RETAILER, MARKS AND SPENCER DIRECTED ITS SUPPLIERS TO OUTSOURCE MORE OF THEIR CLOTHING FROM ABROAD TO TAKE ADVANTAGE OF LOWER COSTS.

IN JANUARY, A PUBLIC-INTEREST CAMPAIGN LOBBIED PARLIAMENT FOR A GOVERNMENT STRATEGY TO BRING TOGETHER ALL PARTIES IN THE INDUSTRY FOR A PARTNERSHIP APPROACH, BUT LITTLE HEADWAY HAS BEEN MADE.

PER REF A REQUEST, EMBASSY PROVIDES ANSWERS TO THE FOUR QUESTIONS POSED:

A. A NATIONAL MINIMUM WAGE WILL BE INTRODUCED FOR THE FIRST TIME ON APRIL 1, 1999. UP UNTIL 1993, MINIMUM-WAGE FIXING BOARDS EXISTED FOR A NUMBER OF INDUSTRIES. DURING THIS PERIOD, 118,000 EMPLOYEES IN CLOTHING MANUFACTURE WERE COVERED, AND HAD A MINIMUM WAGE OF BPS 2.72 (\$4.39) PER HOUR. AS OF APRIL 1, THE HOURLY RATE FOR EMPLOYEES AGED 22 OR OVER WILL BE BPS 3.60 (\$5.81) AND BPS 3.00 (\$4.85) FOR THOSE AGED 18-21. THERE WILL BE NO STATUTORY RATE FOR EMPLOYEES UNDER THE AGE OF 18, BUT JOBS FOR THIS AGE GROUP

DO NOT EXIST IN THE TEXTILE SECTOR. THE NATIONAL MINIMUM WAGE WILL BE REVIEWED WITHIN TWO YEARS OF ITS INTRODUCTION; AT THAT POINT, ITS FUTURE LEVEL WILL BE ASSESSED.

ANALYSIS PROVIDED IN THE NEW EARNINGS SURVEY (NES) -- A 1& UNCLAS SECTION 02 OF 03 LONDON 002225

DEPT FOR DRL/IL - JAKE ALLER

LABOR FOR DOL/ILAB - JORGE PEREZ-LOPEZ

E.O. 12958: N/A

TAGS: ELAB, EIND, ETRD, PHUM, SOCI

SUBJECT: UK TEXTILE INDUSTRY: RESPONSE TO DOL WAGE STUDY FOR  
- APPAREL INDUSTRY PARTNERSHIP

SAMPLE OF EMPLOYEES IN THE UK CONDUCTED BY THE OFFICE FOR NATIONAL STATISTICS (ONS) -- SHOWS THAT, IN APRIL 1998, 13% OF EMPLOYEES IN TEXTILE AND TEXTILE PRODUCT MANUFACTURING WERE PAID LESS THAN THE INITIAL RATES FOR THE MINIMUM WAGE (DEFLATED TO 98 PRICES). HOWEVER, THE NES TENDS TO OVERSTATE EARNINGS BECAUSE OF A FAILURE TO FULLY SAMPLE EMPLOYEES UNDER THE "PAY-AS-YOU-EARN" TAX THRESHOLD.

THE ONS ALSO USES A STRICT DEFINITION OF WHAT FIRMS ARE INVOLVED IN TEXTILE MANUFACTURING; CAUTION SHOULD BE TAKEN WHEN TRANSFERRING THESE RESULTS TO THE INDUSTRY AS A WHOLE. THUS, THE ONS REPORTS THAT EMPLOYER SURVEY ESTIMATES AS OF NOVEMBER 1998 SHOW THAT ONLY AROUND 130,000 EMPLOYEES WORK IN TEXTILE MANUFACTURING.

IN TERMS OF THE PREVAILING WAGE, FIGURES PROVIDED BY THE BRITISH FOOTWEAR ASSOCIATION AND BRITISH CLOTHING INDUSTRY ASSOCIATION REVEAL THE FOLLOWING WEEKLY WAGES;

FOOTWEAR (BASED ON AN ADULT 18& YEARS AND WORKING 39HR WEEK). DOLLAR FIGURES BASED ON AN EXCHANGE RATE OF 1 BPS - \$ 1.62.

1995 - BPS 109.71 (\$177.18)  
1996 - BPS 115.00 (\$185.73)  
1997 - BPS 120.00 (\$193.80)  
1998 - BPS 123.60 (\$199.61)  
1999 - BPS 140.40 (\$226.75) -- FROM APRIL 1,1999

APPAREL (BASED ON AN ADULT 18& YEARS AND WORKING 39HR WEEK).  
1995-FIGURES UNAVAILABLE

1996 - BPS 118.00 (\$190.57)  
1997 - BPS 123.30 (\$199.13)  
1998 - BPS 130.00 (\$209.95) -- FROM JANUARY 1,1999  
1999 - BPS 140.40 (\$226.75) -- FROM APRIL 1,1999

B. THERE ARE NO GOVERNMENT-MANDATED NON-WAGE BENEFITS OR TAX CREDITS FOR WORKERS IN THE APPAREL AND FOOTWEAR INDUSTRIES.

C. NO FORMAL DEFINITION OF THE POVERTY LINE EXISTS IN THE UK. FOR EXAMPLE, IN AN ANSWER TO A WRITTEN QUESTION IN

1994, SOCIAL SECURITY MINISTER ALISTAIR BURT STATED: "NO GOVERNMENT IN THE UNITED KINGDOM HAS EVER ACCEPTED THAT IT IS POSSIBLE TO IDENTIFY A SINGLE SIMPLE MEASURE TO DEFINE POVERTY IN ANY MEANINGFUL WAY." MORE RECENTLY, GOVERNMENT STATISTICIANS COMMENTED: "ONE OF THE PROBLEMS OF MEASURING POVERTY IS THAT IT HAS NO AGREED DEFINITION AND THEREFORE THERE IS LITTLE CONSENSUS ON HOW THE CONCEPT SHOULD BE TRANSLATED INTO A STATISTICAL MEASURE. THERE ARE MANY WAYS OF DRAWING POVERTY LINES AND MANY DIFFERENT INTERPRETATIONS OF EXACTLY WHAT POVERTY IS."

HOWEVER, THE DEPARTMENT FOR SOCIAL SECURITY (DSS) HAS, SINCE THE MID-1970S, PUBLISHED STATISTICS ON THE NUMBER OF PEOPLE WITH RELATIVELY LOW INCOMES IN A PUBLICATION CALLED HOUSEHOLDS BELOW AVERAGE INCOME (HBAI). THIS HAS BEEN DONE WITHOUT SPECIFYING WHAT CONSTITUTES POVERTY. IN BROAD TERMS, HBAI RANKS INDIVIDUALS BY THEIR NET (AFTER INCOME TAX, NATIONAL INSURANCE AND OCCUPATIONAL PENSION CONTRIBUTIONS) EQUIVALISED HOUSEHOLD INCOME MEASURED EITHER BEFORE OR AFTER HOUSING COSTS.

FOR MORE INFORMATION ON POVERTY IN THE UK, PLEASE SEE THE HOUSE OF COMMONS LIBRARY REPORT ENTITLED "POVERTY AND THE DISTRIBUTION OF INCOME AND WEALTH IN THE UK," WHICH POST IS SENDING TO DOL.

D. THE FIRST REPORT OF THE LOW PAY COMMISSION, WHICH RECOMMENDED THE ESTABLISHMENT OF THE MINIMUM WAGE, NOTED MANY STUDIES IN ITS REPORT RELATING TO THE MINIMUM WAGE IN GENERAL. MANY ALSO ADDRESS THE CONCEPT OF THE LIVING WAGE. POST IS SENDING A SUMMARY OF THE LOW PAY COMMISSION'S FIRST UNCLAS SECTION 03 OF 03 LONDON 002225

DEPT FOR DRL/IL - JAKE ALLER

LABOR FOR DOL/ILAB - JORGE PEREZ-LOPEZ

E.O. 12958: N/A

TAGS: ELAB, EIND, ETRD, PHUM, SOCI

SUBJECT: UK TEXTILE INDUSTRY: RESPONSE TO DOL WAGE STUDY FOR  
- APPAREL INDUSTRY PARTNERSHIP

REPORT AND THE BIBLIOGRAPHY OF THE REPORT, WHICH LISTS OTHER STUDIES ON THE MINIMUM WAGE. IF A COPY OF THE WHOLE REPORT IS NEEDED, IT CAN BE LOCATED AT [HTTP://WWW.LOWPAY.GOV.UK](http://www.lowpay.gov.uk).

LADER

**SECT:** SECTION: 01 OF 03

<^SECT>SECTION: 02 OF 03

<^SECT>SECTION: 03 OF 03

**SSN:** 2225

<^SSN>2225

<^SSN>2225

**TOR:** 990313013032 M3742162

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<^TOR>990313013033 M3742164

**DIST:**

SIT: BANDLER BLINKEN BROWN BUTLER DAVIDSON EBITZ GORDON MCELDFOWNEY SAPIRO  
SIT: NSC

# Cable

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**PREC:** ROUTINE  
**CLASS:** UNCLASSIFIED  
**LINE1:** RAAUZYUW RUEHROA1694 0741105-UUUU--RHEHAAX.  
**LINE2:** ZNR UUUUU ZZH  
**LINE3:** R 151105Z MAR 99  
**LINE4:** FM AMEMBASSY ROME  
**OSRI:** RUEHRO  
**DTG:** 151105Z MAR 99  
**ORIG:** AMEMBASSY ROME  
**TO:** RUEHC/SECSTATE WASHDC 0198  
**INFO:** RUEHXI/LABOR COLLECTIVE  
RUEHFL/AMCONSUL FLORENCE 2620  
RUEHMIL/AMCONSUL MILAN 2892  
RUEHNP/AMCONSUL NAPLES 2003  
**SUBJ:** DEPARTMENT OF STATE WAGE STUOY FOR THE  
APPAREL INDUSTRY PARTNERSHIP - ITALY

**TEXT:**  
UNCLAS SECTION 01 OF 02 ROME 001694

E.O. 12958: N/A  
TAGS: ELAB, EIND, ETRD, PHUM, SOCI, IT  
SUBJECT: DEPARTMENT OF STATE WAGE STUOY FOR THE  
APPAREL INDUSTRY PARTNERSHIP - ITALY

REF: SECSTATE 23410

1. THE FOLLOWING INFORMATION RESPONOS TO  
QUESTIONS POSED REFTEL:

A. MINIMUM WAGES IN ITALY ARE NOT SET BY LAW.  
CASE LAW AND LABOR JUDGES DEFINE MINIMUM WAGES AS  
THE MINIMUM CONTRACTUAL WAGE SET BY NATIONAL  
SECTORAL LABOR CONTRACTS. THESE CONTRACTS ARE  
NEGOTIATED EVERY FOUR YEARS, IN NATIONAL LEVEL  
COLLECTIVE BARGAINING. PROVISIONS (INCLUDING  
WAGES) NEGOTIATED IN THESE CONTRACTS APPLY TO ALL  
WORKERS, WHETHER UNIONIZED OR NOT. PER DATA  
PROVIDED BY THE TEXTILE/APPAREL/FOOTWARE WORKERS  
UNION (FILTEA-CGIL) AND PUBLISHED BY THE ECONOMIC  
NEWSPAPER "IL SOLE 24 ORE," MINIMUM CONTRACTUAL  
WAGES SET IN THE NATIONAL TEXTILE/APPAREL  
INDUSTRY CONTRACT SIGNED 7/27/95 ARE AS FOLLOWS  
(PUBLICATIONS BEING POUCHED TO DOL/ILAB - JORGE  
PEREZ-LOPEZ):

NOTE: MONTHLY FIGURES GIVEN ARE IN ITALIAN LIRE;  
EXCHANGE RATE FOR 1995: 1 USD - 1,630 LIRE;  
FOR 1996: - 1,543;  
FOR 1997: - 1,701;  
FOR 1998: - L,736.

GRADES	OL/JULY/95	OL/JULY/96	OL/JAN./97
8 (HIGHEST)	1,269,000	2,238,000	2,438,000
1 (LOWEST)	559,000	1,592,000	1,615,000

NATIONAL FOOTWEAR INDUSTRY CONTRACT SIGNED 5/7/93  
(INTEGRATED WITH WAGE AGREEMENTS OF 3/7/95 AND  
5/7/96):

GRADES	OL/JUNE/95	OL/MAY/96	OL/JAN./97
6S (HIGHEST)	1,038,000	1,144,000	1,180,000
1 (LOWEST)	508,000	565,000	591,000

B. MINIMUM CONTRACTUAL WAGES (I.E., BASIC TAKE  
HOME PAY) NOTED ABOVE ARE ONLY A PORTION OF TOTAL  
WAGES, WHICH INCLUDE:

-- WAGE INCREASES RESULTING FROM COMPANY-LEVEL  
BARGAINING, WHICH TAKES PLACE IN YEARS IN BETWEEN  
NATIONAL LABOR CONTRACTS, I.E., EVERY TWO YEARS;  
COMPANY-LEVEL BARGAINING GENERALLY HAS YIELDED  
INCREASES OF AN ESTIMATED 30 PERCENT ABOVE THE  
MINIMUM CONTRACTUAL WAGE; HOWEVER, ONLY ONE-THIRD  
OF ALL COMPANIES IN THE TEXTILE AND FOOTWEAR  
SECTORS ENGAGE IN COMPANY LEVEL COLLECTIVE  
BARGAINING THAT RESULTS IN WAGE INCREASES;

-- SEPARATION PAY, AMOUNTING TO ONE MONTH'S PAY  
FOR EACH YEAR OF SERVICE (WITHHELD BY THE  
EMPLOYER UNTIL THE WORKER QUILTS);

-- SOCIAL SECURITY CONTRIBUTIONS, PAID DIRECTLY  
BY THE EMPLOYER TO THE SOCIAL SECURITY INSTITUTE  
(INPS) TO COVER PENSION, UNEMPLOYMENT, SICK LEAVE,  
AND OTHER STATE-MANDATED BENEFITS.

THE NATIONAL STATISTICAL OFFICE (ISTAT) PREPARES  
INDICES OF AVERAGE ANNUAL CONTRACTUAL WAGES, BY  
SECTOR. INDICES FOR THE APPAREL AND FOOTWEAR  
INDUSTRIES APPEAR IN THE TABLES BELOW. THE  
INDICES INCLUDE: BASIC PAY, COST OF LIVING  
INCREASES, THIRTEENTH MONTH PAY, AND REGULARLY  
GIVEN ANNUAL BONUSES. WAGE INCREASES RESULTING  
FROM COMPANY LEVEL BARGAINING (THAT CAN TOTAL AN  
ADDITIONAL 30 PERCENT OF BASIC PAY) ARE NOT  
INCLUDED. SOCIAL SECURITY CONTRIBUTIONS PAID  
DIRECTLY BY THE EMPLOYER TO INPS ARE ALSO NOT  
INCLUDED. IN 1995, EMPLOYER-PAID SOCIAL SECURITY  
CONTRIBUTIONS AMOUNTED TO 44.9 PERCENT OF THE  
AVERAGE CONTRACTUAL WAGE IN THE APPAREL INDUSTRY,  
AND 46.0 PERCENT IN THE FOOTWEAR INDUSTRY.

ISTAT INDICES - AVERAGE YEARLY CONTRACTUAL WAGE  
(IN MILLIONS OF ITALIAN LIRE) FOR WORKERS IN  
APPAREL AND FOOTWEAR INDUSTRIES:

SECTOR	ANNUAL SALARY BEFORE TAXES	MANUAL WORKERS	NON- MANUAL WORKERS
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APPAREL	24,344	23,729	28,997
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UNCLAS SECTION 02 OF 02 ROME 001694

E.O. 12958: N/A  
 TAGS: ELAB, EIND, ETRD, PHUM, SOCI, IT  
 SUBJECT: DEPARTMENT OF STATE WAGE STUOY FOR THE  
 APPAREL INDUSTRY PARTNERSHIP - ITALY

FOOTWARE	24,366	23,905	28,004
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1996

SECTOR	ANNUAL SALARY BEFORE TAXES	MANUAL WORKERS	NON- MANUAL WORKERS
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APPAREL	25,140	24,454	27,964
FOOTWARE	25,163	24,661	29,197

1997

SECTOR	ANNUAL SALARY BEFORE TAXES	MANUAL WORKERS	NON- MANUAL WORKERS
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APPAREL	26,011	26,252	29,042
FOOTWARE	26,059	25,516	30,437

1998

SECTOR	ANNUAL SALARY BEFORE TAXES	MANUAL WORKERS	NON- MANUAL WORKERS
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APPAREL	26,662	25,905	29,843
FOOTWARE	26,766	26,174	31,359

NOTE: ISTAT WAGE DATA INVOLVE GROSS (I.E., PRE-  
 INCOME TAX) FIGURES; INCOME TAX BRACKETS  
 ARE AS FOLLOWS:

TAXES AS PERCENT YEARLY AMOUNT OF INCOME  
 OF INCOME

10 PERCENT	UP TO 7 MILLION LIRE OF YEARLY INCOME
22 PERCENT	FROM 7 TO 14.4 MILLION.
27 PERCENT	FROM 14.4 TO 30 MILLION
34 PERCENT	FROM 30 TO 60 MILLION
41 PERCENT	FROM 60 TO 150 MILLION
46 PERCENT	FROM 150 TO 300 MILLION
51 PERCENT	FROM 300 MILLION ONWARD

NOTE: THE GOVERNMENT PROPOSES TO DECREASE INCOME

TAXES, BUT CHANGES ARE EXPECTED TO BE MINOR.

C. A "RELATIVE POVERTY" REPORT HAS BEEN PRESENTED EVERY YEAR SINCE 1994 BY THE INQUIRY COMMISSION ON POVERTY, IN COOPERATION WITH ISTAT. IN 1997, 11.2 PERCENT OF TOTAL RESIDENT HOUSEHOLDS LIVED IN "RELATIVE POVERTY" - WHICH, IN TERMS OF INDIVIDUALS, MEANT SOME 6,908,000 PERSONS. THE POVERTY LINE FOR 1997 WAS SET AT 1,233,829 LIRE PER MONTH FOR A TWO MEMBER HOUSEHOLD. THIS REPRESENTED A 3.7 PERCENT INCREASE OVER THE CORRESPONDING 1996 LEVEL (1,190,273 LIRE).

D. A NEW POVERTY STANDARD WILL BE INITIATED IN 1999. "ABSOLUTE POVERTY," BASED ON VARIATIONS IN A BASKET OF MINIMUM GOODS AND SERVICES, AIMS AT RELATING POVERTY TO DEVELOPMENTS IN THE LIVING STANDARD. INFORMATION ON THIS NEW STANDARD, AS WELL AS "RELATIVE POVERTY" DATA, ARE BEING FORWARDED TO DOL/ILAB.

FOGLIETTA

**SECT:** SECTION: 01 OF 02  
<^SECT>SECTION: 02 OF 02

**SSN:** 1694  
<^SSN>1694

**TOR:** 990315060831 M3743320  
<^TOR>990315060845 M3743321

**DIST:**  
SIT: NSC

# Cable

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**PREC:** ROUTINE  
**CLASS:** UNCLASSIFIED  
**LINE1:** RAAUZYUW RUEHAKA2564 0781252-UUUU--RHEHAAX.  
**LINE2:** ZNR UUUUU ZZH  
**LINE3:** R 191252Z MAR 99  
**LINE4:** FM AMEMBASSY ANKARA  
**OSRI:** RUEHAK  
**DTG:** 191252Z MAR 99  
**ORIG:** AMEMBASSY ANKARA  
**TO:** RUEHC/SECSTATE WASHDC 6533  
**INFO:** RUEHDA/AMCONSUL ADANA 2961  
RUEHIT/AMCONSUL ISTANBUL 3789  
RUEHC/DEPT OF LABOR WASHDC  
RUEHBS/USEU BRUSSELS  
RUEHGV/USMISSION GENEVA 0334  
**SUBJ:** DEPARTMENT OF LABOR WAGE STUDY FOR THE APPAREL  
INDUSTRY PARTNERSHIP

**TEXT:**  
UNCLAS SECTION 01 OF 02 ANKARA 002564

BRUSSELS FOR LABOR OFFICER  
DEPT OF LABOR FOR ILAB FOR PEREZ-LOPEZ  
GENEVA FOR LABOR OFFICER  
STATE FOR DRL/IL FOR ALLER

E.O. 12958: N/A  
TAGS: ELAB, EIND, ETRD, PHUM, SOCI  
SUBJECT: DEPARTMENT OF LABOR WAGE STUDY FOR THE APPAREL  
INDUSTRY PARTNERSHIP

REF: STATE 23410

EMBASSY PROVIDES THE FOLLOWING INFORMATION ON WAGES IN THE  
TURKISH APPAREL INDUSTRY AS REQUESTED REFTEL. (THE FOLLOWING  
IS KEYED TO PARA 6, REFTEL.)

A) A DESCRIPTION OF THE MINIMUM WAGE SETTING PROCESS OR  
MECHANISM AND CURRENT INFORMATION ON THE MINIMUM WAGE AND  
THE PREVAILING WAGE IN THE FOOTWEAR AND APPAREL INDUSTRIES.

1. THE LABOR MINISTRY IS OBLIGED LEGALLY TO SET MINIMUM  
WAGES AT LEAST EVERY TWO YEARS THROUGH A MINIMUM WAGE BOARD,  
A TRIPARTITE GOVERNMENT-INDUSTRY-UNION COMMISSION. IN  
RECENT YEARS, IT HAS DONE SO ANNUALLY. HOWEVER, IN 1998  
THERE WERE TWO ADJUSTMENTS: THE NOMINAL MINIMUM WAGE WAS  
INCREASED IN JANUARY BY 25 PERCENT AND AGAIN IN AUGUST BY 35  
PERCENT (COMPARED WITH AN ANNUAL INFLATION RATE OF NEARLY 70  
PERCENT). THE MONTHLY GROSS MINIMUM WAGE RATES, WHICH  
BECAME EFFECTIVE ON AUGUST 8, WERE APPROXIMATELY USD 174 (TL  
47.8 MILLION) FOR WORKERS OLDER THAN AGE 16 AND ABOUT USD

148 (TL 40.7 MILLION) FOR WORKERS UNDER AGE 16.

2. MINIMUM WAGE RATES FOR THE FIRST AND SECOND HALVES OF 1999 WERE SET ON DECEMBER 29, 1998. FOR WORKERS OVER 16, THE GROSS MINIMUM WAGE WAS SET AT TL 78.07 MILLION FOR THE FIRST SIX MONTHS OF 1999 AND TL 93.60 MILLION FOR THE SECOND HALF OF 1999. FOR WORKERS UNDER THE AGE OF 16, THE GROSS MINIMUM WAGE WAS SET AT TL 66.36 MILLION FOR THE FIRST HALF OF 1999 AND TL 79.56 MILLION FOR THE LAST HALF. IN ORDER TO PLACE THESE WAGE AMOUNTS IN BETTER PERSPECTIVE, THE NET MINIMUM WAGE (MONTHLY TAKE HOME PAY) FOR THE FIRST HALF OF 1999 FOR THOSE OVER 16 IS TL 57,620,790 (APPROX. USD 180.00) AND TL 68,631,120 (APPROX. USD 215.00) FOR THE SECOND HALF. REPORTEDLY, IN DEVELOPING THE MINIMUM WAGE INCREASE, THE WAGE COMMISSION CQART, THE IMPLICATIONS OF THE MINIMUM CALORIE INTAKE NEEDED FOR BASIC HEALTH, WHICH THE TURKISH GOVERNMENT HAS SET AT 3,540 CALORIES PER WORKER PER DAY.

3. IN TURKEY, THE GARMENT INDUSTRY IS CONSIDERED TOGETHER WITH TEXTILES, WHILE THE SHOE INDUSTRY IS SEPARATE, AND MORE ASSOCIATED WITH THE LEATHER INDUSTRY. ACCORDINGLY, THE WAGE STRUCTURES FOR THESE INDUSTRIES ARE DETERMINED DIFFERENTLY.

-----  
PREVAILING WAGE IN THE LEATHER INDUSTRY-1999 (EST. AVERAGE)  
-----

PUBLIC SECTOR WAGES/MONTHLY

WAGES - TL 147,000,000 (TAKE HOME PAY)  
SOCIAL PACKAGE - TL 30,000,000  
PLUS 4 BONUSES/YEAR EQUALING ONE MONTH'S SALARY EACH

PRIVATE SECTOR WAGES/MONTHLY

WAGES - TL 130,000,000 (TAKE HOME PAY)  
NON-WAGES - TL 40,000,000  
PLUS 4 BONUSES/YEAR EQUALING ONE MONTH'S SALARY EACH

-----  
PREVAILING WAGE IN THE TEXTILE INDUSTRY-1999 (EST. AVERAGE)  
-----

PREVAILING WAGE/HOURLY

WAGES - USD 1.71 (TAKE HOME PAY)  
NON-WAGES - USD 0.79

TOTAL - USD 2.50

PLUS 4 BONUSES/YEAR EQUALING ONE MONTH'S SALARY EACH

B) GOVERNMENT MANDATED NON-WAGE BENEFITS OR TAX CREDITS FOR WORKERS IN THE APPAREL AND FOOTWEAR INDUSTRIES.

IN BOTH THE TEXTILE AND LEATHER INDUSTRIES, GOVERNMENT MANDATED BENEFITS INCLUDE STATUTORY SOCIAL SECURITY

PREMIUMS. TAX CREDITS ARE NOT APPLICABLE. WORKERS COVERED BY THE LABOR LAW, WHO CONSTITUTE ABOUT ONE-THIRD OF THE TOTAL LABOR FORCE, ALSO RECEIVE A HOT MEAL OR DAILY FOOD ALLOWANCE AND OTHER FRINGE BENEFITS THAT ACCORDING TO THE TURKISH EMPLOYERS' ASSOCIATION LABOR STATISTICS AND LABOR COST REPORT, MAKE BASIC WAGES ALONE ACCOUNT FOR ONLY ABOUT 37.3 PERCENT OF TOTAL COMPENSATION FOR TEXTILES IN 1997 AND UNCLAS SECTION 02 OF 02 ANKARA 002564

BRUSSELS FOR LABOR OFFICER  
DEPT OF LABOR FOR ILAB FOR PEREZ-LOPEZ  
GENEVA FOR ABOR OFFICER  
STATE FOR DRL/IL FOR ALLER

E.O. 12958: N/A

TAGS: ELAB, EIND, ETRD, PHUM, SOCI

SUBJECT: DEPARTMENT OF LABOR WAGE STUDY FOR THE APPAREL  
INDUSTRY PARTNERSHIP

39.4 PERCENT FOR THE LEATHER INDUSTRY IN 1996 (MOST RECENT STATISTICS AVAILABLE). AVERAGE PERCENTAGE BREAKDOWN OF THESE USUALLY COLLECTIVE AGREEMENT NEGOTIATED FRINGE BENEFITS FOLLOWS:

	PERCENT
STATUTORY SOCIAL SECURITY PREMIUMS	29.4
SEVERANCE PAY	18.1
MEALS	17.8
TRANSPORTATION	10.9
FORCED SAVINGS FUND	6.2
HEATING PAY	5.0
WORK CLOTHING, PROTECTIVE MATERIAL	3.1
HOLIDAY AND ADDITIONAL HOLIDAY PAY	2.8
NOTIFICATION INDEMNITY	1.6
FAMILY, CHILDREN AND EDUCATION ALLOW.	1.3
HEALTH SERVICES, DAY NURSERY	0.6
BIRTH, DEATH, MARRIAGE ALLOWANCES	0.3
PAYMENTS TO PRIVATE INSURANCE SCHEMES	0.3
OTHER	2.6
TOTAL	100.0

C) INFORMATION REGARDING THE POVERTY LINE AND HOW IT IS DETERMINED.

1. TURKEY HAS NOT ESTABLISHED AN OFFICIAL POVERTY LINE FOR THE NATION. ACCORDING TO TURKISH INSTITUTE OF STATISTICS (SIS) DIRECTOR AND LOCAL LABOR AND EMPLOYERS' CONFEDERATIONS CONTACTS, VARIOUS INSTITUTIONS (LABOR, EMPLOYERS, ACADEMIC) DEVELOP THEIR OWN ESTIMATES OF A POVERTY LINE, GENERALLY BASED ON SIS DATA. THESE INSTITUTIONS BRING THEIR CALCULATIONS TO GOVERNMENT WAGE COMMISSION SESSIONS WHERE THEY ARE FACTORED INTO POVERTY LINE DECISIONS FOR THE PERIOD UNDER CONSIDERATION. SIS STATISTICS ARE ALSO GENERALLY USED TO DETERMINE THE POVERTY LINE IN LABOR CONTRACT NEGOTIATIONS WHICH CLOSELY APPROXIMATE MINIMUM WAGE RATES PLUS ASSOCIATED FRINGE BENEFITS.

2. FOR EXAMPLE, TURK-IS LABOR CONFEDERATION CALCULATES THE MONTHLY POVERTY LINE FOR A FAMILY OF FOUR IN 1999 AS FOLLOWS:

FOOD FOR BASIC HEALTH AND NUTRITION - TL	88,000,000
OR ONE-THIRD OF TOTAL EXPENSES	
OTHER EXPENSES	- TL 176,000,000
TOTAL	- TL 264,000,000

D) A LISTING OF STUDIES (AND COPIES, IF AVAILABLE) ON THE ISSUE OF THE LIVING WAGE.

THERE ARE NO STUDIES CURRENTLY AVAILABLE ON THE TURKISH LIVING WAGE.

E) EMBASSY WILL FORWARD TO DOL COPIES OF RELEVANT TURKISH GOVERNMENT STUDIES AND STATISTICS ON THE SUBJECTS COVERED IN THIS REPORT WHICH GO INTO MORE DETAIL AND COVER PREVIOUS YEARS. PLEASE NOTE THE EMPLOYMENT AND WAGE STRUCTURE REPORT WHICH WAS COMPLETED IN 1994; THE NEXT REPORT IS NOT SCHEDULED UNTIL 2000. ADDITIONALLY, THE TURKISH INSTITUTE OF STATISTICS (SIS) HAS A WEB-SITE ([HTTP://WWW.DIE.GOV.TR](http://www.die.gov.tr)) WHICH CONTAINS ALL OF ITS STATISTICAL PUBLICATIONS ON LABOR STATISTICS, INCLUDING WAGES AND WAGE STRUCTURES BY SECTORS. YOU CAN CLICK ON EITHER TURKISH OR ENGLISH MENU. ACCORDING TO SIS DIRECTOR, THE WEB-SITE IS UPDATED EVERY TWO MONTHS.

PARRIS

**SECT:** SECTION: 01 OF 02  
<^SECT>SECTION: 02 OF 02

**SSN:** 2564  
<^SSN>2564

**TOR:** 990319084130 M3752651  
<^TOR>990319084222 M3752653

**DIST:**  
SIT: NSC

# Cable

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**PREC:** ROUTINE

**CLASS:** UNCLASSIFIED

**LINE1:** RAAUZYUW RUEHCAA2030 0820010-UUUU--RHEHAAX.

**LINE2:** ZNR UUUUU ZZH

**LINE3:** R 230009Z MAR 99

**LINE4:** FM SECSTATE WASHDC

**OSRI:** RUEHC

**DTG:** 230009Z MAR 99

**ORIG:** SECSTATE WASHDC

**TO:** RUEHKA/AMEMBASSY DHAKA 0275  
RUEHKL/AMEMBASSY KUALA LUMPUR 3551  
RUEHNE/AMEMBASSY NEW DELHI 2108  
RUEHTG/AMEMBASSY TEGUCIGALPA 0591

**INFO:** ////

**SUBJ:** DOL WAGE SURVEY: RESPONSES NEEDED

**TEXT:**

UNCLAS STATE 052030

E.O. 12958: N/A

TAGS: ECON, ELAB

SUBJECT: DOL WAGE SURVEY: RESPONSES NEEDED

REE: STATE 23410

1. THIS IS AN ACTION REQUEST. PLEASE SEE PARA THREE.
2. DOL PLANS TO SUBMIT A REPORT ON WORLDWIDE WAGE RATES IN THE APPAREL INDUSTRY TO THE APPAREL INDUSTRY PARTNERSHIP BY EARLY MAY. DOL, THEREFORE, NEEDS POSTS' RESPONSES BY THE END OF MARCH. THE COUNTRIES DOL SELECTED FOR THE SURVEY ARE AMONG THE MOST SIGNIFICANT EXPORTERS OF APPAREL GOODS TO THE UNITED STATES. PROVISION OF ACCURATE DATA FROM YOUR COUNTRY WILL ALLOW THE DOL REPORT TO BE A CREDIBLE SOURCE OF INFORMATION FOR THE ALP. AS YOU ARE AWARE, THE WHITE HOUSE CONSIDERS THE WORK OF THE ALP TO BE A HIGH PRIORITY, AND THE DEPARTMENT WOULD LIKE TO FACILITATE ITS WORK AS WELL.
3. IF YOU HAVE ALREADY SUBMITTED YOUR RESPONSE, PLEASE INFORM DRL/IL'S JAKE ALLER BY CLASSIFIED E-MAIL OR CABLE, AND INDICATE THE CABLE REFERENCE NUMBER AND DATE THE CABLE WAS SENT. IF YOU HAVE NOT FINISHED THE REPORT, PLEASE LET DRL KNOW WHEN YOU ANTICIPATE YOUR RESPONSE WILL BE SUBMITTED. IF YOU ANTICIPATE PROBLEMS SUBMITTING THE REPORT BY MARCH 31, PLEASE LET DRL KNOW SO WE CAN COORDINATE WITH DOL.
4. DOL AND DIL APPRECIATE YOUR SUPPORT.  
ALBRIGHT

**SECT:** SECTION: 01 OF 01

**SSN:** 2030

**TOR:** 990322191207 M3757005

**DIST:**

SIT: HAMMONDS HOLTZAPPLE LEE

SIT: NSC

# Cable

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**PREC:** ROUTINE

**CLASS:** UNCLASSIFIED

**LINE1:** RAAUZYUW RUEHLOA2584 0820723-UUUU--RHEHAAX.

**LINE2:** ZNR UUUUU ZZH

**LINE3:** R 230723Z MAR 99

**LINE4:** FM AMEMBASSY LONDON

**OSRI:** RUEHLO

**DTG:** 230723Z MAR 99

**ORIG:** AMEMBASSY LONDON

**TO:** RUEHC/SECSTATE WASHDC 4232  
RUEHC/DEPT OF LABOR WASHDC

**INFO:** RUEHXI/LABOR COLLECTIVE  
RUEHED/AMCONSUL EDINBURGH 0308  
RUEHBL/AMCONSUL BELFAST 0920  
RUEHGV/USMISSION GENEVA 0572

**SUBJ:** BANANAS AND WORKER RIGHTS: BRITISH TUC CITES  
- SWEENEY-BARSHEFSKY CORRESPONDENCE

**TEXT:**

UNCLAS LONDON 002584

DEPT FOR G (FRUMIN), WHA (MUTH), DRL, EUR/ERA, AND EUR/UBI  
STATE PASS USTR FOR NOVELLI AND IVES  
GENEVA FOR USTR AND LABOR OFFICER

E.O. 12958: N/A

TAGS: ETRD, EAGR, ELAB, PHUM, EUN, WTRO, XL, XM, UK  
SUBJECT: BANANAS AND WORKER RIGHTS: BRITISH TUC CITES  
- SWEENEY-BARSHEFSKY CORRESPONDENCE

REF: A) ROME 1477, B) LONDON 0820

UNCLASSIFIED, BUT NOT FOR INTERNET DISTRIBUTION

PLEASE NOTE ACTION REQUEST PARA 5

1. SUMMARY: WITHIN THE CONTEXT OF THE BANANAS TRADE  
DISPUTE, THE BRITISH TRADES UNION CONGRESS (TUC) AGAIN HAS  
ASKED EMBASSY FOR MATERIAL COMPARING INTERNATIONAL LABOR  
STANDARDS ENJOYED BY LATIN AMERICAN PLANTATION WORKERS WITH  
THOSE OF THEIR AGRICULTURAL BRETHERN IN THE CARIBBEAN.  
END SUMMARY

2. SPEAKING TO EMB LABCOUNS ON 19 MARCH, TUC INTERNATIONAL  
AFFAIRS DIRECTOR MICHAEL WALSH OPINED THAT THE GENERAL  
WORKER-RIGHTS MATERIAL WE PROVIDED ABOUT COMPARABLE WORKER  
RIGHTS IN THE CARIBBEAN AND LATIN AMERICA -- IN REPLY TO THE  
TUC'S EARLIER QUERY (REF B)-- WAS "A PRETTY LAME RESPONSE."  
WALSH EXPRESSED APPRECIATION FOR THE FACTS WE FURNISHED ON  
THE "APPAREL INDUSTRY PARTNERSHIP" AND RELATED WORKER-RIGHTS  
DEVELOPMENTS IN LATIN AMERICA; BUT THE TUC OFFICIAL

SUGGESTED THAT THEIR GENERIC FOCUS BEGGED THE SPECIFIC QUESTION POSED ABOUT AGRICULTURAL WORKERS IN THE CONTEXT OF THE CURRENT TRADE DISPUTE OVER BANANAS.

3. ASKED WHY THE TUC WAS RAISING THE ISSUE AGAIN (WE THOUGHT THE WORKER-RIGHTS ANGLE HAD FADED AWAY), WALSH EXPLAINED THAT TUC GENSEC JOHN MONKS AND AFL-CIO PRESIDENT JOHN SWEENEY HAVE CORRESPONDED ON THE ISSUE. WALSH GAVE LABCOUNS A COPY OF A MARCH 8 LETTER FROM SWEENEY TO USTR BARSHEFSKY, AND DREW OUR ATTENTION TO THE AFL-CIO PRESIDENT'S ASSERTIONS THAT:

"NOT ONLY IS NOT A SINGLE U.S. JOB AT RISK IN THIS MATTER, BUT CHIQUITA HAS A LONG RECORD OF ANTI-UNION, ANTI-WORKER BEHAVIOR. IN THE WAKE OF HURRICANE MITCH, WHICH DEVASTATED HONDURAN AND GUATEMALAN BANANA PLANTATIONS, CHIQUITA USED THE THREAT OF CLOSING THE PLANTATIONS TO EXTRACT CONCESSIONS FROM BANANA WORKERS AND DRAMATICALLY REDUCE THE POWER OF THEIR UNIONS."

4. SWEENEY'S CHARGE ABOUT CHIQUITA EXPLOITING HURRICANE MITCH IS PARTICULARLY DEVASTATING, WALSH AVERRED, AND ASKED IF THE EMBASSY COULD PROVIDE "SPECIFIC SUBSTANCE THIS TIME." WALSH ADDED THAT HE HAD PASSED A COPY OF THE SWEENEY-BARSHEFSKY CORRESPONDENCE TO FOREIGN SECRETARY ROBIN COOK'S POLITICAL ADVISOR.

5. ACTION REQUEST: WHA KINDLY PROVIDED GENERIC INFORMATION IN RESPONSE TO THE TUC'S EARLIER REQUEST. UNFORTUNATELY, IT WAS NOT PERSUASIVE IN BRITISH EYES. WE NOTE THAT EMBASSY ROME (REF A) ALSO HAS ASKED FOR TARGETED INFORMATION THAT WE CAN USE ON AGRICULTURAL WORKER RIGHTS AS THEY PERTAIN TO THE BANANAS DISPUTE. PLEASE INCLUDE EMBASSY LONDON IN THE DEPARTMENT'S RESPONSE TO THE ROME QUERY. SUCH MATERIAL WOULD BE PARTICULARLY USEFUL HERE.

BRADTKE

**SECT:** SECTION: 01 OF 01

**SSN:** 2584

**TOR:** 990323022852 M3757482

**DIST:**

SIT: BANDLER BLINKEN BROWN BUTLER DAVIDSON EBITZ GORDON HAMMONDS  
HOLTZAPPLE LEE MCELDFOWNEY SAPIRO USTR  
SIT: NSC

# Cable

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**PREC:** ROUTINE  
**CLASS:** UNCLASSIFIED  
**LINE1:** RAAUZYUW RUEHTGA0979 0851219-UUUU--RHEHAAX.  
**LINE2:** ZNR UUUUU ZZH  
**LINE3:** R 261219Z MAR 99  
**LINE4:** FM AMEMBASSY TEGUCIGALPA  
**OSRI:** RUEHTG  
**DTG:** 261219Z MAR 99  
**ORIG:** AMEMBASSY TEGUCIGALPA  
**TO:** RUEHC/DEPTLABOR WASHDC  
**INFO:** RUEHC/SECSTATE WASHDC 1390  
RUEHZA/ALCA COLLECTIVE  
**SUBJ:** WAGE INFORMATION ON APPAREL AND FOOTWEAR  
INDUSTRIES IN HONDURAS

**TEXT:**  
UNCLAS SECTION 01 OF 02 TEGUCIGALPA 000979

LABOR FOR ILAB/OFR AND BLS  
STATE FOR DRL/LEA, WHA/PPCP, AND WHA/CEN  
STATE PLEASE PASS TO USTR FOR AUSTR JON ROSENBAUM  
EMBASSIES FOR LABATTS/LABOFFS

E.O. 12958: N/A  
TAGS: KPRP, EIND, ELAB, ETRD, PHUM, SOCI, HO  
SUBJECT: WAGE INFORMATION ON APPAREL AND FOOTWEAR  
INDUSTRIES IN HONDURAS

REF: A) STATE 52030 (NOTAL); B) STATE 23410;  
C) 98 TEGUCIGALPA 628; D) 97 TEGUCIGALPA 5951

## INTRODUCTION

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1. REFS A AND B REQUESTED SUBJECT INFORMATION FOR A STUDY THAT DOL IS PREPARING FOR THE APPAREL INDUSTRY PARTNERSHIP. EMBASSY CONSULTED WITH THE MINISTRY OF LABOR, THE HONDURAN APPAREL MANUFACTURERS' ASSOCIATION, AND THE TEGUCIGALPA CHAMBER OF COMMERCE AND INDUSTRY DURING THE PREPARATION OF THIS MESSAGE. THE INFORMATION PROVIDED BELOW IS KEYED TO THE QUESTIONS POSED IN REF B, PARA SIX.

DESCRIPTION OF THE MINIMUM WAGE SETTING PROCESS OR MECHANISM AND CURRENT INFORMATION ON THE MINIMUM WAGE AND THE PREVAILING WAGE IN THE APPAREL AND FOOTWEAR INDUSTRIES

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2. REF D DESCRIBED THE MINIMUM WAGE SETTING MECHANISM IN HONDURAS. REF C, PARA FIVE REPORTED THE NATIONAL MINIMUM SALARIES, ACCORDING TO ECONOMIC SECTOR AND NUMBER OF WORKERS IN INDUSTRIES, THAT HAVE BEEN IN FORCE HERE SINCE JANUARY 1,

1998. THE OFFICIAL DAILY MINIMUM WAGE, IN LEMPIRAS (USD1 - L14), FOR WORKERS IN THE MAQUILADORA (I.E., APPAREL AND FOOTWEAR) SECTOR WAS L24.50 IN 1995, L30.00 IN 1996, L36.00 IN 1997, AND L46.80 IN 1998 AND (TO DATE) 1999. HOWEVER, MOST MAQUILADORAS IN HONDURAS BASE THEIR WAGE SCALES ON PRODUCTION AND EFFICIENCY, SO THE BASIC WAGE OF THE AVERAGE SECTORAL LABORER FLUCTUATES BETWEEN DOUBLE AND TRIPLE THE OFFICIAL MINIMUM WAGE.

COMMENT

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3. THE GOH NORMALLY SETS NEW MINIMUM WAGE LEVELS IN JANUARY OF EACH YEAR. LAST NOVEMBER, HOWEVER, GOH CONSULTATIONS WITH REPRESENTATIVES OF THE PRIVATE SECTOR AND ORGANIZED LABOR IN THE WAKE OF HURRICANE MITCH RESULTED IN A GOH DECISION TO FREEZE NATIONAL MINIMUM WAGE LEVELS THROUGH JUNE 30, 1999. THE GOH MINIMUM WAGE COMMISSION WILL CONVENE IN JUNE TO DETERMINE WHETHER MINIMUM WAGE LEVELS SHOULD BE ADJUSTED AND, IF SO, WHETHER NEW LEVELS WOULD BE MADE RETROACTIVE. (FYI: THIS MESSAGE FULFILLS A REQUIREMENT OF OUR POST REPORTING PLAN. END FYI)

GOVERNMENT-MANDATED NON-WAGE BENEFITS OR TAX CREDITS FOR WORKERS IN THE APPAREL AND FOOTWEAR INDUSTRIES

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4. THE GOH EXEMPTS ALL HONDURAN WORKERS FROM PAYING TAXES ON THE FIRST L70,000 OF INCOME, AND ALLOWS THEM TO DEDUCT AN ADDITIONAL L20,000 FOR MEDICAL AND EDUCATIONAL EXPENSES. HONDURAN COMPANIES ARE REQUIRED BY LAW TO MAKE THE FOLLOWING CONTRIBUTIONS, BASED ON THEIR GLOBAL PAYROLLS, TO THE GOH: 7 PERCENT TO THE HONDURAN SOCIAL SECURITY INSTITUTE, WHICH PROVIDES BASIC MEDICAL ATTENTION TO ALL WORKERS; 1.5 PERCENT TO THE SOCIAL HOUSING FUND, WHICH PROVIDES LIMITED HOUSING SUBSIDIES; AND 1 PERCENT TO THE NATIONAL INSTITUTE FOR PROFESSIONAL DEVELOPMENT, WHICH PROVIDES JOB TRAINING. COMPANIES ALSO ARE REQUIRED BY LAW TO MAKE THE FOLLOWING DIRECT PAYMENTS TO THEIR EMPLOYEES: ONE DAY'S ADDITIONAL SALARY EACH WEEK; ONE DAY'S ADDITIONAL SALARY FOR EACH OF 11 NATIONAL HOLIDAYS; ANNUAL VACATION PAY EQUIVALENT TO 10, 12, 15, OR 20 WORKDAYS, BASED ON YEARS OF EMPLOYMENT; BONUS PAYMENTS OF A MONTH'S SALARY IN JUNE AND DECEMBER OF EACH YEAR; AN ANNUAL EDUCATIONAL BONUS, BASED ON A PERCENTAGE OF ANNUAL SALARY; MATERNITY AND LACTATION BONUSES; AND SEVERANCE OR RETIREMENT PAYMENTS FOR WORKERS LAID OFF OR DISMISSED WITHOUT CAUSE, BASED ON YEARS OF EMPLOYMENT. (FYI: MOST HONDURAN MAQUILADORAS VOLUNTARILY SUBSIDIZE TRANSPORTATION AND MEALS FOR THEIR EMPLOYEES, AND PROVIDE BONUSES FOR EFFICIENCY, PUNCTUALITY, AND INFORMAL HOLIDAYS, SUCH AS MOTHER'S DAY. END FYI)

INFORMATION REGARDING THE POVERTY LINE AND HOW IT IS DETERMINED

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5. THE PLANNING SECRETARIAT (SECPLAN) IN THE OFFICE OF THE PRESIDENT OF THE REPUBLIC EACH YEAR PREPARES AN ANALYSIS OF

RELATIVE LEVELS OF POVERTY AND POTENTIAL IN WHICH HOUSEHOLDS  
NATIONWIDE ARE CATEGORIZED AS "BELOW THE POVERTY LINE"  
(DIVIDED INTO "INDIGENT" AND "POOR") AND "NOT POOR". AMONG  
THE MAJOR INDICES ANALYZED TO DETERMINE POVERTY AND  
POTENTIAL ARE PRICES OF BASKETS OR BASIC GOODS (CATEGORIZED  
BY REGION), AN ANNUAL SURVEY OF HOUSEHOLD EXPENSES,  
APPLICATION OF THE ENGEL CO-EFFICIENT MEASURING HOUSEHOLD  
UNCLAS SECTION 02 OF 02 TEGUCIGALPA 000979

LABOR FOR ILAB/OFR AND BLS  
STATE FOR DRL/LEA, WHA/PPCP, AND WHA/CEN  
STATE PLEASE PASS TO USTR FOR AUSTR JON ROSENBAUM  
EMBASSIES FOR LABATTS/LABOFFS

E.O. 12958: N/A  
TAGS: KPRP, EIND, ELAB, ETRD, PHUM, SOCI, HO  
SUBJECT: WAGE INFORMATION ON APPAREL AND FOOTWEAR  
INDUSTRIES IN HONDURAS

CONSUMPTION, ACTUAL REPORTED AND ESTIMATED UNREPORTED  
INCOMES, AND REAL INCOMES ADJUSTED BY REGION. SECPLAN HAS  
YET TO ISSUE ITS CY1998 ANALYSIS, AS IT IS IN THE PROCESS OF  
COMPENSATING FOR NATIONWIDE SHORTFALLS OF GOODS, SERVICES,  
AND INCOME IN THE WAKE OF HURRICANE MITCH. FOLLOWING ARE  
SECPLAN'S CALCULATIONS OF NATIONWIDE LEVELS OF POVERTY AND  
POTENTIAL, BY PERCENTAGE OF HOUSEHOLDS, FOR CY1995-1997:

HOUSEHOLD DESCRIPTION	1995	1996	1997
INDIGENT	47.4	53.7	48.4
POOR	20.4	15.0	17.4
BELOW THE POVERTY LINE (INDIGENT PLUS POOR)	67.8	68.7	65.8
NOT POOR	32.2	31.3	34.2.

STUDIES ON THE ISSUE OF THE "LIVING WAGE"  
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6. EMBASSY HAS BEEN UNABLE TO IDENTIFY ANY SUCH LOCAL STUDY  
AND CONSIDERS IT LIKELY THAT NONE EXISTS, AS THE "LIVING  
WAGE" IS VIRTUALLY UNKNOWN HERE AS A POLITICAL OR SOCIO-  
ECONOMIC CONCEPT. IN RESPONSE TO EMBASSY'S REQUEST FOR  
INFORMATION (SEE PARA ONE ABOVE), THE DIRECTORATE GENERAL OF  
SALARIES IN THE MINISTRY OF LABOR IN FEBRUARY PREPARED AND  
ISSUED A 16-PAGE REPORT, "DIAGNOSIS OF THE FOOTWEAR AND  
APPAREL INDUSTRY," FROM WHICH MUCH OF THE INFORMATION  
PROVIDED ABOVE HAS BEEN DISTILLED. EMBASSY DOES NOT HAVE  
LOCALLY AVAILABLE RESOURCES WITH WHICH TO TRANSLATE THE  
MINISTRY'S REPORT, BUT WE ARE FORWARDING COPIES OF THE  
REPORT TO INTERESTED OFFICES IN WASHINGTON VIA DIPLOMATIC  
POUCH.

FYI  
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7. SEPTTEL WILL PROVIDE ADDITIONAL INFORMATION ON THE  
DOMESTIC FOOTWEAR AND RELATED INDUSTRIES.

CREAGAN

**SECT:** SECTION: 01 OF 02  
<^SECT>SECTION: 02 OF 02

**SSN:** 0979  
<^SSN>0979

**TOR:** 990326085731 M3765308  
<^TOR>990326091730 M3765345

**DIST:** SIT: ARMSTRONG AVERY DENNISTON GALLUCCI MILLER ORFINI  
SIT: NSC

# Cable

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**PREC:** ROUTINE  
**CLASS:** UNCLASSIFIED  
**LINE1:** RAAUZYUW RUEHCAA7645 1180052-UUUU--RHEHAAX.  
**LINE2:** ZNR UUUUU ZZH  
**LINE3:** R 280051Z APR 99  
**LINE4:** FM SECSTATE WASHDC  
**OSRI:** RUEHC  
**DTG:** 280051Z APR 99  
**ORIG:** SECSTATE WASHDC  
**TO:** RUEHMU/AMEMBASSY MANAGUA 0000  
RUEHPF/AMEMBASSY PHNOM PENH 0000  
RUEHMR/AMEMBASSY MASERU 0000  
RUEHPL/AMEMBASSY PORT LOUIS 0000  
**INFO:** ////  
**SUBJ:** ADDITIONAL POSTS FOR DEPARTMENT OF LABOR STUDY IN  
SUPPORT OF THE APPAREL INDUSTRY PARTNERSHIP

**TEXT:**  
UNCLAS STATE 077645

E.O. 12958: N/A  
TAGS: ELAB, ECON, ETRD, CB, NU, LT, MP  
SUBJECT: ADDITIONAL POSTS FOR DEPARTMENT OF LABOR STUDY IN  
SUPPORT OF THE APPAREL INDUSTRY PARTNERSHIP

REF: STATE 23410

1. THIS CABLE HAS BEEN CLEARED WITH M/P (SEP)
2. THIS IS AN ACTION REQUEST. SEE PARAS 6, 7, 9, AND 10.
3. SUMMARY: THE DEPARTMENT OF LABOR'S BUREAU OF INTERNATIONAL LABOR AFFAIRS (DOL/ILAB) IS UNDERTAKING A WAGE STUDY THAT WAS REQUESTED BY THE APPAREL INDUSTRY PARTNERSHIP (AIP). THE STUDY WILL COLLECT AND PRESENT PUBLICLY AVAILABLE INFORMATION ON THE MINIMUM WAGE, PREVAILING WAGE, GOVERNMENT MANDATED NON-WAGE BENEFITS, THE POVERTY LINE, AND SUMMARIES OF STUDIES ON THE LIVING WAGE FOR THE UNITED STATES AND 35 OTHER COUNTRIES THAT ARE MAJOR SUPPLIERS OF APPAREL AND/OR FOOTWEAR TO THE U.S. MARKET. POSTS ARE REQUESTED TO PROVIDE AVAILABLE INFORMATION ON TOPICS RELEVANT TO THESE MATTERS IN YOUR HOST COUNTRY/ECONOMY. NOTE: DCL HAS DECIDED TO ADD YOUR POSTS TO THE STUDY DUE TO THE RAPID INCREASE IN APPAREL EXPORTS FROM YOUR COUNTRIES. BECAUSE THE STUDY IS TO BE

RELEASED IN MID-MAY, DOL WOULD APPRECIATE YOUR COMMENTS  
NLT MAY 7. END SUMMARY.

4. ON AUGUST 2, 1996, PRESIDENT CLINTON AND VICE PRESIDENT GORE MET WITH LEADERS FROM THE FOOTWEAR AND APPAREL

INDUSTRY, LABOR, NONGOVERNMENTAL ORGANIZATIONS, AND CONSUMER GROUPS TO DISCUSS THE PROBLEM OF SWEATSHOPS, CONSUMER CONCERNS, AND THE NEED TO JOIN TOGETHER TO ADDRESS THESE ISSUES. THE PARTIES FORMED A VOLUNTARY, INDUSTRY-DRIVEN PARTNERSHIP--THE APPAREL INDUSTRY PARTNERSHIP (AIP) --THAT PROPOSED TO REPORT BACK TO THE PRESIDENT ITS RECOMMENDATIONS FOR ACTION. ON APRIL 14, 1997, THE PRESIDENT WELCOMED MEMBERS OF THE ALP TO THE WHITE HOUSE TO ANNOUNCE THE PARTNERSHIP'S NEW AGREEMENT TO A CODE OF CONDUCT AND INDEPENDENT MONITORING SYSTEMS TO ASSURE AMERICANS THAT THE CLOTHES AND SHOES THAT THEY BUY ARE MADE UNDER DECENT AND HUMANE WORKING CONDITIONS. THE PARTNERSHIP ALSO AGREED TO RECRUIT OTHERS IN THE INDUSTRY AND TO DEVELOP AN INDEPENDENT ASSOCIATION TO ASSURE COMPLIANCE AND INFORM CONSUMERS ABOUT THE CODE AND WHICH COMPANIES COMPLY. ON NOVEMBER 3, 1998, THE PRESIDENT PRAISED THE AIP FOR ITS WORK IN REACHING A PRELIMINARY AGREEMENT NOVEMBER 2 ON A CHARTER DOCUMENT FOR THE FORMATION OF A FAIR LABOR ASSOCIATION THAT WILL IMPLEMENT THE WORKPLACE CODE AND THE MONITORING PRINCIPLES AND SEEK TO ABOLISH SWEATSHOP PRACTICES IN THE UNITED STATES AND ABROAD. IN PRAISING THE EFFORTS OF THE AIP, THE PRESIDENT STATED: QUOTE. THIS AGREEMENT IS ONLY THE BEGINNING. WE KNOW THAT SWEATSHOP LABOR WILL NOT VANISH OVERNIGHT. WHILE THIS AGREEMENT IS AN HISTORIC STEP, WE MUST MEASURE OUR PROGRESS BY HOW WE CHANGE AND IMPROVE THE LIVES AND LIVELIHOODS OF APPAREL WORKERS HERE IN THE UNITED STATES AND AROUND THE WORLD. THAT IS WHY I URGE MORE COMPANIES TO JOIN THIS EFFORT AND FOLLOW THESE STRICT RULES OF CONDUCT. END QUOTE.

5. THE AIP CHARTER DOCUMENT REQUESTS: QUOTE. THAT THE DEPARTMENT OF LABOR UNDERTAKE, AND COMPLETE WITHIN SIX MONTHS, A STUDY OF THE RELATIONSHIP BETWEEN WAGES AND BASIC NEEDS OF EMPLOYEES IN THE APPAREL AND FOOTWEAR INDUSTRY AROUND THE WORLD AND IN THE UNITED STATES. END QUOTE. SPECIFICALLY, THE CHARTER DOCUMENT REQUEST SEEKS PUBLICLY AVAILABLE INFORMATION FOR THE "RELEVANT COUNTRIES/ECONOMIESV FROM NATIONAL, INTERNATIONAL, OR OTHER SOURCES ON MINIMUM AND PREVAILING WAGES, DATA ON THE MARKET BASKET OF GOODS USED TO ESTABLISH THE POVERTY LEVEL, INFORMATION ON MANDATED NON-WAGE BENEFITS SUCH AS EARNED INCOME TAX CREDITS, AND A COMPILATION

OF EXISTING RESEARCH AND METHODOLOGIES ON CALCULATING A LIVING WAGE I.E., ONE WHERE WAGES AND BENEFITS MEET THE BASIC NEEDS OF WORKERS).

6. DOL/ILAB'S STUDY WILL RESPOND TO THE REQUEST IN THE ALP CHARTER DOCUMENT BY FOCUSING ON THE FOOTWEAR AND APPAREL INDUSTRIES IN THE UNITED STATES AND 36 OTHER COUNTRIES/ECONOMIES THAT ARE MAJOR SUPPLIERS OF APPAREL AND FOOTWEAR TO THE U.S. MARKET. THE 32 MAJOR FOOTWEAR AND APPAREL EXPORTING COUNTRIES/ECONOMIES THAT WILL BE EXAMINED FOR THE STUDY WERE ORIGINALLY: CANADA, MEXICO, COSTA RICA, DOMINICAN REPUBLIC, EL SALVADOR, GUATEMALA, HONDURAS, JAMAICA, BRAZIL, COLOMBIA, PERU, ITALY, SPAIN, TURKEY, UNITED KINGDOM, EGYPT, ISRAEL, UNITED ARAB

EMIRATES, BANGLADESH, CHINA, HONG KONG, INDIA, INDONESIA, MACAU, MALAYSIA, PAKISTAN, PHILIPPINES, SINGAPORE, SOUTH KOREA, SRI LANKA, TAIWAN, AND THAILAND. DOL HAS NOW ADDED CAMBODIA, NICARAGUA, LESOTU AND MAURITIUS TO THE STUDY DUE TO THE RECENT RAPID INCREASE IN APPAREL EXPORTS FROM THESE COUNTRIES.

7. ACTION REQUEST: TO RESPOND TO THIS REQUEST, DOL/ILAB REQUESTS POSTS TO PROVIDE AVAILABLE INFORMATION, WHERE APPROPRIATE, ON THE TOPICS BELOW:

A) A DESCRIPTION OF THE MINIMUM WAGE SETTING PROCESS OR MECHANISM AND CURRENT INFORMATION ON THE MINIMUM WAGE AND THE PREVAILING WAGE IN THE FOOTWEAR AND APPAREL INDUSTRIES.

B) GOVERNMENT MANDATED NON-WAGE BENEFITS OR TAX CREDITS FOR WORKERS IN THE APPAREL AND FOOTWEAR INDUSTRIES.

C) INFORMATION REGARDING THE POVERTY LINE AND HOW IT IS DETERMINED.

D) A LISTING OF STUDIES (AND COPIES, IF AVAILABLE) ON THE ISSUE OF THE LIVING WAGE.

8. IN GATHERING THE INFORMATION REQUESTED, POSTS ARE ENCOURAGED TO CONTACT APPROPRIATE HOST GOVERNMENT OFFICIALS, WORKER AND EMPLOYER GROUPS, AND NON-GOVERNMENTAL ORGANIZATIONS WORKING WITH WORKERS IN THE FOOTWEAR AND APPAREL INDUSTRIES. DATA SHOULD BE PROVIDED FOR THE MOST RECENT PERIOD AND ANNUALLY FOR EVERY YEAR SINCE 1995, IF AVAILABLE.

9. AT THIS TIME, DOL/ILAB DOES NOT PLAN TO SEND TEAMS TO SELECTED COUNTRIES TO GATHER FURTHER INFORMATION FOR THIS STUDY. IF THIS DECISION CHANGES, DOL/ILAB WILL PROMPTLY ALERT RELEVANT POSTS.

10. PLEASE REPLY VIA UNCLASSIFIED CABLE BY FRIDAY MAY 7, ACTION SECSTATE AND DEPARTMENT OF STATE, SLUGGED DOL/ILAB FOR JORGE PEREZ-LOPEZ AND DRL/IL FOR JANE ALLER.

11. POSTS MAY ALSO WISH TO POUCH TO DCL ANY AVAILABLE STUDIES OR OTHER RELATED INFORMATION OR TO ENCOURAGE ANY PERSON OR ORGANIZATION WITH RELEVANT INFORMATION TO PROVIDE WRITTEN MATERIALS OR CONTACT JORGE PEREZ-LOPEZ, DIRECTOR, OFFICE OF INTERNATIONAL ECONOMIC AFFAIRS, BUREAU OF INTERNATIONAL LABOR AFFAIRS AT ROOM S-5325, 200 CONSTITUTION AVE., NW, WASHINGTON, DC 20210, PHONE: (202) 219-7597, FAX: (202) 219-5071.

12. DCL GREATLY APPRECIATES POSTS ONGOING SUPPORT OF ITS INTERNATIONAL LABOR REPORTING RESPONSIBILITIES.  
ALBRIGHT

**SECT:** SECTION: 01 OF 01

**SSN:** 7645

**TOR:** 990427205610 M3825644

**DIST:**

SIT: NSC

# Cable

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**PREC:** ROUTINE  
**CLASS:** UNCLASSIFIED  
**LINE1:** RAAUZYUW RUEHMLA6402 1242202-UUUU--RHEHAAX.  
**LINE2:** ZNR UUUUU ZZH  
**LINE3:** R 042202Z MAY 99  
**LINE4:** FM AMEMBASSY MANILA  
**OSRI:** RUEHML  
**DTG:** 042202Z MAY 99  
**ORIG:** AMEMBASSY MANILA  
**TO:** RUEHC/SECSTATE WASHDC 0425  
**INFO:** RUEHC/DEPT OF LABOR WASHINGTON DC  
RUEHGV/USMISSION GENEVA 0866  
RUEHXI/LABOR COLLECTIVE  
RUEHXS/ASEAN COLLECTIVE  
RUHBBMA/AMCONSUL NAHA 0390  
**SUBJ:** PHILIPPINE GARMENT INDUSTRY ADOPTS A CODE  
**TEXT:** UNCLAS SECTION 01 OF 03 MANILA 006402

DEPARTMENT FOR G (D.SMITH), DRL (FREEMAN), DRL/IL,  
EAP/PIMBS  
LABOR FOR ILAB  
NAHA FOR R. NELSON

E.O. 12958: N/A  
TAGS: ELAB, EINV, PHUM, PGOV, ETRD, RP  
SUBJECT: PHILIPPINE GARMENT INDUSTRY ADOPTS A CODE  
OF CONDUCT: A MARKETING TOOL

REF: 98 MANILA 013910

1. SUMMARY: PHILIPPINE GARMENT INDUSTRY LEADERS SIGNED A MILESTONE AGREEMENT ON APRIL 26 WITH THE AMERICAN APPAREL MANUFACTURERS ASSOCIATION (AAMA) TO IMPLEMENT AN INDUSTRY CODE OF CONDUCT FOR LABOR STANDARDS. THE AGREEMENT ADOPTS THE CODE DEVELOPED BY THE AAMA AS ITS "RESPONSIBLE APPAREL PRODUCTION PRINCIPLES," AND CALLS FOR THE USE OF INDEPENDENT MONITORS TO REPORT ON COMPLIANCE WITH THE CODE. SENIOR PHILIPPINE GOVERNMENT OFFICIALS JOINED THE AMBASSADOR IN WITNESSING THE SIGNING, REFLECTING THE IMPORTANCE THEY ATTACH TO THE AGREEMENT'S POTENTIAL FOR SECURING EXPORT MARKETS. THE AGREEMENT MAKES EXPLICIT THE PHILIPPINES' GOAL OF USING ITS RELATIVELY PROGRESSIVE LABOR CODE AS AN EXPORT MARKETING TOOL IN THE US AND EUROPE WHERE CONSUMERS, HUMAN RIGHTS AND LABOR GROUPS HAVE HELPED CREATE GROWING PUBLIC SENSITIVITY TO THE QUALITY OF LABOR STANDARDS IN EXPORTING COUNTRIES. THE EMBASSY WILL CONTINUE TO WORK WITH GARMENT INDUSTRY LEADERS TO HELP SUSTAIN MOMENTUM ON IMPLEMENTATION. END SUMMARY

A FIRST STEP

2. PHILIPPINE GARMENT INDUSTRY LEADERS MADE A SIGNIFICANT COMMITMENT TO ENSURING ACCEPTABLE LABOR STANDARDS IN THEIR PRODUCTION SITES BY ADOPTING AN INDUSTRY CODE OF CONDUCT IN AN APRIL 26 CEREMONY AT THE DEPARTMENT OF TRADE AND INDUSTRY. THE STEP TOOK THE FORM OF A MEMORANDUM OF COOPERATION (MOC) WITH AMERICAN IMPORTING FIRMS, PLEDGING BOTH SIDES TO WORK TOWARDS IMPLEMENTATION OF THE "RESPONSIBLE APPAREL PRODUCTION PRINCIPLES" (RAPP), A CODE OF LABOR AND ENVIRONMENTAL PRACTICES FORMULATED BY THE AAMA. IN AN INDUSTRY VULNERABLE TO "SWEATSHOP" PRACTICES, THE CODE REQUIRES PHILIPPINE GARMENT MAKERS TO OBSERVE THE PHILIPPINES' RELATIVELY PROGRESSIVE LABOR CODE, WHICH GUARANTEES CORE ILO LABOR RIGHTS. THE APRIL 26 MOC CREATES AN ORGANIZATION THAT WILL MONITOR AND ACCREDIT THOSE FIRMS READY TO COMPLY WITH THE CODE. THE PROCESS RESULTS IN A "SHORT LIST" OF THOSE FIRMS FOUND ACCEPTABLE AS SUPPLIERS TO US IMPORTERS ON THE BASIS OF THEIR "QUALITY COMPLIANCE" WITH LABOR STANDARDS.

A PARTNERSHIP

3. PHILIPPINE INDUSTRY LEADERS LARGELY REACHED CONSENSUS ON ADOPTING AN INDUSTRY CODE LATE LAST YEAR (REFTEL). THE NOVEMBER 1998 ANNOUNCEMENT OF THE US APPAREL INDUSTRY PARTNERSHIP'S (AIP) PROGRESS IN FORMING AN INSTITUTION FOR INDUSTRY-WIDE MONITORING HELPED MOTIVATE THE PHILIPPINE MANUFACTURERS TO COMMIT THEMSELVES TO THEIR OWN SYSTEM. THE AMERICAN CHAMBER OF COMMERCE OF THE PHILIPPINES (AMCHAM) PLAYED A CATALYTIC ROLE BY BRINGING TOGETHER THE KEY GROUPS FOR A SERIES OF MEETINGS FOR NEARLY TWO YEARS, GRADUALLY PERSUADING THE PHILIPPINE AND AMERICAN SIDES THAT THEIR MUTUAL MARKETING GOALS WERE WELL SERVED BY THE USE OF A COMMON CODE. (THE EMBASSY SUPPORTED THE AMCHAM'S PERSISTENT EFFORT.) HOWEVER, ONCE CONSENSUS WAS REACHED, THE PHILIPPINE INDUSTRY'S SEARCH FOR THE RIGHT US INDUSTRY PARTNERS TOOK SOME MONTHS. A PROBLEM AROSE WHEN PHILIPPINE INDUSTRY LEADERS LEARNED THAT THE US AIP HAD NOT YET STAFFED AN OFFICE AND ESTABLISHED A PRESENCE IN THE INDUSTRY. EVENTUALLY, THE MANILA OFFICE OF A MAJOR AMERICAN GARMENT IMPORTER (SARA LEE) OFFERED A SOLUTION, PROPOSING A PHILIPPINE PARTNERSHIP WITH THE NEWLY ESTABLISHED CODE OF THE AAMA, WHICH CLAIMS TO REPRESENT A MAJORITY OF MAJOR AMERICAN TEXTILE AND GARMENT FIRMS. THE MANILA MANAGER SIGNED THE MOC ON BEHALF OF THE AAMA, MAKING THIS THE AAMA'S FIRST INDUSTRY-WIDE AGREEMENT WITH AN OVERSEAS PARTNER ON A CODE OF CONDUCT FOR LABOR PRACTICES. ESTABLISHING A UNIFORM INDUSTRY CODE WILL EASE THE WORKLOAD OF AAMA MEMBERS AND OTHER IMPORTERS, MOST OF WHOM CURRENTLY HAVE TO WORK OUT AGREEMENTS WITH INDIVIDUAL SUPPLIER FIRMS ON THE USE OF THEIR RESPECTIVE COMPANY CODES.

MONITORING THE "RAPP" CODE

4. SIGNING THE MOC FOR AN INDUSTRY CODE WAS A SIGNIFICANT STEP. BUT THE MAJOR CHALLENGE FOR BOTH UNCLAS SECTION 02 OF 03 MANILA 006402

DEPARTMENT FOR G (D.SMITH), DRL (FREEMAN), DRL/IL,  
EAP/PIMBS  
LABOR FOR ILAB  
NAHA FOR R. NELSON

E.O. 12958: N/A  
TAGS: ELAB, EINV, PHUM, PGOV, ETRD, RP  
SUBJECT: PHILIPPINE GARMENT INDUSTRY ADOPTS A CODE  
OF CONDUCT: A MARKETING TOOL

SIDES IS TO MONITOR PARTICIPATING FACTORIES TO ENSURE THE CODE IS CREDIBLY OBSERVED. THE MOC DESCRIBES THE INDUSTRY AND GOVERNMENT MEMBERSHIP OF A "MONITORING COMMITTEE," WHICH IS TO ACCREDIT EXTERNAL, INDEPENDENT MONITORS TO VISIT FACTORIES AND CERTIFY COMPLIANCE WITH THE RAPP CODE. ALTHOUGH NOT SPELLED OUT IN THE MOC, INDUSTRY ORGANIZERS FORESEE THE USE OF A RAPP "QUALITY SEAL," WHICH MANUFACTURERS WILL BE AUTHORIZED TO USE IN THEIR PRODUCT LABELING IF THEY ARE CERTIFIED AS COMPLIANT WITH THE CODE. IT IS THIS PROSPECT THAT ATTRACTED PARTICIPATION IN THE MOC SIGNING BY DEPARTMENT OF TRADE AND INDUSTRY (DTI) SECRETARY JOSE PARDO, WHO OVERSEES THE PHILIPPINE GARMENT AND TEXTILE EXPORT BOARD (GTBE). THE GARMENT INDUSTRY CODE COMPLEMENTS PARDO'S DRIVE TO UPGRADE PHILIPPINE MANUFACTURING QUALITY STANDARDS. FOR SIMILAR REASONS, THE DEPARTMENT OF LABOR AND EMPLOYMENT SECRETARY BIENVENIDO LAGUESMA ALSO WITNESSED THE SIGNING. BOTH DTI AND DOLE REPRESENTATIVES WILL JOIN INDUSTRY REPRESENTATIVES, INCLUDING THE AMCHAM, ON THE MONITORING COMMITTEE TO ENSURE THAT IT WORKS EFFECTIVELY AND EQUITABLY. THE AMBASSADOR EXPRESSED APPRECIATION TO GOVERNMENT AND INDUSTRY LEADERS AT THE MOC SIGNING FOR THEIR JOINT LEADERSHIP IN FORMING A CODE OF CONDUCT THAT CAN SERVE AS A MODEL FOR IMPROVING LABOR STANDARDS IN THE REGION.

5. THE RAPP PROGRAM IS TO BE SELF-FINANCING. PARTICIPATING COMPANIES ARE TO PAY AN ANNUAL INSPECTION FEE AS THE "COST OF DOING BUSINESS." CERTIFICATION AS A RAPP-COMPLIANT FIRM ADDS TO A FIRM'S VISIBILITY AS A POTENTIAL SUPPLIER TO MAJOR BRAND NAME IMPORTERS. BY THE SAME LOGIC, THE PHILIPPINE INDUSTRY, AS A WHOLE, BELIEVES IT CAN SECURE AN EXPORT MARKET PRESENCE AS A SUPPLIER OF HIGH QUALITY GARMENTS BY DEVELOPING ITS IMAGE AS A "HIGH QUALITY LABOR STANDARDS" SUPPLIER. TO HELP ENSURE CREDIBILITY, THE INDUSTRY MOC STIPULATES THAT ALL MEMBER FACTORIES, INCLUDING SUBCONTRACTORS, MUST BE INSPECTED IN THE MONITORING PROCESS. THE LATTER

PROVISION IS SIGNIFICANT SINCE LABOR ABUSES COMMONLY TAKE PLACE IN THE SUB-CONTRACTING SYSTEM, A NETWORK OF SMALL WORKSHOPS THAT HAS GREATLY EXPANDED IN RECENT YEARS. THE EXECUTIVE OF A MAJOR WOMEN'S FASHION IMPORTER (LIZ CLAIBORNE) KEYNOTED THE APRIL 26 MOC SIGNING WITH REMARKS ON THE NECESSITY OF CREDIBLE INDEPENDENT MONITORS TO MAKE A CODE OF CONDUCT RELEVANT. WHILE WELCOMING THE PHILIPPINE INITIATIVE AS A FIRST IN THE ASIAN REGION AND EVEN WORLDWIDE, HE CAUTIONED THAT THE PHILIPPINE INDUSTRIES STEP NOW PUT THEM UNDER SCRUTINY. HE RECOMMENDED THAT THE RAPP PROGRAM'S MONITORING COMMITTEE ENGAGE HUMAN RIGHTS OR CHURCH GROUPS AS MONITORS, WHOSE REPORTS WOULD ENCOUNTER NO SKEPTICISM AMONG THE AMERICAN CONSUMER AND STUDENT GROUPS THAT ARE FREQUENT CRITICS OF IMPORTERS SUSPECTED OF BAD LABOR PRACTICES.

7. BESIDES AAMA, THE MOC PROVIDES AN OPTION EVENTUALLY TO INCLUDE OTHER OVERSEAS INDUSTRY ASSOCIATIONS AS PARTNERS IN PROMOTING LABOR STANDARDS, INCLUDING AIP AND POSSIBLY THE EUROPEAN "CLEAN CLOTHES CAMPAIGN." THE LIZ CLAIBORNE EXECUTIVE VISITED MANILA SEVERAL TIMES BEGINNING EARLY LAST YEAR TO PROMOTE COOPERATION WITH THE AIP CODE; HE WELCOMED THE OPPORTUNITY TO ACHIEVE THIS WITHIN THE APRIL 26 MOC'S FRAMEWORK ONCE THE AIP IS FULLY ESTABLISHED IN THE US.

#### LABOR PARTICIPATION

6. AT THE MOC SIGNING, LABOR SECRETARY LAGUESMA WELCOMED THE PROSPECT THE CODE CAN CREATE (OR AT LEAST PRESERVE) JOBS IN THE GARMENT INDUSTRY, WHICH REMAINS A MAJOR SOURCE OF EMPLOYMENT IN THE PHILIPPINES. HE ANNOUNCED THAT THE GOVERNMENT WILL HELP ENSURE THAT WORKERS, THEMSELVES, ARE ABLE TO CONTRIBUTE TO IMPLEMENTING THE INDUSTRY CODE. HE ANNOUNCED THE REVIVAL OF THE GARMENT INDUSTRY'S TRIPARTITE COUNCIL (EMPLOYERS, LABOR GROUPS, AND DOLE) WHICH WILL PROVIDE A VEHICLE FOR LABOR GROUPS TO RAISE CODE VIOLATIONS AND HAVE DOLE VOICE THEIR CONCERNS IN THE RAPP'S MONITORING COMMITTEE.

7. TRADE UNIONS HERE HAVE BEGUN TO FIND INDUSTRY UNCLAS SECTION 03 OF 03 MANILA 006402

DEPARTMENT FOR G (D.SMITH), DRL (FREEMAN), DRL/IL,  
EAP/PIMBS  
LABOR FOR ILAB  
NAHA FOR R. NELSON

E.O. 12958: N/A  
TAGS: ELAB, EINV, PHUM, PGOV, ETRD, RP  
SUBJECT: PHILIPPINE GARMENT INDUSTRY ADOPTS A CODE OF CONDUCT: A MARKETING TOOL

CODES A USEFUL POINT OF DEFENSE OF THEIR RIGHT TO COLLECTIVE BARGAINING, WHICH IS PART OF THE

PHILIPPINE LABOR CODE. GARMENT FIRMS' MANAGERS SOMETIMES RESIST FORMATION OF TRADE UNIONS BY THREATENING THE WORKERS WITH THE LOSS OF JOBS BECAUSE FOREIGN BRAND NAME FIRMS WILL NOT PLACE ORDERS WITH UNIONIZED COMPANIES. HOWEVER, ACCORDING TO THE LEADER OF A TRADE UNION CONFEDERATION HERE, THIS THREAT PROVED HOLLOW IN A RECENT CASE IN THE BATAAN EXPORT ZONE. A TRADE UNION CONGRESS OF THE PHILIPPINES (TUCP) LEADER TOLD US THAT LOCAL ORGANIZERS REMINDED THE OWNER AND THE WORKERS FORMING THE UNION THAT THE FIRM'S MAJOR AMERICAN IMPORTER (THE GAP) USED A COMPANY CODE THAT GUARANTEED FREEDOM OF ASSOCIATION. THE WORKERS TOOK HEART, THE FIRM MANAGER BACKED AWAY FROM HIS THREAT, AND EVENTUALLY A COLLECTIVE BARGAINING AGREEMENT WAS SIGNED THE AAMA CODE TO BE USED HERE LACKS THE SPECIFICITY OF SOME COMPANY CODES CONCERNING THE FAIR MAXIMUM OF WORK HOURS ALLOWED AND, ALTHOUGH REQUIRING FREEDOM OF ASSOCIATION, IS SILENT ON COLLECTIVE BARGAINING. HOWEVER, IT FUNDAMENTALLY COMMITS FIRMS TO COMPLYING WITH THE PHILIPPINE LABOR CODE THAT REQUIRES ADHERENCE TO THE ILO CORE LABOR STANDARDS, INCLUDING COLLECTIVE BARGAINING.

8. COMMENT: THE RAPP PROGRAM AND ITS CODE WILL SET A BENCHMARK FOR LABOR STANDARDS IN THE GARMENT INDUSTRY, WHICH HAS HARBORED MANY SWEATSHOPS TOTALLY OUTSIDE ANY DOLE REGULATORY FRAMEWORK. THE EMBASSY WILL SEEK TO SUPPORT DEVELOPMENT OF THE INDUSTRY CODE AND ITS MONITORING ARM, WORKING CLOSELY WITH THE USAID TRADE PROMOTION PROGRAM HERE. WE WELCOME IDEAS FROM EITHER THE DEPARTMENT (DRL WORKING WITH USAID) OR FROM USDOL ON HOW WE MIGHT PROVIDE THE TECHNICAL ASSISTANCE NEEDED TO ENSURE THE PHILIPPINE INDUSTRY'S CODE OF CONDUCT CAN SUCCEED AND PERHAPS SERVE AS AN INFLUENTIAL MODEL FOR OTHER INDUSTRIES HERE AND IN THE REGION. EMBASSY WILL SEND COPIES OF THE MOC TO DRL/IL.

HUBBARD

**SECT:** SECTION: 01 OF 03  
<^SECT>SECTION: 02 OF 03  
<^SECT>SECTION: 03 OF 03

**SSN:** 6402  
<^SSN>6402  
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**TOR:** 990504182015 M3838226  
<^TOR>990504182052 M3838228  
<^TOR>990504182030 M3838227

# Cable

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**PREC:** IMMEDIATE  
**CLASS:** UNCLASSIFIED  
**LINE1:** OAAUZYUW RUEHPFA1539 1831148-UUUU--RHEHAAX.  
**LINE2:** ZNR UUUUU ZZH  
**LINE3:** O 021148Z JUL 99  
**LINE4:** FM AMEMBASSY PHNOM PENH  
**OSRI:** RUEHPF  
**DTG:** 021148Z JUL 99  
**ORIG:** AMEMBASSY PHNOM PENH  
**TO:** RUEHC/SECSTATE WASHDC 0000  
DEPT OF LABOR WASHDC IMMEDIATE  
**INFO:** ////  
**SUBJ:** MOVING FORWARD ON THE CAMBODIA ILO LABOR LAW

PROJECT

**TEXT:**  
UNCLAS PHNOM PENH 001539

SENSITIVE

FOR DEPUTY UNDER SECRETARY ANDREW SAMET FROM AMBASSADOR QUINN

E.O. 12958: N/A  
TAGS: ELAB, CB

SUBJECT: MOVING FORWARD ON THE CAMBODIA ILO LABOR LAW  
PROJECT

1. (SBU) ANDREW, I WANTED TO THANK YOU AGAIN FOR TAKING THE TIME TO MEET ME IN JUNE TO DISCUSS THE CAMBODIA ILO LABOR LAW IMPLEMENTATION PROJECT. SINCE OUR MEETING, I HAVE WORKED HARD TO LINE UP ADDITIONAL SOURCES OF FUNDING FOR THE PROJECT. WE HAD VERY GOOD DISCUSSION WITH A TEAM FROM USAID LAST WEEK ABOUT THE WHITE HOUSE "NO SWEAT" INITIATIVE, WHICH IS LINKED TO THE APPAREL INDUSTRY PARTNERSHIP AGREEMENT ANNOUNCED AT THE WHITE HOUSE IN APRIL 1997 AND IS ADMINISTERED BY USAID. THE TEAM WAS VERY ENTHUSIASTIC ABOUT THE POSSIBILITY OF USING CAMBODIA AS A SITE IN ASIA FOR THE NO SWEAT INITIATIVE. WE ARE FOLLOWING UP WITH USAID NOW. MY STAFF HAS ALSO CONTINUED TO WORK WITH ILAB STAFF, THE ILO, AND LOCAL UNIONS HERE ON THE FINAL DESIGN FOR THE PROJECT.

2. (SBU) DESPITE THIS PROGRESS, TIME IS EMERGING AS A CRITICAL FACTOR BECAUSE WE HAVE ONLY FIVE MONTHS UNTIL THE U.S. IS REQUIRED TO MAKE THE FIRST DETERMINATION ON

WHETHER CAMBODIA MEETS THE LABOR STANDARDS TEST IN THE U.S. - CAMBODIA TEXTILE AGREEMENT AND THEREFORE IS ELIGIBLE FOR THE 14 PERCENT QUOTA BONUS. WE HAVE SCHEDULED THE FIRST ROUND OF LABOR STANDARDS CONSULTATIONS UNDER THE AGREEMENT FOR THE WEEK OF JULY 12. I BELIEVE THE CONSULTATIONS OFFER THE BEST REMAINING OPPORTUNITY TO ANNOUNCE THAT THE U.S. HAS AGREED WITH THE ILO ON A PROJECT DESIGN AND IS PREPARED TO CONTRIBUTE TOWARD THE \$2.2 MILLION COST OF THE PROJECT. IF THE U.S. IS ABLE TO ANNOUNCE A CONTRIBUTION TO THE PROJECT AT THE CONSULTATIONS, THERE SHOULD BE ENOUGH TIME BEFORE THE AGREEMENT'S DECEMBER 1 DEADLINE TO GET THE PROJECT UP AND RUNNING AND TO BEGIN DEVELOPING A COMPREHENSIVE DATA BASE ON WORKING CONDITIONS IN THE INDUSTRY, WHICH WILL BE AN INVALUABLE ASSET FOR CITA IN NOVEMBER AS IT CONSIDERS WHETHER CAMBODIA SHOULD GET THE 14 PERCENT BONUS.

3. (SBU) GIVEN THE IMPORTANCE OF THE CONSULTATIONS, I WOULD BE VERY GRATEFUL IF YOU COULD DO WHATEVER YOU CAN TO REACH A DECISION ON CONTRIBUTING TO THE PROJECT BEFORE JULY 12. BASED ON DISCUSSIONS WITH THE ILO, I THINK THEY WILL BE WILLING TO START UP THE PROJECT IF THE U.S. CAN COMMIT \$700,000, I.E. ENOUGH FOR A FULL YEAR. ONCE THE U.S. ANNOUNCES A CONTRIBUTION, I BELIEVE IT WILL BE POSSIBLE TO OBTAIN FURTHER CONTRIBUTIONS FROM EUROPEAN COUNTRIES WHO ARE ACTIVE IN CAMBODIA AND SHARE OUR VIEWS ON TRADE AND LABOR.

4. (SBU) I REALIZE YOU HAVE A LOT ON YOUR PLATE IN THE WAKE OF THE GENEVA ILO CONFERENCE, BUT IF WE CAN GET THE ILO PROJECT OFF THE GROUND, IT HAS THE POTENTIAL TO BE A RINGING SUCCESS FOR THE ADMINISTRATION FOR VERY LITTLE MONEY. WHILE CAMBODIA IS NOT IN THE FRONT RANK OF TEXTILE EXPORTING COUNTRIES, EXPORTS TO THE U.S. DID REACH \$500 MILLION FOR THE YEAR ENDING APRIL 1999. MAJOR U.S. RETAILERS LIKE THE GAP, K MART, AND THE LIMITED SOURCE HEAVILY HERE. THE INDUSTRY IS COMPACT ENOUGH THAT THE ILO PROJECT WILL REACH VIRTUALLY EVERY GARMENT FACTORY IN THE COUNTRY, AND SHOULD SIGNIFICANTLY IMPROVE THE LIVES OF CAMBODIA'S 90,000 GARMENT WORKERS, MOST OF WHOM ARE YOUNG WOMEN WITH FEW OTHER JOB PROSPECTS. MAKING SUCH AN INDUSTRY-WIDE PUSH TO IMPROVE WORKING CONDITIONS AND ENHANCE THE ABILITY OF WORKERS TO DEFEND THEIR ECONOMIC INTERESTS WOULD BE AN IMPRESSIVE ACCOMPLISHMENT AND SOMETHING WE COULD ALL BE PROUD OF.

5. (U) THANKS AGAIN FOR YOUR HELP SO FAR. WARM REGARDS, KEN QUINN.  
QUINN

**SECT:** SECTION: 01 OF 01

**SSN:** 1539

**TOR:** 990702100254 M3941957

**DIST:**

SIT: ARVIZU BABBITT BUSBY GUARNIERI HILLJ KEITH LIEBERTHAL NAPLAN OSIUS

PRITCHARD SCHWARTZ STROMSETH VACCARO  
SIT: NSC

# Cable

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**PREC:** PRIORITY  
**CLASS:** UNCLASSIFIED  
**LINE1:** PAAUZYUW RUEHPFA1544 1831208-UUUU--RHEHAAX.  
**LINE2:** ZNR UUUUU ZZH  
**LINE3:** P 021208Z JUL 99  
**LINE4:** FM AMEMBASSY PHNOM PENH  
**OSRI:** RUEHPF  
**DTG:** 021208Z JUL 99  
**ORIG:** AMEMBASSY PHNOM PENH  
**TO:** RUEHC/DEPT OF LABOR WASHDC PRIORITY  
**INFO:** RUEHC/SECSTATE WASHDC PRIORITY 2218  
**SUBJ:** DOL STUDY IN SUPPORT OF THE APPAREL INDUSTRY  
PARTNERSHIP

**TEXT:**  
UNCLAS PHNOM PENH 001544

DOL FOR ILAB/OIEA--GREGORY SCHOEPFLE

E.O. 12958: N/A  
TAGS: ELAB, ECON, ETRD, CB  
SUBJECT: DOL STUDY IN SUPPORT OF THE APPAREL INDUSTRY  
PARTNERSHIP

REF: STATE 77645

1. THE FOLLOWING INFORMATION IS KEYED TO QUESTIONS  
POSED IN REFTEL:

A) THE APPAREL SECTOR IS THE ONLY INDUSTRY IN CAMBODIA  
IN WHICH THERE IS A LEGALLY-PRESCRIBED MINIMUM WAGE.  
THE MINIMUM WAGE IN THE APPAREL SECTOR IS \$40 PER  
MONTH, ALTHOUGH APPRENTICES MAY BE PAID A MINIMUM WAGE  
OF \$30 PER MONTH FOR A MAXIMUM PERIOD OF 2 MONTHS. THE  
MINIMUM WAGE WAS ESTABLISHED ON JANUARY 17, 1997 (PRIOR  
TO THE PROMULGATION OF CAMBODIA'S 1997 LABOR LAW) BY  
AGREEMENT BETWEEN THE MINISTRY OF SOCIAL AFFAIRS,  
LABOUR, AND VETERANS AFFAIRS (MOL FOR SHORT) AND THE  
GARMENT MANUFACTURERS ASSOCIATION IN CAMBODIA. IT WAS  
LATER ISSUED AS A SUBDECREE BY THE MOL.

ARTICLES 104-112 OF CAMBODIA'S LABOR LAW SET OUT A  
PROCESS FOR ESTABLISHING A GUARANTEED MINIMUM WAGE THAT  
"MUST ENSURE EVERY WORKER A DECENT STANDARD OF LIVING  
COMPATIBLE WITH HUMAN DIGNITY." ACCORDING TO ARTICLE  
107, THE GUARANTEED MINIMUM WAGE IS TO BE SET BY A MOL  
SUBDECREE AFTER CONSULTATION WITH THE LABOR ADVISORY  
COMMITTEE, AND MAY BE "ADJUSTED FROM TIME TO TIME IN  
ACCORDANCE WITH THE EVOLUTION OF ECONOMIC CONDITIONS  
AND THE COST OF LIVING." HOWEVER, THE LABOR ADVISORY  
COMMITTEE HAS NOT YET BEEN CONVENED, AND AS A RESULT

THIS MINIMUM WAGE-SETTING MECHANISM HAS NOT BEEN UTILIZED.

IT IS DIFFICULT TO ESTIMATE WITH CERTAINTY THE PREVAILING WAGE IN THE APPAREL INDUSTRY. BASED ON VISITS TO MORE THAN 30 GARMENT FACTORIES, DISCUSSIONS WITH WORKERS AND TRADE UNIONISTS, AND A DE-BRIEF WITH A U.S. CUSTOMS TEXTILE PRODUCT VERIFICATION TEAM IN MARCH 1999, EMBASSY ESTIMATES THAT THE BULK OF CAMBODIAN GARMENT WORKERS MAKE IN THE VICINITY OF \$40 PER MONTH. A SIGNIFICANT NUMBER OF WORKERS, SAY 25 PERCENT, WORK MORE QUICKLY OR OPERATE LARGER MACHINES AND EARN A HIGHER MONTHLY WAGE, GENERALLY IN THE \$50-70 RANGE. A SMALLER PERCENTAGE OF WORKERS MAKE LESS THAN THE LEGAL \$40 MINIMUM, GENERALLY BECAUSE OF EMPLOYER PAYROLL DEDUCTIONS FOR SUBSTANDARD ATTENDANCE OR POOR PRODUCTION.

B) WORKERS IN CAMBODIA'S APPAREL SECTOR ARE NOT TAXED ON THEIR WAGES AND HENCE THE GOVERNMENT GRANTS NO TAX CREDITS FOR WORKERS IN THE FOOTWEAR AND APPAREL INDUSTRY. WHILE THE LABOR LAW CONTAINS PROVISIONS MANDATING HOLIDAY AND OVERTIME PAY, THERE ARE NO GOVERNMENT-MANDATED NON-WAGE BENEFITS IN THE APPAREL AND FOOTWEAR INDUSTRY.

C) A JANUARY 1999 REPORT PREPARED BY THE UN SYSTEM IN CAMBODIA STATES THAT THE "MOST RECENT ESTIMATE OF POVERTY BASED ON THE CAMBODIA SOCIO-ECONOMIC SURVEY 1997 SUGGESTS THAT 36 PERCENT OF THE CAMBODIAN POPULATION LIVES BELOW THE POVERTY LINE." THE REPORT ADDS THAT THE POVERTY LINE IS DEFINED AS EXPENDITURE REQUIRED TO PURCHASE A FOOD BASKET WHICH PROVIDES 2,100 CALORIES PER DAY AND ALLOW FOR A NON-FOOD EXPENDITURE. THIS EXPENDITURE IS CALCULATED AT 1819 RIELS PER DAY IN PHNOM PENH, 1407 RIELS IN OTHER URBAN AREAS, AND 1210 RIELS IN RURAL AREAS, AT THE JUNE 1997 EXCHANGE RATE OF \$1 EQUALS 2760 RIELS. SINCE JUNE 1997, THE RIEL HAS SUBSEQUENTLY DEVALUED TO 3800 PER DOLLAR, SO THE RIEL FIGURES LISTED ABOVE SHOULD BE ADJUSTED UPWARDS ACCORDINGLY.

D) TO EMBASSY'S KNOWLEDGE, THERE HAVE BEEN NO STUDIES ON THE ISSUE OF THE LIVING WAGE IN CAMBODIA, PROBABLY BECAUSE OF THE RELATIVELY SMALL SIZE OF CAMBODIA'S FORMAL WAGE SECTOR.

QUINN

**SECT:** SECTION: 01 OF 01

**SSN:** 1544

**TOR:** 990702085859 M3941801

**DIST:**

SIT: NSC

# Cable

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**PREC:** ROUTINE  
**CLASS:** UNCLASSIFIED  
**LINE1:** RAAUZYUW RUCNDA1745 1831932-UUUU--RHEHAAX.  
**LINE2:** ZNR UUUUU ZZH  
**LINE3:** R 021932Z JUL 99  
**LINE4:** FM USMISSION USUN NEW YORK  
**OSRI:** RUCNDT  
**DTG:** 021932Z JUL 99  
**ORIG:** USMISSION USUN NEW YORK  
**TO:** RUEHC/SECSTATE WASHDC 4299  
**INFO:** RUEHAB/AMEMBASSY ABIDJAN 0077  
RUEHAS/AMEMBASSY ALGIERS 2059  
RUEHTA/AMEMBASSY ALMATY 1090  
RUEHAC/AMEMBASSY ASUNCION 0008  
RUEHBJ/AMEMBASSY BEIJING 5003  
RUEHLB/AMEMBASSY BEIRUT 0947  
RUEHBO/AMEMBASSY BOGOTA 2328  
RUEHOL/AMEMBASSY BONN 7261  
RUEHSL/AMEMBASSY BRATISLAVA 0304  
RUEHBS/AMEMBASSY BRUSSELS 5588  
RUEHUP/AMEMBASSY BUDAPEST 0025  
RUEHEG/AMEMBASSY CAIRO 4558  
RUEHLM/AMEMBASSY COLOMBO 1080  
RUEHCP/AMEMBASSY COPENHAGEN 1348  
RUEHDJ/AMEMBASSY DJIBOUTI 0071  
RUEHDL/AMEMBASSY DUBLIN 0654  
RUEHGE/AMEMBASSY GEORGETOWN 0231  
RUEHJA/AMEMBASSY JAKARTA 0711  
RUEHKI/AMEMBASSY KINSHASA 0078  
RUEHPE/AMEMBASSY LIMA 0505  
RUEHLI/AMEMBASSY LISBON 1509  
RUEHLO/AMEMBASSY LONDON 0743  
RUEHLU/AMEMBASSY LUANDA 1431  
RUEHMD/AMEMBASSY MADRID 4240  
RUEHMU/AMEMBASSY MANAGUA 0755  
RUEHML/AMEMBASSY MANILA 1190  
RUEHTO/AMEMBASSY MAPUTO 0689  
RUEHME/AMEMBASSY MEXICO 0187  
RUEHMO/AMEMBASSY MOSCOW 4667  
RUEHNE/AMEMBASSY NEW DELHI 0473  
RUEHNM/AMEMBASSY NIAMEY 0219  
RUEHNK/AMEMBASSY NOUAKCHOTT 1136  
RUEHOT/AMEMBASSY OTTAWA 7825  
RUEHZP/AMEMBASSY PANAMA 0032  
RUEHFR/AMEMBASSY PARIS 7522  
RUEHPL/AMEMBASSY PORT LOUIS 0247  
RUEHPG/AMEMBASSY PRAGUE 0574  
RUEHRO/AMEMBASSY ROME 1548  
RUEHUL/AMEMBASSY SEOUL 1491  
RUEHSQ/AMEMBASSY SKOPJE 1275  
RUEHSF/AMEMBASSY SOFIA 0787  
RUEHTC/AMEMBASSY THE HAGUE 5356

RUEHKO/AMEMBASSY TOKYO 6198  
RUEHTU/AMEMBASSY TUNIS 1882  
RUEHWL/AMEMBASSY WELLINGTON 0144  
RUEHYD/AMEMBASSY YAOUNDE 0379

**SUBJ:** SEVENTH SESSION OF THE UNITED NATIONS COMMISSION  
ON SUSTAINABLE DEVELOPMENT

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**TEXT:**

UNCLAS SECTION 01 OF 20 USUN NEW YORK 001745

E.O. 12958: N/A  
TAGS: AORC, SENV, ECON, ETRD, UNEP  
SUBJECT: SEVENTH SESSION OF THE UNITED NATIONS COMMISSION  
ON SUSTAINABLE DEVELOPMENT

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INTRODUCTION AND SUMMARY  
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1. THE SEVENTH SESSION OF THE COMMISSION ON SUSTAINABLE DEVELOPMENT (CSD) BEGAN APRIL 19 WITH A TWO AND ONE-HALF DAY MULTI-STAKEHOLDER DIALOGUE ON SUSTAINABLE TOURISM. THIS IS A CONCERN OF MANY DEVELOPING COUNTRIES WHICH FEAR DEGRADATION OF THEIR ENVIRONMENT AND SOCIAL STRUCTURES FROM EXCESSIVE TOURISM. FOLLOWING THIS DIALOGUE, THE HIGH LEVEL SEGMENT BEGAN MID-WEEK AND ATTRACTED OVER 30 ENVIRONMENT MINISTERS MOST OF WHOM MADE SHORT STATEMENTS ON ONE OF THE FOUR CSD THEMES - SUSTAINABLE TOURISM, SUSTAINABLE CONSUMPTION AND PRODUCTION, OCEANS AND SEAS, AND SMALL ISLAND DEVELOPING STATES (SIDS), THE TOPIC OF UNDER SECRETARY FOR GLOBAL AFFAIRS FRANK LOY'S INTERVENTION.

2. IN AN ATTEMPT TO MAKE CSD MORE RELEVANT AND ACTION-ORIENTED, CSD-7 CHAIR, NEW ZEALAND ENVIRONMENT MINISTER SIMON UPTON, INCORPORATED MINISTERS' IDEAS FROM MINISTERS-ONLY INFORMAL DIALOGUE MEETINGS INTO DRAFT DECISION SUMMARIES DEVELOPED IN THE EARLIER INTERSESSIONAL MEETINGS. THESE DOCUMENTS WERE THE FOCUS OF DRAFTING GROUPS THAT MET THE SECOND WEEK AND WHICH PRODUCED DECISIONS ON ALL TOPICS BUT SIDS. CSD-7 SERVED AS THE PREPCOM FOR THIS SEPTEMBER'S UNGASS TO REVIEW THE BARBADOS PLAN OF ACTION FOR SIDS AND DEBATE WAS MORE CONTENTIOUS AND COMPLICATED. SIDS MEETINGS NOW CONTINUE BEYOND THE END OF CSD7.

3. IN TERMS OF DECISIONS, THE U.S. ACHIEVED ITS GOALS IN OCEANS AND SEAS ISSUES AND WE WERE PLEASED WITH THE OUTCOMES ON SUSTAINABLE TOURISM. WE WERE LESS PLEASED WITH THE OUTCOMES IN CONSUMPTION AND PRODUCTION, ALTHOUGH WE ENDORSED THE REVISED UN CONSUMER GUIDELINES. THE STALEMATE OVER THE PREPARATIONS FOR THE SPECIAL UN GENERAL ASSEMBLY SESSION ON SMALL ISLAND DEVELOPING STATES WAS PROBABLY THE MOST DISAPPOINTING OUTCOME OF THE TWO-WEEK CSD SESSION.

4. APART FROM THE MAIN CSD AGENDA, SENIOR USG OFFICIALS HEADED BY STATE U/S FRANK LOY, CONDUCTED A RIGOROUS SCHEDULE

OF OVER TWO DOZEN BILATERALS WITH VISITING ENVIRONMENT  
MINISTERS AND OTHER OFFICIALS. TOPICS INCLUDED CLIMATE  
UNCLAS SECTION 02 OF 20 USUN NEW YORK 001745

E.O. 12958: N/A

TAGS: AORC, SENV, ECON, ETRD, UNEP

SUBJECT: SEVENTH SESSION OF THE UNITED NATIONS COMMISSION  
ON SUSTAINABLE DEVELOPMENT

CHANGE, TRADE AND ENVIRONMENT, BIODIVERSITY AND BIOSAFETY.  
THE USDEL, OVER THE COURSE OF TWO WEEKS FEATURED DELEGATES  
AND EXPERTS FROM THE WHITE HOUSE, STATE, EPA, NOAA, USDA,  
USAID, NPS, USFWS, PCSD, GLOBE, SMITHSONIAN, AND SIX NGO  
DELEGATES INCLUDING REPRESENTATIVES FOR BOTH WOMEN'S AND  
YOUTH ISSUES, BOTH CSD "MAJOR GROUPS." OF FIFTY-THREE  
DELEGATIONS, THE USDEL WAS ONE OF FOUR TO FEATURE A YOUTH  
DELEGATE.

5. THE FULL TEXTS OF CSD-7 OUTCOMES - EXCEPT SIDS - CAN BE  
FOUND AT: [HTTP://WWW.UN.ORG/ESA/SUSTDEV/CSDGEN.HTM](http://www.un.org/esa/sustdev/csdgen.htm). END  
INTRODUCTION AND SUMMARY.

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FIRST WEEK - MULTI-STAKEHOLDER DIALOGUE AND HIGH-LEVEL SEGMENT  
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6. NEW ZEALAND'S ENVIRONMENT MINISTER, SIMON UPTON, CHAIRMAN  
OF THE SEVENTH SESSION OF THE CSD, OPENED THE MEETING ON  
APRIL 19. WHILE ADOPTING THE AGENDA, UPTON FENDED OFF AN  
ATTEMPT TO MODIFY THE AGENDA BY THE CHINESE DELEGATE,  
PROFESSOR SHUKONG ZHONG (A PARTICIPANT IN GLOBAL CLIMATE  
CHANGE NEGOTIATIONS), WHO SUGGESTED THE TIME SET ASIDE FOR  
CONSUMPTION AND PRODUCTION WAS INSUFFICIENT. UPTON ANNOUNCED  
THAT THREE SEPARATE GROUPS WOULD BE SET UP TO NEGOTIATE THE  
OUTCOMES AND WOULD MEET THE SECOND WEEK: CONSUMPTION AND  
PRODUCTION, AND TOURISM CHAIRED BY NAVID HANIF OF PAKISTAN;  
OCEANS AND SIDS CHAIRED BY SANDOR MOZES OF HUNGARY; AND,  
PROCEDURAL ISSUES AND PREPARATIONS FOR ENERGY DISCUSSIONS TO  
TAKE PLACE AT CSD-9 IN 2001 CHAIRED BY GEORGE TALBOTT OF  
GUYANA.

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INTERSESSIONAL REPORTS INTRODUCED  
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7. THE CO-CHAIRS OF CSD-7'S FEBRUARY/MARCH INTERSESSIONAL  
PROVIDED BRIEF REPORTS ON THE RESULTS OF THIS EARLIER  
MEETING. PAKISTAN'S HANIF REPORTED A CO-CHAIR'S SUMMARY AND  
A DRAFT ON POSSIBLE DECISIONS FOR CONSUMPTION/PRODUCTION.  
ALAN SIMCOCK OF THE UK GAVE A SIMILAR, BRIEF READOUT ON THE  
OCEANS PORTION OF THE INTERSESSIONAL, ADDING THAT TWO SIMILAR  
REPORTS HAD BEEN PREPARED. REPORTING ON THE INTERSESSIONAL  
UNCLAS SECTION 03 OF 20 USUN NEW YORK 001745

E.O. 12958: N/A

TAGS: AORC, SENV, ECON, ETRD, UNEP

SUBJECT: SEVENTH SESSION OF THE UNITED NATIONS COMMISSION  
ON SUSTAINABLE DEVELOPMENT

DISCUSSIONS WHICH HAD TAKEN PLACE ON SMALL ISLAND DEVELOPING STATES, ANTIGUA/BARBUDA'S AMBASSADOR JOHN ASHE NOTED THAT THIS PAPER WOULD HAVE TO BE CAREFULLY VETTED. CANADA REPORTED ON A MEETING ON VOLUNTARY INITIATIVES WHICH IT HAD HOSTED IN MARCH (ITS CONCLUSION: THESE ARE VERY USEFUL IN CONTRIBUTING TO SUSTAINABLE DEVELOPMENT BUT NO ONE STYLE FITS EVERY CIRCUMSTANCE).

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UPTON CALLS FOR DECISIONS WHICH ARE "MODEST, PRACTICAL,  
AND ACHIEVABLE"  
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8. FOLLOWING PRESENTATIONS BY THE CO-CHAIRS, UPTON EMPHASIZED THE IMPORTANCE FOR THE DECISIONS OF CSD-7 TO BE "MODEST, PRACTICAL, AND ACHIEVABLE." NOTING THAT HE HAD VISITED SEVERAL MINISTERS IN PREPARATION FOR THIS MEETING, HE CAUTIONED THE GATHERED DELEGATES THAT THE KIND OF RESULTS SUBMITTED BY CSD-7 COULD DETERMINE WHETHER OR NOT THE ORGANIZATION WILL REMAIN RELEVANT IN FUTURE YEARS. UPTON INTRODUCED THE "NEW ORGANIZATION" OF THE MINISTERIAL SEGMENT WHICH HE HOPED WOULD RESULT IN BRINGING GREATER CREDIBILITY TO CSD MEETINGS. HIS EXPERIMENT INVOLVED HOLDING MINISTERS TO VERY SHORT FORMAL INTERVENTIONS ON THE TOPICS OF THIS SESSION FOLLOWED BY DIALOGUES AMONG MINISTERS. HE STATED THAT HE HOPED THAT MINISTERS WOULD BE ABLE TO SPEAK "SEVERAL TIMES" DURING THE DIALOGUE. FIVE REPRESENTATIVE NGOS WERE ALSO INVITED TO PARTICIPATE IN THESE DIALOGUE SESSIONS, DIFFERENT ONES FOR EACH TOPIC BRINGING THE TOTAL TO AT LEAST 15. UPTON ALSO NOTED THE IMPORTANCE HE ATTACHED TO THE PRIVATE MINISTERIAL MEETINGS HELD UNDER HIS CHAIRMANSHIP PRIOR TO EACH OF THE MORNING SESSIONS ON APRIL 21-23.

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SUSTAINABLE TOURISM DIALOGUE -- NGOS GENERALLY IMPRESSED  
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9. THE SESSION BEGAN WITH A TWO-DAY MULTI-STAKEHOLDER DIALOGUE ON FOUR THEMES: INDUSTRY INITIATIVES FOR SUSTAINABLE TOURISM; INFLUENCING CONSUMER BEHAVIOR TO PROMOTE SUSTAINABLE TOURISM; PROMOTING BROAD-BASED SUSTAINABLE DEVELOPMENT THROUGH TOURISM WHILE SAFEGUARDING THE INTEGRITY  
UNCLAS SECTION 04 OF 20 USUN NEW YORK 001745

E.O. 12958: N/A  
TAGS: AORC, SENV, ECON, ETRD, UNEP  
SUBJECT: SEVENTH SESSION OF THE UNITED NATIONS COMMISSION  
ON SUSTAINABLE DEVELOPMENT

OF LOCAL CULTURES; AND PROTECTING THE ENVIRONMENT AND COASTAL IMPACTS OF TOURISM. THE STAKEHOLDERS ON THE PANEL WERE BUSINESS, TRADE UNIONS, LOCAL AUTHORITIES, AND ENVIRONMENTAL NGOS. INITIAL REPORTS FROM THESE GROUPS FOUND THEM BROADLY IMPRESSED WITH CSD CHAIRMAN UPTON'S HANDLING OF THE DIALOGUE.  
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SOME GOVERNMENTS EQUIVOCATE -- THE U.S. AND OTHER GOVERNMENTS COMMENT

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10. WHILE GOVERNMENTS WERE GENERALLY SUPPORTIVE OF THE MANNER IN WHICH UPTON CONDUCTED THE DIALOGUE, SOME GOVERNMENTS EQUIVOCATED, PRIVATELY POINTING OUT THAT ALTHOUGH THE CHAIR DESERVED FULL MARKS FOR EXTRACTING SOME POTENTIAL OUTPUTS FROM THE SESSIONS, THE SESSIONS WERE STARTING TO GET SOMEWHAT TEDIOUS BY THE DAY'S END. GOVERNMENTS, WHILE RESTRAINED IN THEIR PARTICIPATION DURING THIS DIALOGUE, NEVERTHELESS MADE SOME USEFUL INTERVENTIONS. THE U.S., BARBADOS, EGYPT, IRELAND, PANAMA, AND GREECE WERE THE SIX GOVERNMENTS ASKED TO MAKE FORMAL PRONOUNCEMENTS. TURKEY ALSO PROVIDED A PROGRESS REPORT ON ITS COASTAL TOURISM INITIATIVE.

11. OUR INTERVENTION HIGHLIGHTED, AMONG OTHER THINGS, THE WORK OF THE INDUSTRIAL POLICY SECTOR OFFICE OF THE ENVIRONMENTAL PROTECTION AGENCY. EPA WILL SOON PUBLISH "A QUANTITATIVE MODEL FOR ASSESSING THE ECONOMIC AND ENVIRONMENTAL IMPACTS OF TRAVEL, TOURISM AND RECREATION IN THE UNITED STATES." THE MODEL REVIEWS TEN INDIVIDUAL SUBSECTORS SUCH AS SKIING, GOLF, WATERSIDE AREAS, AND ANALYZES THE IMPACTS OF LODGING, RESTAURANTS, RETAIL AND TRANSPORT IN AREAS SUCH AS ELECTRIC USE, SOLID WASTE GENERATION, AND WATER USE.

12. CHINA OFFERED A WARNING AGAINST TOO MUCH INTERNATIONAL INTERFERENCE WITH NATIONAL PREROGATIVES IN THE TOURISM INDUSTRY. THE PHILIPPINES NOTED THE NEED FOR GOVERNMENTAL REGULATION TO CONTROL TOURISM EXCESSES, WHILE BARBADOS AND SAMOA BOTH COMMENTED ON THE IMPORTANCE OF TAKING INTO ACCOUNT THE "CARRYING CAPACITY" OF RECIPIENT COUNTRIES. THE TUESDAY SESSIONS WERE SOMEWHAT MORE TUMULTUOUS WITH SOME MORE CONTROVERSIAL ISSUES CREEPING INTO THE DISCUSSION. ONE LABOR UNCLAS SECTION 05 OF 20 USUN NEW YORK 001745

E.O. 12958: N/A  
TAGS: AORC, SENV, ECON, ETRD, UNEP  
SUBJECT: SEVENTH SESSION OF THE UNITED NATIONS COMMISSION ON SUSTAINABLE DEVELOPMENT

UNION MENTIONED SO-CALLED DISNEYLAND SWEATSHOPS.

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NGO BRIEFINGS  
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13. WE MET REGULARLY WITH INTERESTED NGO'S. IN OUR EARLY BRIEFINGS, WE LEARNED THAT NGOS WERE BROADLY CONCERNED WITH PROGRESS ABOUT CONSUMPTION/PRODUCTION ISSUES - THEY FEEL THE U.S. IS FAR BEHIND THE EU ON THIS ISSUE; ABOUT SUPPORT FOR THIRD PARTY CERTIFICATION OF ANY SUSTAINABLE TOURISM GUIDELINES - THEY WANT U.S. SUPPORT FOR A REVIEW OF VOLUNTARY INITIATIVES; AND, U.S. SUPPORT FOR AN INSTITUTIONAL APPROACH ON OCEANS WHICH FAVORS AN UNGA (RATHER THAN AN ECOSOC) PROCESS WHICH MIGHT LIMIT NGO PARTICIPATION. NGOS WERE

BROADLY SUPPORTIVE OF SEVERAL U.S. POSITIONS INCLUDING THOSE ON SEX TOURISM, OLDER TOURISTS AND OUR SUPPORT OF A REVIEW OF VOLUNTARY INITIATIVES.

14. AT THE REQUEST OF THE U.S. NGO CAUCUS, U/S LOY - ACCOMPANIED BY SEVERAL MEMBERS OF USDEL - MET WITH ABOUT 45 NGOS DRAWN FROM EUROPE, ASIA, AFRICA, LATIN AMERICA AND NORTH AMERICA FOR OVER 45 MINUTES ON WEDNESDAY EVENING. THE RECEPTION WAS CORDIAL, AND WE WERE TOLD AFTERWARDS HOW APPRECIATIVE THE NGOS WERE THAT THE UNDER SECRETARY SACRIFICED TIME FROM THE SECRETARY GENERAL'S RECEPTION TO GIVE THEM A HEARING. THE TOPICS RAISED WERE AS VARIED AS THE GROUP AND INCLUDED TRADE AND THE ENVIRONMENT, SHRIMP FARMING, FLAGS OF CONVENIENCE, NUCLEAR WASTE TRANSPORT AND U.S. FUNDING FOR ADDITIONAL NGO REPRESENTATION AT MEETINGS.

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 UPTON'S "EXPERIMENT" BEGINS  
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15. THE THREE-DAY HIGH LEVEL SEGMENT OF CSD-7 BEGAN WEDNESDAY AFTERNOON WITH DISCUSSION OF SUSTAINABLE TOURISM. COMING ON THE HEELS OF FOUR SESSIONS ON THIS TOPIC IN THE MULTI-STAKEHOLDER ROUNDTABLE, THIS MEETING GAVE GOVERNMENTS AN OPPORTUNITY TO PUT THEIR VIEWS ON THE TABLE. THE THAI DEPUTY PRIME MINISTER STARTED OFF THE SESSION WITH AN ADDRESS IN WHICH HE ADMITTED SOME OF THE EXCESSES WHICH HAVE PLAGUED THAILAND'S TOURISM INDUSTRY AND WHICH HIS COUNTRY IS NOW  
 UNCLAS SECTION 06 OF 20 USUN NEW YORK 001745

E.O. 12958: N/A  
 TAGS: AORC, SENV, ECON, ETRD, UNEP  
 SUBJECT: SEVENTH SESSION OF THE UNITED NATIONS COMMISSION ON SUSTAINABLE DEVELOPMENT

STRIVING TO CORRECT. FOR THE MOST PART, THE OVERWHELMING MAJORITY OF OTHER MINISTERS/SENIOR OFFICIALS SPEAKING ON THIS TOPIC TOOK A SIMILAR LINE -- NOTING SOME OF THE PROBLEMS THEY HAD ENCOUNTERED BUT ASSURING THE AUDIENCE THAT STEPS HAD BEEN TAKEN TO ADDRESS THESE.

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 OCEANS SEGMENT: UPTON FOCUSES ON LAND BASED SOURCES OF MARINE POLLUTION  
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16. UPTON STARTED THE HIGH LEVEL SEGMENT ON OCEANS AND THE SEAS PROMPTLY AND NOTED THAT THE FOCUS OF THE DIALOGUE PORTION OF THIS MEETING (WHICH FOLLOWED THE MINISTERIAL STATEMENTS) WOULD BE LARGELY ON LAND-BASED SOURCES OF MARINE POLLUTION AND OVERFISHING. MOST OF THE 15 OR SO MINISTERS WHO SPOKE AT THIS SEGMENT COMPLAINED ABOUT MARINE POLLUTION AND THE PROBLEMS OF DWINDLING FISH STOCKS. SOME, LIKE CHINA, SHOWED SOME SHIFT IN THEIR POSITION ON THE OCEANS FORUM QUESTION. WHERE IN MARCH, AT THE INTERSESSIONALS, CHINA HAD INDICATED THAT WHATEVER FOLLOW-ON ACTION IS TAKEN MUST BE DONE WITHIN EXISTING RESOURCES, THE MINISTER OF STATE FOR ENVIRONMENTAL PROTECTION EXPANDED THIS TO INCLUDE A PROCESS

ALIGNED WITH THE ANNUAL MEETING OF THE PARTIES OF THE UN CONVENTION ON THE LAW OF THE SEA (BROADLY IN LINE WITH OUR POSITION).

17. AT THE APRIL 22 MORNING JUSCANZ MEETING, CANADA SURPRISED DELEGATES WITH INDICATING THAT IT WOULD FLOAT A PROPOSAL TO INCORPORATE A HIGH LEVEL SEGMENT INTO ANY PROPOSED AD HOC WORKING GROUP CONCEPT ASSOCIATED WITH UNCLOS WHICH MAY EMERGE. THE DELEGATE WENT TO GREAT LENGTHS TO SAY THAT THIS WAS MERELY A VARIATION ON ITS INITIAL PROPOSAL FOR A STAND-ALONE CONFERENCE ON OCEANS ISSUES TO BE HELD AROUND THE YEAR 2000. IN ANY EVENT, THE IDEA NEVER DEVELOPED TRACTION.

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PRESCOTT DELIVERS STELLAR PERFORMANCE  
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18. WITH NO DOUBT, THE STAR OF THE APRIL 22 SESSION WAS UK DEPUTY PRIME MINISTER PRESCOTT. RECALLING HIS TEN YEARS AS A UNCLAS SECTION 07 OF 20 USUN NEW YORK 001745

E.O. 12958: N/A  
TAGS: AORC, SENV, ECON, ETRD, UNEP  
SUBJECT: SEVENTH SESSION OF THE UNITED NATIONS COMMISSION ON SUSTAINABLE DEVELOPMENT

MERCHANT SEAMAN AND HIS 20 YEARS AS A DEEP-SEA SCUBA ENTHUSIAST, PRESCOTT EXTOLLED THE VIRTUES OF CORAL REEFS AND RAISED THE RED FLAG OF CONCERN ABOUT THEIR FUTURE. HE WAS PARTICULARLY IMPASSIONED ABOUT THOSE COUNTRIES -- SPECIFYING BELIZE ESPECIALLY -- WHICH SELL THEIR FLAGS OF CONVENIENCE TO UNPRINCIPLED PARTIES WHO OVER FISH AND POLLUTE THE HIGH SEAS WITHOUT ANY RESTRICTION. CALLING THESE COUNTRIES "MODERN DAY BUCCANEERS", PRESCOTT STATED THAT THEY "SHOULD NOT BE ALLOWED TO PLUNDER OUR SEAS FOR PROFIT." PRESCOTT'S PARLIAMENTARY STYLE ORATORY WAS RECEIVED WITH UNCHARACTERISTIC APPLAUSE.

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UPTON'S "EXPERIMENT" AGAIN PROVES SUCCESSFUL  
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19. THE DIALOGUE SESSION WAS LIVELY WITH UPTON PRIMING THE PUMP BY ASKING THE U.S. TO COMMENT ON THE IMPORTANCE OF THE GLOBAL PLAN OF ACTION TO COMBAT LAND-BASED SOURCES OF MARINE POLLUTION AND THEN CALLING ON UNEP TO DESCRIBE WHAT IT IS DOING TO IMPLEMENT THE PLAN. UNEP'S LESS THAN ENTHUSIASTIC RESPONSE MADE UPTON'S UNSTATED POINT: UNEP MUST BE GALVANIZED TO ACTION.

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OCEANS PORTION CONCLUDES  
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20. DURING THE OCEANS DEBATES, MOST COUNTRIES INDICATED IN THEIR WRITTEN STATEMENTS THEIR SUPPORT FOR SOME KIND OF FOLLOW-ON PROCESS WITHIN EXISTING RESOURCES. SEVERAL MENTIONED THEIR SUPPORT FOR A POSITION (SUPPORTED BY

OURSELVES AND MEMBERS OF THE RIO GROUP) WHICH WOULD HAVE THIS PROCESS TAKE THE FORM OF AN AD HOC WORKING GROUP ESTABLISHED BY THE GENERAL ASSEMBLY, WITH MEETINGS SCHEDULED TO COINCIDE WITH THOSE OF THE PARTIES TO THE UN CONVENTION ON THE LAW OF THE SEA (UNCLOS). CANADA RAISED ITS IDEA FOR SOME KIND OF HIGH LEVEL FOLLOW-ON PROCESS, BUT THE IDEA DID NOT GAIN MUCH SUPPORT.

21. IN THE "DIALOGUE" ORCHESTRATED BY CSD CHAIRMAN UPTON TOWARDS THE END OF THE SESSION, MANY COUNTRIES TENDED TO BE FAR LESS SPECIFIC AS TO THE DESIRED OUTCOME. EGYPT -- IN THE PERSON OF THE VENERABLE DR. MUSTAFA TOLBA -- SUGGESTED THAT UNCLAS SECTION 08 OF 20 USUN NEW YORK 001745

E.O. 12958: N/A

TAGS: AORC, SENV, ECON, ETRD, UNEP

SUBJECT: SEVENTH SESSION OF THE UNITED NATIONS COMMISSION ON SUSTAINABLE DEVELOPMENT

ANY FINAL DECISION BE DELAYED. WE OUTLINED BRIEFLY OUR VIEW THAT THE CSD SHOULD TAKE THIS OPPORTUNITY TO PROVIDE CLEAR GUIDANCE TO ECOSOC ON THE KIND OF FOLLOW-ON INSTITUTIONAL PROCESS THAT IS DESIRED. THIS VIEW TENDED TO PREVAIL DURING THE SECOND WEEK'S NEGOTIATIONS ON THE TOPIC.

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HIGH LEVEL SEGMENT ENDS WITH DISCUSSION ON  
SIDS AND CONSUMPTION/PRODUCTION  
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22. THE THREE DAY HIGH LEVEL SEGMENT OF THE CSD ENDED ON FRIDAY FOLLOWING ANOTHER DAY OF STATEMENTS/DIALOGUES ON THE TWO REMAINING SUBSTANTIVE POINTS -- CONSUMPTION/PRODUCTION PATTERNS AND SIDS.

23. THE LATTER MEETING WAS ACTUALLY THE FIRST OF TWO OFFICIAL "PREPCOMS" FOR THE UNGA SPECIAL SESSION ON SIDS SCHEDULED FOR THIS FALL. THE U.S. WAS ONE OF ABOUT 18 COUNTRIES FORMALLY ADDRESSING THE CONFERENCE ON THE SIDS ISSUE. OUR FOCUS WAS ON OUR SUPPORT FOR SUSTAINABLE DEVELOPMENT IN THE SIDS, WITH PARTICULAR ATTENTION DRAWN TO THE PROBLEMS AND POTENTIAL FOR ACTION ON CLIMATE CHANGE, COASTAL ZONE ISSUES, CORAL REEFS, AND FISHERIES. WE STRESSED ONCE MORE THE IMPORTANCE WE ATTACH TO THE RATIFICATION OF RELEVANT FISHERIES TREATIES IN ORDER TO BRING THESE INTO FORCE (AND RECEIVED KUDOS FROM ITALY AFTER WE MENTIONED THEIR VERY RECENT RATIFICATION - AGAINST EU WISHES, WE UNDERSTAND - OF THE STRADDLING STOCKS AGREEMENT).

24. ON CLIMATE CHANGE, WE NOTED STEPS BEING TAKEN BY THE SIDS COUNTRIES AND INDICATED OUR WILLINGNESS TO WORK WITH THEM THROUGH THE CLEAN DEVELOPMENT MECHANISM AND VARIOUS ENERGY EFFICIENCY PROGRAMS. WE ALSO INDICATED THAT WE WOULD SUPPORT THE MARSHALL ISLANDS PROPOSAL TO HOST A CDM CONFERENCE IN MID-JULY ON THESE QUESTIONS.

25. CONSUMPTION AND PRODUCTION WAS THE FOCUS OF DETAILED STATEMENTS BY SWEDEN, ITALY, AND KOREA AMONG OTHERS.

SURPRISINGLY FEW G-77/CHINA COUNTRIES CHOSE TO SPEAK DURING THIS SEGMENT, ALTHOUGH SEVERAL PARTICIPATED IN THE "DIALOGUE" WHICH FOLLOWED, EMPHASIZING THE IMPORTANCE OF THIS ISSUE TO ALLEVIATING POVERTY.

UNCLAS SECTION 09 OF 20 USUN NEW YORK 001745

E.O. 12958: N/A

TAGS: AORC, SENV, ECON, ETRD, UNEP

SUBJECT: SEVENTH SESSION OF THE UNITED NATIONS COMMISSION ON SUSTAINABLE DEVELOPMENT

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RUSSIA RAISES KOSOVO  
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26. KOSOVO AGAIN SURFACED AS AN ISSUE ON THURSDAY (IT HAD EARLIER IN THE SESSION BEEN RAISED BY CHINA). RUSSIAN ENVIRONMENT MINISTER DANILOV-DANILYAN, ADMITTING THAT IT WAS A TOPIC UNRELATED TO OCEANS, THE SUBJECT AT HAND, READ ONLY THE PORTION OF HIS REMARKS WHICH INCLUDED A BLISTERING ATTACK ON THE ECOLOGICAL AND ENVIRONMENTAL CATASTROPHE FACING THE BALKANS AND EUROPE BECAUSE OF NATO'S ATTACKS. (COMMENT: LATER THAT NIGHT, HE ALSO RAISED HIS POINTS WITH UNDER SECRETARY LOY DURING A RECEPTION HOSTED BY CHAIRMAN UPTON. HOWEVER, OUR BILATERAL WENT SMOOTHLY WITH THE RUSSIANS AS SEPARATE REPORTING INDICATED. END COMMENT.)

27. ANOTHER RUSSIAN DELEGATE ASKED UNEP'S NEWLY APPOINTED ASSISTANT EXECUTIVE DIRECTOR BAKARY KANTE IF UNEP WOULD PREPARE AN EXPERT TEAM TO ASSESS THE ENVIRONMENTAL DAMAGE IN THE BALKANS. CHAIRMAN UPTON SUGGESTED THAT THE RUSSIANS DISCUSS THIS WITH UNEP AFTER THE MEETING. (COMMENT: THE RUSSIANS DID SO. AT A DINNER HOSTED BY GERMAN MINISTER TRITTIN ON APRIL 22, DANILOV-DANILYAN CORNERED UNEP EXECUTIVE DIRECTOR TOPFER ON THE SAME QUESTION. WE WERE ABLE TO DETERMINE ONLY THAT TOPFER REASSURED DANILOV-DANILYAN THAT UNEP TAKES THE ENVIRONMENTAL ASPECT OF THE BALKAN TRAGEDY SERIOUSLY. END COMMENT.)

28. THE RUSSIANS BROUGHT THIS ISSUE TO A HEAD ON THE FINAL DAY OF CSD IN PLENARY BY REFUSING TO WITHDRAW A RESOLUTION THEY INTRODUCED AND FORCING THE FIRST VOTE EVER CAST IN THIS CONSENSUS FORUM. THE RESOLUTION EXPRESSED CONCERN AND CALLED FOR ACTION ON "ENVIRONMENTAL DAMAGE" FROM MILITARY ACTION IN THE FRY. THIRTY-THREE MEMBERS OF THE CSD EXPRESSED THEIR DISPLEASURE WITH THIS ATTEMPT TO POLITICIZE THE CSD AND VOTED TO UPHOLD A MOTION OF NO ACTION ON THE DRAFT THEREBY HEADING OFF A VOTE ON THE SUBSTANCE. FOUR MEMBERS, RUSSIA, CHINA, DPRK AND ZIMBABWE, VOTED FOR ACTION AND EIGHT MEMBERS ABSTAINED. RUSSIA INDICATED THIS ISSUE WOULD APPEAR IN OTHER UN FORA SOON. (NOTE: ZIMBABWE INDICATED AFTER THE VOTE THAT IT HAD PRESSED THE WRONG BUTTON.)

UNCLAS SECTION 10 OF 20 USUN NEW YORK 001745

E.O. 12958: N/A

TAGS: AORC, SENV, ECON, ETRD, UNEP

SUBJECT: SEVENTH SESSION OF THE UNITED NATIONS COMMISSION  
ON SUSTAINABLE DEVELOPMENT

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SECOND WEEK - NEGOTIATING GROUPS AND PLENARY - CSD DECISIONS  
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29. THE CHALLENGE FOR THE SECOND WEEK WAS TO TURN THE STATEMENTS MADE BY MINISTERS AND OTHER HEADS OF DELEGATION INTO A SERIES OF RECOMMENDED DECISIONS WHICH MEET THE "PRACTICAL, MODEST, AND ACHIEVABLE" CRITERIA ENUNCIATED BY MINISTER UPTON AS THE ULTIMATE GOAL OF THIS SESSION.

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OCEANS AND SEAS  
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30. THE CSD DECISION REFLECTED UNITED STATES PRIORITIES IN MAINTAINING THE CENTRAL IMPORTANCE OF THE CONVENTION ON THE LAW OF THE SEA AS THE OVERALL LEGAL FRAMEWORK WITHIN WHICH ALL ACTIVITIES IN THIS FIELD MUST BE CONSIDERED. U.S. GOALS RELATED TO FISHERIES AND LAND-BASED POLLUTION WERE GIVEN SPECIAL EMPHASIS IN THE DOCUMENT. SO TOO, WAS A CALL FOR BETTER SCIENTIFIC UNDERSTANDING OF THE OCEANS AND SEAS. FINALLY, AND MOST IMPORTANTLY, CONSENSUS WAS REACHED ON THE DEVELOPMENT OF A MECHANISM TO ASSURE AN INFORMED DEBATE ON THE UNGA ANNUAL LAW OF THE SEA RESOLUTION.

31. FISHERIES: THE CSD RECOMMENDED, AMONG OTHER THINGS, FOR STATES TO RATIFY AND/OR IMPLEMENT THE FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS (FAO) AGREEMENT TO PROMOTE COMPLIANCE WITH INTERNATIONAL CONSERVATION AND MANAGEMENT MEASURES BY FISHING VESSELS ON THE HIGH SEAS; THE AGREEMENT FOR THE IMPLEMENTATION OF THE CONVENTION ON THE LAW OF THE SEA RELATING TO THE CONSERVATION AND MANAGEMENT OF STRADDLING FISH STOCK AND HIGHLY MIGRATORY FISH STOCKS; AND THE FAO CODE OF CONDUCT FOR RESPONSIBLE FISHERIES. THE CSD ALSO WELCOMED THREE INTERNATIONAL PLANS OF ACTION RELATED TO SEABIRDS, SHARKS AND FISHING CAPACITY. PROGRESS WAS ALSO MADE ON DRIFTNETS, BY-CATCH AND DISCARDS, DESTRUCTIVE FISHING GEAR AND RENEWED EFFORTS TO PROMOTE FLAG STATE RESPONSIBILITY. GOVERNMENTS ATTEMPTED BUT COULD NOT FIND LANGUAGE TO ADDRESS THE SERIOUS PROBLEM OF SUBSIDIES, NEVERTHELESS THE ISSUE WAS REFERENCED, ALBEIT INCONCLUSIVELY, IN THE FINAL DOCUMENT.

32. LAND BASED POLLUTION: FRESH EMPHASIS WAS GIVEN TO  
UNCLAS SECTION 11 OF 20 USUN NEW YORK 001745

E.O. 12958: N/A

TAGS: AORC, SENV, ECON, ETRD, UNEP

SUBJECT: SEVENTH SESSION OF THE UNITED NATIONS COMMISSION  
ON SUSTAINABLE DEVELOPMENT

EFFORTS TO PROMOTE PROTECTION OF THE MARINE ENVIRONMENT FROM LAND-BASED POLLUTION. THE FOLLOWING ISSUES WERE TOUCHED UPON: THE DESIRABILITY OF PARTNERSHIP MEETINGS; THE NEED FOR ADDITIONAL REPORTING FROM UN SPECIALIZED AGENCIES TO THE SECRETARY GENERAL ON THEIR EFFORTS; THE ACKNOWLEDGMENT OF THE

EFFORTS TO DEVELOP AN INTERNATIONAL AGREEMENT ON PERSISTENT ORGANIC POLLUTANTS; CALLS FOR THE COMPLETION OF THE ESTABLISHMENT OF THE CLEARINGHOUSE MECHANISM AND THE SPECIFIC CALL TO EXPLORE THE FEASIBILITY OF A GLOBAL CONFERENCE TO ADDRESS SEWAGE IN THE YEAR 2000.

33. MARINE SCIENCE: THE CSD EMPHASIZED THAT SCIENTIFIC UNDERSTANDING IS FUNDAMENTAL TO SOUND DECISION MAKING. IT CALLED FOR MORE INVOLVEMENT OF THE UNESCO WORLD SCIENCE CONGRESS; THE GLOBAL OCEAN OBSERVING SYSTEM, INCLUDING THE GLOBAL CORAL REEF MONITORING NETWORK; THE GLOBAL INTERNATIONAL WATERS ASSESSMENT; AND THE FAO AND THE REGIONAL FISHERY ORGANIZATIONS. FINALLY, THE CSD URGED GREATER COOPERATION ON THE STUDY OF THE EL NINO SOUTHERN OSCILLATION PHENOMENA.

34. MISCELLANEOUS OCEAN ISSUES: THE CSD ENDORSED ONGOING EFFORTS TO IMPROVE FLAG AND PORT STATE EFFORTS TO ADDRESS POLLUTION; TO RATIFY/IMPLEMENT THE LONDON CONVENTION ON WASTES INCLUDING THE 1996 PROTOCOL; TO RATIFY/IMPLEMENT THE BASEL CONVENTION; TO DEVELOP A MINING CODE FOR THE EXPLORATION OF DEEP SEABED MINERALS; TO PREVENT THE SPREAD OF HARMFUL AQUATIC ORGANISMS THROUGH SHIP BALLAST WATER; TO ADDRESS THE ISSUE OF ANTI-FOULING AGENTS; TO ADDRESS THE ISSUE OF THE DISPOSAL OF DECOMMISSIONED SHIPS; TO ADDRESS AIR POLLUTION FROM SHIPS; AND TO SHARE INFORMATION ON ENVIRONMENTAL ASPECTS OF OFFSHORE OIL AND GAS OPERATIONS, PARTICULARLY AT THE NATIONAL, SUB-REGIONAL AND REGIONAL LEVELS. THE CSD DISCUSSED FURTHER THE QUESTION OF THE RIGHT OF STATES TO PROHIBIT THE TRANSBOUNDARY MOVEMENT OF HAZARDOUS AND RADIOACTIVE WASTES AND MATERIALS WITHIN THEIR JURISDICTIONS CONSISTENT WITH INTERNATIONAL LAW. THE U.S. URGED THE CONTINUATION OF EFFORTS TO ENSURE THAT THE TRANSBOUNDARY MOVEMENTS OF SUCH MATERIALS BE UNDERTAKEN IN A SAFE AND SECURE MANNER AND CALLED FOR STATES THAT HAVE NOT DONE SO TO BECOME PARTIES TO AND IMPLEMENT THE JOINT CONVENTION ON THE SAFETY OF SPENT FUEL MANAGEMENT AND ON THE SAFETY OF RADIOACTIVE WASTE MANAGEMENT AND TO CONSIDER MAKING UNCLAS SECTION 12 OF 20 USUN NEW YORK 001745

E.O. 12958: N/A

TAGS: AORC, SENV, ECON, ETRD, UNEP

SUBJECT: SEVENTH SESSION OF THE UNITED NATIONS COMMISSION ON SUSTAINABLE DEVELOPMENT

THE IRRADIATED NUCLEAR FUEL CODE A MANDATORY INSTRUMENT.

35. INTERNATIONAL COORDINATION AND COOPERATION: BY FAR THE MOST IMPORTANT OUTCOME OF CSD 7 IN TERMS OF OCEANS AND SEAS, WAS THE ENDORSEMENT OF AN INFORMAL CONSULTATION PROCESS TO INFORM THE GENERAL ASSEMBLY DEBATE ON THE LAW OF THE SEA. THE CSD INVITED THE SYG TO AUGMENT THE ANNUAL REPORT; PUBLISH IT EARLIER; WORK WITH EXECUTIVE HEADS OF RELEVANT ORGANIZATIONS OF THE UN SYSTEM TO IMPROVE THE ACC COORDINATING MECHANISM; AND ESTABLISH AN OPEN-ENDED INFORMAL CONSULTATIVE PROCESS. SEVEN KEY PRINCIPLES WERE AGREED TO:

- (1) THE GA IS THE APPROPRIATE BODY TO PROVIDE THE

COORDINATION THAT IS NEEDED TO ENSURE THAT AN INTEGRATED APPROACH IS TAKEN TO ALL ASPECTS OF OCEANS ISSUES, AT BOTH THE INTERGOVERNMENTAL AND INTER-AGENCY LEVELS.

- (2) THIS EXERCISE SHOULD BE CARRIED OUT IN FULL ACCORDANCE WITH UNCLOS TAKING INTO ACCOUNT THE AGREEMENTS REACHED AT THE RIO SUMMIT, PARTICULARLY CHAPTER 17 OF AGENDA 21. IT SHOULD ALSO TAKE INTO ACCOUNT THE INPUTS PROVIDED BY THE COMMISSION ON SUSTAINABLE DEVELOPMENT AND OTHER UN BODIES.

- (3) TO ACCOMPLISH THIS GOAL, THE GA NEEDS TO GIVE MORE TIME FOR THE CONSIDERATION AND DISCUSSION OF THE SECRETARY'S GENERALS REPORT ON OCEANS AND LAW OF THE SEA AND FOR THE PREPARATION OF THE DEBATE ON THIS ITEM IN PLENARY.

- (4) THE CREATION OF NEW INSTITUTIONS SHOULD BE AVOIDED. THE GA SHOULD WORK TO STRENGTHEN THE EXISTING STRUCTURES AND MANDATES WITHIN THE UN SYSTEM. THIS EXERCISE SHOULD NOT LEAD TO THE DUPLICATION AND OVERLAPPING OF CURRENT NEGOTIATIONS AND PARTICULAR DEBATES TAKING PLACE IN SPECIALIZED FORA.

- (5) THE ROLE OF THE GA IS TO PROMOTE COORDINATION OF POLICIES AND PROGRAMMES. IT IS NOT INTENDED THAT THE GA SHOULD PURSUE LEGAL OR JURIDICAL COORDINATION AMONG THE DIFFERENT LEGAL INSTRUMENTS. IN FULFILLING ITS COORDINATION FUNCTION, THE ASSEMBLY SHOULD BEAR IN MIND THE DIFFERING CHARACTERISTICS AND NEEDS OF THE DIFFERENT REGIONS OF THE WORLD.

- (6) PARTICIPATION IN THIS EXERCISE BY MEMBER STATES AND UNCLAS SECTION 13 OF 20 USUN NEW YORK 001745

E.O. 12958: N/A  
TAGS: AORC, SENV, ECON, ETRD, UNEP  
SUBJECT: SEVENTH SESSION OF THE UNITED NATIONS COMMISSION ON SUSTAINABLE DEVELOPMENT

OBSERVERS SHOULD BE AS BROAD AS POSSIBLE.

- (7) THIS EXERCISE COULD BE CARRIED OUT WITHIN THE ANNUAL BUDGETARY RESOURCES OF THE SECRETARIAT.

36. IT IS EXPECTED THAT THE INFORMAL CONSULTATIVE PROCESS WOULD TAKE PLACE EACH YEAR FOR A WEEK AND THAT THE GA SHOULD CONSIDER THE OPTIMUM TIMING FOR THE INFORMAL CONSULTATIVE PROCESS TAKING INTO ACCOUNT THE DESIRABILITY OF FACILITATING ATTENDANCE OF EXPERTS FROM CAPITALS AND THE NEEDS OF SMALL DELEGATIONS. A SUNSET PROVISION ALLOWS FOR REVIEW OF THIS PROCEDURE IN FOUR YEARS.

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CONSUMPTION AND PRODUCTION  
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37. THE FINAL DOCUMENT FELL SHORT OF UPTON'S DESIRE FOR FOCUS AND ACTION WITH MUCH DEBATE REVERTING TO UNPRODUCTIVE NORTH/SOUTH FENCING OVER LANGUAGE. INSTEAD OF BRINGING MORE CLARITY TO CONSUMPTION ISSUES, PREVIOUSLY AGREED LANGUAGE

FROM RIO AND THE 19TH UNGASS WAS USED TO BREAK STALEMATES. PREDICTABLY THE G-77 AND CHINA ENSURED THAT PRINCIPLE 7 OF THE RIO DECLARATION, THAT INCLUDES THE CONCEPT OF "COMMON BUT DIFFERENTIATED RESPONSIBILITIES," FEATURED PROMINENTLY. DEVELOPED COUNTRIES HAD TO CONSISTENTLY REINFORCE SUCH RULE OF LAW CONCEPTS AS PROTECTION OF INTELLECTUAL PROPERTY RIGHTS IN ASSOCIATION WITH CALLS FOR TRANSFER OF ENVIRONMENTALLY SOUND TECHNOLOGY TO DEVELOPING COUNTRIES.

38. THE DOCUMENT MISSED AN OPPORTUNITY TO BREAK NEW GROUND IN WAYS FOR DEVELOPED AND DEVELOPING COUNTRIES TO WORK TOGETHER IN ACHIEVING SUSTAINABLE CONSUMPTION AND PRODUCTION. THROUGHOUT, IT RECITES THE FAMILIAR THEME THAT DEVELOPING COUNTRIES' NEEDS SHOULD BE MET WITH ASSISTANCE FROM DEVELOPED COUNTRIES. CHINA, IN PARTICULAR, VIGOROUSLY RESISTED ANY REFERENCE TO PREVIOUSLY AGREED LANGUAGE ABOUT "INDUSTRIALIZED COUNTRIES" RESPONSIBILITIES FOR SUSTAINABLE CONSUMPTION AND PRODUCTION INSISTING, WITH THE SUPPORT OF THE G-77, ON USING "DEVELOPED COUNTRIES." WE INTERVENED ON THIS POINT STATING THAT THE INTENT OF RIO WAS TO TAKE INTO ACCOUNT NOT ONLY FINAL CONSUMERS OF GOODS BUT ALSO INTERMEDIATE CONSUMERS SUCH AS DEVELOPING COUNTRY PRODUCERS. THIS SEMANTIC SEPARATION UNCLAS SECTION 14 OF 20 USUN NEW YORK 001745

E.O. 12958: N/A  
TAGS: AORC, SENV, ECON, ETRD, UNEP  
SUBJECT: SEVENTH SESSION OF THE UNITED NATIONS COMMISSION ON SUSTAINABLE DEVELOPMENT

SERVED ONLY TO KEEP US FROM FINDING COMMON GROUND. (COMMENT: BEYOND CSD, THIS DISTINCTION HAS SIGNIFICANT IMPLICATIONS FOR RESPONSIBILITIES GOVERNMENTS MAY ASSUME FOR REDUCING EMISSIONS, A CIRCUMSTANCE THAT WILL LIKELY STALL FURTHER PROGRESS ON THIS ISSUE IN CSD UNTIL IT IS RESOLVED IN OTHER FORA. END COMMENT.)

39. RIO'S DECLARED OVERSEAS DEVELOPMENT ASSISTANCE (ODA) GOAL OF 0.7 PERCENT OF GNP FOR DEVELOPED COUNTRY ASSISTANCE TO DEVELOPING COUNTRIES (TO WHICH THE U.S. HAS NOT AGREED) FOUND ITS WAY INTO THE DECISION BUT WE WORKED ACTIVELY TO QUALIFY IT BY INSERTING "...COMMITMENTS UNDERTAKEN TO REACH THE...TARGET OF 0.7 PERCENT..." THIS EFFORT PROVIDED CHINA'S SHUKONG ZHONG AN OPPORTUNITY TO REFLECT ON THE BOOMING U.S. ECONOMY AND QUESTION WHY THE U.S. COULD NOT BE "MORE GENEROUS," AN INVITATION TO DEBATE WE DID NOT ACCEPT.

40. PRIORITIES FOR FUTURE WORK INCLUDE: EFFECTIVE POLICY DEVELOPMENT AND IMPLEMENTATION; NATURAL RESOURCE MANAGEMENT AND CLEANER PRODUCTION; GLOBALIZATION AND ITS IMPACTS ON CONSUMPTION AND PRODUCTION PATTERNS; AND, URBANIZATION AND ITS IMPACTS ON CONSUMPTION AND PRODUCTION PATTERNS. POVERTY ERADICATION AND CHANGING UNSUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS ARE TO REMAIN THE OVERRIDING ISSUES OF CSD'S WORK PROGRAM.

41. EFFECTIVE POLICY DEVELOPMENT AND IMPLEMENTATION: WHILE WE GENERALLY SUPPORT THE CALL FOR USING MASS MEDIA AND

ADVERTISING TO FURTHER THE GOALS OF SUSTAINABLE CONSUMPTION AND PRODUCTION "...THROUGH VOLUNTARY INITIATIVES AND AGREED GUIDELINES" (READ CONSUMER GUIDELINES), LANGUAGE IN THIS SECTION COULD BE USED TO JUSTIFY RESTRAINTS ON ADVERTISING AND MARKETING THAT COULD BE DISGUISED BARRIERS TO TRADE. THIS MERITS FUTURE ATTENTION IF AND WHEN GOVERNMENTS ADOPT THE CONSUMER GUIDELINES REPORTED TO ECOSOC. BRAZIL ANNOUNCED PUBLICLY THAT IT INTENDS TO DO SO AS SOON AS ECOSOC CONCLUDES ITS CONSIDERATION OF THE GUIDELINES. THE EU PUSHED HARD FOR EXTENSIVE LANGUAGE ON ECOLABELING THAT G-77 AND CHINA EFFORTS PARED BACK TO "...VOLUNTARY AND TRANSPARENT USE OF ECOLABELING." CHINA, IN PARTICULAR, SPOKE OUT AGAINST SUCH LABELING AS HOLDING MUCH POTENTIAL AS A DISGUISED BARRIER TO TRADE.

UNCLAS SECTION 15 OF 20 USUN NEW YORK 001745

E.O. 12958: N/A

TAGS: AORC, SENV, ECON, ETRD, UNEP

SUBJECT: SEVENTH SESSION OF THE UNITED NATIONS COMMISSION ON SUSTAINABLE DEVELOPMENT

42. NATURAL RESOURCE MANAGEMENT AND CLEANER PRODUCTION: PRODUCT LIFE CYCLE MANAGEMENT, LABELING SCHEMES, AND PERFORMANCE REPORTING WERE AMONG METHODS MENTIONED FOR FURTHER DEVELOPMENT.

43. IMPACTS OF GLOBALIZATION AND URBANIZATION ON CONSUMPTION AND PRODUCTION PATTERNS: THROUGHOUT NEGOTIATING GROUP DISCUSSION, DEVELOPING COUNTRIES REPEATEDLY EXPRESSED CONCERN OVER THE EXPORT FROM DEVELOPED COUNTRIES TO THEMSELVES OF WHAT THEY SAW AS UNSUSTAINABLE PATTERNS OF CONSUMPTION. ONCE AGAIN, UNDER THIS HEADING, THEY INTRODUCED LANGUAGE THAT WAS MODIFIED BY DEVELOPED COUNTRIES AND EVENTUALLY ACCEPTED TO STUDY THE IMPACTS OF GLOBALIZATION INCLUDING "...TRADE, INVESTMENT, MASS MEDIA, ADVERTISING AND MARKETING IN ALL COUNTRIES, IN PARTICULAR DEVELOPING COUNTRIES." THIS LANGUAGE CALLS FOR STUDIES THAT "...SHOULD EXAMINE WAYS AND MEANS TO MITIGATE NEGATIVE IMPACTS AND USE OPPORTUNITIES TO PROMOTE MORE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS AND OPEN AND NON-DISCRIMINATORY TRADE." TACKED ONTO THIS SUBMISSION WAS REFERENCE TO "FAIR TRADE," A TERM WITH WHICH WE TOOK ISSUE AS HAVING NO CLEAR DEFINITION AND EVENTUALLY GOT CHANGED TO THE ABOVE "...OPEN AND NON-DISCRIMINATORY TRADE."

44. CITING THE NEED FOR GOVERNMENTS TO WORK WITH RELEVANT INTERNATIONAL ORGANIZATIONS AND MAJOR GROUPS, THIS SECTION CALLS FOR ASSESSMENTS OF, INTER ALIA, URBANIZATION ON ENERGY, TRANSPORT, SANITATION, WASTE MANAGEMENT AND PUBLIC HEALTH. SANITATION AND WASTE MANAGEMENT, IN PARTICULAR, FEATURE PROMINENTLY FOR ACTION AS A MAJOR CONCERN OF DEVELOPING COUNTRIES. ADDRESSING FRESH WATER SUPPLY ISSUES, ALSO IN THE CONTEXT OF SANITATION IN HUMAN SETTLEMENTS, THROUGH FINANCIAL ASSISTANCE AND TRANSFER OF TECHNOLOGY IS ALSO IDENTIFIED AS A PRIORITY FOR FUTURE WORK.

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SUSTAINABLE TOURISM  
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45. COUNTRIES FOUND MUCH COMMON GROUND AND AGREED ON AN INTERNATIONAL WORK PROGRAM TO BE REVIEWED AT CSD-10. MAJOR GROUPS, INCLUDING NGO'S AND LOCAL COMMUNITIES, WERE GIVEN SPECIAL ATTENTION FOR THEIR POTENTIAL CONTRIBUTIONS TO UNCLAS SECTION 16 OF 20 USUN NEW YORK 001745

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SUBJECT: SEVENTH SESSION OF THE UNITED NATIONS COMMISSION ON SUSTAINABLE DEVELOPMENT

FINDING SOLUTIONS TO SUSTAINABLE TOURISM PROBLEMS. GOVERNMENTS WERE CALLED ON TO ENACT LEGISLATION AIMED AT ELIMINATING EXPLOITATIVE TOURIST ACTIVITY, INCLUDING SEXUAL EXPLOITATION/ABUSE. REPRESENTATIVES FROM TOURISM INDUSTRIES PARTICIPATED AND WERE CALLED UPON TO EXPAND ON INITIATIVES MANY HAD ALREADY VOLUNTARILY UNDERTAKEN AND TO DEVELOP ENVIRONMENTALLY, SOCIALLY AND CULTURALLY COMPATIBLE FORMS OF TOURISM.

46. THE U.S. WAS GUIDED BY SEVERAL POSITIONS DEVELOPED IN RESPONSE TO THE "DRAFT ELEMENTS" PAPER PRODUCED BY THE INTERSESSIONAL MEETING. THESE POSITIONS INCLUDED:

- (1) A PUSH FOR A HIGHER PROFILE FOR THE WORLD TOURISM ORGANIZATION'S WORK ON SUSTAINABLE TOURISM WHILE INCORPORATING A ROLE FOR THE CSD SECRETARIAT THAT IS WITHIN THE CAPABILITIES OF THE CSD SECRETARIAT.
- (2) OPPOSITION TO THE NEGOTIATION OF INTERNATIONAL SUSTAINABLE TOURISM GUIDELINES AT THIS TIME. OUR VIEW WAS THAT IMPLEMENTATION OF EXISTING GUIDELINES AS WELL AS A SURVEY AND ASSESSMENT OF THOSE EXISTING GUIDELINES AND PRINCIPLES IS THE APPROPRIATE ACTIVITY DURING THE NEXT THREE YEARS.
- (3) SUPPORT FOR ACKNOWLEDGMENT OF "AGENDA 21 FOR THE TRAVEL AND TOURISM INDUSTRY" DEVELOPED BY THE INDUSTRY; WHILE AT THE SAME TIME SUPPORTING OTHER VOLUNTARY EFFORTS.

47. DURING THE WEEK OF NEGOTIATIONS ON THE WORK PROGRAM FOR SUSTAINABLE TOURISM THE MOST DIFFICULT ASPECTS OF THE TEXT WERE:

- (1) HOW TO EXPRESS THE NEED FOR ACTION RELATED TO EXPLOITATION OF WOMEN AND CHILDREN, ESPECIALLY IN THE AREA OF SEX TOURISM;
- (2) WHETHER IT WAS POSSIBLE TO CREATE MODALITIES FOR A MULTI-STAKEHOLDER WORKING GROUP ON SUSTAINABLE TOURISM TO PROVIDE ADVICE TO THE CSD SECRETARIAT ON ASPECTS OF SUSTAINABLE TOURISM, IN PARTICULAR TO ASSESS FINANCIAL LEAKAGE'S AND HOW TO MAXIMIZE BENEFITS FOR LOCAL COMMUNITIES AND INDIGENOUS PEOPLE;

UNCLAS SECTION 17 OF 20 USUN NEW YORK 001745

E.O. 12958: N/A  
TAGS: AORC, SENV, ECON, ETRD, UNEP  
SUBJECT: SEVENTH SESSION OF THE UNITED NATIONS COMMISSION  
ON SUSTAINABLE DEVELOPMENT

- (3) HOW TO EXPRESS THE NEED FOR POTENTIAL TRAVELERS TO HAVE AS MUCH INFORMATION AS POSSIBLE TO MAKE DECISIONS ABOUT WHERE TO TRAVEL (ESPECIALLY IN CASES WHERE THERE HAS BEEN SOME TYPE OF POLITICAL OR SOCIAL UNREST);
- (4) HOW TO DEFINE ECOTOURISM OR SUSTAINABLE TOURISM; AND
- (5) A DETERMINATION OF HOW SPECIFIC TO BE IN DISCUSSIONS OF TOURISM IN PARTICULARLY FRAGILE ENVIRONMENTAL AREAS.

48. THE RESOLUTION OF THESE ISSUES INCLUDED:

- NO EXPLICIT MENTION OF SEX TOURISM, BUT A GENERAL STATEMENT ON EXPLOITATION; NO EXPLICIT MENTION OF A MULTI-STAKEHOLDER WORKING GROUP.

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SMALL ISLAND DEVELOPING STATES  
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49. THE REAL BEGINNING OF THIS SEGMENT OCCURRED IN FEBRUARY AT A SIDS DONORS CONFERENCE WHICH FOCUSED FAR MORE ON DEVELOPMENT INITIATIVES AND LESS ON CLIMATE CHANGE THAN MANY DONORS EXPECTED. TRANSSHIPMENT OF HAZARDOUS WASTES THROUGH SIDS JURISDICTIONS BECAME A PARTICULARLY VOLATILE SUBJECT OF DEBATE WITH SHARP DIFFERENCES EMERGING OVER LEGAL JURISDICTIONS. A SECOND OUTSTANDING ISSUE IS THE DESIRE BY SOME (PARTICULARLY CARIBBEAN) ISLAND STATES TO USE THIS AS AN OPPORTUNITY TO GET A COMMITMENT TO WORK TOWARD DEVELOPING A SPECIAL STATUS FOR SIDS IN WTO. THE U.S., EU, JAPAN AND AUSTRALIA - ALL FIRMLY OPPOSE THESE EFFORTS. A SUBSTANTIAL PORTION OF THE DRAFT DECISION, TO BE REPORTED TO THE UNGASS ON THE BARBADOS PLAN OF ACTION ON SIDS SCHEDULED FOR SEPTEMBER 1999, REMAINED IN BRACKETS AT THE END OF CSD AND A SEPARATE TWO-DAY MEETING TO CONCLUDE THE WORK WAS SCHEDULED. DELEGATIONS WERE ASSURED IN A FORMAL PLENARY SESSION ON 30 APRIL THAT NO ADDITIONAL RESOURCES WOULD BE REQUIRED FOR THE ADDED TWO DAY PREPCOM FOR THE SIDS SPECIAL SESSION.

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DRAFT ECOSOC RESOLUTIONS AND DECISIONS  
UNCLAS SECTION 18 OF 20 USUN NEW YORK 001745

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SUBJECT: SEVENTH SESSION OF THE UNITED NATIONS COMMISSION  
ON SUSTAINABLE DEVELOPMENT

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50. REVISED UN CONSUMER GUIDELINES: THE UN CONSUMER

GUIDELINES WERE INTRODUCED AT THE END OF THE FIRST WEEK AND PROVIDED FOR DISCUSSION AND FORWARDING TO ECOSOC AT THE PLENARY SCHEDULED FOR THE LAST DAY OF CSD. DEVELOPED AND ACCEPTED BY NORTH AND SOUTH, INDUSTRY AND NGO'S ALIKE SINCE 1985, WHEN THEY WERE ORIGINALLY DRAFTED, THESE GUIDELINES WERE REOPENED FOR EXPANSION LAST YEAR TO INCLUDE SUSTAINABLE CONSUMPTION. IN A PROCESS TAGGED MAINLY BY INDUSTRY AS "OPAQUE," THE NEW DRAFT GUIDELINES ATTEMPTED TO SPREAD WELL BEYOND ENVIRONMENTAL AND ECONOMIC PROTECTION INTO SOCIAL ISSUES. THEY ALSO INTRODUCED LANGUAGE THAT WAS A THINLY-VEILED ATTEMPT (THAT US NEGOTIATORS GOT DELETED) TO SUBSTANTIALLY HINDER INTERNATIONAL MARKETING OF U.S. DEVELOPED GENETICALLY-MODIFIED FOODS. DURING CSD, PAKISTAN'S NAVID HANIF, CHAIRMAN OF THE DRAFTING GROUP, CALLED TOGETHER GOVERNMENTS, INDUSTRY AND NGO'S AND TRIED TO CONVINCE THEM THAT FURTHER OPENING THIS LANGUAGE TO DEBATE RISKED LOSING GAINS EACH HAD MADE. THIS GOAL WAS ACHIEVED WITHOUT MANY MURMURS OF DISSENT. THE RESULT WAS THAT THE GUIDELINES WERE REPORTED TO ECOSOC THROUGH REFERENCE IN A CO-CHAIRMEN'S SUMMARY.

51. OTHER CSD DECISIONS AND RESOLUTIONS INCLUDED: EDUCATION, PUBLIC AWARENESS AND TRAINING; INFORMATION PROVIDED BY GOVERNMENTS AND EXCHANGE OF NATIONAL EXPERIENCES; VOLUNTARY INITIATIVES AND AGREEMENTS; PROPOSED PROGRAM OF WORK IN THE AREA OF SUSTAINABLE DEVELOPMENT FOR THE BIENNIUM 2000-2001; PREPARATIONS FOR THE REVIEW OF AGENDA 21 AND THE PROGRAM FOR THE FURTHER IMPLEMENTATION OF AGENDA 21.

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PREPARATIONS FOR CSD-9 - ATMOSPHERE AND ENERGY  
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52. PREPARATIONS FOR CSD 8 AND 9 PROCEEDED THROUGHOUT THE SECOND WEEK WITH A PROVISIONAL AGENDA FOR CSD-8 ADOPTED IN PLENARY AND A TEXT ON PREPARATIONS FOR CSD-9 (ALL ENERGY-RELATED ISSUES) REPORTED TO ECOSOC. RECOGNIZING THE IMPORTANCE OF THIS MEETING TWO YEARS HENCE, CSD-7 BEGAN PREPARATIONS EARLY AND PRODUCED A DRAFT DECISION CALLING FOR AN AD HOC OPEN-ENDED INTERGOVERNMENTAL GROUP OF EXPERTS ON ENERGY AND SUSTAINABLE DEVELOPMENT AND REQUESTED THE OFFICE UNCLAS SECTION 19 OF 20 USUN NEW YORK 001745

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SUBJECT: SEVENTH SESSION OF THE UNITED NATIONS COMMISSION ON SUSTAINABLE DEVELOPMENT

OF LEGAL AFFAIRS TO PROVIDE ITS OPINION ON THE LEGALITY OF THIS PROPOSAL. A DRAFT ECOSOC RESOLUTION ON CSD-9 WAS ALSO PRESENTED. THE AD HOC GROUP IS TO MEET THE FIRST QUARTER OF 2000 CLOSE TO CSD-8'S INTERSESSIONAL MEETINGS AND REPORT TO CSD-8 ON ITS PROGRESS IN CREATING AN AGENDA. THE REPORT OF THE COMMITTEE ON ENERGY AND NATURAL RESOURCES FOR DEVELOPMENT WILL BE TRANSMITTED TO CSD-8 AS WELL AS TO THE AD HOC GROUP. CSD-9 WILL ADDRESS SOME OF THE MOST DIFFICULT ISSUES ON AGENDA 21 AND THAT MEETING IS EXPECTED TO BE A DRESS REHEARSAL FOR THE 2002 SESSION SCHEDULED TO BE A TEN YEAR COMPREHENSIVE REVIEW OF ALL

PROGRESS MADE BY CSD IN ADVANCING AGENDA 21.

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FINAL CSD-7 MEETING - PLENARY  
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53. AFTER THE DRAMA OF THE RUSSIAN RESOLUTION ON KOSOVO PLAYED ITSELF OUT (SEE PARAGRAPH 26), THE REST OF THE PLENARY PROCEEDED SMOOTHLY WITH ADOPTION OF THE CO-CHAIR'S REPORTS AND DRAFT DECISIONS ON ALL BUT SIDS. UPTON EXPRESSED REGRET THAT SIDS HAD NOT CONCLUDED AND ANNOUNCED THAT A TWO-DAY SIDS MEETING, TO BE SCHEDULED, WOULD TAKE PLACE BEFORE UNGASS TO HAMMER OUT REMAINING DIFFERENCES. DR. JUAN MEYER MALDONADO OF COLOMBIA WAS ELECTED CHAIR OF CSD-8. CHOI SOO KHEUNG OF KOREA, PATRICK F.A. MACDONALD OF IRELAND AND WETELEYS BASMAZIEW OF BULGARIA WERE ELECTED VICE-CHAIRS. THE AGENDA FOR CSD-8 WAS ADOPTED, SIGNALING THE END OF CSD-7 AND OFFICIAL OPENING OF CSD-8 SEASON. CSD-8 WILL ADDRESS SUSTAINABLE LAND MANAGEMENT, SUSTAINABLE FORESTS, AND TRADE, INVESTMENT AND FINANCE.

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FINAL COMMENT  
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54. ALTHOUGH THERE ARE NITPICKERS AND CONVENTIONAL UNITED NATIONS NAYSAYERS WHO SEE THE CSD AS PROVIDING LITTLE IN THE WAY OF PROGRESS IN PROMOTING SUSTAINABLE DEVELOPMENT, THIS SESSION DID BREAK SOME NEW GROUND - UNUSUAL IN ITSELF FOR ANY UN SESSION. THE WAY THAT THE MULTI-STAKEHOLDER DIALOGUE BROUGHT TOGETHER BUSINESS, TRADE UNIONS, ENVIRONMENTAL NGOS, LOCAL COMMUNITIES AND GOVERNMENTS FOR A DISCUSSION OF SUSTAINABLE TOURISM WAS A PARTICULARLY SUCCESSFUL FACET OF THE FIRST WEEK'S DISCUSSION. THAT DISCUSSION OF THE OCEANS, UNCLAS SECTION 20 OF 20 USUN NEW YORK 001745

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CONSUMPTION/PRODUCTION, AND SIDS DISCUSSIONS BROKE LESS NEW GROUND IS NOT SURPRISING IN THAT THESE ARE TOPICS WHICH HAVE BEEN - AND CONTINUE TO BE -- TOPICS OF DISCUSSION IN MULTIPLE INTERNATIONAL FORA. THAT MINISTERS (WITH ONLY A FEW EXCEPTIONS) CURTAILED THEIR REMARKS TO THE TIME RESTRICTIONS IMPOSED BY THE CHAIR, REMAINED AROUND AFTER THEIR INTERVENTIONS, AND ENGAGED IN A DISCUSSION OF POINTS RAISED BY THE CHAIR WAS ALSO AN UNUSUAL CONCEPT, AND ONE WHICH THE CSD WILL PROBABLY STRIVE TO INCORPORATE IN ITS FUTURE WORK.

55. THE CREDIT FOR THE SUCCESS OF THIS "EXPERIMENT" -- AS QUALIFIED AS IT MIGHT BE -- GOES TO THE ENERGY AND PERSISTENCE DEMONSTRATED BY NEW ZEALAND'S ENVIRONMENT MINISTER UPTON AND EXCEPTIONAL SUPPORT FROM THE CSD SECRETARIAT. MINISTERS FROM FRANCE, GERMANY, SAMOA, GHANA, SENEGAL AND LEADING REPRESENTATIVES FROM SEVERAL OTHER GOVERNMENTS ALL EXPRESSED THEIR APPRECIATION FOR UPTON'S APPROACH. GERMANY'S ENVIRONMENT MINISTER TRITTIN'S ONLY CRITICISM WAS THAT MINISTERS SHOULD COME AT THE END OF THE



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