
Appendix A

US-Based Transnational Labor Rights Activist Organizations

Name (Web site)	Specialization	Year formed	Orientation
American Friends Service Committee (www.afsc.org)	General	1917	Religious
Asian Immigrant Women Advocates (www.corpwatch.org/feature/hitech/aiwa.html)	US Asians	1983	Ethnic
Asian Law Caucus (www.asianlawcaucus.org)	US Asians	1972	Ethnic
As You Sow Foundation (www.asyousow.org/index40.htm)	Shareholder activism	1992	Do-gooder
Bangor Clean Clothes Campaign (www.bairnet.org/organizations/pica/cleanclo.htm)	Code of conduct	1997	Do-gooder
Campaign for Labor Rights (www.summersault.com/~agj/clr/)	General	1995	Activist-left
Coalition for Justice in Maquiladoras (www.coalitionforjustice.net)	Mexico	1989	Do-gooder
CISPES (www.cispes.org)	El Salvador	1980	Activist-left

Name (Web site)	Special-ization	Year formed	Orientation
Co-op America (www.coopamerica.org)	General	1982	Do-gooder
Fair Labor Association (www.fairlabor.org)	Code and monitoring	1998	Do-gooder
Fair Trade Federation (www.fairtradefederation.org)	Codes/labels	1996	Do-gooder
Free the Children USA (www.freethechildren.org/main/index.html)	Children	1995	Do-gooder
Global Exchange (www.globalexchange.org)	General	1988	Activist-left
Global Kids (www.globalkidsinc.org)	Children	1989	Do-gooder
Human Rights Watch (www.hrw.org)	General	1978	Do-gooder
Human Rights for Workers (www.senser.com)	General	1996	Do-gooder
Interfaith Center for Corporate Responsibility (www.domini.com/iccr.html)	Shareholder activism	1971	Religious
International Labor Rights Fund (www.laborrights.org)	General	1986	Activist-left/ do-gooder
La Mujer Obrera (www.mujerobrera.org)	El Paso	*	Activist-left
National Consumer League, Child Labor Coalition (www.natlconsumersleague.org)	Children	1989	Do-gooder
National Labor Committee (www.nlcnet.org)	General	1981	Activist-left
NY State Labor-Religion Coalition (www.labor-religion.org)	Codes	1980	Religious

Name (Web site)	Special-ization	Year formed	Orientation
National Interfaith Committee for Worker Justice (www.nicwj.org)	US	*	Religious
Nicaragua Network Education Fund (summersault.com/~agj/nicanet/index.html)	Nicaragua	1980	Activist-left
Press for Change (www.nikeworkers.org)	Nike	*	Activist-left
Resource Center of the Americas (www.americas.org)	Latin America	1991	Do-gooder
Rugmark Foundation USA (www.rugmark.org)	Child labor, carpets	1995	Do-gooder
Social Accountability International (www.sai-intl.org)	Code and monitoring	1997	Do-gooder
STITCH (www.stitchonline.org)	Guatemala	1992	Activist-left
Support Committee for Maquiladora Workers (www.enchantedwebsites.com/maquiladora/index.html)	Mexico	*	Do-gooder
Sweatshop Watch (www.sweatshopwatch.org)	General (mainly US)	1995	Activist-left
Transfair America (www.transfairusa.org)	Coffee	1996	Do-gooder
Transnational Resource and Action Center (Corporate Watch) (www.corpwatch.org)	General	1996	Activist-left
UNITE (union) (www.uniteunion.org)	Apparel	1994	Activist-left
US Labor Education in the Americas Project (www.usleap.org)	Central America	1987	Activist-left

Name (Web site)	Special-ization	Year formed	Orientation
USAS (www.umich.edu/~sole/usas/)	College apparel	1997	Activist-left
Verité (www.verite.org)	China, Asia	1995	Do-gooder
Vietnam Labor Watch (www.saigon.com/~nike/)	Nike, Vietnam	1996	Do-gooder
Witness for Peace (www.witnessforpeace.org)	Central America	1983	Activist-left
Witness Rights Alert (www.oddcast.com/witness/)	Human rights groups	1992	Do-gooder

* = year unknown

Sources: Global Exchange, *A Directory of US Anti-Sweatshop Organizations*; Internet search.

Appendix B

Timeline of Antisweatshop Activities in the 1990s

- 1990 Charles Kernaghan becomes the director of the National Labor Committee, founded in 1981 to oppose the Ronald Reagan administration's policies in Central America.
- 1992 Levi Strauss develops the first code of conduct for suppliers following a US Department of Labor suit against contractors in Saipan over wages and other problems; a year later, Levi Strauss announces plans to withdraw from China because of the human rights situation there.
- 1992 US Senator Tom Harkin (D-IA) introduces a bill to bar imports of goods produced using child labor; he reintroduces it in each Congress until 1997, when he substitutes legislation calling for beefed-up enforcement of an existing law barring imports of goods produced with forced labor, including bonded or other forced child labor.
- 1993 Wal-Mart publishes Standards for Vendor Partners after televised revelations regarding child labor use by a supplier in Bangladesh.
- August 1993 The Clinton administration negotiates side agreements on labor and the environment to accompany the North American Free Trade Agreement.

March 1995	The Clinton administration—criticized for “de-linking” human rights from most-favored-nation trade status for China in 1994—releases “model business principles” to encourage multinational corporations to adopt voluntary codes of conduct in their operations around the world.
August 1995	The US Department of Labor closes down a sweatshop in El Monte, California, after discovering immigrant Thai workers being forced to work in slavlike conditions; the incident gives momentum to Labor Secretary Robert Reich’s campaign to combat US sweatshops.
December 1995	Under pressure from the National Labor Committee and the People of Faith Network over working conditions in El Salvador, the Gap agrees to independent monitoring of its contractor facilities.
Spring 1996	Kernaghan reveals Wal-Mart clothing—endorsed by television personality Kathie Lee Gifford—is produced under exploitative conditions, including child labor; Gifford vows to remedy the situation. A second scandal involving Gifford-endorsed clothing produced in New York sweatshops leads to collaboration with Reich on his No Sweat campaign.
August 1996	Clinton and Reich, with the involvement of Gifford, announce the creation of the Apparel Industry Partnership, bringing together retailer-importers, unions, and NGOs to address sweatshop issues.
March 1997	The management of a Phillips-Van Heusen contract facility in Guatemala recognizes a union, a first in that country’s apparel export sector.
April 1997	An Apparel Industry Partnership report outlines a Workplace Code of Conduct and Principles of Monitoring.
August 1997	Duke University students form a group called Students Against Sweatshops; in subsequent months, the movement grows on campuses across the country, eventually becoming United Students Against Sweatshops.
October 1997	The Council on Economic Priorities, following consultations with companies and NGOs, publishes the SA8000

standard for workers' rights, and the following January the council launches an agency to accredit compliance monitors.

- April 1998 Levi Strauss announces its return to China, arguing that the human rights situation has improved sufficiently so "that the overall environment now is such that the risks to our reputation are minimal" (*Financial Times*, April 8, 1998).
- Spring 1998 Under pressure from a student group, Duke University releases a code of conduct for suppliers of apparel licensed by Duke to display the university name or logo. The code calls for independent monitoring of compliance, through the Apparel Industry Partnership, if appropriate, and it requires suppliers to disclose the names and addresses of all contractors and plants involved in producing Duke-licensed apparel.
- Summer 1998 The Union of Needletrades, Industrial, and Textile Employees commits interns and resources to helping establish United Students Against Sweatshops on a national basis.
- August 1998 A joint delegation of the National Labor Committee and United Students Against Sweatshops visits Central America to meet workers and NGOs.
- November 1998 The Apparel Industry Partnership agrees on the creation of the Fair Labor Association and accreditation of independent monitors to monitor compliance with the AIP/FLA code.
- December 1998 Phillips-Van Heusen closes its unionized plant in Guatemala, saying it lost a major contract and has excess capacity; production will continue at its nonunion plants elsewhere in Guatemala.
- January 1999 UN Secretary General Kofi Annan, at the World Economic Forum in Davos, Switzerland, announces a new Global Compact calling on the business community to respect basic principles on human rights, workers' rights, and protection of the environment, but with no means for monitoring compliance. NGOs follow this compact a year later with a Citizens' Compact that rejects the

- January 1999
(*cont.*) “partnership” between the United Nations and the global business community and calls on the United Nations to make the principles mandatory with provisions for monitoring.
- Early 1999 United Students Against Sweatshops criticizes universities for signing on to Fair Labor Association model for monitoring without consulting them; students hold sit-ins to demand a stronger code at several universities (Duke, Georgetown, Wisconsin, and North Carolina, and, for 226 hours, Arizona). In April, United Students Against Sweatshops releases detailed report on inadequacies of Fair Labor Association code and monitoring process and gives universities until October 15 to seek improvements.
- October 7, 1999 Under pressure from United Students Against Sweatshops and universities, Nike discloses the locations of 41 factories producing licensed apparel for Duke, North Carolina, Georgetown, Michigan, and Arizona.
- October 19, 1999 After rejection by the Fair Labor Association of their suggestions and passage of the 6-month deadline with no other action by universities, United Students Against Sweatshops announces an alternative Worker Rights Consortium and calls on universities to withdraw from the Fair Labor Association. Brown University is the first to respond, announcing that it will join the Worker Rights Consortium but also remain in the Fair Labor Association; others, including Phil Knight’s alma mater University of Oregon, follow.
- December 1999 Liz Claiborne agrees to independent monitoring at its supplier facility in El Salvador.
- December 9, 1999 The Philadelphia City Council calls on area colleges and universities to join the Worker Rights Consortium.
- Spring 2000 Nike, retaliating against Brown and the University of Oregon for joining the Worker Rights Consortium, terminates its contract to provide hockey products to Brown and ends its personal and corporate philanthropic relations with the University of Oregon.

Appendix C

Workers' Rights Conditionality in the US Generalized System of Preferences

The US Generalized System of Preferences (GSP) program, originally implemented on January 1, 1976, waives import duties on eligible products for “beneficiary developing countries” (BDCs), subject to both “competitive need limits” (CNLs) and political conditions. The program was reauthorized in the Trade and Tariff Act of 1984 for an additional eight years, with new conditions tying eligibility to respect for workers’ rights and the protection of intellectual property rights.

From 1993 through 2001, “pay-as-you-go” budget rules (requiring offsets for the tariff revenue lost from the preferences) made long-term extensions difficult. The program lapsed and was revived several times before being reauthorized for five years in the trade promotion authority bill of 2002. In 1999, more than 140 countries were eligible for GSP benefits on more than 4,400 individual items, about half the total number of tariff lines in the 8-digit harmonized tariff system. Another nearly 2,000 products can be imported duty-free from least developed beneficiary countries.

Commercial Limits and Political Conditions in the GSP Program

When GSP was reauthorized in 1984, Congress added language noting that the program was intended to “provide trade and development opportunities for BDCs *without adversely affecting U.S. producers and workers*” (GAO 1994, 24; emphasis added). This is achieved through a number of exclusions from eligibility based on import sensitivity and judgments about the competitiveness of certain exports. The limits on benefits include:

- exclusion of import-sensitive products, including most textiles and apparel;
- shipment directly from the BDC of eligible products, which must meet rules of origin (35 percent of the appraised value of the product, including the direct costs of processing, must have originated in the beneficiary country);
- graduation—that is, *permanent* exclusion—of particular products (from particular BDCs) from the program if the beneficiary country is determined to be “sufficiently competitive” in the export of that product that it no longer needs preferential treatment; and
- the possibility of temporary exclusion of particular exports from particular beneficiaries if they hit predesignated CNLs, based on the dollar value of exports or the exporter’s import market share.

Table C.1 summarizes these limits and shows that about half the potentially eligible imports were excluded for various reasons in 1992 when the US General Accounting Office analyzed the program. Finally, whole economies can be “graduated” from the program once they hit a per capita income ceiling or if they are determined to be competitive exporters. Hong Kong, South Korea, Singapore, and Taiwan were graduated first, on January 1, 1989; Malaysia was removed in 1997; and Mexico was removed when the North American Free Trade Agreement entered into force at the beginning of 1994. Israel and the Bahamas were graduated in 1995 because they were over the per capita income ceiling.

In addition to the competitive limitations on benefits, the 1974 Trade Act also excluded communist countries, members of the Organization of Petroleum Exporting Countries (later eased), and countries that expropriate US-owned property without compensation. When Congress reauthorized GSP in 1984, it tightened the eligibility conditions, provided a specific per capita ceiling for country graduation, and introduced “country practice” standards relating to protection of workers’ rights and intellectual property.

Workers’ Rights in the GSP Program

When determining a country’s eligibility for GSP benefits, the US administration is supposed to consider “whether or not such country has taken or is taking steps to afford to workers in that country (including any designated zone in that country) internationally recognized worker rights” (US House of Representatives 1997, 254). The law as amended by the 2002 trade bill defines “internationally recognized” workers’ rights as including

Table C.1 Limitations on eligibility for the Generalized System of Preferences (GSP)

A. Import-sensitive products excluded by statute from the GSP program

Textile and apparel products subject to textile agreements
 Footwear
 Leather products, including handbags, luggage, and work gloves
 Watches
 Import-sensitive electronics, steel, and glass items

B. Imports excluded for other reasons, 1992

Reason	Value of excluded products (millions of dollars)	Percent of total exclusions	Percent of GSP-eligible imports
Administrative reasons ^a	9,076	56.4	25.4
Product graduation ^b	276	1.7	0.8
Competitive need limits ^c	5,827	36.2	16.3
Reduced competitive need limits ^d	905	5.6	2.5
Totals	16,084	100.0	45.0

a. These are most often failures to meet rules of origin. Mexico was the most frequent source of this type of exclusion and the frequency of administrative exclusions was expected to drop with Mexico's graduation from the program after implementation of the North American Free Trade Agreement.

b. This means that there was a determination that the beneficiary country is a competitive exporter of a particular product.

c. Automatic triggers based on a dollar value of \$101 million in 1992 and an import share of 50 percent.

d. Reduction in the value of the automatic triggers for certain products from certain countries determined to be competitive relative to other beneficiaries; equal to \$39 million in 1992 and an import market share of 25 percent.

Source: GAO (1994).

- freedom of association;
- the right to organize and bargain collectively;
- freedom from coerced labor;
- a minimum age for the employment of children, and a prohibition on the worst forms of child labor; and
- acceptable conditions of work, including minimum wages, regulated hours of work, and occupational health and safety.

There is no reference to the International Labor Organization (ILO), and this list differs from the "core" labor standards enumerated in the ILO's 1998 Declaration on Fundamental Principles and Rights at Work,

though there is substantial overlap.¹ In setting these standards, Congress recognized that their enforcement could legitimately vary with a country's level of development. The House Conference report on the 1984 Trade and Tariff Act stated:

It is not the expectation of the [House Ways and Means] Committee that developing countries come up to the prevailing labor standards in the United States and other highly-industrialized developed countries. It is recognized that acceptable minimum standards may vary from country to country. (Quoted in Lyle 1991, 9)

When country practice reviews for workers' rights and intellectual property were added to the program in 1984, they were simply appended to the existing process for determining product eligibility. Under that process, private-sector groups, including businesses, unions, and nongovernmental organizations, can challenge the eligibility of beneficiaries on the basis of inadequate protection of workers or intellectual property. Petitions must be filed by June 1 of each year, and an interagency committee supervised by the Office of the US Trade Representative must decide whether to accept or reject them by July 1. Final decisions on the merits of the petition are announced the following April and must be implemented by July 1.

Advocates of workers' rights complain that the administrative process for reviews is too rigid. They argue that workers' rights cases, which involve negotiations with the beneficiary country to change *its* policies, are fundamentally different from the product eligibility cases, for which the decision-making process is internal to the US government. In workers' rights cases, the inflexible annual cycle may result in long lags between the time when violations occur and when they are reviewed.² In addition, this process has been disrupted in recent years because of the lapses in authority. Thus, 1997 was the first year since 1993 that new workers' rights petitions were considered. During the period 1994–96, ongoing reviews were continued or acted upon as appropriate.

1. The first three of the rights listed in the US GSP law are included in the ILO declaration, as is child labor. To address some of the concerns about the minimum age convention, the ILO adopted a new convention at its 1999 conference giving priority to the elimination of the "worst forms" of child labor. Minimum conditions of work and wages do not generally appear on lists of "core" standards, including the ILO declaration, whereas nondiscrimination in employment usually is included. See Elliott (1998) for a detailed discussion.

2. GAO (1994, 106) offers the example of Sudan, where a coup d'état occurred at the end of June 1989 bringing to power a government that abolished unions, forbade strikes, and detained and harassed union leaders. Because the period for submitting petitions had just closed, the human rights group Africa Watch and the AFL-CIO could not bring their petition for 11 months, followed by another 11 months for the review, meaning that Sudan's GSP eligibility was not suspended for nearly two years after the coup.

Table C.2 Value of Generalized System of Preferences to beneficiary countries, 1991–98 (millions of dollars)

Year	Total US imports (A)	Total US imports from beneficiary countries (B)	Duty-free imports from beneficiary countries (C)	(B/A)	(C/B)	(C/A)
1991	490,981	96,011	13,663	19.6	14.2	2.8
1992	536,458	109,656	16,735	20.4	15.3	3.1
1993	589,441	123,094	19,520	20.9	15.9	3.3
1994	668,590	103,974	18,379	15.6	17.7	2.7
1995	749,431	111,825	18,304	14.9	16.4	2.4
1996	803,239	124,120	16,922	15.5	13.6	2.1
1997	859,110	117,334	15,546	13.7	13.2	1.8
1998	905,339	119,616	16,336	13.2	13.7	1.8

Source: US International Trade Commission, *The Year in Trade: Operation of the Trade Agreements Program*, various years.

Implementation of Workers' Rights Conditionality in the GSP Program

Because of the numerous limitations on benefits, imports from eligible countries under the GSP program are small. In the 1990s, total imports from BDCs as a share of total US imports averaged only about 15 percent, and duty-free imports under GSP were only 2 to 3 percent (table C.2). Despite the relatively small size of the program, however, there were more than 100 petitions in the first decade after workers' rights conditionality was added to GSP. As is shown in table C.3, as of 1998, 47 of these petitions had been accepted for review and 35 had been rejected. The remainder resulted in the continuation of previously initiated reviews.

Unions, usually members of the AFL-CIO, submitted more than 70 percent of the petitions summarized in table C.3. Roughly half the petitions alleged violations of the "minimum conditions" of work, including lack of or inadequate minimum wages, but all of them list violations of the core right of freedom of association, and most include infringements on the right to organize and bargain collectively. Countries targeted in union petitions exported, on average, 40 percent less in the year the petition was filed than countries targeted in petitions without union involvement (\$2.4 billion versus \$4.1 billion). Table C.4 lists the top ten BDCs in 1998, only three of which had been the subject of workers' rights reviews; the other seven have never even been the subject of a petition.

Table C.3 shows that unions were more likely to have their petitions accepted for review than human rights groups. This may have to do

Table C.3 A portrait of countries challenged over workers' rights protections, 1985–96

Key characteristics	Petition rejected (35)	Share	Petition accepted (47)	Share
By petitioner				
Union (usually AFL-CIO member)	18	51	34	72
Union plus human rights groups	3	9	5	11
Human rights groups	11	31	4	9
Other	3	9	1	2
Respect for civil liberties				
Average Freedom House rating ^a	4		5	
Number judged “not free”	2	6	15	32
Number judged “free”	3	9	4	9
Rights targeted in complaint^b				
Forced labor	3	9	9	19
Child labor	12	34	12	26
Subminimum working conditions	18	51	22	47
Average trade, size, and income				
Total target country exports (billions of dollars in year of petition)	11.0		8.7	
Percent of target exports going to United States	36		23	
Duty-free GSP exports as percent of total target exports (1992)	13		15	
Population of target (millions)	37		33	
Per capita income in target (dollars)	1,888		1,918	

a. Freedom House is a nongovernmental organization that ranks countries on two scales: political rights, such as the right to vote in free and open elections, and civil rights, including freedom of association and the right to form unions. Each scale goes up to 7, with 1 or 2 indicating that a country is largely free and 6 or 7 indicating a country is not free.

b. Either freedom of association or the right to organize and bargain collectively, and usually both, are cited in every petition.

Note: Four petitions were filed in 1997–99 that have not yet been added to the data set for this table: Belarus, Cambodia, Guatemala, and Swaziland. In late 2000, the Clinton administration suspended Belarus's eligibility.

Source: Elliott (2000d).

with the political sensitivity of the issues raised by the human rights groups, especially mistreatment of union activists, than with a desire to placate union interests. Table C.3 also shows that, though the majority of countries that have been the subject of a petition are classified as “partly free” by the New York–based nonprofit Freedom House, nearly a third of those selected for review are classified as “not free.” These are the

Table C.4 Top beneficiary countries in the Generalized System of Preferences program, 1998 (millions of dollars)

Country	Total US imports from beneficiary country	Duty-free imports from beneficiary country	Duty-free imports as a percent of total
Angola	2,165	1,571	72.6
Brazil	9,922	2,186	22.0
India	8,190	1,355	16.5
Indonesia ^a	9,262	1,927	20.8
Philippines ^a	11,874	1,245	10.5
Poland	780	401	51.4
Russia	5,675	424	7.5
South Africa	3,053	552	18.1
Thailand ^a	13,363	2,693	20.2
Venezuela	8,420	546	6.5

a. This country has been the subject of a workers' rights review.

Addendum: In 1986, the top beneficiaries were Taiwan, Korea, Hong Kong, Mexico, Brazil, Singapore, and Israel, which accounted for 79 percent of duty-free Generalized System of Preferences imports in that year. All but Brazil have since graduated from the program.

Source: US International Trade Commission, *The Year in Trade: Operation of the Trade Agreements Program*, various years.

cases in which one would expect violations of internationally recognized workers' rights to be the worst and in which the defense of legitimate diversity in the level of standards would be least applicable.

Does Conditionality Improve Workers' Rights in Beneficiary Countries?

Ferretting out the effects of GSP conditionality on workers' rights in beneficiary countries is difficult. Assessing the results in these cases requires a two-stage process: first, determining whether there has been any change in conditions in the target country; and second, trying to attribute that change to various potential influences, including US pressure.

Although it is possible that a petition rejected for review could have some influence in the target country, the causal link to US trade pressures would be even more tenuous, and those cases are put aside for the purposes of this analysis. That leaves the 47 petitions that were accepted for review. Of those, 12 resulted in suspension or termination of GSP eligibility and 35 resulted in a finding that the beneficiary "had taken" or "was taking" steps to protect "internationally recognized worker rights." Seven of the cases in the latter category were excluded because

the administration in office found the countries in compliance without making any demands for change.

Of the 40 remaining cases, respect for workers' rights appears to have improved in 58 percent.³ For purposes of examining the utility of GSP conditionality, however, another eight cases are excluded because the improvement in workers' rights that occurred cannot reasonably be attributed to threats to withdraw GSP. The improvement in these cases followed a regime change or other political opening that resulted in improved respect for human rights generally. In some of these cases, the political change might have been due in part to broader sanctions imposed by the United States for other foreign policy reasons, but the specific linkage between GSP and improved workers' rights is difficult to discern.

It should be noted that, though many petitioners complain that the "taking steps" standard has been applied too loosely, we found only two cases for which we concluded that, despite a positive administration finding, the target had taken no steps at all that were responsive to the petition.⁴ There were another eight cases, however, for which we concluded that the target was unable or unwilling to implement or enforce commitments to improve respect for workers' rights.

The bottom line is summarized in table 4.1 in the main text. The 32 cases analyzed are almost evenly divided between success (15) and failure (17), with the failures also being nearly evenly divided between those for which there was no discernible change in the protection of workers' rights and those for which promised changes were not made. The other information in table 4.1 suggests that GSP leverage is more likely to contribute to improved workers' rights

- when a human rights group is involved,
- when the target is relatively more politically open,
- when less politically sensitive labor standards are emphasized,
- the more dependent the target country is on the US market, and
- the greater the potential capacity the target country has to implement promised changes (as reflected in per capita income).

3. These assessments are based on analysis of the administration assessments, US Department of State, *Country Reports on Human Rights Practices* (reports submitted to the Senate Committee on Foreign Relations and House Committee on International Relations), various years; Freedom House, *Freedom in the World: The Annual Survey of Political Rights and Civil Liberties*, various years; and Harvey (no date).

4. In one of these cases, the country in question did take some action, allowing the administration to find they had "taken steps" to protect workers' rights, but the action taken did not respond to the complaints raised in the petition.