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# ❖ SPC&B Update ❖

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A Newsletter for Clients of Sharretts, Paley, Carter & Blauvelt, P.C.

July 30, 2010

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## *USTR & Labor Department File Labor Rights Case Against Guatemala*



U.S. Secretary of Labor Hilda L. Solis announced today that the Obama Administration has requested labor consultations with the Guatemalan government under CAFTA-DR. This is the first time that the U.S. government has brought such an action under the labor chapter of a U.S. free trade agreement. In a speech to Pennsylvania manufacturing workers today, US Trade Representative (USTR) Ron Kirk highlighted this action as evidence of how the Obama Administration is supporting the rights of American businesses and workers in the global marketplace through robust trade enforcement.

In April 2008, the AFL-CIO and six Guatemalan worker organizations filed a submission under CAFTA-DR claiming that the Guatemalan government violated its labor commitments under the free trade agreement. The U.S. Labor Department's subsequent investigation found that Guatemala is not meeting its obligations with respect to enforcement of labor laws on the right of association, the right to organize and bargain collectively, and acceptable conditions of work. If the United States and Guatemala fail to reach an agreement on resolution of the issues raised in the complaint under consultations, the CAFTA-DR dispute resolution provisions will be followed. Ultimately, should Guatemala fail to satisfy the U.S., Guatemala could lose its benefits under CAFTA-DR.

This action may embolden U.S. worker organizations to file additional complaints against other free trade partners. Although U.S. importers may not have much influence over government-to-government trade disputes, it is important for them to insist that factories and suppliers are in compliance with local labor laws.

To learn more about incorporating social compliance policies and procedures in your supply chains, please contact Gail Cumins at [gcumins@spcblaw.com](mailto:gcumins@spcblaw.com), Alli Baron at [abaron@spcblaw.com](mailto:abaron@spcblaw.com), or Donna Shira at [dshira@spcblaw.com](mailto:dshira@spcblaw.com) or call us at 212-425-0055.

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