



THE AMERICAS GROUP

2021 IN REVIEW

June 2022

TO: Americas Group (AG)

FROM: AG Coordinating Committee¹

For the second year in a row, in 2021 the Americas Group and our Mexico and Central America committees were forced to adapt to the limitations imposed on our work by the COVID-19 pandemic. However, despite the obstacles to moving forward with in-country projects in Mexico, El Salvador and Honduras, we were able to continue to promote and facilitate constructive company/labour dialogue on how to tackle systemic issues facing workers in the region, including those caused or magnified by the pandemic.

These efforts took place in a rapidly changing and oftentimes contradictory social, economic and political context in Mesoamerica, including the implementation of labour justice reforms in Mexico, election of a new government in Honduras, and the limiting of democratic space for NGOs, unions and the independent press in both Nicaragua and El Salvador.

Despite serious limitations, over the last two years, the Mexico and Central America committees continued to monitor the impacts of the pandemic on workers' lives and livelihoods, engage in dialogue with labour partners, and organize educationals. We are pleased to share with you a brief summary of that work below. We delayed finalizing this report until both committees had reconvened in 2022 to chart out program plans for the year. Both committees are confident that we will be able to resume in-person meetings in the coming year in order to have more in-depth discussions of our priority issues and to engage with our labour partners on how to effectively address those issues.

This report ends with a summary of our financial report. Thanks to all who have contributed to the work of the AG over the last year, including three new participating companies – Next Level, L2 Brands and PopSockets. Unfortunately, Dallas Cowboys had to withdraw from the AG at the end of 2021 because of changes in its sourcing structure, with the result that Audrey Ogawa Johnson is no longer participating in the overall AG Coordinating Committee and Central America leadership team. We will miss her important contribution.

¹ The Americas Group Coordinating Committee (CC) includes Remy Arguello and Julián Vargas, adidas; Natalie Giggy, Gap; Holdy Hernández, LS&Co.; Rolando Grillo, New Balance; and Lynda Yanz, Maquila Solidarity Network. Cláudio Kehrwald, from Nike, left the Committee in March 2022; Nike continues to be active in both the Central America and Mexico committees. Gap rejoined the Committee in early 2022.

THE MEXICO COMMITTEE²

At its December 2020 year-end meeting, the Mexico Committee reaffirmed its commitment to move forward with work on two priority issues – proactive efforts to promote genuine Freedom of Association in garment supply chains and tackling common wage violations.³ The Committee was hopeful that a decline in COVID-19 cases in 2021 would permit a return to ‘normal’ functioning – with company compliance teams able to audit on site, and the Mexico Committee able to resume its regular schedule of three 1½ day meetings for program planning and sharing reports on implementation of our program at the workplace level. Unfortunately, that wasn’t possible, and instead we continued to meet online in two-hour blocks.

Over the year, the Mexico Committee held three educational meetings, in March, July and December, focused on developments in the country’s labour reform process and their impacts on employer responsibilities to ensure workers’ rights to freedom of association and collective bargaining. Labour resource people at the first two sessions included Inés González Nicolás of the *Red de Mujeres Sindicalistas* (Network of Union Women) and Ben Davis, Director of International Relations, United Steelworkers, and Chair of the Independent Mexico Labor Experts Board (IMLEB). At the third session, representatives from two Mexico Committee companies shared their experiences, including challenges, working with a common supplier to eliminate a protection contract and implementation of training sessions with workers and supervisory personnel on the labour reform and freedom of association.

In contrast to the Committee’s work on FOA, time limitations for on-line meetings resulted in less joint work on Wage Violations. However, various companies reported that their compliance teams had prioritized recommendations on one or more of the wage issues highlighted in the 2020 briefing paper.

Throughout the year, MSN provided the Mexico Committee with regular updates on progress and challenges in the implementation of the country’s labour justice reform and other legislative initiatives, including the opening of conciliation centres and labour tribunals at the state level, votes on the legitimation of existing collective bargaining agreements, new regulations on outsourcing, the impacts of the COVID-19 pandemic on workers health and incomes, and increases in the minimum wage.

At its December 2021 year-end meeting, the Committee also voted unanimously to ensure more input from local labour stakeholders in our discussions, resume in-person meetings, and develop ‘actionable’ areas of collaboration for the group on both priority issues.

Going forward

To ensure proper attention to both Freedom of Association and Wage Violations in 2022, the Steering Team proposed that the first 2022 online meeting of the Mexico Committee be divided into two sessions, the first, which took place in early May, focused on Freedom of Association and the second, on June 8, focused on wage violations. During the May meeting, the Committee agreed on updates to its FOA Employer Guidance document. The Committee also agreed to complete a base-line survey on actions taken to date by management in contracted and owned and operated factories to comply with new legal requirements on freedom of association under the reformed Federal Labour Law.⁴ Based on the findings of the survey,

² The Steering Team for the Mexico Committee meets bi-monthly and includes adidas; Fanatics; New Balance; Nike; and MSN.

³ Mexico Committee FOA guidance materials are available [here](#). The December 2020 ‘Systemic Wage Violations in Mexico’s Garment Industry’ is available [here](#) in English and in Spanish [here](#).

⁴ The baseline survey is not public, but is available on request. Composite results are for internal Committee planning purposes and will not be made public. MSN prepared a resource document on worker voting rights and employer obligations, which is available [here](#).

the Committee will develop a plan of action to promote a greater understanding by suppliers of workers' rights and employers' obligations under the reform and to improve respect for freedom of association at the workplace level. Companies in the Committee will also build on their work to date to identify and remediate common wage violations in Mexican supply chains. The Committee will prioritize wage issues on which there is a basis for collaboration among companies on a common plan of action to address them. The current plan is to hold an in-person meeting in Mexico City, with remote participation options, mid September.

CENTRAL AMERICA COMMITTEE⁵

As noted in our 2020 annual report, after a year of adjusting to working online in response to the global pandemic, the Central America (CA) Committee decided on its year-end call that El Salvador would be the focus of work in 2021, and that Freedom of Association should be a priority.

It was also agreed that the CA Coordinating Committee would take the first quarter of 2021 to review priorities and work in process and to prepare for a mid-year planning meeting of the full Committee. That meeting took place in August and included a regional panel, with presentations by AG participants on challenges and opportunities for advancing labour rights compliance in Guatemala, Honduras, Nicaragua and El Salvador. While higher percentages of workers in the garment sector in the region had received at least their first vaccine, health and safety risks to workers continued to be a concern in all countries. Shrinking space for civil society and labour organizations was a concern flagged for each country in the region. The Committee reconfirmed that for the time being El Salvador would continue to be the focus of work, especially given ongoing constraints posed by Covid-19.

The El Salvador Working Group (WG), which includes adidas, Fanatics, Fruit of the Loom, Puma, VF, FLA and MSN, led the El Salvador work over 2021. The WG met at least monthly, engaged with labour stakeholders, and coordinated two full CA Committee meetings (in October and November) both of which included labour partners. The October session was devoted to a discussion of Freedom of Association challenges in El Salvador and included two El Salvador FOA experts, Marta Zaldaña Hernandez, General Secretary of the labour federation FEASIES and Ena Nuñez, an Independent Labour Consultant with extensive experience working on FOA complaint investigations and company remediation efforts. Both have been long-time partners of the AG. Following the October meeting, the CA Committee agreed to a proposal from the El Salvador Work Group that the Committee develop an Employer Guidance on FOA. A draft of that document is pending.

The November CA Committee meeting focused on the broader political context in El Salvador given recent concerning developments – approval of 'bitcoin' as legal currency and a proposal from the President's office to the Salvadoran Legislative Assembly of a controversial 'foreign agents' law. If passed, the law would have seriously restricted trade union and labour and human rights organizations' efforts to defend workers' rights, as well as press independence. Of note, the November CA Committee meeting represented our first attempt at a hybrid meeting, with participants attending both in person in El Salvador and on-line.

⁵ Over 2021, the Central America Coordinating Committee included adidas; Dallas Cowboys Merchandising; Fanatics; Puma; the FLA and MSN. In January 2022, the committee expanded to include Fruit of the Loom and VF, and Dallas Cowboys resigned.

Carmen Urquilla from the women's organization, ORMUSA, provided an overview on implications of passage of the Foreign Agents Law on workers and their advocates. Both ORMUSA and FEASIES asked the Americas Group to speak out against the proposed bill. Carmen also provided an update on the national workplace childcare legislation, which had been anticipated for January 2022, but would be delayed again.

The November meeting also included a discussion of the Bitcoin issue. Jaime Guevara, VP of Manufacturing at Fruit of the Loom in El Salvador, provided an excellent overview and flagged possible implications for companies and workers going forward.

Following the meeting, the CA Committee agreed to continue to follow developments related to Bitcoin, but to prioritize immediate action on the proposed Foreign Agents Law. This work was coordinated with the FLA and the American Apparel and Footwear Association. The Committee drafted key points to raise with the Salvadoran government arguing for the withdrawal of the proposed bill. In early January the three organizations held a joint on-line meeting with the Salvadoran ambassador to the United States. By early February, representatives from the ambassador's office had advised us that the law had been tabled 'indefinitely.' This change was no doubt in response to the significant outcry from the international community, including the diplomatic core of several countries.

Honduras

Over 2021, the CA Committee maintained contact with our union partners in Honduras and continued to coordinate with the RSM-H, the coordinating body for unions in the maquila sector, particularly on our response to the November 2020 hurricanes that devastated Honduras in November 2020. The AG financial contribution to a joint fund established by the Honduras Maquila Association and the RSM-H was transferred and distributed to affected workers in April. That contribution was followed by two additional contributions, a large in-kind contribution from Hanesbrands and an extra financial contribution from Dick's Sporting Goods.

With changes in the political context over the final months of 2021, including the election of the region's first woman president, we look forward to exploring possibilities for a modest increased level of programming in Honduras in 2022.

Regional Union Network (CRSMT)

The *Coordinadora Regional de Sindicatos de la Maquila Textil* (CRSMT), formed in 2019, has continued to maintain contact with the Americas Group. In September, we held an informational virtual meeting with CRSMT's new coordinators, Marta Zaldaña from FEASIES in El Salvador and Evangelina Argueta from CGT in Honduras. The CRSMT has circulated a draft regional FOA protocol to the AG, the FLA and a number of brands. Next steps on that initiative are pending.

Going Forward

On June 2, the full CA Committee reconvened to review the 2022 work plan and finalize program activities for the balance of the year. This year we hope to hold two in-person sessions, one in El Salvador jointly planned with our long-time labour partners FEASIES and ORMUSA, likely in August and a second in DC to coincide with the FLA Board meeting in October. The Committee also agreed it was time to reassess priority issues and countries and will be rolling out a strategic planning process for work in 2023 and beyond.

MONEY MATTERS

Americas Group total direct revenue in 2021 was USD \$124,050, a slight decrease (\$2,762) from 2020. Our end-of-year operating expenses came in at USD \$109,254.⁶ Given the cutback in activities, travel, etc., we have at present a carry-over from previous years of USD \$77,594 for future work.

Americas Group participants who contributed financially in 2021 included: adidas; American Eagle Outfitters; C&A; Dicks Sporting Goods; Fanatics; Fruit of the Loom; Gap Inc.; Gildan Activewear; Hanesbrands Inc.; LS&Co.; L2 Brands; New Balance; Next Level; Nike; Outerstuff; Patagonia; PopSockets; Puma; PVH Corporation; SanMar; Tegra Global; Under Armour; VF Corporation; and the Fair Labor Association.

A two-year grant to MSN from the Canadian Government, Labour Program of Employment and Social Development, offset some costs associated with the Committee's work related to labour reform in Mexico. That grant ended June 30, 2021.

⁶ The AG Contribution of USD \$20,000 to the Bipartite Hurricane Fund in Honduras was transferred in April 2021. Dick's Sporting Goods contributed an additional USD \$2,000, which was transferred in September 2021.