

March 5, 2018

**To:** Americas Group (AG) e-list

**From:** Lynda Yanz, Maquila Solidarity Network, on behalf of the AG Coordinating Committee

Dear all,

On behalf of the Americas Group (AG) Coordinating Committee, I'm writing to provide you with a brief review of what we've accomplished in 2017 and to share initial plans for our work in 2018. Thanks to all of you for your important contributions to this work over the past year.

As many of you know, the geographic focus of our work in 2017 was Mexico and Central America. Some of you have been actively involved in both the Mexico Committee and the Central America Committee, while others have focused on the country or countries in which they had ongoing work.

The primary focus of the Mexico Committee's work in 2017 continued to be on freedom of association and the right to bargain collectively, though we also had internal education sessions on precarious employment and irregularities concerning salary calculation and payments. In Honduras and El Salvador, the focus of the Central America Committee's work has been on women's labour rights, with a particular focus on the right to childcare for working parents. With the support of Gap Inc., we also carried out a feasibility assessment of the possibility of initiating a program of work in Guatemala.

## THE MEXICO COMMITTEE

### FREEDOM OF ASSOCIATION AND LABOUR JUSTICE REFORM

In 2017, the Mexico Committee engaged in two interrelated areas of work: monitoring and supporting progress on the implementation of a Constitutional Reform to the labour justice system and tracking progress of suppliers in improving their policies and practices on freedom of association (FOA).

The Constitutional Reform, which became law in February 2017, offered hope that the tripartite conciliation and arbitration boards would be replaced by more professional and unbiased institutions and workers would have the right to choose their union and to vote on collective bargaining agreements.

However, rather than encouraging and facilitating public discussion and debate of proposals for the all-important implementing legislation, the government restricted any review of such proposals to a small circle of influential people behind closed doors.

The Mexico Committee took the initiative to draft a brand letter to the Mexico government expressing support for the Constitutional Reform and the hope that the implementing legislation would reinforce the spirit and intent of the Reform. The letter, which was released on July 28, was signed by 14 brands and the Fair Labor Association (FLA), including some brands and manufacturers that have not been involved in the Committee. The letter is available [here](#). Also in July, MSN produced a briefing paper entitled *Labour Justice Reform in Mexico* on the reform process and raising questions and concerns about how it will be implemented. The paper was based on interviews with Mexico labour rights experts and a related multi-stakeholder discussion at the March 2017 Mexico Committee meeting. That paper, along with a January 2018 *Update*, are available [here](#).

On November 8, the Committee hosted a forum in Mexico City, entitled *Will Mexico's Labour Justice Reforms Deliver Justice for Workers?* Participants included representatives of 11 brands and manufacturers, the FLA, the AFL-CIO Solidarity Center, and the Canadian and US embassies. Panelists included two well-known Mexico labour lawyers Arturo Alcalde and Carlos de Buen, Ines Gonzalez of the Friedrich Ebert Foundation Mexico (FES), and Kimberly Nolan of the Centro de Investigación y Docencia Económica (CIDE).

In addition to its work on the Constitutional Reform, the Committee has been requesting Mexican suppliers to take a number of steps to better ensure respect for freedom of association in the workplace. At our March meeting, the Committee agreed to initiate a self-assessment and verification process to chart the progress Mexican suppliers have made to better ensure respect for their workers' right to freedom of association and collective bargaining, based on the actions requested in the Committee's Freedom of Association (FOA) Guidance document, published in January 2016. Of the 51 suppliers invited to participate, 35 completed the questionnaire and submitted their responses. Preliminary results were reviewed at the Committee's November meeting. A verification plan was agreed to by the brands, which will be implemented over the first half of 2018. The Committee anticipates follow-up work with suppliers as well as providing a report-back to other stakeholders. The self-assessment questionnaire is available from the Committee.

While FOA has been the primary focus of the Mexico Committee, in 2017 the Committee also organized internal educational discussions on two related chronic issues in the industry -- precarious employment, including common legal and code violations related to outsourcing and subcontracting, and wages, including irregularities in calculations and payment of salaries and the problem of wages not meeting basic needs. In November, the Committee agreed to incorporate both issues into its 2018 work plan.

At present, the Mexico Committee is preparing for an in-person meeting in Mexico City in early April. As part of that process, the Committee is continuing to monitor developments related to debates on three competing bills for the implementing legislation for the Constitutional Reform, which are now before the Mexican Senate. Meanwhile, brands in the Committee are in the early stages of verifying their suppliers' self-assessments on policies and action to ensure better respect for freedom of association in their workplaces. Both issues will be priority discussions at the April meeting.

*The Mexico Committee's work in 2017 was coordinated by adidas Group (Julian Vargas); New Balance (Che Choi and Rolando Grillo); Gap Inc. (Nancy Contreras); and MSN (Lynda Yanz and Bob Jeffcott). In November, Gap Inc. resigned from the committee and was replaced by Nike (Cláudio Kehrwald and Sam Diaz). At our November meeting, Nancy received a round of thanks for years of service!*

## THE CENTRAL AMERICA COMMITTEE

El Salvador and Honduras continue to be the priority countries for our programmatic work, working closely with key labour stakeholder partners in each country. In El Salvador, we work most closely with the Concertación por Trabajo Digno para las Mujeres (CEDM), a coalition of trade union and women's organizations. In Honduras, we coordinate with the network of unions representing workers in the maquila sector, the Red de Sindicatos de la Maquila – Honduras (RSM-H) and the labour NGO, the Equipo de Monitoreo Independiente de Honduras (EMIH). Our thematic focus areas are childcare, sexual harassment and Occupational Health & Safety (OH&S).

Unlike the Mexico Committee, the Central America Committee planning meetings typically take place in Washington, DC. In 2017, the Committee held three in-person planning sessions, in February, June, and October. In early February 2018, the Committee reviewed and assessed our work over the last year.

### EL SALVADOR

In addition to our annual CEDM-Americas Group dialogue session, the priority program focus was childcare; by year end we had also initiated a small project on gender based violence in collaboration with CEDM.

- The CEDM-AG collaboration on childcare needs assessment, which was agreed to in 2016, started in earnest in early 2017. Six factories participated, with a total 584 on-site worker interviews carried out. Access to the factories was facilitated by brands in the Committee and the FLA. CEDM also convened two focus group discussions. MSN is currently working on a summary of the needs assessment report, which will be available in English and Spanish.
- In late August, CEDM provided a preliminary report of the findings of the needs assessment to the Americas Group, representatives of the supplier factories that participated in the research, as well as three that currently provide on-site childcare. According to CEDM this was an historic meeting, since it was the first time there had been this kind of construction dialogue between labour and the private sector in El Salvador.
- On November 14, 2017, the El Salvador Constitutional Chamber of the Supreme Court of Justice issued a ruling that General Assembly must pass childcare regulatory legislation (as per Article 42 of the Constitution) by May 31, 2018. While not a result of the CA Committee's work, this ruling will provide an important reference point for our and CEDM's efforts in 2018.
- This year's annual CEDM-AG dialogue session included important discussions (and some debate) on the rationale behind and impact of the January 2017 minimum wage increase, the importance of brands promoting more constructive social dialogue between factory unions and management as well as the chronic problem of violations of 3-day medical leave.
- Another outcome of this year's dialogue session was a decision to prepare the first draft of a guidance document for brands and social auditors on how to identify and address sexual harassment and other forms of gender-based violence in the workplace, as well as preventive measures that could be taken, which could be a useful tool not only for El Salvador, but also for other countries.

### HONDURAS

Childcare was also the focus of our work in Honduras over the year.

- In July, the labour partners in the childcare project published a legal analysis of the responsibilities of employers and the state regarding childcare for the children of working parents. In Honduras, the paper has been used in workshops with union representatives. The analysis is available [here](#).
- The CA Committee has discussed the related challenges of compliance at planning meetings in June and October and also in early February 2018. To complement the legal discussion, MSN has prepared a review of FLA and WRC monitoring reports that identify non-compliance with those obligations by Honduran employers in the garment export sector, and proposed and agreed upon corrective action. The memo and presentation are available on request.

- Throughout the year, Claudia Sandoval (Gildan) has acted as our key contact in country, following developments of the implementation of the Tri-partite Pilot Project to establish home-based childcare centers.
- Labour partners, including MSN, visited a Hanesbrands pilot in which the company is partnering with a community-based childcare centre operated by the *Fundacion Amigos Guadarias Infantils* in the municipality of Choloma and subsidizing costs for approximately 100 children of Hanesbrands workers.

## MOVING INTO 2018

As noted above, the Central America Committee met in Washington, DC in early February to assess the past year and develop a plan and timeline for work in 2018. In addition to a discussion of the issue of legal responsibility regarding the provision of childcare in Honduras, Hanesbrands and Gildan provided an overview of the pilots they are involved in. Priorities agreed to for 2018 include:

- Hosting a regional childcare forum entitled “Childcare for Working Parents in Central America’s Maquila Sector: Options for workers and the business case for employers” to take place in San Salvador on May 23;
- Collaborating with CEDM on a guidance tool on sexual harassment;
- Convening the third annual CEDM-Americas Group dialogue session in San Salvador; and
- Hosting a labour-AG dialogue session in Honduras, with a focus on OH&S.

## GUATEMALA

As noted above, with separate financial support from Gap Inc., a small feasibility study was undertaken to assess the viability of multi-stakeholder work in Guatemala focused on one or more of the endemic issues facing workers in the garment sector. The report from the study was presented to the Committee in October. Although options for multi-stakeholder work in Guatemala were assessed as limited, the Committee agreed that the report highlighted critical issues needing further attention. The Coordinating Committee will be exploring further possibilities with interested brands, including Gap Inc. and AEO.

*The Central America Committee’s work in 2017 was coordinated by Remy Arguello (adidas Group); Audrey Ogawa Johnson (Dallas Cowboys Merchandising); FLA (Shelly Han and Jessica Vasquez); and MSN (Lynda Yanz).*

## MONEY MATTERS

The operating budget in 2017 was \$103,000, an increase of \$35,750 over 2016 (\$67,250). Thanks very much to Americas Group participants who contributed financially last year – adidas Group; American Eagle Outfitters; Dallas Cowboys Merchandising, Ltd.; Gap Inc.; Gildan Activewear; Hanesbrands Inc.; Levi’s; New Balance; Nike; Outerstuff; PVH Corporation; Patagonia; Puma; The Walt Disney Corporation; VF Corporation; Under Armour; 47 Brand; and the Fair Labor Association (Re-direct Allocation).

In addition to revenue from participating companies, two special grants were important contributions to the Americas Group work. The Mexico Committee’s work on the constitutional justice reform process was supported through a grant to MSN from the Labour Program of Employment & Social Development Canada. That grant runs through August 2018. The Central America Committee’s work on childcare was supported through a 2-year grant from the Disney International Labour Standards Supply Chain Program to MSN. That project runs through Nov 2018.

Thanks to all who contributed to this work. We look forward to advancing on these important issues in 2018.

*Americas Group Coordinating Committee: Lynda Yanz, Maquila Solidarity Network; Remy Arguello and Julian Vargas, adidas Group; Audrey Ogawa Johnson, Dallas Cowboys Merchandising; Nancy Contreras, Gap Inc.; Holdy Hernandez; Levi’s; Che Choi and Rolando Grillo, New Balance; and Cláudio Kehrwald, Nike.*