

OPEN LETTER TO WAL-MART

April 13, 2007

Rajan Kamalanathan
Director of Compliance, Global Procurement
Wal-Mart Stores Inc.
702 Southwest 8th St.
Bentonville, AR 72716-0830

Dear Mr. Kamalanathan:

We are writing to express our concerns about Wal-Mart's lack of progress in resolving the long-standing dispute at your Chong Won supplier factory in the Philippines and to put forward a proposal on actions your company could take to break the deadlock in the dispute in order that workers can both retain employment at the factory and be assured that their rights under your code of conduct and Philippine law will be fully respected.

Although your company has put considerable time and resources into verifying that workers' rights were indeed violated at the factory and has made at least two attempts to facilitate dialogue between your supplier, the employer and unionized workers at the factory, to date Wal-Mart has not put sufficient direct pressure on the employer or offered sufficient incentives to achieve corrective action and remediate the code and legal violations that have been verified by a number of investigations.

Before proposing specific actions your company could take to help resolve the dispute, we must however also raise a number of concerns about the lack of transparency in the Verite investigation and its aftermath.

It was our understanding that Wal-Mart was going to share the full Verite report with all stakeholders immediately after the investigation. As well, it was our expectation that stakeholders would be consulted about the findings of the investigation before a corrective action plan was developed.

However, rather than sharing the full Verite investigative report with all stakeholders, Wal-Mart initially released its own synopsis of that report to some stakeholders and failed to share that document with the most important stakeholders – Chong Won workers, the NMCW-Ind., and the Workers' Assistance Center (WAC). Although Wal-Mart has since released the full report, your lack of transparency in this matter has resulted in considerable confusion about Verite's findings and recommendations, and as well as confusion about what actually has been communicated to Chong Won management.

We also understand that Wal-Mart has not directly shared and discussed the Verite report, your synopsis of the report's findings, or the MOU with the employer, but rather has communicated them to the employer through your supplier, One Step Up. In our view, your company's unwillingness to deal directly with the employer has contributed to his lack of understanding of Wal-Mart's demands and intentions.

We would therefore urge you to immediately share the full Verite report and revised MOU with all stakeholders who have not yet received it directly from your company, including the NMCW-Ind., WAC, Chong Won management, the DOLE, PEZA, the WRC, and the ILRF.

Based on the information we have recently received through MSN – the Verite report and the revised MOU submitted to Chong Won Fashion by One Step Up – we continue to be concerned that the key recommendation in the Verite report is conspicuously absent from the MOU that was submitted to the employer.

Although the report clearly states that collective bargaining should take place as a second step in employer/union dialogue and that the employer should withdraw his legal challenge of the legality of the strike, there are no explicit requirements in the MOU that Chong Won negotiate with the NMCW-Ind. for a first collective agreement. As well, although the revised MOU states that the employer “should be encouraged to drop the illegal strike charges,” there is no requirement to do so.

As you know, the employer's unwillingness to recognize and negotiate with the union was the fundamental issue that caused the workers to take strike action. Unless this issue is dealt with, there obviously can be no resolution to this dispute.

It is our understanding that Chong Won management is refusing to comply with the main recommendation in the MOU – that the 117 workers unjustly fired for participating in the strike be reinstated with full back pay, and that Wal-Mart will not place any future orders with the factory unless and until these workers are reinstated.

While we are pleased that Wal-Mart recognizes that the workers were fired unjustly and corrective action is required, we are concerned that a stalemate on this issue could result in the factory closing.

We would therefore propose that Wal-Mart directly address the primary issue in dispute, the negotiation of a first collective agreement, and provide an incentive to the employer to participate in collective bargaining with the NMCW-Ind. To be specific, we propose that Wal-Mart offer to place another order in the factory under the following conditions:

The employer:

- 1) negotiates with the NMCW-Ind. the conditions under which the order will be produced and who will do the work on that order;
- 2) makes a commitment to negotiate with the NMCW-Ind. for a first collective agreement;
- 3) withdraws the notice of termination to the 117 strikers and the 13 workers whom management declared absent without leave (negotiations for a first CBA should commence and coincide with the withdrawal of the termination notices);
- 4) withdraws all legal challenges to the NMCW-Ind. as the representative of the workers for the purposes of collective bargaining and all other legal cases filed against the union;
- 5) reinstates the two illegally dismissed union officers and active union members, Monina Eugenio and Sellwyn Simpan.

We would also strongly suggest that Wal-Mart convey this proposal directly to management at Chong Won Fashion and communicate the proposal in writing to all stakeholders, including the NMCW-Ind., WAC, PEZA, DOLE, One Step Up, and the international stakeholders.

We look forward to receiving a prompt response to this proposal and to an opportunity to discuss it with you.

Yours truly,

Lynda Yanz, Coordinator
Maquila Solidarity Network
Canada

Bama Athreya, Executive Director
International Labour Rights Fund
United States

Tessel Pauli, International Secretariat
Clean Clothes Campaign
Europe

Zack Knorr
International Campaigns Coordinator
United Students Against Sweatshops
United States

Rev. Fr. Jose P. Dizon
Executive Director
Workers' Assistance Center
Philippines

cc. Rob Kusiciel, Vice President, Global Services, Global Procurement, Wal-Mart
Marie David, Social Responsibility Manager, Global Procurement, Wal-Mart