



Is Fair Trade a good fit for the garment industry?

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A sweatfree marketplace, collectively and consciously constructed as part of a movement strategy, can help advance consumer and worker organizing in the apparel industry. It can help sweatfree campaigns involve new activists, mobilize allies, establish credibility, and build the power necessary to create sweatfree communities.

**Bjorn Skorpen Claeson,
Sweatfree Communities, USA¹**

'Workers who produced this product have not been exploited in any way – 110% guaranteed.' It is easy to understand why consumers would prefer products to be labelled in this way. Yet ETI has deliberately steered clear of supporting or promoting an 'ethical label'. In our view, labelling carries its own risks.

**Ethical Trading Initiative,
United Kingdom²**

Until recently collaboration between the anti-sweatshop and fair trade movements about labour practices in the garment industry has been surprisingly limited. For most of the past ten years, these two movements have coexisted with limited interaction or conflict, as if within parallel universes, while arguably the subtleties and intricacies of their respective approaches have been lost on most consumers.

There has been considerably more interaction between the fair trade movement and trade unions and labour rights NGOs concerning workers' rights in agricultural export product industries, particularly in the banana and coffee sectors. However, even in those sectors, collaboration has been inconsistent and often difficult.³

The fair trade movement has put some attention to environmental, as well as health and safety, concerns related to

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the raw materials used in the production of apparel products, particularly in the fair trade certification of cotton. However, it has generally avoided the more challenging question of whether and how to certify that labour practices in the manufacture of a particular apparel product are in compliance with minimum labour standards.

With the exception of a few alternative trading companies that market clothing manufactured in worker-owned cooperatives or unionized factories as 'sweatfree' or 'Union Made', to date there have been only minimal efforts to create alternative niche markets for fair trade apparel products. (Another possible exception to this rule is the certification of products as child labour-free, though these initiatives have usually focused on soccer balls and rugs, rather than on clothing.)

All of that could change with the emergence of a number of new initiatives in North America and Europe in which fair trade and/or labour rights organizations are moving toward the certification of apparel products as 'fair trade' or 'sweatfree'.

Ethical Trade & Fair Trade

Over the past ten or more years, the anti-sweatshop movement has focused most of its energies and attention on pressuring giant apparel and sports shoe brands to take responsibility for the working conditions and labour practices in their global supply chains, and on supporting garment workers' efforts to organize to win improved wages and working conditions at the factory level.

By mobilizing consumer pressure on the most high-profile, brand-sensitive

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the New York Labor-Religion Coalition as an example of the dilemma facing the anti-sweatshop movement on how to respond to consumers' questions about ethical purchasing options:

Last month I was invited to New York City to speak to the Executive Committee of the United Federation of Teachers, School Secretaries Chapter... As I completed my presentation the first question was, "Do you have a list of who we can buy from?" As soon as I began explaining why there is no list, I lost the group. There is no question in my mind that that answer discredited me, my organization, and our movement....¹⁰

Bama Athreya of the International Labor Rights Fund (ILRF) agrees with Claeson on the need to offer consumers positive alternatives. "There is no question that there is consumer interest in ethically made clothes," says Athreya.¹¹ "It is a common refrain from the audience in every single talk we give. We need to acknowledge that the public wants answers."

Athreya notes that we are also seeing the emergence of companies that are marketing themselves as 'sweatfree'. "What do we do about that?" she asks. "We need to engage with these initiatives to ensure that they are credible examples for the rest of the industry."

Resistance to fair trade certification

Despite consumer demand for 'fair trade' or 'sweatfree' alternatives, many long-time activists in the anti-sweatshop movement are skeptical about the applicability of the fair trade model to the garment sector.

According to Ineke Zeldenrust of the European Clean Clothes Campaign (CCC), which has coordinated anti-sweat

From the movement's inception, anti-sweatshop activists have been caught in a fundamental dilemma – while they are encouraging consumers to pressure brand name companies to take positive action, most consumers are more interested in knowing where they can buy 'clean clothes'.

campaigns in Europe since 1990, some of the organizations that have joined the CCC are also involved in the fair trade movement. "One of the reasons they became involved in the CCC was because of the difficulties they have faced in trying to apply the fair trade model to the garment sector," says Zeldenrust.¹²

While acknowledging the importance of creating markets for democratic worker cooperatives, which are often initiated by workers who were locked out, fired for union activity, or laid-off because of factory closures, Zeldenrust points out that the vast majority of garment workers worldwide are employees, not owner-producers.

"Paying a better price to an employer of a garment factory does not guarantee any improvement in working conditions," she says. "Fair trade is based on the relationship between the Northern consumer and the Southern producer, our focus is on the worker/ employer relationship."

Zeldenrust also points to the complex nature of the garment production chain and the difficulty of certifying that labour practices meet international standards at every stage of that chain – from cotton growing, to yarn and textile

manufacturing, to cutting, sewing, finishing, and packaging.

“From a labour rights activist’s point of view, fair trade is a difficult and expensive strategy,” says Zeldenrust. “Campaigning targeting big brands and retailers can have a bigger impact with fewer resources.”

MSIs shun labelling

Despite considerable evidence that consumers are looking for ‘fair trade’ or ‘sweatfree’ alternatives for the clothes they buy and wear,¹³ multi-stakeholder initiatives (MSIs) involved in the monitoring and verification of labour standards compliance in global apparel supply chains have also generally shied away from product certification and/or labelling.

Although a number of competing MSIs, which include labour and non-governmental organizations and companies in their governance structures, have been created to verify compliance with minimum labour standards in individual garment factories or in global supply chains, to date not one of these MSIs has developed a labelling scheme to certify apparel products or brands as being ‘sweatfree’.

The Ethical Trading Initiative (ETI) in the UK has explicitly ruled out the possibility of certifying products, brands, or factories as being sweatfree for the following reasons:¹⁴

- Given the thousands of supply factories used by large retailers and brands, few companies can truthfully assert how all their goods are produced;
- Because poor labour conditions are interconnected with local economic, social, and political conditions, a sourcing company on its own may not be in a position

to effect change; action from governments, statutory and other bodies is also required;

- In seeking to ‘get labelled’, companies might avoid buying from countries with structural problems, thus putting suppliers out of business and workers out of a job;
- Labelling would reward companies and suppliers who are going for a quick fix to labour problems and penalize those who aim for longer-term but more sustainable solutions.

“We would hope that one day all goods sold in UK shops could be safely labelled as ‘ethical’,” says the ETI’s 2001/02 annual report. “But to push now for companies to sell ethically-labelled products will simply lull consumers into a false sense of security. What companies need to be assessed against is their commitment to stay with suppliers and work with them over time to achieve continuous improvements to labour conditions.”¹⁵

The original intention of the US-based Fair Labor Association (FLA) was to certify brands as being in compliance with its code of conduct, based on external audits of a percentage of factories in the Participating Company’s global supply chain. However, the FLA later abandoned the idea as unachievable, at least in the short term, and now only accredits companies as having an adequate labour standards compliance program in place.¹⁶

The Dutch Fair Wear Foundation (FWF) has also rejected the idea of labelling apparel products as meeting the provisions of its code of conduct, arguing, “A quality mark implies that the standards set, in this case the International Labour Organization (ILO) labour standards, are

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entirely met. In many countries and factories, there is still a long way to go. FWF guarantees that member companies audit their suppliers' factories, implement improvements, and work towards the standards."¹⁷

Social Accountability International (SAI) is the only MSI that currently certifies garment and sports shoe factories, as well as other facilities, as being in compliance with a set of minimum labour standards, in this case, the SA8000 Standard, which is based on the Conventions of the ILO. However, like the other MSIs, SAI does not provide a 'sweatfree' label for products made in those factories.

A proposal to allow SAI-certified factories to attach an SAI label to their products is currently under discussion, but there is no consensus on the proposal within the SAI Advisory Board, even though such a label would not explicitly state that the factory was 'sweatfree'.¹⁸

Arrival of fair trade clothes

Despite the many challenges in attempting to apply the fair trade model to the garment sector, we are currently witnessing a proliferation of new initiatives promoting 'fair trade' or 'sweatfree' apparel products or aiming to certify apparel products as being made under decent working conditions.

In general, these initiatives come from three different sources: the fair trade movement; sectors of the anti-sweatshop movement, particularly in the US; and both alternative and branded apparel companies.

The emergence of these new initiatives is provoking considerable discussion, debate, and, occasionally, hostility within and between the anti-sweatshop and fair trade movements.

Certifying cotton

Because of the complexity of the textile and garment industry, the Fair Trade Labelling Organizations International (FLO) has taken a two-staged approach to textile labelling. Not surprisingly, the first product certification initiative has focused not on the manufacturing step in the production chain, but on the agricultural step, where the fair trade movement already has considerable experience.

In order to minimize the possibility that fair trade certified cotton apparel products would be made in sweatshops, FLO also requires that "each link in the garment chain after the cotton-growing (including any subcontractors) must demonstrate efforts to comply with international labour standards [ILO Conventions]..."¹⁹

Efforts toward compliance can include one or more of the following:

- An International Fair Trade Association (IFAT) membership certificate;
- An SA8000 certificate;
- Documentary proof of participation in the ETI, FWE, FLA, or WRC;
- A letter of endorsement of "a union accredited by the ICFTU";
- A report of an external audit of its company against the FLO Base Code on Trade or consistent with that code; or
- Evidence that the workplace is a worker-owned co-operative.²⁰

Textile products bearing the Fairtrade certified cotton label are now being marketed by major retailers in Switzerland, France, Belgium and the UK.

According to the UK Fairtrade Foundation, the Fairtrade Mark

guarantees that cotton farmers in the global South receive “a fair and stable Fairtrade price and Fairtrade premium, receiving pre-financing where requested and benefiting from long-term, more direct trading relationships.”²¹

And in spite of the rather critical view of the Ethical Trading Initiative (ETI) toward the certification of apparel products, one prominent ETI member company, Marks and Spencer (M&S), is now selling a line of T-shirts and socks made from “100% fair trade cotton” and soon will be introducing additional lines of clothes made from Fairtrade-certified cotton.²²

M&S is marketing its package of social and environmental initiatives under the slogan ‘Look Behind the Label’,²³ a phrase suspiciously similar to ‘Labour Behind the Label’, the name of the UK chapter of the Clean Clothes Campaign.

In a May 22, 2006 open letter to Marks and Spencer, Labour Behind the Label coordinator Martin Hearson states that while LBL regards Fairtrade cotton as “a positive development – long overdue – for the farmers involved,” it should not be used as a “fig

leaf” to cover up worker rights issues in other stages of the supply chain.

The letter calls on M&S to include a statement on all certified products “making explicit the limitations of the Fairtrade cotton mark, along the lines of ‘Fairtrade cotton guarantees working conditions in the cotton growing stage of the production chain only, and not the subsequent manufacturing stages’”²⁴

According to Hearson, the Fairtrade cotton label is confusing to consumers and the media. “In our discussions with the media, it is perfectly clear that the distinction is not getting through,” said Hearson in a telephone interview. “There is a huge misunderstanding about whether the fair trade certification applies to labour practices in production facilities.”²⁵

In a Q&A page on its website, the Fairtrade Foundation attempts to clarify the scope of its Fairtrade cotton certification, stating, “We also recognize that there are other vulnerable people further down the supply chain that could, in theory, benefit from Fairtrade certification... however, this work is complex and time-consuming and in the meantime there is an urgent need to tackle injustices affecting cotton farmers.”²⁶

Where the Foundation and Labour Behind the Label appear to disagree is on the question of whether Fairtrade cotton certified products are less likely to be made in sweatshops.

According to the Foundation, the fact that a fair price has been paid for the raw cotton “reduces the likelihood that that it will be used by the worst sweatshop manufacturers who use cheap, usually manmade fibres and fabrics.”²⁷ It also notes that each processor of Fairtrade cotton will be required to “submit documentation regarding efforts they

“We would hope that one day all goods sold in UK shops could be safely labelled as ‘ethical’. But to push now for companies to sell ethically-labelled products will simply lull consumers into a false sense of security. What companies need to be assessed against is their commitment to stay with suppliers and work with them over time to achieve continuous improvements to labour conditions.”

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are making to comply with recognized labour standards” in other steps in the production chain, and that they must submit updated evidence every two years.

Labour Behind the Label counters that the monitoring and verification tools companies are currently using to measure supplier compliance with labour standards are “far from perfect, and it is here that the difficulty lies.”²⁸

Despite its concerns about the possible misuse of the FairTrade Mark label by Marks & Spencer, Labour Behind the Label acknowledges that M&S “has gone further than many high street clothing retailers” to address labour rights issues in its global supply chain, “though there is much more that M&S could do....”²⁹

The fact that other major UK retailers that have done little or nothing to improve labour practices in their supply chains are now jumping on the fair trade bandwagon is of greater concern to LBL.

In February 2006, the UK retail giant Topshop agreed to provide space for booths of alternative trading companies, including People Tree, Hug and Gossypium, to sell Fairtrade cotton apparel products. According to Hearson, while the contract between the Fair Trade Foundation and the companies was for only a couple months, Topshop is reportedly pleased with the results and is interested in repeating the experiment.

The problem with this arrangement, says Hearson, is that Topshop, a company that has so far displayed very little willingness to engage with unions or labour rights NGOs about labour practices in its global supply chain, is now gaining credit for selling a small number of Fairtrade cotton clothes.³⁰

According to a posting on the LBL website, “Topshop has an impressive code of conduct, but we know little about how it ensures that the claims about working conditions made within it are implemented and verified: our assumption is that the answer is weakly, if at all.”³¹

An equally contentious issue is the lack of transparency in the Fairtrade certification process. Hearson notes that FLO certifies that there are fair trade practices in the production of the cotton, but it accepts evidence provided by the companies that there are decent labour practices in the manufacturing facilities.

“FLO will accept SA8000 factory certifications as sufficient evidence of labour standards compliance, despite the fact that the credibility of many SA8000 certifications has been called into question by recent studies,” says Hearson. “Nor is information on the factory locations publicly available,”³² he adds.

According to Hearson, when Topshop publicly announced its agreement to sell Fairtrade certified cotton clothes, Labour Behind the Label was working privately on a case concerning the persecution of workers trying to organize a union in a Cambodian factory producing clothes for Topshop. Had LBL been involved in a public campaign against Topshop at that time, the surprise announcement of the fair trade deal could have undercut the effectiveness of the campaign.

Asked what positive lessons the anti-sweatshop movement might learn from the fair trade movement, Hearson answered the following:

Fair trade is very good at generating interest by companies, consumers and the media. It

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describes itself as “more than just a sweatshop-free charity” and a company that is “pioneering industry standards of social responsibility in the workplace.”³⁹

However, American Apparel appears not to have made any explicit commitment to comply with the minimum international labour standards of the International Labour Organization (ILO) or the United Nations (UN). Nor is there any evidence of the company cooperating with an external labour standards monitoring or verification program.

No Sweat Apparel

Bienestar International Inc., the owner of the No Sweat Apparel brand, could be the company Charney had in mind when he made his disparaging remark about “sweatshop free charities.” Launched by a small group of US social movement activists, the for-profit company markets itself as “100% union-made, sweatfree shopping”⁴⁰ and the “world’s first open sourcing apparel manufacturer”⁴¹ selling “fair trade fashion at a fair price.”⁴²

Unlike American Apparel, Bienestar International does not own its manufacturing facilities. It sources a variety of apparel products exclusively from unionized factories and worker-owned cooperatives, which are sold through its website and at small alternative clothing stores in North America and Europe.

Of the 13 factories the company was using in June 2006, nine were located in the US, one in Canada, two in Central America, and one in Indonesia.

According to the company’s website, No Sweat Apparel hopes to continue to source at least 30% of its products from factories in the US.⁴³ A long-term goal of the company is “to own and operate

some manufacturing facilities (between 50% and 70%) in model factories in free trade zones in the developing world.”⁴⁴

The company pledges, “Workers who make our clothes will have living wages and decent working conditions; they will have unions.”⁴⁵ The company determines whether unions are independent, based on whether they have “regular elections by secret ballot without coercion.”⁴⁶

However, the company provides very little information on how it selects factories, what specific labour standards need to be complied with, or how compliance with those standards is verified. Nor does there appear to be a formal complaint process for workers and third parties to register complaints with No Sweat Apparel when workers’ rights are violated.

According to Jeff Ballinger, the company’s vice-president for Sourcing & Policy and a veteran Nike critic and anti-sweatshop campaigner, “In most cases, we have multiple sources of information on the factories we use, including a factory visit by our staff, often after an initial vetting by local activists.”⁴⁷

In response to concerns raised by labour rights organizations, in January



2005 a third-party audit was carried out

at the PT Sepatu Bata factory in Indonesia where all No Sweat Apparel’s sport shoes are made. The audit team, which included labour rights advocates from Indonesia and North America, found that while “PT Bata is no worse, and is probably better, than many other factories in the footwear industry in Indonesia,” there were serious questions about the democratic nature of the union at the factory.⁴⁸

The team also found some violations of Indonesian law, including that “workers who do not achieve production targets are paid less than the legally mandated regional minimum wage,” as well as discrimination against women workers in terms of rice allowance, retirement age, and health benefits.

According to the audit report, PT Bata management refused to provide the audit team with factory records on piece rates, wages, production targets, overtime hours, and the pension program. As well, information on pay slips was unclear concerning workers’ earnings and deductions.

To its credit, No Sweat Apparel posted the audit report on its website, together with its response and PT Bata’s response to the audit findings. It is also worth noting that No Sweat Apparel discloses far more information than do most other apparel companies concerning the suppliers they use, factory locations, and wages and working conditions.

According to Ballinger, one of the reasons for having a volunteer team of labour rights advocates carry out the factory audit was “a strong feeling that I had that paid-for audits had provided an ‘avenue of escape’ for the big brands.” He goes on to say, “I had 15 years of experience (including three years living in Indonesia) that showed without a doubt that abuses which were common in the Korean- and Taiwanese-run factories were nonexistent at Bata – a factory operating since the 1930s.”⁴⁹

However, both the PT Bata audit findings and factory management’s initial unwillingness to cooperate with the audit team raised serious concerns about No Sweat Apparel’s lack of a minimum labour standards policy or formal procedures for verifying the company’s claims of “living wages and

decent working conditions” and independent union representation.

Although the PT Bata audit report found some areas in which the employer provided benefits superior to those offered in many other factories in Indonesia, such as the company’s health plan, holiday pay and other benefits,⁵⁰ it certainly did not certify that the factory’s products are ‘sweatfree’.

“It has been slow going, but we remain optimistic,” says Ballinger. “We feel confident that the follow-up research at Bata Jakarta will demonstrate that the ‘sweatfree’ designation is fully justified.”

Whether or not Ballinger’s prediction proves to be true, No Sweat Apparel’s promotion of Canadian shoe manufacturer Bata International as a union-friendly “social enterprise before the word was coined”⁵¹ is unlikely to win points with Bata workers in Sri Lanka who experienced first hand the company’s attempts to bust their union.

In January 2005, the International Textile, Garment and Leather Workers Federation (ITGLWF) and the Commercial and Industrial Workers’ Union of Sri Lanka (CIWU) filed an OECD complaint against Bata, charging the company with terminating the employment of 600 workers to punish them for taking collective action in support of their unfairly dismissed union president.⁵²

Asked whether No Sweat Apparel has instituted some form of external verification process for other factories since the Bata audit, Ballinger answered, “We have drafted guidelines for the certification of auditors so that independence may be assured. Further, we have participated in efforts to assess the feasibility of certifying garment production as ‘fair trade’. We strongly feel that the surest guarantee of ‘worker voice’ is a union contract.”⁵³

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Ballinger also notes, “Ever since I saw the film *The Take*, I have been interesting in sourcing from a sports shoe factory in Argentina that used to produce for adidas and other big brands, but has now been taken over by the workers.”

Blackspot Shoes

Another North American competitor for the title ‘sweatfree’ is Blackspot Shoes, a project of the Vancouver-based Adbusters Media Foundation.

In 2003, Kalle Lasn, publisher of Adbusters magazine and promoter of



Buy Nothing Day, decided to take on Nike on its own turf with what he calls “the world’s first global anti-brand.”⁵⁴ His

“Classic Blackspot Sneaker,” which looks a lot like a Converse All-Stars knockoff with a ragged white spot attached to the side, is being marketed as “earth-friendly, anti-sweatshop, cruelty free, and pro-grass roots.”⁵⁵

“Our mission is to establish a worldwide consumer cooperative and to reassert consumer sovereignty over capitalism,” proclaims Lasn on his for-profit company’s website.⁵⁶ “Together we’ll unswosh Nike’s tired old swoosh and give birth to a new kind of cool in the sneaker industry.”⁵⁷

But what’s behind all the anti-corporate hype? What does Lasn tell us about the labour behind the anti-Nike label?

In an August 20, 2003 article in Canada’s *Globe and Mail*, Lasn described his global search for a sweatfree factory in the following words: “We’re negotiating with some people in China, we’re looking at Indonesia, and we’re looking at doing it right here in North America... I think it’s wonderful to

reward companies in the Third World. They need the money, they need the jobs, they need the work.”⁵⁸

However, Lasn eventually decided on a factory in rural Portugal. Apparently he was unable to find a factory in China or Indonesia that met his company’s standards.

According to the Adbusters website, the Blackspot sneaker is made in a union shop. However, a closer look at the factory profile indicates that only 40% of the workers are union members. “Not everyone chooses to belong to the union, as they don’t see any need for it,” says the Blackspot webpage.⁵⁹

The company waxes eloquent about the factory’s idyllic rural setting, stating: “Although many of the employees in the factory have cars, others are often seen walking home through the vineyards and olive groves, waving to bosses and neighbors as they pass.”⁶⁰

However, the website provides no information on the minimum labour standards the supplier must comply with, or the company’s methods of verifying and ensuring that those standards are being met, other than through factory visits by company staff.⁶¹

Making fair trade accountable

Faced with the growing number of alternative clothing companies marketing ‘fair trade’ or ‘sweatfree’ clothes and other apparel and footwear products directly to consumers and/or through larger retailers, the Clean Clothes Campaign and its UK chapter Labour Behind the Label have both posted on their websites a guide to “alternative” or “ethical” clothing companies.⁶²

The guide, which CCC admits needs updating, profiles and evaluates the

CCC “Alternative” or “Ethical Trade” Guide

Brand: Ethical Threads (UK)

Non-profit organization set up by the Battersea and Wandsworth TUC (Trades Union Congress) and the GMB London Region (general union).

Activity: Wholesale distribution of T-shirts for music and concert merchandising

Standards: Provides description of factory conditions

Monitoring and Verification: No information available

Comments and Questions: How does Ethical Threads propose to check if the standards described above are actually being met? It would be useful to know more about the extent to which labour standards other than the ones mentioned are respected by suppliers.

Brand: KUYICHI (The Netherlands)

Initiative of Solidaridad, a Dutch church-based development organization

Activity: Designing, importing and wholesale distribution of clothes and textiles made in Latin America and Asia

Standards: SA8000 Standard; Cotton growers and garment producers receive fair price

Monitoring and Verification: Internal monitoring program; BVQI external audits

Comments and Questions: CCC is critical of SA8000 for reliance on commercial auditing firms and lack of direct involvement of local stakeholders and workers in the process.

Brand: MADE IN DIGNITY (Belgium, France, Italy)

Owned by Magasins du Monde-OXFAM, a Belgian non-profit, fair-trade and development organization with 100 world shops

Activity: Importing and distributing handicrafts and textile products in world shops and through large retailers and to institutional buyers

Standards: CCC Code of Conduct; long-term relationships with suppliers; 50% advance on orders

Monitoring and Verification: Dutch Fair Wear Foundation criteria and policies

Comments and Questions: Transparency provisions of Fair Wear Foundation are weak and need developing. Will Maasins du Monde publicly report on progress made in implementing standards?

compliance programs of European and Japanese fair trade companies, US companies promoting “Union Made” products, and a worker cooperative in Thailand. It includes information on their suppliers, standards, monitoring and verification systems (if any), and a critical assessment of each initiative.⁶³

For example, the guide gives the following assessment of the UK and Japanese fair trade fashion label, People Tree: “Standards regarding working conditions are limited to health and safety, working hours and child labour. It would be useful to know what IFAT’s (International Federation for Alternative

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Trade) policies are regarding other commonly accepted international labour rights (wages, trade union rights, employment relationship, discrimination). It would be useful to know how People Tree and IFAT involve local trade unions and other workers' rights organizations in their monitoring activities."

According to Zeldenrust of the CCC, "companies that promote themselves as 'fair trade' or 'sweatfree' must be held to at least the same standards as the big brands."⁶⁴

Go with the FLO?

In response to the concerns of the European anti-sweatshop movement, Fair Trade Labelling Organizations International (FLO) has taken a go-slow approach to developing an international certification and product-labelling program for clothes. TransFair Canada, the Canadian affiliate of FLO, has taken a similarly cautious approach. In contrast, TransFair USA appeared to be moving more quickly toward "extending the Fair Trade certification system beyond its current products to the garment sector."⁶⁵

In February 2006, TransFair USA launched a six-month Garment Research Study, which was funded by the Levi's Foundation, to "identify the key concerns and issues regarding the possibility of applying Fair Trade standards to garment production."⁶⁶ The study involved consultation with 61 unions, NGOs, manufacturers, brands, and anti-sweatshop campaign groups in North America and Southern countries.⁶⁷

Key issues being studied included:

- What does it mean for a garment to be sweatfree or Fair Trade? What are the critical elements of this?

- Can a Fair Trade standard strengthen the ongoing efforts to improve working conditions in garment supply chains? If so, how?
- How far down the supply chain is it feasible to apply such standards?
- Should a Fair Trade standard apply to cooperatives, small producers, and large cut & sew factories? What are the opportunities, challenges, and limitations to this?

According to Chris Himes of TransFair USA, responses to the question of whether the fair trade model should be extended to the apparel sector were more positive than negative, however, some of the organizations consulted were extremely negative toward the idea.⁶⁸

"Some of those interviewed were ideologically opposed to market-based approaches to addressing the sweatshop issue, such as fair trade labelling," said Himes in a telephone interview.

As a result of the mixed response, TransFair USA is "highly uncertain whether to proceed," says Himes. He notes that FLO is beginning to study the same question, and that its study should be completed by the end of the year. According to Himes, TransFair USA will share its findings and recommendations with FLO.

In a cover letter accompanying the Feasibility Study report, Himes notes "there is no clear indication that TransFair USA should enter this market in the near term." The letter goes on to say, "Rather we need to consider the possibility of engaging in one or more experimental projects to determine whether Fair Trade can realistically meet the high expectations stakeholders have established as the conditions for their support."⁶⁹

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One reason that some US anti-sweatshop activists are turning to the fair trade model is their general lack of faith in voluntary codes of conduct or the efforts of individual companies or multi-stakeholder initiatives (MSIs) to effectively implement those codes.

Whatever their criticisms of voluntary codes and the commercial social auditing model, most European anti-sweatshop organizations have adopted a dual strategy of working within multi-stakeholder initiatives such as the ETI and FWF, where they push for more worker and local civil society involvement in labour standards compliance programs, while continuing to mobilize pressure on apparel companies to respect workers' rights.

In contrast, US anti-sweatshop activists have generally dismissed the major multi-stakeholder initiative in their country, the Fair Labor Association (FLA), as corporate-controlled, and have put their faith instead in the Worker Rights Consortium (WRC), a complaint based civil society initiative that explicitly excludes company participation in its governance structures.⁷⁰

While the Worker Rights Consortium (WRC) has proved to be an effective and transparent alternative to the FLA, its scope, at least until recently, has been limited to university-licensed suppliers.⁷¹

Although a few Canadian companies have joined the FLA and a number of Canadian universities have joined the WRC and/or the FLA, the debate concerning the merits of the FLA versus the WRC has, to date, been less intense in Canada than in the US, possibly because Canadian organizations were not involved in the acrimonious split within the Apparel Industry Partnership prior to the launching of the FLA.⁷² There is currently no Canadian multi-stakeholder initiative focussing on the apparel or related consumer products sectors.

A second reason for this renewed interest in the fair trade model in the US is the fragility of worker organizing victories after 10 or more years of anti-sweatshop campaigning, the adoption of ethical purchasing policies by hundreds of US universities and other public institutions, and numerous investigations and remediation efforts by at factories producing university licensed apparel products.

With demise of the import quota system and the resulting restructuring of the industry at the global level, the movement faces the prospect that many of the worker-organizing victories achieved at least partially through these efforts could be lost as manufacturers and brands shift production and orders to other factories and countries.

According to Bjorn Claeson of Sweatfree Communities, "years of engagement on worker and third party complaints has yielded a dozen victories, all of which could be easily

While some sectors of the US anti-sweatshop movement strongly oppose fair trade certification of apparel products, other long-time activists in the movement are beginning to see the fair trade model as offering useful lessons that could be applied to the garment sector.

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traditional fair trade model is that it extends the definition of fair trade beyond the payment of a fair price to the primary producer, and makes democratic union representation for the workers who manufacture the product the primary criteria for certification.

While most participants in the Ann Arbor conference were generally supportive of the idea of “connecting conscientious consumers with producers”⁸⁰ through some kind of certification program or list of sweatfree suppliers, others like Chantal Duval of the European Clean Clothes Campaign raised questions about the difficulties in implementing such an initiative, given the long and complex nature of garment supply chains. “What stages in the chain will be certified, and how will such a complex system be monitored effectively?” she asked.

As Duval pointed out, any new initiative to certify clothing as being ‘sweatfree’ is likely to face many of the same challenges and dilemmas that the various multi-stakeholder initiatives have faced and continue to face.

Does ‘Union Made’ equal ‘Sweatfree’?

Recognizing all the problems involved in attempting to certify one or more steps in the garment supply chain as ‘fair trade’ or ‘sweatfree’, a number of US anti-sweatshop activists, including Athreya and Claeson, have advocated focussing on worker empowerment as the most important criteria for designating a product ‘sweatfree’.

These activists, many of whom have been involved in campaigns for the adoption of ethical purchasing policies by public institutions, are also responding to the requests they receive from those institutions, as well as from

individual consumers, for lists of ‘sweatfree’ apparel suppliers.

As noted previously, they are also concerned about the growing number of large and small clothing companies that are beginning to market themselves as ‘sweatshop free’ without any formal commitment to respect the right of workers to freely associate and bargain collectively.

In his August 16, 2004 discussion paper, “Sweatfree Marketplace: A Movement Perspective,” Claeson called for the creation of a sweatfree supplier list as a movement tool to “build worker power in support of worker rights.”⁸¹

He argued that a sweatfree marketplace “can play a significant positive role for newly unionized workplaces, worker-owned cooperatives, worker-occupied factories, and other places of struggle where workers have obtained the power to protect worker rights.” He added that a sweatfree supplier list would also allow local anti-sweatshop activists to “promote local and regional sweatfree suppliers” and therefore create “local ties of solidarity between sweatshop activists and rank and file workers.”⁸²

In November 2004, a number of US anti-sweatshop groups, including Sweatfree Communities, ILRF, Sweatshop Watch, United Students Against Sweatshops (USAS), and Peace through Interamerican Community Action (PICA), launched the “Shop with a Conscience” sweatfree purchasing guide, which included a list of eight alternative online retailers marketing clothes made by workers represented by democratic unions or involved in worker-owned cooperatives.⁸³

A variety of apparel products made in union shops in the US and worker cooperatives in Latin America are

available for purchase through the websites of the participating organizations. A smaller number of the products that can be purchased were made in unionized factories in Southern countries.

The guide also includes disclaimers about No Sweat running shoes made in the PT Bata factory in Indonesia where the democratic nature of the union is still in question, and about a Global Exchange T-shirt made in the American Apparel factory in Los Angeles where there have been allegations of anti-union discrimination.

The CCC perspective

While Zeldenrust agrees with her US allies on the need to defend the survival of unionized factories and worker cooperatives, she argues that ‘Union Made’ does not necessarily equal ‘Sweatfree’.

“We fully agree with the emphasis of many US anti-sweatshop groups on rewarding workplaces where workers have achieved union representation and a signed collective agreement, but we also believe that the presence of a union in a factory is not a guarantee that the employer is respecting freedom of association or other fundamental worker rights.”⁸⁴

According to Zeldenrust, by attempting to identify the concept of ‘sweatfree’ exclusively with union representation and the existence of a factory-specific collective agreement, US anti-sweatshop groups are ignoring other forms of worker representation less common to North America, such as sectoral labour-management negotiations at the national level and community-based organization. CCC is also concerned about the capacity of ethical buyers to distinguish genuine

democratic unions from company-controlled unions, she adds.

She also notes that in the European context where a significant percentage of workers are represented by unions, equating union representation with ‘sweatfree’ could be viewed as protectionist, since it would inevitably result in the promotion of European-made products over those made in other countries.

“The designation of unionized factories as ‘sweatfree’ also risks negating the responsibility of the buyer to continue to ensure that the trade union, once in the factory, is allowed to do its job over a period of time,” says Zeldenrust. “Most of the appeals we receive come from workplaces where there are emerging unions whose survival will require continuing support from the anti-sweatshop movement and continuing pressure on the employer from the buyers,” she notes.

“Brands or retailers that claim to be ‘sweatfree’ or ‘fair trade’ will require credible monitoring and verification of their claims just as mainstream companies do,” says Zeldenrust.

This attempt to equate ‘Union Made’ with ‘sweatfree’ also begs the question of whether it might not be simpler and more appropriate to focus on reviving the old “Buy the Union Label” campaign, which has a clear, understandable message and a simple, enforceable labelling mechanism – the union negotiates with the employer for the inclusion of a ‘Union Made’ label on every piece of clothing produced in the factory.⁸⁵

Athreya acknowledges that the concept of ‘sweatfree’ is a marriage of the ‘Buy the Union Label’ tradition of the North American labour movement and the tradition of alternative trading companies supporting worker co-

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operatives. She notes, however, that ‘sweatfree’ includes unionized factories in the global South, while the union label campaign was for North American garments only.⁸⁶

According to Athreya, there is not yet solid consensus in the US anti-sweatshop movement on the definition of ‘sweatfree’, the criteria suppliers would have to meet, nor the steps in the production chain that would be assessed.

“At minimum, it would have to apply to the garment manufacturing process, though I would be interested in the standard being extended upstream to cotton,” says Athreya.

“I am not advocating that the existing multi-stakeholder initiatives be disbanded and replaced by a ‘sweatfree’ product certification program,” says Athreya, “but we need to tackle the question of how to keep production in unionized facilities and how to affirmatively reward collective bargaining agreements.”

WRC Designated Supplier Program

Possibly the most ambitious initiative to create a sweatfree marketplace is being launched by the Worker Rights Consortium (WRC). While not strictly speaking a fair trade initiative, the WRC’s Designated Supplier Program (DSP) intends to create a network of unionized factories, producing primarily for the university market and receiving prices for their university licensed products that are sufficient to pay their workers a living wage.

As WRC Executive Director Scott Nova points out, the DSP is restricted to university licensees (companies that produce apparel that bears a university name and logo), does not involve

‘sweatfree’ labelling, and does not depend on persuading brands that there is strong consumer demand for ‘sweatfree’ goods.⁸⁷

At the same time, university logo products are sold in the broader marketplace – university-licensed products are a \$2.5 billion business in the US – and the fact that they will be made in WRC-certified factories could have a demonstration effect for companies marketing similar products.

If the DSP is successful, universities participating in the program will source their licensed apparel products from factories designated by the WRC as having “affirmatively demonstrated a high level of respect for worker rights.”⁸⁸

According to the WRC, in order to qualify as a designated supplier, a factory would have to meet the following criteria:

- Demonstrate full compliance with internationally recognized labour standards, as embodied in university codes of conduct;
- Employees must be represented by a legitimate, representative labour union or other representative employee body;
- Demonstrate that its employees are paid a living wage, once the factory is receiving prices for its products sufficient to make this feasible; and
- Produce primarily or exclusively for the university logo goods market, or for other buyers committed to equivalent standards (including payment of a living wage).

Under the DSP, “factories may be nominated by either the WRC or by licensees themselves.”⁸⁹ The WRC will do

an initial assessment of the factory “in order to determine whether the factory is likely to achieve designated supplier status.” In consultation with the licensee, the WRC will then develop a corrective action plan to achieve full compliance with the university code of conduct.

After a six-month period, the WRC will verify whether full compliance has been achieved, including whether workers have achieved “collective representation.” According to the WRC, factories will also need to receive increased prices before they will be able to comply with the living wage standard.

The Fair Labor Association has argued that the DSP approach to determining a living wage through research carried out by WRC appointed local experts “fundamentally disempowers workers and the labor relations process.” It goes on to say, “The WRC as the arbiter of living wages would have none of the legitimizing features of a national mechanism mandated by law or established through collective bargaining.”⁹⁰

The WRC counters that “enforcement of the living wage standard will not occur until designated factories are in receipt

of orders from licensees under the program and there has been sufficient time for wage negotiations to take place.” It goes on to explain, “The data generated through this research will provide guidance to factories as they begin to enter wage negotiations with worker representatives. Once this research is complete, living wage calculations will be conducted only where disputes arise.”⁹¹

According to the WRC’s Scott Nova, the concern that workers will not be able to freely negotiate wage rates under the DSP is unfounded, since the rate established as a living wage in each country will become the floor for future contract negotiations, much as the legal minimum wage currently functions.⁹²

The fact that a number of US labour organizations, including UNITE HERE and the AFL-CIO, have endorsed the DSP would seem to indicate that the US labour movement doesn’t share the FLA’s fear that the WRC determining living wage levels would interfere with workers’ right to bargain collectively.⁹³

It is worth noting, however, that the International Textile, Garment and Leather Workers’ Federation (ITGLWF), the Global Union for the garment sector, has made its endorsement of the DSP contingent on it showing full respect for the principle of freedom of association and the right to bargain collectively.

The ITGLWF says that while the goals of the DSP are in line with its policy and practice, its concern is that the proposed mechanism could run counter to ILO standards on collective bargaining, which are based on the principle of the independence and autonomy of the parties and the free and voluntary nature of the negotiations. It says there is a danger that the process could disempower workers, by requiring

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In theory, the Designated Supplier program could have definite advantages over 'fair trade' and 'sweatfree' initiatives. At the same time, the DSP is an extremely ambitious and still untested program that will stretch the capacity of a small US-based non-profit organization to enforce the program's numerous requirements.

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unions to negotiate collectively yet having wage levels determined by a committee of experts on which the union has no voice.

The ITGLWF has also queried the role of the WRC in verifying that the workforce is represented by a “legitimate, representative labor union or other representative employee body.” That, says the Global Union, is something which workers themselves must determine.⁹⁴

In addition to providing prices that allow for payment of a living wage, under the DSP, university licensees will also have to demonstrate that they are increasing their percentage of university-licenses products sourced from WRC designated suppliers to 25% in the first year the university is involved in the program, to 50% in the second year, and to 75% in the third year. According to the WRC, “at that point, the universities will make a determination as to whether it is desirable to move to a 100% requirement.”⁹⁵

In theory at least, the WRC’s Designated Supplier Program could have definite advantages over the ‘fair trade’ and ‘sweatfree’ initiatives described above. It includes minimum labour standards that are based on ILO Conventions, criteria for certifying factories, a method of verifying compliance, and a certification body with experience carrying out factory investigations.

At the same time, the DSP is an extremely ambitious and still untested program that will stretch the capacity of a small US-based non-profit organization to enforce the program’s numerous requirements. Under the DSP, the WRC will have to assess the representivity of worker organizations, whether wages meet basic needs, whether prices paid to suppliers are sufficient to pay a living wage by local standards, and whether licensees are sourcing a progressively increasing percentage of their factories from designated supply factories.

The program also goes beyond other similar initiatives in requiring not only that suppliers respect workers’ right to freely associate and to bargain collectively without employer interference, but also that workers actually be represented by a democratic union or other authentic worker organization.

Correctly or incorrectly, the program assumes that, given the opportunity, workers will choose to form or join a trade union within a six-month period. It also assumes that the North American factory-based union certification model is the norm worldwide, and appears not to accommodate other industrial relations models, such as those common to many European countries in which more than one union might co-exist in the same factory while most collective bargaining takes place at a national, sectoral level.

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Paris last year, and the appearance throughout Europe of numerous new brands making often unsubstantiated ethical claims, the trend is likely to attract even more entrepreneurs.

In the US anti-sweatshop activists' lack of trust in existing company and multi-stakeholder code monitoring initiatives and their concern about current and potential reversals of worker organizing victories due to the restructuring of the industry in the wake of the quota phase-out account in large part for the growing interest in the fair trade model.

However, a recent study by TransFair USA confirms that there are major differences of opinion within the US anti-sweatshop movement about whether the fair trade model should be extended to the garment sector. As a result, any plans to launch a fair trade apparel certification program in the US will likely be delayed, and further study and consultation on the issue will shift back to the international level.

Meanwhile, a number of alternative clothing retailers and manufacturers have begun to market their products as 'sweatfree'. In most cases, these initiatives lack clear and credible labour standards, certification criteria or monitoring and verification programs.

In an attempt to make fair trade a useful tool for workers, some anti-sweatshop activists in the US have attempted to gain consensus on a definition of 'sweatfree' that emphasizes worker empowerment, and in particular, representation by independent unions or participation in worker-controlled cooperatives.

Many of their European counterparts question this approach, arguing that union representation does not, in and of itself, guarantee that workers' right to

freedom of association is being respected. Although the industrial relations model in Canada is more similar to that in the US than in Europe, the Canadian anti-sweatshop movement has generally placed less emphasis on the creation and promotion of 'sweatfree' alternatives than has the US movement.

The Designated Suppliers Program (DSP), initiated by the Worker Rights Consortium (WRC), is to date the most ambitious initiative attempting to certify garment factories as sweatfree and to create a parallel university market for sweatfree products.

While the DSP is not strictly speaking a fair trade initiative, if implemented on a pilot project or permanent basis, it could provide useful lessons on the issues and challenges involved in attempting to certify apparel products as 'fair trade' and/or 'sweatfree'. In particular, the DSP could test whether it is possible in the apparel sector to link increased prices paid to suppliers to the payment of decent wages to workers.

At the same time, the DSP will also test the capacity of the WRC to effectively assess the various obligations of licensees and supply factories under the program. As well, in order to establish the credibility of the DSP, the WRC will need to demonstrate in practice that it is able to facilitate democratic worker representation and set living wage standards as the floor for collective bargaining without interfering with workers' right to organize and negotiate appropriate wage levels.

If fair trade organizations do move ahead toward certifying and labelling apparel products as fair trade, they will have to seriously address a number of concerns of the anti-sweatshop movement, such as:

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consumers and increased democratic space for workers producing for that parallel market. Provided the standards required for fair trade products are at least as stringent as those expected from the brands that have been targeted by the anti-sweatshop activists, it could also provide a positive example of how clothes can be made under decent working conditions, thereby increasing pressure on the giant retailers and brands to adopt similar practices.

A key issue to consider then – and an issue that the fair trade movement is currently struggling with – is whether the marketing of such products by large brands and giant retailers should be encouraged or not. In other words, should the fair trade model aim at building an alternative form of commerce with its own set of rules or can fair trade products be commercialized by mainstream retailers and brands that have shown little concern for fairness to the producers or workers making the vast majority of their products? Is the sale of fair trade products by a mainstream retailer a “sell-out” or is it a golden opportunity to reach more customers, and, as a result, allow more producers and workers to enjoy improved wages and working conditions and to benefit from an improved market share for fair trade products? Could such an alliance with major brands and retailers ever allow fair trade garment to replicate the successes of fair trade coffee in the UK or fair trade bananas in Switzerland?

Within the fair trade movement this issue is far from being settled. It could also become a major issue of debate within the anti-sweatshop movement as it increasingly takes into account the impact on workers conditions of price competition and overall purchasing practices of the giant retailers.

But no matter what answers are found to these open questions, conditions must be set to ensure that mainstream retailers and brands cannot exploit the fair trade label attached to a limited number of products in order to wash their hands of persistent worker rights abuses in their broader supply chains. We cannot allow the fair trade label to be used by giant retailers and brands to pacify consumers with easy answers to the question, “Where can I buy clean clothes?”

The anti-sweatshop movement should therefore avoid putting all its eggs in the fair trade shopping basket. Both the fair trade and anti-sweatshop movements would be wise to proceed with caution before launching or endorsing any new fair trade apparel initiatives.

Before ‘fair trade’ or ‘sweatfree’ apparel products appear on the shelves of local retail outlets, the anti-sweatshop movement must take steps to ensure that any new certification or labelling initiative is credible, fully transparent, and accountable on labour standards, certification criteria, monitoring and verification processes, and that there is active participation of workers and local labour and other civil society organizations in those processes.

Whether or not ‘fair trade’ and/or ‘sweatfree’ initiatives are successful in creating a niche market for conscientious consumers, or even in broadening the demand for such products to include mainstream consumers, the anti-sweatshop movement will need to continue to focus most of its energies and limited resources on defending workers’ rights in the global supply chains of the major retailers and brands and pressuring and engaging with those companies to tackle systemic issues in the industry as a whole.

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