

MEMO: CODES UPDATE NUMBER 8, August 2001

Why a “Codes Update” memo?

This periodic memo is circulated in Spanish to groups in Latin America in an effort to share information on developments and resources circulating in English about codes of conduct and monitoring. In response to a number of requests, we are also sharing the English version. Comments, criticisms and suggestions are always welcome.

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A. SA8000: CAN COMMERCIAL AUDITING PROMOTE WORKER RIGHTS?

Social Accountability 8000, better known as SA8000, is a code of conduct verification and factory certification program launched in October 1997 by the New York-based Council on Economic Priorities Accreditation Agency (CEPAA), now Social Accountability International (SAI).

Based on the International Organization for Standardization (ISO) management systems auditing model,

SA8000 is an attempt to bring global consistency to code of conduct labour standards and third-party code compliance verification procedures.

What Are the Standards?

Unlike most company or sector codes of conduct, the SA8000 standard is firmly based on International Labour Organization (ILO) Conventions and United Nations (UN) Declarations, which are specifically referenced in the code. The provisions of the code include and go beyond the four core labour rights of the ILO – the right to organize and bargain collectively, and prohibitions on child labour, forced labour and discrimination.

The SA8000 standard addresses labour issues exclusively; other social or environmental concerns are not addressed in the SA8000 code or verification program.

The provisions in the SA8000 code are stronger and their language more detailed and precise than those of company codes and most other multi-stakeholder codes, such as that of the Fair Labour Association (FLA).

For instance, the SA8000 standard requires payment of a “living wage,” limits working hours to 48 hours per week, prohibits compulsory overtime, limits voluntary overtime to 12 hours per week, and prohibits the use of labour-only contracting arrangements and false apprenticeship schemes to evade labour laws or avoid social security obligations.

On freedom of association, the SA8000 code includes a provision requiring companies to “facilitate parallel means of independent and free association and collective bargaining” in countries where freedom of association and collective bargaining are restricted by law. (The UK Ethical Trading Initiative (ETI) Base Code, the Dutch Fair Wear Charter, and the Clean Clothes Campaign

(CCC) model code contain similar provisions.)

According to Neil Kearney, General Secretary of the International Textile, Garment and Leather Workers Federation (ITGLWF) and member of the SAI Advisory Board, the “parallel means” provision is designed to encourage nascent forms of worker self-representation, such as the election of worker representatives to joint health and safety committees, in countries like China where independent unions are prohibited.

The 2001 revised SA8000 standard contains provisions requiring companies to ensure that homeworkers “are afforded a similar level of protection as would be afforded to directly employed personnel” under the standard, and that they maintain on company premises “comprehensive records detailing the identities of homeworkers; the quantities of goods produced/services provided and/or hours worked by each homeworker.

To Whom Does SA8000 Apply?

SAI promotes the SA8000 standard and third party verification system as universally applicable “with regard to geographic location, industry sector and company size.” SA8000 certifications can apply to companies, suppliers and subcontractors. Companies can decide which facilities will seek certification.

As of August 2001, 72 facilities in 17 industries and 21 countries have been certified as being in compliance with the SA8000 standard. Twenty-one of the 72 certified facilities are apparel and textile factories, and 19 are toy factories.

Other sectors in which there are certified facilities include: agriculture (5); consulting and medical products (4 each); food processing and housewares (3 each); real estate, automotive, chemicals and building materials (2 each); and waste management, electronics, metal works, plastics, and government services (1 each).

Although the extractive sector is not currently covered by the standard, SAI is evaluating possibilities of extending the standard or developing a modification of SA8000 to cover this sector.

In terms of geographic location, 29 of the facilities certified to date are in China, and all but two of those are in the garment/textile and toy sectors. The breakdown of certified factories in other countries is: Italy (10); Indonesia (4); France, India and Thailand (3); the Philippines, Pakistan, Turkey, the UK and Brazil (2); and Bangladesh, South Africa, Spain, Laos, the Netherlands, US, Greece, Malaysia, Slovenia, and Vietnam (1).

To date, no facilities have been certified in Latin America or the Caribbean, but according to SAI President Alice Tepper-Marlin, audits have been carried out in the region.

As stated above, the revised SA8000 standard is one of the few multi-stakeholder codes that requires companies to be accountable for conditions of home-based production workers.

What Information Is Publicly Available?

Unlike the FLA or WRAP [Worldwide Responsible Apparel Production Certification Program], SAI lists certified factories on its website, making it easier for civil society organizations to discover whether specific workplaces merit certification.

On the other hand, no information is available on facilities that failed to achieve certification, and very little information is publicly available on the specific results of factory audits. As with the FLA and WRAP, auditors’ reports are the sole property of the companies involved, unless auditors, NGOs or trade unions negotiate special conditions with companies. Companies

can require auditors to sign confidentiality agreements.

The SA8000 “Signatory Program” requires that signatory companies provide additional information to the public through company reports on progress made in bringing suppliers into compliance with the SA8000 standard. The first such reports are due in the next six months, and will be posted on SAI’s website.

Who Is Involved in SA8000?

The SA8000 Advisory Board includes individuals from business, labour, NGOs and government. A significant difference between the SA8000 and FLA is the presence of major European corporations and international labour federations on the SA8000 board. In contrast, the FLA is a US initiative, and the corporate members are major US apparel and sports shoe merchandisers.

Current members of the SA8000 Board come from the following companies and organizations:

Corporate Members: Legacoop Nazionale (Italy); Trillium Asset Management (USA); Toys ‘R’ Us (USA); Eileen Fisher (USA); Dole Food Company (USA); Avon Products (USA); SGS Int’l Certification Services (Switzerland); Otto-Versand (Germany); WE Europe (The Netherlands).

Union, NGO and Government Members: International, Textile, Garment and Leather Workers Federation (Belgium); National Child Labor Committee (USA); Abrinq Foundation (Brazil); United Nations Office of Project Services; Office of the Comptroller, City of New York (USA); Union Network International (Switzerland); Social Accountability International (USA); President Emeritus, Amalgamated Clothing and Textile Workers Union (USA); Amnesty

International (USA); Maquila Solidarity Network (Canada).

How Does Third-Party Auditing Work?

Given how closely it is modeled on internationally recognized rights and standards of the ILO and UN, the SA8000 standard has a great deal of legitimacy in both the North and South. However, the commercial social auditing model used to verify compliance with that standard has come under a great deal of criticism.

The Hong Kong-based labour/NGO coalition Labour Rights in China (LARIC) has been particularly critical of SA8000, calling it an initiative from the North that privatizes labour rights and disempowers workers.

Like the Fair Labor Association (FLA) and the Worldwide Responsible Apparel Production Certification Program (WRAP), SAI does not carry out code compliance verification or directly contract other organizations to do so; it accredits social auditing organizations, which then carry out audits of facilities seeking certification.

At present, all seven SA8000 accredited auditing organizations are commercial management systems auditing companies. They include: Bureau Veritas Quality International (BVQI - UK), Centro per l’Innovazione e lo Sviluppo Economico (CISE - Italy), Det Norske Veritas (DNV - Norway), Underwriters Labs (UL - USA), Intertek Testing Services (ITS - USA), RWTUV Far East Ltd. (Thailand), International Certification Services (SGS-ICS - Switzerland). ITS is also accredited with WRAP and FLA.

SAI offers training courses for auditors, although auditors can also be trained by “accredited course providers,” which currently include SGS and CISE. SAI staff accompany the auditing firms to “witness” audits prior to their

accreditation. However, it is the auditing organizations that carry out audits and grant the certifications or suggest remedial action necessary for the facility to achieve certification.

After a facility achieves certification, the certification body then carries out “surveillance audits” at least every six months, and a full audit every three years. According to Judy Gearhart of SAI, auditors are encouraged to conduct unannounced factory inspections.

How Does Workplace Certification Work?

Unlike the FLA, which certifies company brands, SA8000 certifies individual workplace facilities. In this respect, it has more in common with WRAP than with the FLA. (See WRAP article below.) The Signatory Program, on the other hand, has more in common with the FLA.

As with WRAP, facilities seeking SA8000 certification are encouraged to first carry out an internal assessment (pre-audit) to determine what changes/improvements are needed to bring the facility into compliance with the standard. Once this process is completed, the facility contracts an SA8000 accredited auditor to carry out a full certification audit.

At first glance, this model appears to put all responsibility, and expense, on the shoulders of the local supplier. However, SAI also encourages northern companies to become part of the SA8000 Signatory Program. Companies with signatory status commit to developing a plan to bring designated company-owned and supplier facilities into compliance with the SA8000 standard over a period of time. This could include a particular product line, geographic area, type of supplier, or its entire supply chain.

According to SAI, “the plan must include a policy giving preference to suppliers who are SA8000 applicants or certified.” Signatories are also expected to

submit an annual report assessing their progress in meeting the plan.

The Signatory Program is intended to encourage northern companies sourcing from southern facilities to invest human and financial resources in bringing conditions and labour practices in those facilities in line with the SA8000 standard.

As of July 1, the following companies are SA8000 signatories: Amana (Switzerland), Avon Products (USA), Cutter & Buck (USA), Dole Food (USA), Eileen Fisher (USA), Otto Versand (Germany), Toys R Us (USA), United Nations Office of Project Services, and Vögele (Switzerland).

Although not a signatory, Chiquita Brands International has adopted a “modified” version of the SA8000 Code and has made a public commitment to adopting the SA8000 standard throughout their operation if appropriate modifications are made for “seasonal non-banana agriculture business.” A number of other non-signatory companies, according to Tepper-Marlin, have adopted SA8000 in full and made public commitments to encourage and eventually require their suppliers to comply. These include Kesko (Finland), COOP Italia (Italy), WE Europe (the Netherlands) and Spengler (Switzerland).

One possible limitation of the Signatory Program for SAI as an institution is that there is a built-in incentive for signatory companies to spend an extended period of time bringing their suppliers up to the standard before seeking formal certification of facilities

Is There a Role for Southern NGO and Labour Groups?

In theory, southern NGOs and labour organizations can become accredited as SA8000 auditors. The fact that, to date, no southern independent monitoring groups have applied might be attributed to SAI’s apparent bias in favour of the commercial

auditing model, the requirement that applicants meet ISO requirements (Guide 62 for carrying out assessments and certifications of quality systems) in order to receive SA8000 accreditation, and the fact that few SA8000 audits are currently taking place in Central America, where local NGOs have the most extensive experience with third-party monitoring.

SAI promotional materials emphasize that NGOs are welcome to seek accreditation as auditors. Southern and northern NGOs have also been given pro bono spaces in SA8000 auditor training courses. Central American independent monitoring groups have been invited to participate in SA8000 forums on the role of NGOs in code verification. Plans are also in the works for a roundtable discussion in Central America in conjunction with the regional network of independent monitoring groups to discuss possibilities for greater collaboration.

But despite these efforts to accommodate southern NGO participation in SA8000, SAI appears unable to conceive of local NGOs and/or labour groups playing a significant role in the auditing process, unless they are willing to meet ISO criteria to become SA8000 accredited auditors.

In contrast, Clean Clothes Campaign (CCC) groups in Europe have begun to experiment with a dual approach to code verification in which commercial certification bodies, some of which are SAI-accredited, carry out book audits and local NGOs have responsibility for worker interviews.

Currently the only specific requirement of SA8000 auditors concerning participation of local organizations in the auditing process is that they must consult with local labour and non-governmental organizations before undertaking audits. In cases where unions represent workers in a plant being

audited, auditors are also supposed to meet with the union prior to the audit, and to have a second meeting after completing the audit. It is not clear to what degree these requirements are currently being followed in practice.

While auditor meetings with in-plant unions are essential, and while consultation with local labour and non-governmental organizations may result in better audits, it is not clear what local NGOs will gain from a relationship in which they are expected to provide free information to high-paid commercial auditors while being denied access to their reports.

One area where there may be space for participation of local labour organizations, and possibly NGOs, is in training programs for workers and management personnel on workers' rights under the SA8000 standard, international labour rights conventions and declarations, and local law. SAI and the ITGLWF have recently received funding for a joint project to develop and pilot training modules on codes of conduct and SA8000 in particular with ITGLWF affiliates in Asia, Latin America and Africa.

Another possible area for local NGO and labour participation is filing complaints, challenging unjustified workplace certifications and/or improper practices by SA8000 auditors. (See below.)

Is There a Role for Workers?

One of LARIC's harshest criticisms of SA8000 is that "workers themselves have no active role to play in the whole auditing and certification process." According to LARIC, the SA8000 model reduces workers to objects of study "on a checklist" of northern-based commercial auditing firms. "All they can do in the whole SA8000 farce is complain to the auditors," says LARIC, "to whom workers' rights are no more than another

business deal.”

In response to LARIC’s critique, Judy Gearhart of SAI states that “SA8000 properly implemented increases the space available for workers’ organizing,” and that the SA8000 offers workers another avenue for making complaints, one in which anonymity protects them from retribution. “SA8000 does not change any of the previously existing avenues for workers to file complaints through NGOs, trade unions, management, government, or other means,” says Gearhart.

LARIC also points to the challenge “professional” auditors face in winning the workers’ trust: “In China and other developing countries, a group of well-dressed visitors usually look like management to workers. Even if the team explain their position to the workers, it is difficult for workers to trust important-looking strangers and share their true feelings for fear of reprisal and dismissal, particularly in the absence of truly independent trade unions. If there are foreigners in the team, workers get even more wary since foreigners are usually seen as the plant’s business buyers.”

Rather than directly addressing this central question (Who will workers trust to tell their story?), SAI has chosen to concentrate on the training of workers, management personnel, and auditors, and in its worker and third-party complaints process.

In response to MSN’s and LARIC’s criticisms of commercial auditors, Neil Kearney of the ITGLWF asks, “Should we assume NGOs are any better at interviewing workers than professional auditors, unless they have had proper training?” Kearney also questions whether NGOs are “really capable of being efficient factory or labour inspectors unless they have extensive training in production systems, industrial

relations, health and safety, wage systems, payment by results, accounting, and a host of other things.”

SA8000 also requires that the company “provide for non-management personnel to choose a representative from their own group to facilitate communication with senior management on matters related to the [SA8000] standard.” Whether this clause is actually being implemented, and how management is interpreting it is not yet clear.

How Does the Complaints Process Work?

Under SA8000, workers and interested third parties have the right to file complaints if they have objective evidence calling into question the appropriateness of a certification or accreditation under the SA8000 system. Complaints about an inappropriate workplace certification can be made to the relevant accredited certification body, and if it is felt the complaint is not satisfactorily addressed, an appeal of its accreditation can be made to SAI. Appeals concerning the inappropriate accreditation of a certification body can be made directly to SAI.

According to SAI, anyone can file a complaint, all complaints will be investigated, and all complainants will be advised of the outcome. In addition, any interested party may make an appeal of an SAI decision, within 30 days of that decision.

SA8000 also requires certified companies to provide a confidential system for workers to register complaints concerning violations of the SA8000 standard. Companies must maintain records of all complaints and how they responded to them. At every surveillance or certification audit, auditors are expected to review all complaints and their resolutions. According to Gearhart, auditors are also expected to inform

workers about the possibility of filing complaints directly with them. Each level of the complaints and appeals procedure allows for anonymity, says Gearhart.

How Has the Complaints Process Worked in Practice?

In the last year, the SA8000 system responded to three complaints, two about factories in China and one about a plantation in Kenya that supplies a certified facility in Italy. The first complaint was filed by Centro Nuovo Modello di Sviluppo. The second was based on a US National Labor Committee report. Although it was not a formal complaint, it was treated as such by SAI.

The third complaint was from the Hong Kong Christian Industrial Committee (CIC), which charged that the SA8000-certified Chung Hoo Shoe Factory in Zhongshan, Guangdong, China was in violation of Chinese labour law. According to CIC, some workers were being paid less than the minimum wage. Other violations included: excessively long hours of work with no overtime pay, no days off for two to three month periods, illegal fines, inadequate food, excessively hot working conditions, and overcrowded and dangerous dormitory facilities.

On September 7, CIC submitted its complaint. SAI then contacted DNV, the social auditing firm that had certified the factory. Within one week DNV sent auditors to the factory, but found the plant was closed for a public holiday. After three weeks had passed and a full review audit had still not taken place, on September 28, SAI instructed DNV to suspend the factory's certification. On October 3, CIC wrote to SAI complaining about the delay in carrying out a re-audit of the factory and expressing their dissatisfaction about the whole complaints process.

CIC's confusion and frustration with the process is understandable. They

wanted the problems in the factory corrected in a timely manner, and they weren't particularly interested in hearing about the distinctions between the roles and responsibilities of the "accrediting organization" and the "certifying organization," or whether the factory's certification was "suspended" or "revoked."

In its review of the case, SAI regretted that suspension or revocation of certification in this case was not effectively used as leverage to push for compliance with the standard, in other words to fix the problems in the factory.

A damaging assessment of the SAI verification and certification scheme appeared in an article in the December 18 issue of the *South China Morning Post*, and it came from an unexpected source. The article quotes DNV's China head, Sangem Hsu Shuaijun, as saying, "You have in southern China all the factors working against the auditors... the multinationals, which want low labour costs; the factory managers, who don't like us because of fines for non-conformity; ... the local Chinese Government ... which wants this business and does not want it threatened... Right now, in labour-intensive industries in southern China, the SA8000 standard cannot be enforced effectively... The factories always find a way around the auditors."

SAI has since carried out a review of its compliance verification and factory certification program in China. As a result of the review, auditors are being encouraged to review certified facilities and conduct unannounced audits and also to verify compliance with code requirements for worker training in and awareness of the SA8000 standard and complaints procedure.

DNV's SAI accreditation in China was subsequently suspended, pending its agreement to, and implementation of, measures designed to substantially

strengthen its audit capabilities in China.

To its credit, SAI also determined to maintain its current limits on hours of work, despite pressure to weaken this provision.

Will SA8000 Play a Positive or Negative Role in China?

Although the MSN is represented on the SA8000 Advisory Board, we have serious questions about the effectiveness of its commercial social auditing model, particularly in places like southern China where migrant workers have little knowledge of their rights or democratic space for self-organization and are legitimately afraid to tell their story to visitors, whether they be Chinese or foreigners. Even with training, commercial auditors have not proven to be particularly knowledgeable of, sympathetic to, or able to assess labour rights questions, particularly those that are less quantifiable, such as freedom of association.

Of course, this criticism doesn't only apply to SA8000; it is equally applicable to audits by WRAP and FLA accredited commercial auditors. In fact, SA8000 auditor requirements appear to be more stringent than those of WRAP or the FLA. However, SAI is currently the dominant player in China, and is therefore under closer scrutiny.

Even in the areas where commercial auditors have expertise, such as auditing factory records, the DNV experience raises serious questions about whether book audits are sufficient to uncover common labour rights abuses. Unless workers have the ability to tell their stories without the threat or perceived threat of management or government retaliation for doing so, it will continue to be difficult for even well-trained auditors to document real labour practices, as opposed to those that appear in company records.

Nor is it clear yet whether factory

certifications and the threat of suspending or revoking those certifications provide sufficient leverage to pressure factory owners in China to comply with the SA8000 standard, or with Chinese labour law. This will depend, at least in part, on whether a sufficient number of major companies sourcing from China require their suppliers to become SA8000-certified as a condition for receiving future orders.

In our view, the most important challenge for SAI is whether the presence of its auditing and certification program in China can create some space for "parallel means of independent and free association" in SA8000-certified factories.

If worker rights and health and safety training in SA8000 certified factories does eventually lead to the election of worker representatives who engage with management on workplace issues, SAI will have made a positive contribution to worker rights in China. If this issue of worker representation is not adequately addressed, and SAI's focus remains on the intricacies of commercial auditing and certification procedures, SA8000 could fail to improve conditions in China, and could in fact, as LARIC fears, contribute to the privatization of labour standards regulation in that country.

What Options Should Southern Groups Consider?

Because of its emphasis on management systems audits, SA8000 is currently less open to local NGO participation in the actual auditing process than is the FLA, which has already accredited two southern NGOs as "external monitors."

Nethertheless, some southern labour and non-governmental organizations may consider exploring the option of seeking SA8000 accreditation. While the ISO requirement may be an obstacle, training in the auditing of

company records may have value for local organizations involved in independent monitoring or documenting labour practices for companies producing in their countries.

However, unless SAI makes fundamental changes in its conception of social auditing and the role of local organizations in the process, this option will probably remain less attractive than is FLA accreditation, to southern groups seeking an active role in code verification.

There are also other ways that southern NGOs and labour organizations could engage with SA8000, including:

- participating in SA8000 worker rights training for workers and management personnel;
- acting as trainers in components of the SA8000 auditor training program;
- testing the SA8000 complaints and appeals procedures as a possible tool to challenge improper factory certification and pressure for improvement in conditions, and/or to challenge the accreditation of commercial social auditing firms that are improperly certifying facilities where labour rights violations continue;
- making use of the SA8000 standard to educate workers on their rights and pressure companies to adopt and adhere to ILO-based standards; and
- continuing to dialogue with SAI and its member organizations to push for a more authentic role for southern labour and non-governmental organizations.

For further information, check the SAI website: www.sa-intl.org.

B. FLA ACCREDITS NEW EXTERNAL MONITORS

The Fair Labor Association (FLA) has announced that four commercial management systems firms have been accredited as “Independent External Monitors” to carry out social audits of factories producing for FLA members companies. These include Global Standards/Toan Tin in Vietnam; Intertek Testing Services (ITS) in China, India, Indonesia, Korea, Malaysia, Taiwan and Thailand; and Merchandise Testing Labs Brand Integrity (MTL) in China, India, Indonesia, the Philippines, and Thailand.

The FLA had previously announced the accreditation of two southern NGOs and one US non-profit monitoring organization, COVERCO in Guatemala, Phulki in Bangladesh, and Verite in 14 countries. ITS is also accredited under the SA8000 and WRAP code verification programs.

FLA member companies currently include: Nike, Reebok, adidas, Liz Claiborne, Phillips-Van Heusen, Eddie Bauer, Patagonia, Gear for Sports, Polo Ralph Lauren, and Levis Strauss.

C. HOW RESPONSIBLE IS WRAP?

The Worldwide Responsible Apparel Production Certification Program (WRAP) has apparently certified 23 factories (including factories in US, Mexico and Honduras), and has received applications for certification from 370 others. However, information on certified factories and their locations appears not to be publicly available.

WRAP is a code monitoring and factory certification initiative of the American Apparel and Footwear Association (formerly American Apparel Manufacturers’ Association). It is supported by maquiladora and

manufacturers' associations in El Salvador, Honduras, Nicaragua Guatemala, Costa Rica, Mexico, Haiti, the Dominican Republic, Jamaica, Sri Lanka, the Philippines and South Africa.

While WRAP includes NGO and labour representatives on its governing board, many of the labour representatives were formerly associated with the American Institute for Free Labor Development (AIFLD) and/or with anti-Castro Cuban American organizations, and the two NGO's are pro-business organizations that include corporate members of WRAP on their boards of directors.

Corporate members of the WRAP Board include: Sara Lee (Hanes, Leggs Playtex, Sara Lee, Bali, etc.), Vanity Fair (VF) Corporation (Lee, Wrangler, Rustler, Riders, Britannia and Chic Jeans), Kellwood (which produces private labels for Wal-Mart), and Gerber Childrenwear.

Although very little information is publicly available on WRAP's "independent monitoring" program, its Self-Assessment and Monitoring Handbook for factory owners is available in Spanish on its website: [www.wrapapparel.org/manuals/hndbk span 2001.pdf](http://www.wrapapparel.org/manuals/hndbk_span_2001.pdf)

Significantly, the self-assessment handbook give more detailed instructions on security measures required to prevent the illegal shipment of drugs with clothes exported from the factory than on how to ensure respect for freedom of association.

D. WRC RELEASES SECOND REPORT ON KUK DONG

The Worker Rights Consortium (WRC) has released its second report on labour rights violations at the Korean-owned Kuk Dong apparel factory in Atlixco,

Puebla, Mexico. The factory produces university-licensed Nike products for a number of US universities, as well as apparel for Reebok.

The WRC report confirms earlier findings of violations of university codes of conduct, including unjust firings and forced resignations of workers who engaged in a work stoppage, and continuing threats and discrimination against workers who are attempting to form an independent union. As a result of pressure from students and universities, hundreds of workers were reinstated in the factory.

The WRC is a code monitoring organization for university-licensed products that was initiated by Students Against Sweatshops groups in the US as an alternative to the Fair Labor Association (FLA).

The full report is available in English on the WRC website: www.workersrights.org

E. GMIES REPORTS ON CODE COMPLIANCE AT THREE EL SALVADOR FACTORIES

A July 2001 report by the El Salvador Independent Monitoring Group (GMIES) publicly released on August 13 documents repeated violations of Salvadoran labour law and the Liz Claiborne code of conduct at three plants of an unnamed company producing for Liz Claiborne.

The nineteen page report details serious violations as well as the company's repeated attempts to block GMIES' access to the factories and to necessary documentation. The report concludes with a series of recommendations.

One week before its release, an earlier version of the GMIES report on the Liz Claiborne supply factories, and a copy of an unfinished report on a Gap supplier, were apparently stolen from

GMIES computer files and circulated to a US solidarity campaign list. The unfinished reports were accompanied by a message, falsely attributed to GMIES director Carolina Quinteros, urging list members to write protest letters to Gap.

According to Quinteros, GMIES is investigating how and by whom the reports were stolen and distributed, and is considering bringing charges against those responsible.

The report is available in Spanish and English on the MSN website: www.maquilasolidarity.org

F. COVERCO RELEASES REPORT ON TWO GAP SUPPLY FACTORIES

The Guatemalan Commission for the Verification of Codes of Conduct (COVERCO) has released an August 2001 monitoring report on two unnamed factories near Guatemala City producing for Gap and other US apparel companies.

The report documents numerous worker rights violations, including forced overtime, deductions of bonuses and incentives for refusing to work overtime, pressure to work extra time without pay to complete quotas, discrimination against pregnant and disabled workers, illegal and excessive hours of work for minors, lack of clear pay records, verbal and physical abuse, and violations of freedom of association. The report also points to management harassment of workers who reported violations to COVERCO monitors.

The report is now available in English, and will soon be available in Spanish, on the MSN website: www.maquilasolidarity.org.

G. NEW RESOURCES

In recent months, a number of articles have appeared in US journals reassessing the value of voluntary codes and certification schemes. Most of these articles are not available in Spanish. Below we provide brief synopses of two articles.

“The NGO-Industrial Complex,” Gary Gereffi, Ronie Garcia-Johnson, and Erika Sasser, *Foreign Policy Magazine of Global Politics, Economics, and Ideas*, July/August 2001, 6 pp.

The authors review recent examples of voluntary certification schemes – codes of conduct, production guidelines, and monitoring standards of global corporate behavior – including the Fair Labor Association and Worker Rights Consortium. They argue that “while certification arrangements may indeed improve working conditions and promote more environmentally friendly production, ... creating or participating in voluntary certification initiatives may allow entire industries to preempt the development of international labor and environmental laws directed at multinational companies, and to avoid a nightmarish scenario of stringent and often contradictory regulations in country after country.”

The authors conclude, “More fundamentally, the rise of certification institutions poses profound dilemmas for the progressive notion popular during the 20th century that the remedy for social and environmental problems was a stronger and more interventionist state... The challenge is for states to accept certification not as a threat but as an opportunity to reinforce labor and environmental goals within their sovereign territory and beyond.”

The article is available at: www.foreignpolicy.com/issue_julyaug_2001/gereffi.html. For other related articles by Gereffi in Spanish, contact MSN.

“Wary Allies,” by Lance Compa, *The American Prospect*, vol. 12, no. 12, July 16, 2001, 4 pp.

Compa describes corporate codes of conduct as “a ‘third way’ to promote labor rights in the global economy – a civil society alternative to first-way government regulation or second-way trade union organizing and collective bargaining.” He reviews the experiences of US unions and university students with various code and monitoring initiatives, such as the FLA, SA8000, and the WRC. He also provides brief, critical assessments of the Mandarin and Kimi factory monitoring experiences in Central America.

Compa notes that many trade unionists suspect that “behind most corporate and some NGO enthusiasm for codes of conduct and related monitoring plans is an agenda to shove aside the organizing and bargaining roles of unions,” and that “an over-reliance on voluntary codes would erode unions’ ability to invoke government authority and enforcement muscle.” He concludes: “These two communities [NGO’s and unions] still have more in common with each other than either has with corporations, governments, or international organizations that see free trade and free-flowing capital as the solution to labor standards. At the same time, unions and NGO’s need to be clear-eyed about their differences and their proper roles as they navigate the opportunities and challenges that lie ahead.”

The article is available, in English only, at: www.prospect.org/print/V12/12/compa-l.html.

Other Resources:

Overview of Recent Developments on Monitoring and Verification in the Garment and Sportswear Industry in Europe, Nina Ascoly, Joris Oldenziel, and Ineke Zeldenrust, SOMO (Centre for Research on Multinational Corporations), May 2001, 42 pp.

Report describes various European multi-stakeholder code initiatives in the UK, Netherlands, France, Sweden, and Switzerland. It also includes brief descriptions of pilot projects testing options for code compliance verification. These include pilot projects of the Ethical Trading Initiative (ETI – UK) on horticulture (Zimbabwe) and clothes and footwear (China); the Fair Wear Foundation in the Netherlands; the French Clean Clothes Campaign (CCC) in Madagascar; and Swedish CCC in Bangladesh, India and China.

The report is available at: www.somo.nl/monitoring/reports.htm.