

Guatemala – Illustrating the Trade/Labor Link

Levi Strauss & Co. (LS&CO.) was a strong supporter for passage of the Caribbean Basin Trade Partnership Act (C-BTPA), a trade preference program that grants duty-free, quota-free status for apparel made from U.S. fabric and assembled in the Caribbean region. When the C-BTPA passed, Guatemala, a country we had been sourcing in for some time, was certified by the U.S. Trade Representative (USTR) as a beneficiary of the Act.

In April 2001, Guatemala's status as a C-BTPA beneficiary was up for review by the USTR. During the review, USTR received evidence of recent violence against union organizers in Guatemala that the USTR believed had not been adequately addressed by law enforcement or the courts. It became clear that Guatemala's continued C-BTPA eligibility was in jeopardy due to lack of progress the country was making on labor rights (a country's performance with respect to worker rights is one of the eligibility criteria under the C-BTPA).

Because apparel represents one of Guatemala's largest exports, removal of the country's C-BTPA benefits would have been a severe punishment for Guatemala. While the violence had not happened in LS&CO. suppliers, loss of Guatemala's C-BTPA eligibility could have affected our ability to source there.

Advocating our support for Guatemala's continual C-BTPA eligibility to the U.S. government could have been a way to address the issue. However, recognizing that Guatemala was in the process of considering passage of a package of labor law reforms, we took a wholly different approach, seeking to address the root cause of the problem.

LS&CO. inserted itself into the Guatemala's labor law reform process, leveraging our trade relationship with the country to encourage its government to pass labor laws consistent with International Labor Organization (ILO) standards. We engaged directly with the Minister of Labor, encouraging him to address the inadequacies of Guatemala's labor standards. We also worked with our contractors in Guatemala who lobbied their government for stronger and more enforceable labor laws.

The country did pass a package of labor laws consistent with ILO standards and satisfactory to the USTR resulting in continued trade benefits under the C-BTPA. Equally important for LS&CO., the more stringent labor laws allowed us to continue sourcing in Guatemala (if Guatemala were unable to strengthen the country's implementation and enforcement of its labor laws, the Country Assessment Guidelines of our Terms of Engagement may have prohibited continued engagement in that country).

It was important for LS&CO. to work with the Guatemalan Government to address its labor concerns, so that the country could maintain its trade benefits under the C-BTPA and so that Guatemala could continue to be an approved LS&CO. sourcing country. This is a prime example of the critical link between trade and labor and how a global company can leverage its trade relationship to improve labor conditions for millions while creating a win-win scenario for governments and the private sector.

