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### **Two Guatemalan Apparel Factories to Remain Open FLA Mediation Helps Avoid Government Sanctions; 1,250 Workers to Retain Jobs**

An 11th hour collective bargaining agreement reached by unions and management at two apparel factories in Guatemala on July 16, 2003 will allow the factories to continue to operate, the Fair Labor Association announced today.

The Guatemalan Government had threatened to sanction the Choi Shin and Cimatextiles factories by annulling their export benefits if the management and the unions could not agree on a collective bargaining agreement and provide plans to remedy documented labor problems in the factories. Government removal of export benefits would likely have caused the factories to close. The Government said its threat was tied to labor rights violations in the factories, including the antagonistic posture management had maintained towards Sitrachoi and Sitracima – the only independent unions in the Guatemalan apparel industry – since their founding in July of 2001.

"This could have gone either way up until the very end," said Auret Van Heerden, Executive Director of the FLA. "What was important was keeping the parties at the table and emphasizing that we had to get this done or we would have 1,250 people out of work."

The factories, which are owned by the Korean company Choi & Shins, produce garments for Liz Claiborne. As an FLA-participating company, Liz Claiborne is committed to holding contractors in its supply chain accountable to the FLA's Code of Conduct, which lists worker protections including the right to form a union and bargain collectively.

Exercising those rights has been complicated by incidents of physical violence and intimidation that led to the laying of complaints before the courts, the labor authorities and the FLA. On the international level a complaint citing freedom of association at Choi Shin is also under consideration by the ILO.

Many of the specific incidents workers complained about were verified by the FLA-accredited independent monitoring group COVERCO, which monitored the factories until October 2002, and measures were taken by Liz Claiborne in cooperation with factory owners to remedy problems they documented.

But workers say they continued to be targeted for their union activities despite these steps.

In June 2003, the workers at the factories took their complaints directly to the FLA by filing a "third party" complaint with the non-profit organization, based in Washington, DC, which alleged that management continued to violate their freedom of association rights despite previous mediation efforts. The complaints were received just days after the government announced that it would revoke the factories' export privileges unless a collective bargaining agreement was signed.

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"The forecast when we initially received these complaints was not good," said van Heerden. "It seemed highly likely that the plant was going to have to close given the level of distrust that had built up between management and the unions." FLA staff and Liz Claiborne representatives therefore moved quickly to help bring management to the negotiating table and to prevent government sanctions.

The FLA worked with the Liz Claiborne and Choi & Shins to take immediate remedial action to help create conditions in which good faith negotiations could take place.

In addition to the FLA, other members of civil society played key roles in ensuring that these negotiations were successful, including the International Textile, Garment, and Leather Workers Federation (ITGLWF), the Guatemalan union FISTRAS, and the US-based advocacy group US/LEAP. This involvement, combined with that of the Guatemalan Ministries of Labor and Economy, Choi & Shins, and Liz Claiborne, is evidence of the importance of collaboration among stakeholders in the resolution of labor problems in global apparel factories. This type of collaboration is a core principle of the FLA model.

Collective bargaining negotiations began at the end of June and COVERCO was contracted by the FLA to monitor the negotiation process. Workers and management met the three conditions of the Guatemalan Government on July 16 – most notably signing the only collective bargaining agreement in the Guatemalan apparel and textile industry – and avoided government sanctions.

"In the end we have an agreement that will allow the factories to continue functioning and should begin to improve the labor-management relationship" said van Heerden. "This is a real step forward in improving the workplace conditions in these factories. We will continue to observe the next steps in this process, for there is still a great deal to be done there."

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