Labor Standards and Human Rights Committee
December 2, 2005 9:00 – 11:00 am
ROOM: 2609 SSWB

Minutes

Attending: Kevin Ferrell, Mary Gallagher, Diana Parker, Steven Ratner, Larry Root (chair), Katherine Terrell, Ada Verloren (staff to committee).

Absent: Kristen Ablauf, Sarah Bookbinder, Rosa Peralta, Veronica Wilkerson-Johnson

1. Review and approval of minutes
The committee approved the minutes from November 11, 2005.

2. Announcements
On January 20, 2006 a conference will take place on labor organizing among migrants and immigrants.

3. Response from FLA regarding PT Victoria and Eddie Bauer
Committee members discussed the question of the FLA’s role when there are alleged violations of provisions of codes of conduct. Questions were raised including:

- Why did it take eight months (from December 2003 until August 2004) for the FLA to learn about the case?
- Why did the FLA wait until May 2005 to do anything?
- Why did it take from December 2004 to May 2005 for anything to happen?
- In making the decision to accredit Eddie Bauer in May 2005, did the FLA take into account the situation at one of Eddie Bauer’s suppliers?
- What action will FLA take to make sure a situation like this does not happen again in the future?

The committee decided to set up a conference call with FLA executive director Rutledge Tufts during the committee’s next meeting on January 13 to discuss the questions.

4. Designated Supplier Proposal
To improve its understanding of supply chains, the committee circulated an article, Understanding the Apparel Industry in Order to Change It: The case of US Imprinted Sportswear Marketplace (US ISM). The committee also circulated articles on the role of trade, monitoring and the ILO to improve conditions in Cambodia’s garment factories, and the expiration of the multi-fibre arrangement (MFA) and its consequences for global labor standards.

The committee discussed issues that were raised during the WRC University conference calls. Committee members felt that the WRC conference calls were helpful in providing more information about the proposal. The committee noted that the DSP is an attempt to address two key problems with code implementation and monitoring: (1) that licensees tend to jump from factory to factory and (2) that factories claim that they are not able to pay a living wage and to comply with codes because of their small profit margins. The latter is addressed by the DSP’s proposal to set prices paid to designated suppliers at a level adequate for paying a “living wage.”

Several questions were raised concerning the DSP proposal:

1. Some committee members were not convinced that the DSP would, in the end, improve the situation for workers. It could be positive for the workers in the small number of “designated factories,” but detract from improving the conditions of the majority of workers. Some committee members felt that there would not be meaningful improvement in working conditions if universities create only a tiny area of sweat-free manufacturing in apparel. The question of whether the “designated factories” would lead to improvements elsewhere is an open issue.

2. The issue came up of the potential reaction of the industry to the DSP, particularly since there appears to have been little or no input from companies on this proposal which would fundamentally change how companies source their university apparel. It was also noted, however, that some earlier initiatives had met strong initial company resistance (e.g., disclosure of factory locations), but later were accommodated. The committee discussed the importance of engaging licensees in discussion of the DSP and its implications.

3. Legal concerns, including the anti-trust issue, remain unresolved, although the WRC has taken steps to get consultation on this.

4. The committee continued to have concerns about the feasibility of the implementation plan, given the current WRC resources. The question was raised whether or not other monitoring organizations could play a role.

5. It was noted that the DSP would require defining the “living wage” in the producing areas and then setting sourcing prices to accommodate that wage level. The WRC proposes to determine a living wage for separate regions and even for individual factories, in cooperation with local NGOs. This would, in effect, change the codes of conduct of most universities to having a “living wage requirement.”

Committee members thought it would be useful to get the reaction of some labor economists about the potential effects of this approach on workers in general. The committee also discussed the desirability of assessing how the DSP would impact the whole range of issues as to how the industry operates, such as quality control, supplier relationships, and the manufacture of a myriad of different products. How will licensees produce products for other clients who do not have the higher requirements? The committee discussed the possibility of organizing a workshop to discuss the issues.
4. *Adjournment*

The meeting was adjourned at 11:00 a.m.

Committee members agreed on the following tentative schedule for meetings during the rest of the year: January 13, February 10, March 10, and April 21.