

ILR New Conversations Project



SUSTAINABLE LABOR PRACTICES IN GLOBAL SUPPLY CHAINS

Social Dialogue in the 21st Century

Mapping Social Dialogue in Apparel: **Honduras**

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YADIRA MINERO



Cornell University School of Industrial and
Labor Relations & The Strategic Partnership for
Garment Supply Chain Transformation

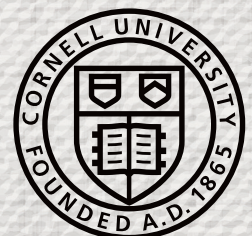
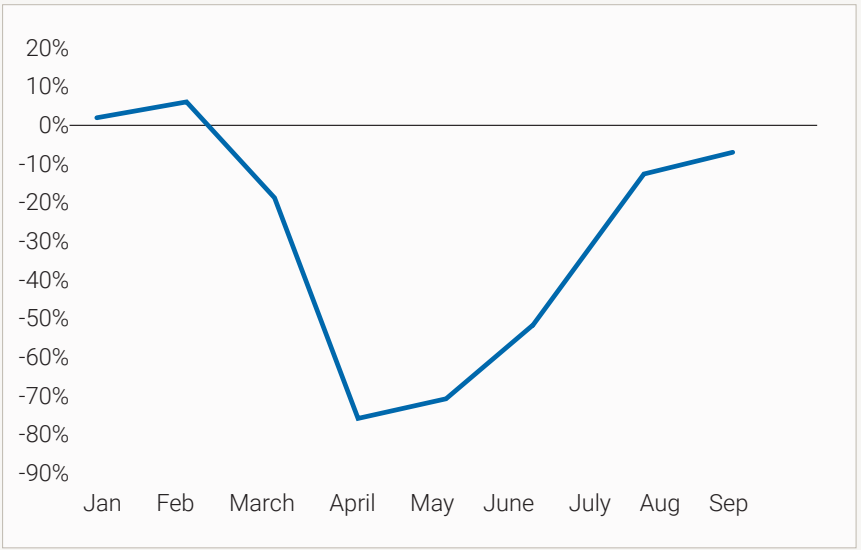


Table of Contents

| | |
|--|----|
| Honduras COVID-19 Garment Industry Impacts | 3 |
| 1. Introduction | 4 |
| 2 General Context of Labor Relations in the Textile and Garment Industry in Honduras . | 5 |
| 2.1 Export textile and garment industry in Honduras..... | 5 |
| 2.2 Labor Profile | 6 |
| 2.3 Identifying Key Stakeholders | 6 |
| 2.4 A Brief Labor History of the Honduran Garment Industry..... | 7 |
| 2.5 Salary negotiations in the textile and garment industry..... | 9 |
| 3. Legal Framework on the Right to Organize, Freedom of Association, Social | 10 |
| Dialogue and Collective Bargaining | |
| 3.1 Political Constitution and Labor Code | 10 |
| 3.2 Current international agreements and standards in Honduras | 10 |
| 3.3 Bipartite and Tripartite environments for social dialogue regulations | 11 |
| 4. Government Policies to Promote the Maquila | 12 |
| 4.1 Decrees for investment generation | 12 |
| 4.2 Salary policy | 13 |
| 4.3 Impact of legal framework on labor relations and social dialogue | 14 |
| 5. Stakeholder Analysis | 17 |
| 5.1 Trade Unions | 17 |
| 5.2 Employers..... | 20 |
| 5.3 Government Institutions | 23 |
| 5.4 International Organizations..... | 24 |
| 5.5 Domestic Civil Society Organizations | 26 |
| 6. Social Dialogue and Collective Bargaining in the Export Textile and Garment Industry...28 | |
| 6.1 Advances in the mechanisms of social dialogue and collective bargaining | 28 |
| 6.2 Advances in Collective Bargaining in the maquila sector | 33 |
| 6.3 Elements of the political context that affect the social dialogue environment .. | 34 |
| 6.4 Unique barriers to union participation in social dialogue..... | 35 |
| 7. Innovative Social Dialogue Examples | 38 |
| 7.1 Washington Agreement between the General Central of Workers (CGT) and | 38 |
| Fruit of the Loom | |
| 7.2 Complaint against the State of Honduras in the DR-CAFTA framework | 39 |
| 8. Impact of the COVID-19 Pandemic on Social Dialogue Structures | 42 |
| 8.1 Impact of COVID-19 on the Maquila..... | 42 |
| 8.2 Union, Employer, and Government Responses to COVID-19 Impacts..... | 42 |
| 8.3 Social Dialogue in response to COVID-19 Impacts | 44 |
| 8.4 Health and Safety Protections for Workers | 46 |
| 9. Conclusion..... | 48 |
| 10. Bibliography:..... | 50 |
| 11. Annex:..... | 53 |

Honduras COVID-19 Garment Industry Impacts

| State of COVID-19 ¹ | <p>As of January 28, 2021,</p> <ul style="list-style-type: none"> • Confirmed COVID-19 cases: 144,007 • COVID-19 deaths: 3,512 • Case-Fatality: 2.4% • Deaths/100K Pop: 36.63 | | | | | | | | | | | | | | | | | | | | |
|--|--|-------|------------|-----|-----|-----|-----|-------|-------|-------|-------|-----|-------|------|-------|------|-------|-----|-------|-----|-------|
| Year on year US & EU imports from Honduras 2020 vs 2019 show an overall 33 percent decrease from January to September with a dramatic 85 percent drop in April 2020. |  <table border="1"> <caption>Year on year US & EU imports from Honduras 2020 vs 2019</caption> <thead> <tr> <th>Month</th> <th>Change (%)</th> </tr> </thead> <tbody> <tr> <td>Jan</td> <td>~2%</td> </tr> <tr> <td>Feb</td> <td>~5%</td> </tr> <tr> <td>March</td> <td>~-15%</td> </tr> <tr> <td>April</td> <td>~-85%</td> </tr> <tr> <td>May</td> <td>~-75%</td> </tr> <tr> <td>June</td> <td>~-55%</td> </tr> <tr> <td>July</td> <td>~-35%</td> </tr> <tr> <td>Aug</td> <td>~-15%</td> </tr> <tr> <td>Sep</td> <td>~-10%</td> </tr> </tbody> </table> | Month | Change (%) | Jan | ~2% | Feb | ~5% | March | ~-15% | April | ~-85% | May | ~-75% | June | ~-55% | July | ~-35% | Aug | ~-15% | Sep | ~-10% |
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| July | ~-35% | | | | | | | | | | | | | | | | | | | | |
| Aug | ~-15% | | | | | | | | | | | | | | | | | | | | |
| Sep | ~-10% | | | | | | | | | | | | | | | | | | | | |
| Length of apparel industry lockdown | From March 14 to April 14; 100% of the maquila industry was paralyzed (including tobacco textiles, harnesses and vehicle parts). | | | | | | | | | | | | | | | | | | | | |
| Job losses or workforce capacity reduction percentage (monthly data if available) | Reports indicate 1,030 lost jobs (there is under-registration, the reality may vary) | | | | | | | | | | | | | | | | | | | | |
| Government support specific to apparel industry | Government provided a subsidy to maquiladora companies that consisted of payment of US \$250 per worker. The government contributed US \$150.00 and the company US \$100.00 per worker. The STSS reports that 100,000 people benefited from the bonus. | | | | | | | | | | | | | | | | | | | | |
| Characterization of social dialogue activities | Tense social dialogue. Many companies did not involve unions in their decision making and the government became partial to private companies. The spaces for dialogue functioned only under pressure from the trade union organizations. | | | | | | | | | | | | | | | | | | | | |

1. Data from the Johns Hopkins University Coronavirus Resource Center <https://coronavirus.jhu.edu/data/mortality>

2. Imports refer to imports of products with HS commodity codes 61, 62, 63, and 64. Data from UN Comtrade.

1. Introduction

This report is part of the Social Dialogue in the 21st Century Project, a collaboration of Cornell University's New Conversations Project and the Fair Wear Foundation, Mondiaal FNV, and CNV Internationaal, with support of the Dutch Ministry of Foreign Affairs. Honduras is one of the ten countries selected as part of the project. This report analyzes the scope of social dialogue in the garment industry, identifies experiences of success or failure, and examines the legal and contextual framework of social dialogue.

In preparing this report, the direct actors involved bipartite and tripartite social dialogue in Honduras were consulted, the main aspects of the relevant legal framework were reviewed, and previous research, studies, and documents were reviewed. This report is updated with a chapter analyzing the recent impact of the COVID-19 pandemic on dialogue structures and labor rights.

2 General Context of Labor Relations in the Textile and Garment Industry in Honduras

2.1 Export textile and garment industry in Honduras

Honduras is among the poorest countries in Central America. According to the World Bank, in 2018 48.3 percent of people in Honduras lived in poverty (World Bank, 2020). This is explained by different factors including an unequal distribution of wealth, impunity, the weakening of state institutions, corruption and the deterioration in the validity of human rights. The consequences are many: low incomes, food insecurity, legal insecurity, environmental vulnerability, unemployment, migratory waves, high incidence of organized crime and political instability.

In this context, export-oriented industries known as *maquilas* developed in Honduras. Maquilas are established under a set of laws that provide special tax exemptions. This legal framework evolved from the first decree of Free Zones in 1976 until 1998 when it was decreed that the entire national territory is a “free zone.” The Honduran maquilas produce all types of products including vehicle harnesses, tobacco products, wood products, and food stuffs. However, textiles and garments (yarn, fabrics, manufacture of clothing and socks) are the predominant products. The Honduran maquila’s development over forty years has allowed for a diverse industry, which includes basic manufacturing of cotton knitted garments to full-package modality which includes producing thread, designs, fabric, cutting, and assembly.

The National Investment Council (CNI) reported, based on data from the Central Bank of Honduras (BCH), that the maquila industry exported USD \$3.5 billion in 2018 (CNI, 2019). Of this, 71.9 percent was exported to the United States, 19.4 percent to other Central American countries and 8.7 percent to other countries.

Honduras is located in a strategic area for the operation of this industry. It has two outlets to the sea, one to the Atlantic Ocean and the other to the Pacific. Within the national territory, factories and industrial parks are located near Puerto Cortés in the area referred to as the “metropolitan area of the Sula Valley,” a historical industrial corridor. This area generates the highest percentage of the country’s GDP and has a long organizing tradition at the union and social levels. Specifically, these factories are located in the Department of Cortés, in the municipalities of Choloma, San Pedro Sula, La Lima and Villanueva; in the Department of Yoro, in the municipality of El Progreso, and in the Department of Santa Bárbara in the municipality of Quimistán.

In its origins, the installation of the maquila generated the massive incorporation of women into paid work, mostly between the ages of 14 and 18. Studies suggest that the participation of women in the labor market rose by twelve percentage points from the 1980s to the 1990s: “The increase in the female participation rate is a response, among others, to the demand for labor in the maquiladora industry and the visible

expansion of informal sector, which in turn are the product of changes in economic policy and need for other economic contributions to the survival of families” (CDM, 2005, p. 46).

The policies for generating employment in the country have had, as one of the fundamental pillars, the promotion of the export textile and garment industry through incentives which are exemptions from all types of taxes.

2.2 Labor Profile

The Central Bank of Honduras reported that the maquila industry employed 132,198 people in 2017 (BCH, 2017). This represented 30.3 percent of the total number of people employed in the Honduran manufacturing sector and 3.2 percent of the Economically Active Population (EAP) at the end of 2017. The data reflects that while the maquilas represent a very significant percentage of Honduran manufacturing industry, the contribution to the country’s total EAP was not as significant.

The same report continues to state that 98,252 people made clothing in 2017, which represents 74.3 percent of the total number of people employed in the maquila. There were 14,248 people at work in the manufacture of harnesses and parts for automobiles, which is equivalent to 10.8 percent of the maquila workforce. The rest, 14.9 percent, are jobs generated in trade activities and services to companies installed in industrial parks. The maquila has diversified its products but the greatest weight of the industry rests on the manufacture of textiles and clothing.

Due to the rapid access from Puerto Cortes, which has maritime proximity to the United States of North America, 85.7 percent of the jobs (or 113,330) were located in the area north of the country, specifically in the regions of Cortés, Atlántida and Yoro (BCH, 2017).

The Network of Maquila Honduran Unions (RSM-H) expressed that 50 percent of the jobs are occupied by women. This has meant a drastic change in the profile of the workforce, as the workforce was 90 percent male during the establishment of the maquila (De Hoyos et al., 2012)

2.3 Identifying Key Stakeholders

Within the framework of labor relations, workers organized in unions are identified as the main actors. They are affiliated with three labor unions, the Unitary Confederation of Workers of Honduras (CUTH), General Central of Workers (CGT), and Confederation of Honduran Workers (CTH).

Garment factories are grouped together in the Association of Maquiladoras of Honduras (AHM) which includes foreign direct investment (FDI) companies as well as domestically-owned ones.

The Ministry of Labor and Social Security (STTS) is the body that governs public policies on labor matters and is charged with protection of working conditions in private and state companies.

Women's organizations such as the Center for Women's Rights (CDM) and the Collective of Women of Honduras (CODEMUH) are also actors in labor relations. And organizations such as Independent Monitoring Team of Honduras (EMIH) support trade union organizations and promote workers' rights.

The main actors are described in greater detail in section 5.

2.4 A Brief Labor History of the Honduran Garment Industry

Throughout the development of the maquila sector, the exercise of freedom of association and collective bargaining has faced many challenges and has evolved over time. One can see the evolution of freedom of association in various stages of Honduras's labor history.

1976-1990

During this period, export industry unions were almost non-existent. Only the workers of the national textile industry managed to organize. Public opinion debated the obligation of the maquilas to comply with national labor legislation and especially the right to organize trade unions.

1991-2000

This period marked the initial emergence of union organizing campaigns in maquilas as well as the first international complaints about working conditions and child labor in Honduras.

Notable cases include: the 1993 strike by the Union of Workers of Paraíso (SITRA-PARAISO de la maquila Paraíso S.A. de C.V.) which resulted in workers facing tear gas, beatings, and imprisonment; the 1996 United States House Human Rights Subcommittee testimony describing child labor for Kathie Lee Gifford (Strom, 1996); and the 1999 closure of the Korean maquila KIMI after workers succeeded in negotiating one of the few collective bargaining agreements in Central America (Armbruster-Sandoval, 2003).

During this period, there were five trade unions that were successfully registered. They affiliated to the Federation of Maquila Workers Trade Unions of Honduras (FESI-TRADEMH), co-member of the FITH, and both members of the CUTH.

Overall, rampant employer opposition to freedom of association and union organizing characterized this period. In 1994, the Honduran Association of Maquiladoras (AHM) stated, in front of the media, that unions would not be accepted in the maquila. Also,

the Council of the Private Company of Honduras (COHEP) publicly argued that unions in the maquilas reduced productivity and the country's competitive image (Kennedy, 1998). This anti-union position at the public level has been overcome, but it is very visible in tense labor relation situations.

2001-2009

In this period, international complaints continued. A product of the international accusations in the nineties and of the work of the labor unions, as well as of different women's and human rights organizations was greater union organizational dynamics in the maquilas. This is despite the fact that many companies closed operations when they were notified that there were unions. By 2006, there were 11 unions; the CGT had 5 unions out of 14 that it had managed to organize. The FITH had four and two independent unions were organized (COMUN, 2006). Despite incremental success in union organizing, bipartite dialogue in the maquila sector was weak and unsystematic.

In February 2007, the Center for Women's Rights (CDM) reported the existence and operation of exclusion lists, popularly called "black lists" (CDM, 2007). These lists consisted of the names of workers who were fired for organizing in unions or who had belonged to a union or for reporting violation of their labor human rights or for demanding before the Ministry of Labor and Social Security, STSS, and before the Supreme Court of Justice (CSJ) the payment of their social benefits in the event of company closures or oppose the suspension of employment contracts. Being part of an exclusion list implied never getting a job in the maquiladora again. The study found that workers were stigmatized, blamed for company closures and in many cases had to migrate.

The most significant success during this period was the historic agreement between Fruit of the Loom (FOL) and the CGT which is explored in greater detail in section 7.1.

2010 -Present

All international complaints in previous decades made by the FITH and the CGT and the work of national and international bodies and especially the campaigns against recognized brands such as Nike and Russell Athletic (Fruit of the Loom) allowed the AHM and the government to be pressured to accept the unions and promote the spaces for dialogue established by the labor legislation.

Currently, there are more than 32 unions in the textile and apparel industry for export, with about 30,000 members, benefiting about 50,000 people with collective bargaining agreements. These unions formed a unitary body, called the Network of Honduran Maquila Unions (*Red de Sindicatos de la Maquila Hondurana* - RSM-H), from 2010 to date.

The challenges to organize unions in the maquilas are still many: an anti-union culture prevails; companies close operations due to union organizing; and protest and the demand for human rights are criminalized. Despite the obstacles they face, the organized workers account for about 25 percent of the total number of people who work in the maquila (30,000 members of 132,000 workers).

2.5 Salary negotiations in the textile and garment industry

The minimum wage must allow the working person to cover basic needs for themselves and their family. This included food, clothing, housing, health, education, transportation, and a little more for unforeseen circumstances. The Labor Code, in its article 381, defines it as “... every worker has the right to receive to meet his normal needs and those of his family, in the material, moral and cultural order.”

Historically and regardless of the sector or product, the adjustment to the minimum wage had been set in the single Commission for this purpose. The Commission is made up of representatives of the Workers’ Centrals, the private sector and the government.

It is important to note that in the salary adjustment of 2009, the minimum wage rose “by 39.35 percent in nominal values and 50.02 percent in real terms. This decision was supported by the corresponding cost of the Basic Food Basket prepared by the National Statistics Institute.” In this adjustment of the minimum wage, the textile and garment industrial sector were excluded, as a result of a campaign by the Honduran Association of Maquiladoras (AHM), to avoid company closings or massive layoffs as a result of the economic crisis in the United States of America. They stated in the media that by December 2008 they had laid off 15,000 people in the sector (STSS, 2019).

The exclusion of the maquila in this historical adjustment, the permanence of poor working conditions, the ignorance of the dynamics in the Maquila by the negotiating commission, forced the base unions organized in the RSM-H to encourage the labor confederations and the government to represent their sector in wage negotiations. This led the first minimum wage agreement being signed for the Maquiladora Textile sector with a validity of 3 years in 2011.

Based on this agreement, the RSM-H promoted different technical consultancies and training processes on legislation, national reality and negotiation technique. They developed studies on wages, productivity and competition factors in the Central American region, with the aim of improving their proposals, skills and abilities in wage negotiations. The fundamental characteristic of the RSM-H proposals is that in each negotiation they are more prepared in a technical and contextual way. Their proposals are the results of analysis, debates, studies and consultancies. In addition, they manage to incorporate proposals other than salary, such as the creation of child care centers, an approach to occupational health and safety, housing, and how to confront citizen insecurity and violence against women in the maquiladora corridor, among other issues.

In 2014, the second minimum wage agreement for the maquiladora textile sector was signed with a validity of 4 years (2015-2018). In these negotiations the RSMH brought to the negotiating table a structured proposal, which was the result of a previous study on the reality of the industry in Central America and in the country.

In 2018, a third agreement is signed for the minimum wage in the maquila, with an increase of 38 percent for five years, the adjustment to the minimum wage will be distributed as follows: 2019 (8 percent), 2020 (7.5 percent) , 2021 (7.5 percent), 2022 (7.5 percent), 2023 (8 percent), for a total of 38.5 percent distributed over 5 years.

3. Legal Framework on the Right to Organize, Freedom of Association, Social Dialogue and Collective Bargaining

3.1 Political Constitution and Labor Code

The right to freedom of association and unionization are guaranteed in articles 78 and 128 the Honduran Constitution, respectively. Article 128, numeral 15 guarantees that “the State protects individual and collective bargaining agreements entered into between employers and workers” as part of the right to association and freedom of association.

Article 468 of the Labor Code establishes that a union is “any permanent association of workers, employers or people of an independent profession or trade, constituted exclusively for the study, improvement and protection of their respective common economic and social interests.” In article 469, the Labor Code prohibits any person from violating the right of union association and establishes a pecuniary penalty. The exercise of this right entails the presentation of a list of demands, collective bargaining, the right to strike and the right to vindicate and participate.

The Labor Code prohibits the existence of two unions in the same company. In case of coexistence, the one with the largest number of affiliates (472 of the Labor Code) will subsist, must be registered in the STSS and the one that complies with the legal requirements established in Title VI of the Labor Code that regulates social organizations.

There is a special protection, called trade union jurisdiction, which details the fact that a trade unionist cannot be dismissed, without just cause proven in court, from the moment of his election until six months after ceasing his work.

Acts of interference in the union by the employer are prohibited by article 511 of the current Labor Code. These acts may consist of promoting workers’ associations, promoting payroll for the union’s board of directors, or taking actions that hinder union assemblies among others. Article 549 of the Labor Code, mandates to the Ministry of Labor and Social Security, the promotion of the trade union movement, “... To this effect, it will dictate by means of executive decrees all the provisions that are necessary, in concurrent cases, to guarantee the effectiveness of the right to organize.”

3.2 Current international agreements and standards in Honduras

Honduras has ratified all of the ILO’s fundamental conventions which include convention 87 on freedom of association and 98 on collective bargaining (ILO, 2020).

On the application of the Freedom of Association Conventions, in the 2019 report on the Application of Labor Standards, the ILO expressed concern about the numerous anti-union crimes, ranging from assassinations and death threats. It urged the government to investigate and punish the guilty perpetrators. In the same report, the ILO suggest modifying the Labor Code due to its incompatibility with the conventions. Such incompatibility includes the prohibition on more than one company union and the requirement of 30 workers to form a union (ILO, 2019).

3.3 Bipartite and Tripartite environments for social dialogue regulations

In 2001, the Economic Social Council (CES) was created and promoted, through Executive Decree Number PCM-016-2001; as an instance of social dialogue and tripartite consultation. This is made up of the three union confederations: the CGT, CUTH, and CTH; for the private sector, the Honduran Council of Private Enterprise (COHEP); and the STSS for the central government. The purpose of the CES is to debate proposals for laws and public social policies.

It is a consultative body. It can issue opinions or recommendations on proposals for laws or public policies, but they are not binding. These powers were delimited by Legislative Decree No. 292-2013¹ of March 2014; which establishes the analytical competencies in relation to employment policies, the labor market, health, protection and social security, wages, training and professional training, as well as improving the quality of life of working people. In addition, it establishes the requirements for its integration, structure and operation.

In this space for social dialogue, only the executive boards of the workers' centrals participate. The RSM-H is managing to have a representation in the CES.

In 2012, through the protection agreement, job stability, strengthening of the labor and business sector of the Honduran maquila (No STSS-001-2012) the Bipartite and Tripartite spaces for social dialogue were reactivated. They were made up of the three union confederations – CGT, CUTH, and CTH – and the AHM and the STSS represented the state. In this space, RSM-H guaranteed their representation, since they are those who know the reality they face in the maquilas. This space has functioned since that date, its dynamics, achievements and challenges are described below. Also in 2012, Honduras ratified ILO Convention 144 on tripartite consultation.

1. <http://congresonacional.hn/wp-content/uploads/2018/11/decreto-33392-1.pdf>

4. Government Policies to Promote the Maquila

4.1 Decrees for investment generation

The maquilas in Honduras were established with the approval of decree No. 356 of July 19, 1976, which creates free trade zones in Honduras. Free zones are an area of the national territory without a resident population in which commercial and industrial companies operate. They are for export and complementary activities for this purpose and operate under fiscal surveillance.

Subsequently, several decrees and reforms have been issued, which created three special zones: Free Trade Zones (FTZ), Temporary Import Regimes (RIT) and Special Processing Zones (ZIP), which are described below.

Free Trade Zones (FTZ): This zone benefits the managing entity, and the industrial or commercial companies that operate in the FTZs, which enjoy exemption from Income Tax (ISR). It was reformed four times to expand the territory where they could operate: a) its application is extended to Amapala, Tela, Choloma, Omoa and La Ceiba (Decree 787-79 of July 9, 1979); Decree 16-89 of April 4, 1989; Decree 197-89 of December 22, 1989. The entire national territory was converted into a Free Trade Zone, through article 17 section IV of the law to stimulate production, competitiveness and support for human development Republic of Honduras decree number 131-98.

The Temporary Import Regime (TIR): Created under Executive Decree No. 37 of December 20, 1984, approved by Decree 8/85 of the National Congress of October 31, 1986 and amended by Legislative Decree No. 190-86 of October 31, 1986. This applies to companies that “assemble, transform, modify or physically incorporate products destined for export to non-Central American countries.” The zone covers both maquila and current exports with imported inputs. The goods must be exported to third markets.

Under this policy, industrial or agro industrial companies enjoy an income tax exemption (ISR) for ten years, from the exports of goods to non-Central American countries (this benefit does not include service companies, which nevertheless obtain the other rights). They are required to generate at least 25 direct jobs and, in the case of non-traditional products, defined in accordance with the Export Promotion Law.

Special Processing Zones (SPZ): Of private administration and property, created by Decree No. 37-87 of April 7, 1987. It applies to industrial companies, exporting services and commercial support to industrial activity. In firms and their consumers benefit from tax exemptions.

4.2 Salary policy

Decree Law 130, containing the Minimum Wage Law, establishes the procedures for the application of the Minimum Wage and the Bodies in charge of its establishment, verification, control and compliance. As it is part of labor regulations, it is considered a public order regulation, that is, its individual parts cannot be altered.

The Minimum Wage must be set annually, must be the highest that the employer can reasonably pay, taking into account the economic conditions of the country and competition. To set the Minimum Wage (article 21), the surveys drawn up by the Directorate of salaries on: modalities of each job, the particular conditions of each region, particularities of each job, cost of living, relative aptitude of workers and the remuneration systems of companies.

The ILO establishes criteria for setting minimum wages in Convention 26 and Recommendation 30 of 1928 and in Convention 131 and Recommendation 135 of 1970. They establish the methods for setting the minimum wage, as well as the criteria that must be considered when setting and adjusting the minimum wage, among which are: the needs of workers and their families, the requirements of economic development, productivity levels and high levels of employment.

The right to a living wage is recognized in a set of international norms and trade treaties that Honduras has ratified. Article 7 of the International Covenant on Economic, Social and Cultural Rights (ICESCR) obliges state parties to recognize the right of everyone to the enjoyment of just and satisfactory working conditions that ensure fair remuneration. This must keep the following conditions: equitable and equal for work of equal value, without distinctions of any kind; in particular, women must be guaranteed working conditions not inferior to those of men, with equal pay for equal work. The salary should provide decent living conditions for them and their families in accordance with the provisions of the PIDESC.

In Honduras, the right to a minimum wage is a constitutional guarantee recognizing that everyone has the right to work, to decent and satisfactory conditions in their work (Article 127 of the Political Constitution of the Republic). Honduran law stipulates that in no case and under no circumstances will salaries or wages lower than those established as a minimum be paid. Therefore, any negotiation or agreement through individual or collective contracts that reduces the amount of the minimum wage payment is null and void, as established in article 2 of the Minimum Wage Law in force.

The setting of the minimum wage is established in article 387 of the Labor Code, which instructs the Ministry of Labor and Social Welfare to establish by Executive Decree the minimum wages that will govern for one year for each intellectual, industrial, commercial, livestock activity or agricultural, and in each economic or territorial circumscription, from the first of July following its promulgation. Until December 2018, 31 Decrees and / or Agreements have been issued to set the minimum wage.

As it is part of human rights accords, the state has the obligation to promote, protect and guarantee them in the Honduran Political Constitution. It is considered a guar-

antee and part of the public order norms. However, there is a great gap between the legislation and its exercise. The Ministry of Labor and Social Security, STSS, explains that “in 2007 the percentage of workers who were met with the minimum wage determined by Law was 72.2 percent. This year this data has been reduced to 57.0 percent, according to these data, and by simple difference, the percentages of non-compliance with the minimum wage are determined, which as of 2018 is 43.0 percent, represents 635,096 private sector workers who do not receive a minimum wage” (STSS, 2019).

The same report reveals that there are four sectors that concentrate 84.86 percent of people who do not receive the minimum wage at the end of 2018: “Wholesale and retail trade, hotels and restaurants with 155,569; Manufacturing industry with 149,171; Agriculture, forestry, hunting and fishing with 126,551 and Construction with 107,667 employees.”

This data reflects part of the institutional deterioration. 43 percent of salaried people in the private sector do not receive the minimum wage. The STSS is empowered to carry out ex officio inspections and impose fines up to three times the amount owed by the employer. The new Inspections law shielded their work. However, knowing the sectors with the greatest violation of this constitutional guarantee, it could guarantee this right through ex officio inspections and pertinent sanctions.

The STSS report does not refer to the status of the minimum wage in the maquilas, it only refers to the Manufacturing sector where it is inserted.

The Honduran maquila industry is one of the highest in productivity in the region and a determining factor for this is the experienced workforce. It has high qualification and skill, which reaches high production goals with zero defects. However, being an industry framed in the world market, the definition of wages in the Minimum Wage Negotiation Commission and in Collective Contracts is subject to the costs of labor in other countries where the companies are installed and operated. Brands and large companies are protected under special tax exemption regimes.

The last three wage agreements in the maquiladora sector have been in consensus with the base unions that are organized in RSM-H, who face elements of the international market and precarious policies or conditions in other countries. Although the law mandates that the agreements must be established annually, in order to know the level of inflation and be able to determine them, the agreements have been agreed for periods of two, three and four years. The impact of these measures has been positive, they have allowed some stability in the maquila industry. In those years there have been fewer numbers of company closures.

4.3 Impact of legal framework on labor relations and social dialogue

RSM-H representatives stated that having a favorable legal framework has allowed them to advance the fulfillment of labor rights, install and promote social dialogue

at bipartite and tripartite level, participate in the improvement of public policies and improve the living conditions of working people, through housing projects, child care centers, and salary increases. (RSM-H leaders focus group; 08/05/2019)

For the AHM, the installation and operation of the bipartite and tripartite structure in the maquila was made possible fundamentally by social dialogue, which served as the basis for a bipartite and tripartite consensus on the new Inspections Law. This law has improved compliance with the regulation related to freedom of association and collective bargaining. (Interview Attorney Andrés Solís, AHM representative; 08/26/2019)

In this social dialogue, the AHM refers to two moments. The first stage occurred in 1994 when the first ministerial agreement was signed forming the bipartite and tripartite commission. The second stage occurred in 2012 with the great agreement published in the Gazette on January 17, 2012 (Interview Attorney Andrés Solís, AHM representative; 08/26/2019). The dialogue in 1994 did not have the strength or achieve the same the results as the dialogue in 2012.

The legal framework in labor matters in Honduras is of a social and public order nature. It has the purpose of balancing the unequal relations of power that arise from the labor relations of subordination and economic dependence regulation that dates from 1954. That dialogue had results three and a half decades after the installation of the maquila due to the international complaints made by union members (CGT and FITH) that raised consumer awareness of labor issues, especially in the United States of America. It pressured the brands operating in the country to improve working conditions.

The different organizations interviewed for this study (Solidarity Center, WRC, and RSM-H) agree that the accumulation of international complaints for more than two decades as well as international alliances culminating in the Fruit of the Loom campaign in 2009 succeeded in getting the central government and the AHM to initiate social dialogue in the dimensions achieved as of 2012.

The WRC representative stated that “The employers understood that they were not alone, they learned to coexist with the unions, the right always existed in the legislation, but not in practice” (Interview WRC field representative in Honduras; 08/27/2019). The AHM stated that a factor that facilitated social dialogue in 2012 was the “need to bring peace to the sector to be more competitive through better labor relations between employers and workers, by respecting the rights of the latter” (Interview Attorney Andrés Solís, AHM representative; 08/26/2019).

Social dialogue has had its ups and downs; an anti-union culture prevails in the industry, but the political commitment acquired by the AHM to promote the space has allowed the culture of dialogue not to weaken. The openness to dialogue is recognized by Maritza Paredes, General Coordinator of the Independent Monitoring Team of Honduras, EMIH; when he states that the AHM has been open to address and resolve some complaints of violation of labor rights, on previous occasions, made by the different organizations that promote labor rights. (Interview Maritza Paredes, Carla Castro and Yadira Rodríguez, Independent Monitoring Team of Honduras, EMIH; 08/12/2019)

They also conflate the documentation of the precarious working conditions and outside the labor legislation, through continuous studies and research, as well as the dissemination of these carried out by the Center for Women's Rights, CDM; and the Independent Monitoring Team of Honduras, EMIH; and on the specific issue of occupational health, the studies carried out by the Honduran Women's Collective, CODEMUH.

It is worth mentioning that together with the CGT and FITH, organizations such as CDM and EMIH, promote permanent training processes in labor matters, occupational health and safety and training of female leaders from a gender perspective from 1994 to date. This is reinforced by the training processes that the RSM-H promotes permanently from 2012 to date.

The RSM-H, together with the agricultural sector and the unionized beverage sector, in alliance with CDM and EMIH, are the ones that have responded to new proposals for laws such as the Labor Procedure Code (not published), the Inspection Law. They have opposed flexible laws such as the Hourly Employment Law and the Social Security Framework Law.

5. Stakeholder Analysis

5.1 Trade Unions

The Network of Trade Unions of the Honduran Maquila, RSM-H is an organization made up of more than 32 unions from the maquila industry affiliated to the Honduras's three main union confederations. It brings together a little more than thirty thousand people from the textile industry. The three union confederations are: (1) the Social Democratic oriented Confederation of Honduran Workers (CTH); (2) the Social-Christian oriented General Confederation of Workers (CGT); and (3) the left-oriented United Confederation of Honduran Workers (CUTH). The mission of the network is to improve the lives of workers by representing their interests in a united manner before employers and the government.

This network emerged at the end of 2010, when several unions from the maquila participated in the regional meeting: "Exchange of experiences and regional strategic design for the strengthening of the maquila sector in Honduras, Nicaragua and El Salvador." The meeting was organized by the Trade Union Institute for Central America and the Caribbean (ISACC) with the support of European trade unions and the AFL-CIO Solidarity Center.

The unions are sustained through the union dues of their members, which begin to be discounted after the signing of the first Collective Bargaining Agreement.

The RSM-H works with the contributions of the trade unions and for specific training, consultancy, studies and research projects it manages funds with the CS-CIOL, 3F of Denmark and FOS of Belgium. (RSM-H leaders focus group; 08/05/2019)

The CGT has 22 base unions in the maquila, all organized after 2010. 13 unions have signed collective bargaining agreements, 4 unions are currently negotiating collective bargaining agreements, five unions do not have collective bargaining agreements. Of the unions that have collective bargaining agreements, three of them are signing their second contract and two of them have signed their third collective bargaining agreements.

The CUTH, through the Independent Federation of Honduran Workers (FITH) has 8 base unions in the maquila. Six of its unions have collective bargaining agreements and one is currently in negotiations. Regarding the process in negotiating bargaining agreement, two have signed their fourth collective bargaining agreement and two others have managed to negotiate their second collective bargaining agreement.

The RSM-H is nationally and internationally recognized. In addition, the network's strategy of trade union unity at the national level has allowed them to overcome their differences in both strategy and ideology. This solidarity allowed them to define and promote a union agenda for the Bi and Tripartite social dialogue table; which they have

maintained in front of AHM, the STSS, the Honduran Institute of Social Security (IHSS) and the central government since 2011. The agenda that RSM-H has promoted in the bipartite social dialogue forums have been: freedom of association, minimum wage, job stability, occupational health and safety, access to housing, childcare centers, access to the basic food basket, the reduction of the financial indebtedness of workers and trade union and professional training. (RSM-H leaders focus group; 08/05/2019)

In order to promote their agenda and achieve results, the three union confederations have deposed their ideological differences, which are more marked at the top of the power structure and not at the base. Traditionally the CTH has been linked to the National Party (of government), the CGT to the Christian Democratic Party that has held key positions (Head of the STSS) in the governments of the National Parties and the CUTH-FITH to the opposition, currently expressed in the Free Party and the National Popular Resistance Front (FNRP). Despite that, they have managed to have unitary positions, which has always been a challenge.

Fundamentally, the differences and difficulties the union confederations have had within the RSM-H, correspond to political polarization that exists in Honduran society. These differences center on whether to engage in dialogue with the government of Juan Orlando Hernández, which is considered a dictator by wide sectors of society. The rank and file of the unions, in their assemblies, question the leaders' decision to sit down with the government in the negotiation of the minimum wage, in the discussion of laws, on the issue of housing or on the issue of reducing bank debts.

This polarization is complex. It has put the network in certain difficulties, not only between the different expressions of the centrals, but also between bases and leaderships regardless of their ideology and their proximity or not to the government. On occasions, they have even been questioned by the social and political sectors.

The dialogue has had good results for the maquila sector and has managed to influence the creation of laws, such as the General Law of Inspections and salary negotiations with agreements that guarantee other social benefits. However, society in general and thousands of working people, face the privatization of health, education, roads, the loss of drinking water supply, insecurity, in addition to the improper use of force (blows, tear gas and use of live bullets) to quell protests, among others. (RSM-H leaders focus group; 08/05/2019)

The representatives before the bipartite dialogue, who participated in the focus group, identify that in the nine years of existence of the RSM-H they have developed the following capacities: (RSM-H leaders focus group; 08/05/2019)

- Definition, implementation and sustainability of international campaigns and complaints that have highlighted the problem of workers in the maquilas. These campaigns have allowed them to generate international alliances with organizations that promote human rights and consumer movements.
- They have developed the capacity to present technical proposals regarding the creation of new laws or public policies, which are supported through studies, technical advisers, debates, exchanges and training.

- They have strong international alliances with the WRC, USAS, the Maquila Solidarity Network, the Clean Clothes Campaign, and international unions such as IndustriALL.
- They have rapprochement and dialogue capacity with the Fair Labor Association (FLA) and the main brands and transnational companies that generate the most jobs in Central America and that are part of the Americas group.
- The weaknesses of trade unions in social dialogue, both bipartite and tripartite are: (RSM-H leaders focus group; 08/05/2019)
- Not having sufficient resources to allow them the accompaniment of technical advice at the social dialogue discussion as the advice they get is specific. Limited resources do not allow them to obtain training with international experts or send their members to trainings.
- They also identify that most of the affiliates need training in labor human rights and union dynamics. Training 30,000 members is very complex and the 32 unions do not have enough resources for that.
- The lack of time and interest of some leaders of the different unions, who prioritize only in the negotiations of the Collective Contracts and not in the bipartite or tripartite dialogue discussions. This is influenced by the fact that collective bargaining is long, the company is betting on the fatigue of working people and the agenda of the bipartisan table is very loaded.
- They do not have a strategy to keep the leaders who have completed their term and are not reelected active in the union.
- There is a weakness in its communication strategy. The leadership does not effectively communicate to members through assemblies, newsletters, or other means about the work and the advances in the spaces of bipartite and tripartite dialogue. This weakness could affect the questioning of the basis for participation in dialogue.
- The leadership of RSM-H identified that they need more political training, both for the representatives in the dialogue discussions and the Boards of Directors. This lack of political training limits their ability to engage in debate in the face of obstacles in negotiations.
- They identify that they do not have effective mechanisms to monitor the results and compliance with the agreements reached in the dialogue discussions.
- In general, they face a context where the unions and the Workers' Centers are being highly questioned and in some sectors they are discredited.

The RSM-H identifies as achievements and advances in these eight years of social dialogue and ten years of existence of its unit, the following aspects: (RSM-H leaders focus group; 08/05/2019)

- Having representation in salary negotiations, with voice and vote, in which they incorporated proposals on housing plans, child care centers, occupational health programs, etc. This has strengthened their image for workers.

- Participation in the complaint in the framework of DR-CAFTA allowed them to open new spaces for social dialogue and influence public policies, such as the creation of the Inspections Law, which cuts off impunity in labor cases.
- They have the solidarity and support at an economic, technical and political level from counterparts such as FOS, 3F and CS CIOL.
- Collective bargaining agreements that benefit not only the people affiliated to the union, but also all the people working in the companies that have a contract has allowed them to gain legitimacy and recognition with other workers and that they want to organize in union. They estimate that they reach 53,000 people, which has a great impact.

Despite progress, there are currently no efforts to organize informal or domestic workers in the clothing supply chain.

5.2 Employers

The Honduran Association of Maquiladoras (AHM) is a private sector non-profit organization created to serve its associates, representing them before public and private institutions. It was created with the purpose of promoting and developing investment and exports of the manufacturing industry at a national and international level. It defines itself as an apolitical entity. The AHM was founded on October 29, 1991, as a private, non-political, non-profit institution (AHM, 2017). It currently has 321 affiliated companies. 162 member companies are in the textiles and garment sector, representing 50.46 percent of AHM's members (see Table 1).

| Table 1: Number of firms by industry | |
|--------------------------------------|--------|
| Industry | Number |
| Garment & manufacturing | 138 |
| Commercial | 86 |
| Sponsoring company | 30 |
| Textile | 21 |
| Industrial Park | 19 |
| Various Services | 15 |
| Seatbelts | 5 |
| Electronic services | 4 |
| Sock manufacturing | 2 |
| Total | 321 |

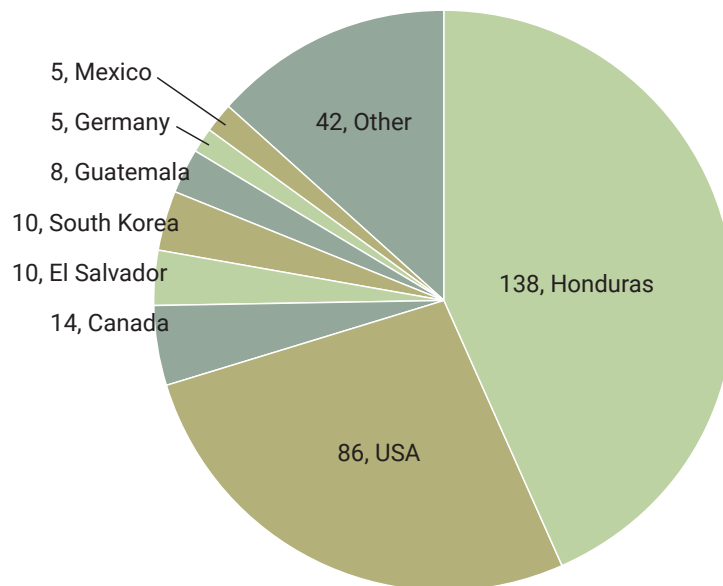
Source AHM.

According to the table above, there are 19 industrial parks in Honduras. The rest are:

- A. Commercial Companies are that import goods or merchandise to sell or re-export them.
- B. Electronic Service Companies offer contact center or call center services, data processing, back offices, information technologies or any other service that can be offered electronically, using wire or wireless means.
- C. The Varied Services Companies offer their services to companies located abroad, in the local market and to companies that operate in any export regime.
- D. The Sponsors are natural or legal persons that DO NOT operate in any special export regime.

This information demonstrates the diversity and growth that this industry has acquired and the various services that are required for its operation.

Companies according to investment origin



Source AHM (2019)

Figure 1 illustrates that 138 companies funded with Honduran capital. They are mainly services, banking and commerce within the park and represent 43 percent of the total companies.

86 companies are funded by the United States of America. This amounts to 27 percent. 4 percent or 14 companies are funded by Canadian capital. The rest correspond to different countries. Among these El Salvador, Guatemala, South Korea, and Mexico stand out.

This shows the diversity in investors and that it is an industry that depends on the international market.

However, the existence of Honduran investments has made it possible to strengthen the dialogue, because these companies have roots in the national territory. On the other hand, the fact that US capital is significant has allowed pressure through international campaigns and the consumer movement. It also allowed the successful complaints against the Honduran State within the framework of the mechanism of the Free Trade Agreement of the United States of America, Central America and the United States (DR-CAFTA) in the United States Department of Labor (DOL). This is because a requirement to activate the mechanism is that the companies where there are violations of labor rights, be owned by the US or export to that country.

For AHM, the elements that facilitated social dialogue since 2012 are: (Interview with Attorney Andrés Solís, AHM representative; 08/26/2019)

- The need to bring peace to the sector to be more competitive through better labor relations between employers and workers, through respect for the rights of the latter.
- Building a relationship and communication based on trust, sincerity, honesty, respect and good faith. Communication has been open and timely.
- Fulfillment of the commitments by the Industry, the Board of Directors and the President of the AHM.
- Only workers from the sector who know their realities in detail participated in the dialogue.
- The fact that the Bipartite Commission is apolitical.

The AHM states that the contributions from this instance to the social dialogue space have been: (Interview with Abg. Andrés Solís, AHM representative; 08/26/2019)

- Decisive support and political will on the part of the Assembly, Board of Directors, Presidency and Staff of the AHM, aimed at promoting compliance.
- Creation of the Social Compliance Unit in AHM to promote a culture of compliance in the industry and social dialogue.
- Time and Financial and Human Resources. The monetary contributions of the AHM so that the space works these 8 years have been about 1 million Lempiras (almost USD \$ 41,000.00 dollars).
- Management with internal and external contacts for studies and others.

The AHM expressed that its agenda in the space of social dialogue is compliance with labor regulations in both ways for both employers and workers. When reviewing the points of the negotiated agreements the reduction of the Electric Power rate and the promotion of national and foreign investment were added. (Interview with Abg. Andrés Solís, AHM representative; 08/26/2019)

AHM detailed that progress has been the following: (Interview with Abg. Andrés Solís, AHM representative; 08/26/2019)

- Multi-year minimum wage agreements that have allowed companies to have certainty in their operating costs and consequently the sustainability of jobs.
- Additionally, progress with commitments on issues such as social housing, freedom of association and collective bargaining, child care, protection of workers' health (back schools, IHSS, ergonomics), company medical system, access to the basic food basket at low prices (Maquisupros), investment promotion (sustainability of the industry).

AHM has great strength; it has resources, international alliances and laws that have facilitated its investments and operations. It has been apolitical, but with a great capacity to influence the different governments throughout its four decades of operations. No weaknesses are observed.

5.3 Government Institutions

Article 591 of the current Labor Code establishes the functions of the Ministry of Labor and Social Security (STSS), which is the entity that supervises everything related to work and social security. These functions include: compliance with and enforce regulations, promotion of labor policy and social security, the improvement of living and working conditions, surveillance and inspection, the revision and approval of labor regulations, the harmonization of employer-worker relations, setting wages, approving statutes and employment policy, and providing labor statistics.

The government has been overseer of the space for social dialogue between the AHM and the RSM-H. The agreements reached have been reflected in ministerial agreements (Interview with Attorney Mario Villanueva, STSS representative; 08/29/2019).

However, according to the representatives of the maquila unions, the current government has engaged in actions that repress rather than defend labor rights (RSM-H leaders and leaders focus group; 08/05/2019). Union representatives point to the excessive use of force by the Military Police of Public Order (PMOP) in response to union protests. Workers have been beaten or intoxicated with tear gas. These repressive actions have continued since 2009, managing to demobilize some union organizing drives. Specifically, a peaceful march commemorating May Day 2018 was repressed by the Honduran police and army using tear gas (HispanTV, 2018).

Furthermore, government institutions have instituted laws and policies that criminalize or significantly restrict union activity. The new Penal Code that came into force in November 2019, promoted by the central government, criminalizes protest and union actions to demand compliance with their rights and their collective contracts (RSM-H leaders and leaders focus group; 08/05/2019). The approval of the decree of the Hourly Employment Law, which makes labor regulations more flexible and prevents people employed under this modality from organizing in unions. The hourly employment modality began as a program from 2010 to 2013. However, it became a permanent law by decree 354-2013, with the name of “Hourly Employment Law”, published in La Gaceta number 33,393 on Monday, March 31, 2014. This law states in its text that persons employed by hours have the right to organize and enjoy the rights of the collective contract. However the sectors that most face temporary employment have established that it is impossible to organize people who work weeks, days or hours.

The network argues that the government, through some actions, promotes the division between union structures, Coptic leaders and persecutes them if it fails to capture them. This is deepened in public sectors such as education and in the agricultural sector, specifically in the melon, palm and banana industry. (RSM-H leaders and leaders focus group; 08/05/2019).

The RSM-H member unions state that the STSS has recognized parallel organizations to the unions, which are promoted by the companies. (RSM-H leaders and leaders focus group; 08/05/2019).

5.4 International Organizations

5.4.1 Worker’s Rights Consortium

The Workers’ Rights Consortium (WRC) is an independent labor rights monitoring organization. The WRC was founded in 2000 by labor rights experts, student activists, and leading universities to enforce labor standards in the production of apparel and other goods licensed by universities. Currently, the WRC has 153 university affiliates in the United States in Canada and has investigators in twelve countries (WRC, 2020).

When companies are contracted by the Universities, they are subject to verification of compliance with the working conditions of the university’s codes of conduct and must publicly disclose the location of their production facilities, as well as wages, benefits, normal working hours and policies on workplaces. (Interview WRC field representative in Honduras; 08/27/2019).

WRC’s field representative in Honduras describes the complaint procedure against a company: In the event of a complaint from workers and interested third parties, the WRC contacts the company to notify them about the complaint and a general or specific audit is carried out. The field officer sends the findings to the central office and the central office makes a report with recommendations to the factory to communicate the findings. The WRC in Washington communicates with the brand and begins

negotiations on the points identified in the audit. This takes an average of 6 months to 1 year. Then a re-mediation plan is defined based on the findings and recommendations. The report is handled privately. If it is not corrected within the period established by the remediation plan, the report is made public, it is disseminated in all universities. (Interview WRC field representative in Honduras; 08/27/2019).

The field representative maintains communication with the Union or the unorganized workers throughout the process. In the Central American region, the WRC conducts 2 to 5 audits on working conditions per year.

Some of the achievements in Honduras have been: (Interview WRC field representative in Honduras; 08/27/2019)

- Securing payment of eight million lempiras owed for non-payment of wages in off-clock time at Delta Apparel Honduras.
- Reopening of factories, such as the case of Jerzzes Nuevo Día.
- Payment of wages for company closings, case of DSA, Rio Garment in ZIP Rio Blanco, Hukings 2012, Nike (Hugger Choloma) and Vision Tex.
- Reinstatement of workers who were fired for organizing in a union at Gildan Villanueva in 2013.

Regarding the right to organize, the WRC always recommends in its reports that 100 percent of workers, managers, middle managers be trained on what a union is and on freedom of association.

5.4.2 Maquila Solidarity Network (MSN).

The Maquila Solidarity Network (MSN) is a women's and labor rights organization that has been working for more than 25 years supporting the efforts of workers in global supply chains to achieve better wages and working conditions, greater respect for their rights, and to hold companies accountable for labor rights abuses in their global supply chains (MSN, 2020).

MSN works with unions, women's and labor rights organizations, mainly in Central America and Mexico, to find solutions to cases of violations of workers' rights in factories and to systemic problems in the sector. These include a lack of respect to freedom of association, poverty wages, precarious employment, and gender discrimination, which impede progress towards decent work and wages that reach workers for their basic needs.

MSN promotes actions so that international clothing and footwear brands and stores take responsibility for working conditions and poverty wages in the factories that make their products.

MSN's role has been to promote dialogue between brands and local organizations that promote labor human rights. They carry out solidarity actions in the campaigns to denounce the precarious employment conditions in the maquilas.

5.4.3 Clean Clothes Campaign

The Clean Clothes Campaign (CCC) is a global network of NGOs, unions and consumer organizations that work to improve the conditions of workers in the global garment industry.

Its role in the Central American region has been weak, because the region's textile and garment maquilas export mainly to the United States, Canada and among the countries of the same region, not for Europe, which is the CCC's main area of influence. Its actions in the region have consisted of promoting the awareness of consumers about the working conditions in garment factories through tours, meetings and international forums. Thus, the participation of the CGT, the RSM-H and the CDM in these spaces was promoted.

5.4.4 United Students Against Sweatshops (USAS)

USAS is student-led advocacy organization. USAS began in 1997 with students concerned about ways in which colleges and universities were supporting poor working conditions. In 2000, USAS, alongside organizers from UNITE and labor experts, founded the WRC as an alternative to the Fair Labor Association (FLA). Six USAS representatives are represented in the WRC's Board of Directors (Gourevitch, 2001).

USAS has sent student members to Honduras in order to help build close ties between the activist movements in the United States and Canada and workers' movements in producing countries. USAS was a key player in the Fruit of the Loom campaign, persuading administrations of Boston College, Columbia, Harvard, New York University, Stanford, University of Michigan and 90 other colleges to sever or suspend their licensing agreements with Russell Athletic (Greenhouse, 2009).

5.5 Domestic Civil Society Organizations

5.5.1 Equipo de Monitoreo de Honduras, EMIH (Independent Monitoring Team of Honduras)

The EMIH is a non-profit that arose as an initiative aimed at promoting a culture of compliance with national and international legislation in maquiladora companies and other companies dedicated to export.

Initially, it carried out actions to monitor and verify the working conditions in which companies operate, from a perspective of respect for the human rights of workers, men, and women.

Currently, it develops training programs with workers, research and studies on working conditions. It also develops information campaigns on labor rights in different produc-

tive sectors, textile maquila, agricultural sector and domestic work. It has alliances and Central American coordination that promote the defense of labor rights.

Its objectives are:

- Maintain permanent vigilance on the fulfillment of rights by developing a methodology for the systematization with reliable and useful information for national and international actors that contributes to the consolidation of a culture of compliance.
- Contribute to a better understanding of the labor problem and of the spaces and proposals of national and international actors to the design of a strategy with a global reach of benefit for the working population of Honduras.
- Influence achievement of a society with economic and social justice that benefits the Honduran working population and that promotes equity.

5.5.2 Centro de Derechos de Mujeres, CDM (Center for Women's Rights)

The CDM is a feminist, autonomous, critical, propositional organization that fights for the strengthening of autonomy, exercise and enjoyment of rights, citizenship, equality and gender justice for women.

The work for women's human rights through a feminist proposal seeks to positively impact the lives of women and promote their autonomy and their leadership. In addition to contributing to a greater commitment of the population and public authorities for the construction of a society with social justice and gender equality.

The CDM, from 1994 to date, has played a role in the documentation, investigation and dissemination of working conditions in the maquilas, employment policies, trade agreements and new laws. It promotes this through training the leadership of women in trade union organizations of different productive sectors about promoted advocacy actions in the legal framework in coordination with trade unions. It developed national and international litigation in favor of the rights of maquilas workers and promoted massive campaigns to highlight the problems faced by maquila workers. It has alliances that seek to empower women and defend their labor rights in Central America

5.5.3 Colectiva de Mujeres Hondureñas, CODEMUH (Collective for Honduran Women)

CODEMUH is a feminist organization with vast experience fighting for the rights of women, especially those of women workers in the maquila. In Honduras, it is the first and only organization focused on the occupational health and safety conditions of women workers in the clothing manufacturing industry. The majority of the members of the coordinating and promoting team of CODEMUH are former workers of the maquila. They have organized groups that operate on the outskirts of export production zones, in neighborhoods, including poor neighborhoods in the north of the country. This organization has not coordinated actions with the RSM-H to date.

6. Social Dialogue and Collective Bargaining in the Export Textile and Garment Industry

Despite the environment of anti-union violence and criminalization of protest, the RSM-H has been able to organize new unions, promote collective bargaining, and maintain social dialogue for the last 8 years. The organization has managed to promote three minimum wage agreements in the maquilas, with annual wage increases. The last agreement is effective from 2019 to 2023, with a salary increase of 8 percent the first year, 7.5 percent the following three years, and the 8 percent for the last year.

For the STSS, the bipartite social dialogue of 2012 managed to generate a functional social dialogue dynamic such that an STSS representative expressed that it should be replicated in the other sectors. (Interview with Attorney Mario Villanueva, STSS representative; 08/29/2019). Part of the success of the social dialogue table is that AHM assumes the cost of its operations as a way of giving back a little of the profits it obtained. Data from an internal document provided by the STSS and AHM, called “Progress in the commitments acquired by the bipartite Commission and the AHM” provides evidence of the dynamism of dialogue. The agenda of this dialogue is analyzed in the following section. In addition to this dialogue, the minimum wage negotiations included other issues of vital importance for workers and companies.

6.1 Advances in the mechanisms of social dialogue and collective bargaining

The salary agreements signed in 2012 and 2014 allowed for further dialogue on 9 issues.

6.1.1 Access to the basic accessible basket.

The following commitments made were:

- The Bipartite Commission will take steps within the first year of the agreement to expand the coverage of the BANASUPROS, focusing on places with the highest concentration of workers.
- The AHM assumes the commitment to manage alternative mechanisms to reduce the prices of the products of the basic basket and others aimed at improving their access, through services provided by private companies.

The advances to date are that AHM and RSM-H have managed in collaboration with the government to establish 3 grocery stores to minimize the prices of the basic basket, in agreement with the National Basic Products Supplier, BANASUPRO; which is the government institution that promotes the sale of the basic food basket at affordable costs for the population.

These 3 stores called “Maquisupros” are open in ZIP Choloma, the Elcatex Industrial Complex and Kyungshin Lear. Their prices regulated by the Government. AHM and RSM-H see the opening of these stores as an achievement. However, when analyzing the population of the maquila, it is necessary to establish more stores to be able to provide coverage to more workers.

6.1.2 Promotion of a culture of dialogue

The agreement between the parties was “The labor and business sectors are to address as priority issues the freedom of association, unionization and collective bargaining, as well as occupational health and social security.”

This is a point of greatest success. The different agreements may have slight or great advances, but they managed to establish and maintain social dialogue between them. They work together despite the different points of view or problems that arise in the different companies. They maintain an agenda which became a work program for the bipartisan board and is also embodied in an executive agreement of which the STSS is the organizer.

Since 2012, they have held 14 official meetings recording the minutes. Additionally, on a monthly basis, they hold an average of 3 ad hoc meetings to promote the agreements made.

AHM and RSM-H participated together with other actors in the discussion and consensus of the draft of the General Law of Labor Inspections (Decree No. 178-2016), which filled a series of legal gaps in terms of access to labor justice. The same ones that were documented in the complaint against the United States and in CDM investigations.

The creation of this law is the product of commitments acquired by the Government of Honduras, since the United States Department of Labor confirmed the complaints of violation of labor rights in the framework of the Complaint against the State of Honduras through the mechanism established in DR-CAFTA.

6.1.3 Training on freedom of association and collective bargaining.

The AHM promoted a training module on freedom of association and collective bargaining. The content of the module was agreed in a tripartite way with the CUTH, CGT and STSS. AHM promoted the module for 121 days among its affiliates, during which it trained 3,062 people.

These actions contributed to changing the anti-union culture maintained by middle managers, managers and supervisors of some companies. RSM-H promotes its own training processes and when there are limitations on freedom of association in companies and dialogue does not work, they carry out protest actions.

6.1.4 Electricity Prices

Regarding this issue, the commitment was: “The workers’ centrals and the AHM undertake to jointly manage a differentiated rate per Kilowatt hour for the benefit of the textile-maquiladora sector, under the commitment that no factory that operates in Free Zones will have the right to said rate. If they are in arrears with the IHSS, INFOP, and the ENEE. The Bipartite Commission will make the pertinent steps for the government to review the prices of electricity rates for the benefit of the most vulnerable population.”

A this point, there is no progress to date. The AHM and the STSS recognize that the National Electric Power Company (ENNE) is facing a crisis and it is not possible to advance on this point until it is overcome.

6.1.5 Centros de Cuidado Infantil, CCI (Community Child Care Centers)

The CCIs were incorporated into the labor agenda through the following agreement in 2012: “AHM and Centrales Obreras will put into effect the pilot program of Community Child Care Centers for the service of workers. Within the Bipartite Commission, the relevant bases and conditions will be established, starting the program in the city of Choloma, and expanding at the beginning of the second year of the agreement, in the cities of San Pedro Sula and Villanueva. The STSS is committed to supporting both sectors in defining the technical and logistical aspects that must be observed in these nurseries for their proper functioning.”

The bipartite board promoted a study to diagnose the situation of mothers and fathers with family responsibilities and defined a pilot project. RSM-H and AHM decided to opt for a pilot program called Community Child Care Homes (HCCI), currently there are four HCCIs:

- HCCI No 1, in the Villa Verde Social Housing (San Manuel, Cortés), with a capacity of 6 girls and boys
- HCCI No 2, in the Villa Verde Social Housing (San Manuel, Cortés), with capacity for 4 boys and girls
- HCCI in the Villas de Alcalá Social Housing (Choloma, Cortés), with capacity for 7 girls and boys
- HCCI in Aldea la Jutosa (Choloma, Cortés), with a capacity of 6 girls and boys.

In addition, they promoted the opening of a Nursery School in Colonia López Arellano, de la López, for workers in the maquilas with capacity for 69 girls and boys.

The projects installed to date are pilot projects, benefiting 92 families. The maquila has 132,000 people employed and a good percentage must be fathers and mothers. The impact at this point should not be measured by coverage, which is still incipient, because the issue of CCI is on the agenda of unions, employers and the STSS. This is a subject

that has historically been relegated away by the lack of understanding of the problem of working women in the workplace, which the RSM-H has prioritized for discussion. It is an advance that contributes to eliminating discrimination against women.

The Network, for its part, has promoted legal studies and analysis to clarify the responsibilities of the different actors: fathers, mothers and entrepreneurs. It also promotes in the collective bargaining solutions to the care of children. The Sitra-Pinehurst union at the Pinehurst factory came to an agreement with the New Holland Company that company will assume 70 percent of the cost of care for 50 workers.

6.1.6 Occupational Safety and Health

This section establishes responsibilities of the AHM, the union confederations, and the STSS. These commitments respond to the legislation previously established on the matter.

The Union Confederations and the AHM pledged to:

- Promote among the affiliated companies participation in the Workers' Health Protection Programs.
- Manage before the IHSS the sustainability and necessary equipment of the SPS White Orchid Rehabilitation Center, as it is a clinic specialized in ergonomic and rehabilitation programs for accidents, common, and professional diseases.
- Promote among the affiliated companies the practice of ergonomic exercises, lasting 5 minutes in the intermission of each working day, which will be considered effective working time.
- The STSS committed to:
 - Establish an effective permanent supervision mechanism in the work centers to guarantee compliance with these ergonomic practices.
 - Strengthen the human and logistical resources of the Hygiene and Safety department, to control noise levels, contamination, and posture.
 - Train staff in preventive techniques that reduce occupational risks. The AHM will support the STSS in logistics through its SSO Unit.

Based on the commitments, the AHM created an Occupational Health Unit to provide its members with training, environmental hygiene studies, technical advice, audits and implementation of Management Systems. The AHM states that it has trained a total of 94,396 workers in issues related to occupational health. It has certified 96 Electrical and Industrial Engineers by the NFPA, to establish Electrical Safety programs and trained 10,049 workers in risk prevention.

In addition, it promoted the Back, Shoulder and Knee School Program through which it has certified 118 doctors as recruiters, 111 nurses as instructors and 16 companies.

For the RSM-H, the advances in this aspect have been to negotiate with the Honduran Institute of Social Security, IHSS, lower the surgical delay in the Regional Hospital, and improve conditions in the peripheral clinics of the IHSS and monitor medications.

They have worked to avoid privatization in the health system, which is a government proposal.

They were able to organize within the bipartite dialogue table an ergonomics and follow-up committee on the agreements with the IHSS.

They have also managed to organize 32 Joint Hygiene and Safety Commissions in different companies, which have received training. They held a meeting of the commissions for the formation of competencies. The constitution of the Mixed Commissions is an advance because workers and business personnel analyze and seek solutions to professional risks. A culture of prevention, vigilance and demand is being created in working people.

The STSS, for its part, designed the regulations and evaluation guides for the STSS Safe factory with Safe Work Program.

Many of the advances made are compliance obligations for companies and surveillance for the STSS, established in the Labor Code and the Occupational Health and Safety Regulations. The existence of the Bipartite Commission has allowed progress in its fulfillment.

6.1.7 *Sistema Médico de Empresa*, SME (Workplace Medical System)

Regarding the Company Medical System, they committed to the following: “The Bipartite Commission will propose to the IHSS to review the SME, to adapt it to the health needs of the workers of each factory...”

For both actors, the advances have been, the adaptation of the regulation of the Factory Medical System in a tripartite way. This benefits workers by incorporating the dependents (children) of the workers up to the age of 18 years as beneficiaries of the IHSS, this pending approval in the IHSS. Trainings on the SME have been promoted and there is a draft bill for IHSS.

6.1.8 Promotion of national and foreign investment

The agreement was: “The Central Workers, the AHM and the Government are to carry out and maintain a campaign to motivate national and foreign investment, to raise investment and employment rates in the maquiladora in Honduras and raise the standard of living of workers and their families.”

The advance consists of the AHM being financially supporting the investment attraction program Honduras 2020. Through this program, there has already been investment for an amount greater than USD \$500 million.

6.1.9 Social housing program

In the salary agreement, a housing program for workers was established. Currently four projects are being developed. The government subsidizes each worker with 90,000 Lps (USD \$3,704) and the AHM granted 1,000 Lps (USD \$41) bonuses.

The AHM promised to provide 10 million lempiras (\$USD 412,000) for the formation of the social housing fund, whose beneficiaries will be the industrial workers who decide to participate in the social housing program.

At levels of progress, the AHM contributed to the housing program 10 million lempiras (USD \$412,000), which by decision of the Bipartite Commission were used to pay the closing costs in the housing purchases made by the workers of the maquila.

From 2016 to 2018, 764 houses have been given over to maquila workers.

At the same time, they influenced the creation of the Debt Consolidation Law, because working people could not access the houses because they had debts and they migrated to pay it.

6.2 Advances in Collective Bargaining in the maquila sector

The latest data provided by the RSMH, suggests that there are 30 unions with 30,000 members who are covered. (RSM-H leaders and leaders focus group; 08/05/2019). 17 of the unions have already signed collective bargaining agreement. Currently 7 unions belonging to the CGT and 2 belonging to the CUTH are in the process of collective bargaining. In addition, 7 unions are negotiating their first collective contract for working conditions.

Data provided by the AHM, suggest that 55,678 benefit from collective bargaining agreements, this represents 53 percent of the people employed in yarn, clothing and vehicle harness companies. (Interview with Attorney Andrés Solís, AHM representative; 08/26/2019).

The quality of the contracts vary. In the salary clause they manage to obtain 2 to 3 percent more than the minimum salary defined for the sector.

Regarding the payment of the bonuses the best clauses were held by the Star Factory Union, SITRASTAR, whose factory belonged to Gildan Activewear. They closed operations in El Progreso a few months ago to transfer its production to the factories of San

Pedro Sula and Choloma. The method of payment of the goal was individual, not collective or by cells; which allowed that the wages earned in this factory were the highest.

The WRC representative states that the collective bargaining agreements recently signed with Gildan in San Pedro Sula and Choloma, have clauses that establish measures beyond national legislation in prevention and treatment of occupational health. (Interview Aryani Trew, WRC field representative in Honduras; 08/27/2019)

Some contracts incorporated clauses where the factory recognizes scholarships for workers or their children, life insurance and free transportation. In some cases, progress was made in incorporating gender clauses. This targeted to women's reproductive health by providing more days of postnatal rest, free medical examinations and consultations. Annex two shows a table provided by the RSM-H with the most relevant clauses in the sector.

6.3 Elements of the political context that affect the social dialogue environment

In a context of economic, social and political crisis and constant violations of human rights, the main elements that affect the spaces for social dialogue are the following:

Waves of forced migration due to threats, insecurity and debts due to the cost of living. According to the *Pastoral de Movilidad Humana*, about three hundred people a day take the migratory route. This situation is weakening, to some extent, the leadership structures of the unions and the number of members. Sometimes even leaders with experience in the social dialogue tables migrate.

Companies are also losing qualified and experienced manpower. The RSM-H expressed that in the factories, every day it is more frequent to face that one or two production lines in the factories do not work because they do not have the personnel, since they migrated.

The **instability and legal insecurity** in the country is causing some companies to close or they are threatening to close operations in the country. These threats or the closures themselves generate crises at the social dialogue discussion.

Institutional weakness is expanding. The STSS does not have sufficient force against transnationals to respect the right to freedom of association. The inspection law which was in force since 2016 is often not enforced. For example, in the case of violation of freedom of association of at Kiung Shing Lear factory, which had a favorable resolution for the union and a strong fine from the STSS, the Attorney General's Office did not want to enforce it. Another factory, Empire, had been fined in 2017 but still refuses to recognize the union.

The laws to attract investment from the maquilas provide more perks for companies to operate, but the laws for the protection of workers are weak or unenforced.

6.4 Unique barriers to union participation in social dialogue

A couple obstacles to social dialogue related to Honduras's unique socio-economic and political context are important to note: the culture of anti-union violence and the criminalization of protest and arrest of human rights defenders.

6.4.1 Anti-Union Culture and Violence

The successive political crises, the institutional deterioration and the concentration of power in the business executives since May 2009, has generated a labor context of repression and anti-union violence. It is suggested that Honduras ranks third among the Latin American countries with the highest rates of violence against trade unionists. "Honduras ranks immediately after Colombia and Guatemala, and this regrettable record was verified by the ILO at the 108th International Labor Conference. The situation is difficult and as a network we are trying to influence both nationally and internationally" (Trucchi, 2019).

Faced with this serious situation, the Network Against Anti-Union Violence arose in 2015. Its purpose is to defend and promote the human rights of its members. Since its inception, its work has consisted of documenting, monitoring and reporting cases of anti-union violence. This Network is being supported by the AFL-CIO Solidarity Center.

This Network published a 2018 report explaining that "during the three years of existence of the Network against Violence, there has been a growing trend regarding the number of annual victims of anti-union violence. During 2015, 14 victims were registered, in 2016 it increased to 16 and in 2017 to 39" (Solidarity Center & Red Contra la Violencia Antisindical, 2018).

The report states that the 69 registered cases of anti-union violence in the last three years consist of harassment, harassment and surveillance, criminalization, threats, injuries with a firearm, illegal detention up to murder. They also documented that in 51 percent of the cases the aggressors or perpetrators were public authorities. According to the data in the aforementioned report, the most affected unionized sectors are the agricultural sector and teachers.

Regarding the maquila sector, the following fact stands out: "On Friday, December 1, 2017, from 07:00 AM, a day of protest was held in Colonia López Arellano, in which dozens of organized workers in unions in the maquila sector participated. Around 1:30 PM, elements of the Military Police of Public Order, without any kind of warning, threw a large quantity of tear gas canisters and fired firearms while they chased the protesters into the neighborhood." The report continues, "During the repression, at least six members of SITRAGENESIS and fifteen of SITRAJASPER were affected by tear gas, in addition three were wounded by gunshots, of which one died on the way to a health center" (Solidarity Center & Red Contra la Violencia Antisindical, 2018).

A pending challenge is to change the anti-union culture in the maquila sector, despite the work of the AHM and RSM-H to change it. According to the Worker Rights Consortium (WRC), this anti-union culture is manifested by “the lack of education of supervisors, middle managers and managers who do not accept that workers have the right to organize. They do not like to work with the union, they come from the Universities with an anti-union culture, they don’t know what a union is, and how to behave in collective bargaining” (WRC representative interview).

Of the 69 registered cases of anti-union violence in the last three years, in 51 percent of the cases the aggressors or perpetrators were public authorities. Communicating the anti-union culture and violence present in Honduras, the media echoes the government campaigns against the unions and the work they carry out.

Despite the progress made at the bipartisan table, there are cases in which supervisors, middle managers and managers deny union permits to leaders to participate in spaces for social dialogue or threaten to fire people who are organizing.

This culture promotes fear in the population to organize in unions.

6.4.2 Criminalization of protest and human rights defenders.


An analysis from the perspective of trade union organizations on the new penal code, released on May 10, 2019, prepared by María Elena Sabillón AFL-CIO, alerts that:

“With the classification of the crimes of illicit meetings and demonstrations, disturbance of order, association to commit a crime, and terrorist association, they determine an extensive concept and tend to lead with all these figures to the criminalization of a series of actions carried out by natural persons or legal that should not be part of criminal law. Much more those that have been established as the crime of terrorism, which does not have a clarification of why they create it and to whom it can be attributed, thereby undermining international provisions of the International Labor Organization, as well as human rights in general. The legal consequences of the same through penalties is disastrous for trade union organizations and contributes to the loss of their fundamental rights.”

The office of the United Nations High Commissioner in Honduras agrees with this analysis and recommends that the government reform these figures before they take effect (OHCHR, 2019, pp. 10–12).

6.4.3 Challenges to improving social dialogue and collective bargaining

The RSM-H identified four key challenges to social dialogue and collective bargaining (RSM-H leaders and leaders focus group; 08/05/2019):

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1. The need to improve capacity, knowledge and abilities of trade union leaders. This involves training RSM-H leaders on legislation, the global garment industry, and negotiation skills among other skills.
 2. The need to define and promote a strategy for monitoring and evaluating progress of bipartite and tripartite agreements.
 3. Overcoming the political polarization in the country and political differences among the three main union confederations.
 4. Have permanent technical advice available on the different topics discussed in the dialogue tables, carry out studies on the impact on the health of the workers in the maquilas (occupational risks and prevention).

For AHM, the challenge is for both parties to maintain their political will to continue in dialogue to resolve any type of problems arising from the employment relationship in the sector and in terms of collective bargaining. They are also challenged within the social and economic realities in the environment of the factory so that the economic situation of the company and its limit to grant benefits are considered and that the positions are realistic and objective. (Interview Attorney Andrés Solís, AHM representative; 08/26/2019):

7. Innovative Social Dialogue Examples

7.1 Washington Agreement between the General Central of Workers (CGT) and Fruit of the Loom

Fruit of the Loom (FOL) has operated in Honduras since 2006. FOL is a wholly-owned subsidiary of Warren Buffett's Berkshire Hathaway Inc. FOL markets and sells products under the Fruit of the Loom, Russell Athletic, and Spaulding brands. For the North American market (FOL's predominant sales region), the majority of FOL's apparel manufacturing is done in Honduras. Interestingly, FOL performs its own apparel manufacturing; in other words, it owns its own factories in Honduras (Berkshire Hathaway, 2019).

When FOL began operations in Honduras, it bought several maquiladora factories, among them Jerzees. In 2007, workers, together with the CGT, decided to create a union at the Jerzees factory. The factory fired 72 of the 80 workers who were organizing the union. These workers reported their dismissal to the WRC which conducted an investigation and found that the dismissals were anti-union measures. Because of the WRC's investigation and public pressure from USAS, in January 2008, 145 workers who were laid off were reinstated and paid their lost wages. In April 2008, the Union of Workers of the Jerzees Factory (SITRAJERZEES) was created and the collective bargaining began. However, during negotiations, the factory announced the closure of operations on the grounds of market difficulties and falling demand for its products.

The WRC found that FOL had retaliated against the union organizers in its decision to close the entire factory down. Another investigation by the FLA, in response to a claim brought by the CGT, the Clean Clothes Campaign and MSN, confirmed the WRC's findings. USAS, the CGT, and SITRAJERZEES initiated a coordinated international campaign convincing 132 universities to terminate their contracts with Russell Athletics (contracts that could amount to USD \$2 million) (ILRF, 2019).

In August 2009 negotiations restarted between the factory and the union. On November 14, SITRAJERZEES-CGT signed a historic agreement also known as the Washington Agreement. The Washington Agreement established that the factory would be reopened under the name of Jerzees Nuevo Día and would gradually incorporate 1,200 of the workers affected. This agreement included a social aid fund to compensate workers for the almost nine months they were without work. The collective bargaining agreement allowed union representation in all its factories by the CGT. This led to the creation of an ombudsman to resolve disputes and a Supervisory Committee to ensure compliance with the agreement.

The Committee monitors and resolves violations of labor rights or aspects of the Agreement, monitors, and guarantees the union organization in all FOL factories. It is

made up of five people: two representatives of FOL, two representatives of the CGT, a neutral person, and the ombudsman.

The Supervisory Committee has been meetings via skype or telephone conference every three weeks where the labor problems between the union and the company are discussed. There were also visits by the members of the supervisory committees in situ, with the aim of providing legal and political support to the new unions. In addition, there is training of the plant, the middle and senior managers of the CIA on the right to freedom of association and collective bargaining. They also provide guidance on how they can improve worker-employer relations.

In May 2011, in Los Angeles, the historic signing of the first collective bargaining agreement between a local union and a transnational company, with economic clauses favorable to workers was achieved. The second collective bargaining agreement was signed in 2015. This added the social benefits and the economic clauses and managed to reach USD \$600 per month for workers.

The WRC Director Scott Nova stated that the agreement “represents one of the most significant advances for fundamental rights in the workplace in the twenty-year history of codes of conduct in the apparel industry” (Nova, 2009).

The most important point of the agreement was its legal protection and its legal force. If the parties breach any clause they could be sued in a US court. This agreement, the campaign and the experience gained by CGT, allowed for five unions with collective bargaining agreements. In addition, it served to influence the government and the AHM to comply with labor legislation, especially the human right to freedom and collective bargaining in the country. It clarified to business leaders that peace was not achieved if the human rights of workers were respected.

7.2 Complaint against the State of Honduras in the DR-CAFTA framework

The Dominican Republic-Central America Free Trade Agreement (CAFTA-DR) is a free trade agreement (FTA) among the United States, Honduras, Costa Rica, El Salvador, Guatemala, Nicaragua, and the Dominican Republic. The agreement entered into force in Honduras in 2006 (Villarreal, 2019). Chapter 16 on Labor called on parties to enforce their own labor laws and to reaffirm their commitments under the ILO’s 1998 Declaration on Fundamental Principles and Rights at Work. Failure to enforce domestic labor laws can be formally challenged in the agreement’s dispute resolution process (Hornbeck, 2009).

In March 26, 2012, the over two dozen Honduran trade unions and civil society organizations² and the AFL-CIO, filed a complaint with the U.S. Department of Labor’s Office

2. A full list of parties to the complaint is available here
<http://festagro.org/wp-content/uploads/2016/11/Queja-Laboral.pdf>

of Trade and Labor Affairs (OTLA) over the Honduran government violating CAFTA-DR's labor provision by failing to enforce its own labor laws (AFL-CIO, 2017).

On February 27, 2015, the US Department of Labor (USDOL) and Honduran Secretariat of Labor and Social Security (STSS) issued a Joint Statement announcing the publication of USDOL's Public Report of Review on the 2012 submission. The Report of Review found widespread and major violations of labor rights in Honduras. Specifically, OTLA found that the STSS failed to: "(1) respond to verbal inspection requests; (2) gain access to worksites; (3) inspect for all alleged, potential, or previously identified violations; (4) calculate, impose, and collect fines to deter future violations; and (5) ensure remediation of identified violations" (OTLA, 2015).

The US Government and Government of Honduras developed a Labor Rights Monitoring and Action Plan (MAP) seeking to address the enforcement problems identified in the Report of Review. The MAP's mutually agreed-upon intended outcomes were:


1. STSS inspectors respond to written and verbal requests for inspections
2. Relevant institutions develop procedures to assist STSS inspectors to compel access to worksites, and impose fines and notify Labor Courts when access is denied
3. STSS inspectors investigate known violations of law and all alleged, potential, or previously identified violations
4. STSS imposes sanctions for labor law violations and collects fines in a timely fashion
5. STSS inspectors enforce their remediation orders and compel employer compliance
6. Improved enforcement of laws related to Freedom of Association and Collective Bargaining
7. Improved enforcement of laws related to Child Labor (USDOL, 2015)

OTLA gave STSS a deadline to demonstrate its good faith and not to fine the State of Honduras. STSS held constant meetings with the defendants and carried out new inspections in the defendant cases. The Honduran State presented a re-mediation plan and a space for dialogue was established between the State and the plaintiffs. . In the event of non-compliance with the remediation plan, the plaintiff would go to an international arbitration stage, a stage that has not been necessary to date because the dialogue mechanism created from the complaint continued to monitor the remediation plan.

One product of the complaint was the allocation of USD \$7 million by the US DOL for projects that strengthen labor rights in Honduras.

From this process, four important results are observed:

1. The creation of a space for dialogue to follow up on the commitments assumed by the government of Honduras. The space is made up of the STSS, CGT, CUTH and OTLA.

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2. The verification of the failures of the State in protecting, guaranteeing, respecting, promoting and restoring the violations of labor human rights in the sectors identified in the complaint. This complaint made it possible to reveal and verify that one of the greatest obstacles to accessing labor justice was labor inspection.
 3. Providing tripartite contributions to the Labor Inspection Law, which is a legal instrument that responds to the protective and social nature of the other labor laws.
 4. It influenced the improvement of openness to social dialogue in the maquila and the discussion of new laws with the obtaining of favorable results for workers.

8. Impact of the COVID-19 Pandemic on Social Dialogue Structures

8.1 Impact of COVID-19 on the Maquila

The Honduran government's response to the COVID-19 pandemic has negatively impacted public health and the economy. This is largely because of corrupt and fraudulent practices and an environment of impunity. The social security health system, underfunded in previous years, collapsed, leaving health workers unprotected and a large part of the citizenry without prevention services and without access to treatment appropriate to the pandemic.

The containment measures against COVID-19 were implemented on March 14, 2020. These involved the closure of public and private companies, home quarantine and social distancing, border closure, suspension of the educational system at all levels, and restriction of democratic guarantees. This led to the paralysis of the national economy and limited access to basic necessities (food, water and medicine) for thousands of people from the informal sector and small businesses. The Economic Commission for Latin America, (ECLAC), estimated that in Honduras, extreme poverty will rise 1.1 percent and poverty will rise 1.5 percent. About 285,000 people's incomes dropped below the poverty line (CEPAL, 2020). Regarding employment, it is expected that at the end of 2020, 300,000 people will be unemployed, as a result of the pandemic and its economic impact (Martinez, 2020).

8.2 Union, Employer, and Government Responses to COVID-19 Impacts

In this context, the export textile and garment industry has been able to adapt quickly and count on government support. Three moments of how the health crisis impacted its dynamics are distinguished. The impact of the pandemic on the garment industry had three stages: (1) paralysis and shock; (2) conversion; and (3) reactivation.

During the first stage, from March 14 to April 14, 2020, the entire maquila industry was paralyzed (including tobacco, textiles, harnesses and vehicle parts). Despite the uncertainty during this time, the RSM-H was able to negotiate payment for workers of two weeks of full wages. RSM-H later also negotiated an additional two weeks' wages in exchange for vacation and holiday pay. (Interview with Attorney Damicela Mayes, General Attorney General for Workers, CGT; 9/2/2020).

On April 3, Decree 33-2020 regarding "Aid to the Productive Sector and Workers: Law against the Effects of the COVID-19" was issued, in which the mechanism to request

suspension of contracts was temporarily relaxed before the STSS and a solidarity contribution to workers was defined during the period of suspension of contracts for three months (April-June). The voluntary solidarity contribution consisted of a monthly amount of USD \$250.00, the company would contribute USD \$100.00 and the government USD \$150.00.

During the second stage, from April 14 to May 30, some garment production was converted to production of surgical supplies. During this period, 20 percent of workers were gradually incorporated back to work. (Interview with Lawyer Damicela Mayes, General Attorney General for Workers, CGT; 2/9/2020). The newspapers announced that fifteen maquiladora companies produced surgical supplies. (El Heraldo, 2020).

100,000 workers (representing approximately 80 percent of the textile and clothing industry) received a voluntary compensation bonus. (Interview María Elena Sabillón, Director for Honduras, AFL-CIO; 9/1/2020). There is no data that breaks down how this bonus was distributed. Some unions held protests to get paid. (Interview with Juan Eguigure, union president of the Delta Honduras SITRADELTA factory; 9/19/2020).

During the reopening phase from June 1 to August 30, the industry reactivated up to 90 percent of the jobs and with little job loss. Temporary hires replaced people with basic and occupational diseases, and pregnant women, to avoid the risk of infection. (Interview with Dania López, union president of the New Holland company, SITRANE-WHOLLAND; 9/20/2020).

All the people interviewed agreed that the crisis served to strengthen unity in the RSM-H, which achieved greater recognition from rank-and-file members who had previously did not want them to negotiate with the government. The RSM-H also led innovative training programs which allowed the network to reach more members. It even increased the number of affiliates after the crisis. “The RSM-H has been strengthened. The rank and file are supporting them more, and are grateful for the voluntary contribution bonus which increased membership.” (Interview with Dania López, president of the New Holland factory, SITRANEWHOLLAND; 9/20/2020).

Union leaders estimate that few jobs were lost and factory closures have been minimal. They reported a closure of a factory with 300 jobs and recently companies belonging to Gildan ActiveWear and FOL laid off pregnant women. However, the amount is unknown. (Interview with Evangelina Argueta, Honduran union leader, coordinator of the Maquila Program of the CGT; 8/28/2020). The representatives of the Delta Apparel and New Holland factory unions reported that 430 people (20 pregnant) and 300 people, respectively, were laid off as part of their restructuring.

The garment industry’s importance in Honduras’s economy and the long history of transnational union campaign were foundational to the dialogue that emerged in response to the COVID-19 pandemic. Honduras’s garment industry leaders have experience engaging with unions and recognize the importance of resolving labor disputes on time. The trade union movement, because of its transnational alliances and expe-

rience with campaigns, were able to quickly develop a clear strategy in negotiations with transnational companies. (Interview with Evangelina Argueta, Honduran union leader, coordinator of the Maquila Program of the CGT; 8/28/2020).

These characteristics have allowed for constant dialogue in the bipartite and tripartite space – even amid tension, threats of factory closure, and protests by workers and the threat of seizures of industrial parks. Unions recognized the antagonistic nature of their interests vis-à-vis employers, but also their strength. And this is taking into account the struggle of working people not to back down in their efforts to maintain the validity of their labor rights. On the business side, this demonstrates their ability to negotiate and adapt to try to stay in production, despite the drop in the demand in textile manufacturing products.

8.3 Social Dialogue in response to COVID-19 Impacts

8.3.1 Challenges to Social Dialogue

Despite success at the national level, at the factory level, many factories ignored internal mechanisms for consulting unions and workers. The RSM-H and other unions denounced these practices before the Ministry of Labor and Social Security (STSS) and within the bipartite discussions. The practices consisted of factory communications through messages by WhatsApp or Facebook that breached clauses of collective bargaining agreements and the refusal to meet with union representatives and delegates. There was a lot of confusion during the initial stages of the pandemic – in some factories, workers showed up but voluntarily wanted to return home for fear of getting sick but because there was no transportation or the company did not want them to stop working, they were pressured to stay at work. Many factories also feigned ignorance at the existence of unions: “25 companies of the 33 companies that have a union claimed they did not know that a union existed.” (Interview María Elena Sabillón, Director of Solidarity Center in Honduras; 1 / 9/2020).

Currently, several unions are preparing lawsuits regarding cases of dismissal of pregnant women, cases of non-compliance with occupational health compensation, among others.

Overall, the existence of CBAs at some factories provided marginal benefits. Existing CBAs had clauses to protect the jobs of union members and leaders against restructuring or dismissals, these clauses largely guaranteed that the people affiliated with the union were not fired. However, many Honduran union representatives interviewed expressed that in the face of the health crisis or the massive loss of employment, collective bargaining agreements were not enough. They believed that future contracts need new clauses such as unemployment insurance for future pandemics and to incorporate COVID-19 as an occupation disease. Disease.

Despite anti-union practices and the lack of compliance with some clauses of the collective agreements, human rights violations in non-unionized factories were much higher. They did not take advantage of the solidarity contribution. As such, the workers lost their bonuses, vacations, social benefits and are facing layoffs.

8.3.2 Bipartite Dialogue

Bipartite dialogue between the RSM-H and employers has been ongoing: two meetings were face-to-face and the other virtual. The structures were maintained and acted upon, largely due to pressure from the workers. The unions organized in the RSM-H and managed to maintain their voice and not lose their role of collective protection of their human rights. They served to pressure and resolve labor disputes and anti-union practices of specific companies (Interview with Dania López, president of the New Holland factory, SITRANEWHOLLAND; 9/20/2020). It is important to note that Honduras is the only country in the Central American region where the workers of the maquilas had an economic contribution (Minero / ASFC; 2020. Pages 57 and 58).

The RSM-H raises the need to strengthen the representation of large employers, within bipartite dialogue. These employers employ the majority of workers and also have the presence of unions; they include Gildan Activewear with 27,000 jobs, Hanesbrands Inc., which generates 10,000 jobs, Fruit of the Loom with 8,000 jobs; Tegra Global with 8,000 jobs and Delta Apparel Inc., with 8,000 jobs. (Interview with Evangelina Argueta, Honduran union leader, coordinator of the Maquila Program of the CGT; 8/28/2020). These five transnationals employ almost 50 percent of the workers of the textile and garment maquila in Honduras. That is why it is paradoxical that the government, via loans, has paid part of the voluntary bonus, which should be a wage obligation for businesses, especially considering that they are large transnational corporations.

It is worth mentioning that all the people interviewed agreed that despite the fact that these five transnationals legally recognized unions in their factories, signed collective bargaining agreements with these unions, and had engaged in dialogue with these unions for years, the factories still made decisions that directly affected workers or pertained to labor disputes without involving the unions.

Bipartite dialogue by companies has historically been led by Honduran groups. Grupo Canahuatti employs about 10,000 people and Grupo Kattan that approaches the same amount of jobs. (Interview with Evangelina Argueta, Honduran union leader and member of the CGT; 8/28/2020).

At the industrial level, the social dialogue was very tense and somewhat disorganized. At times it was a bipartite space and at others, a tripartite one. It was and continues to be insufficient in the face of the COVID-19 crisis, “Bi-partite and tripartite mechanisms need to be defined, which should be regulated, indicating stages, times, functions and powers.” (Interview with Evangelina Argueta, Honduran union leader and member of the CGT; 8/28/2020). All the people interviewed consider that in times of COVID-19, the government has bowed to the maquiladora companies.

At the national level, social dialogue is carried out through the Economic Social Council (CES). In this space, the RSM-H influenced the law of mandatory use of masks and managed to stop a reform to the Labor Code which was intended to make a just cause for dismissal without placing responsibility on the employer, compliance with the 120-day term of suspension of work contracts without pay (Interview María Elena Sabillón, Director of Solidarity Center in Honduras; 9/1/2020).

Existing policy-making mechanisms and social dialogue structures were not sufficient to respond to the crisis. They were not prepared for a crisis of such magnitude. At the national level, the CES lacked coordination, a plan of activities, their actions were like putting out the fires as they arose. The CES does not have internal regulations, it does not integrate many productive and important sectors of Honduran society (Interview María Elena Sabillón, Director of Solidarity Center in Honduras; 9/1/2020).

8.4 Health and Safety Protections for Workers

Decree 33-2020, in Art. 29 guarantees access to health through IHSS for workers. The government of Honduras succeeded in prompting the government of the United States to enter a contract for the maquiladora companies that will produce millions of surgical masks. As such, the reopening in the maquila was quick, during the months of May and June. The workers showed up voluntarily, then they were given food and an extra bonus. There was a lot of confusion regarding health and safety measures and there was a lot of contagion in the maquilas. (Interview with Evangelina Argueta, Honduran union leader and member of the CGT; 8/28/2020). The confusion was so great that the Honduran Institute of Social Security and the Medical College of Honduras demanded the closure of some factories because they were the main sources of infection.

The health and safety protocols were defined by the employers and the STSS between March and April without the voices of the workers in the sector and without them being able to monitor their compliance in the months of May and June. During the months of July and August, with the presence of the Boards of Directors of the unions, many companies implemented health and safety measures and the number of infected people dropped. The use of surgical masks is now mandatory. As is distance on the buses, hand gel, and disinfecting when entering and leaving the bus or the company. There are triage centers that examine those who suspect that they were infected and have achieved that in the companies' clinics there is provision of treatment for its cure.

In order to comply with biosafety protocols, some unions, such as SITRANEWHOLLAND and SITRADELTA, have requested inspections from the STSS. New Holland and Delta factories have corrected the absence of health and safety measures after warnings.

The biosecurity measures have not affected the means of apparel production, but production has required more time from workers. "The production method did not

change, but the way of working as a team did, before they could be grouped to plan and now they do not, there are no meetings ... it does not flow as before.” (Interview with Juan Eguigure, union president of Delta Honduras SITRADELTA; 19/9/2020). “Biosecurity measures have not affected production. There are 5 shifts to eat. In the morning you arrive earlier because the lines are very long due to the distance. Additionally, every day they pass through the triage center and have their temperature checked in the afternoon.” It is also observed that the production goals increased. “The production goals increased with the reopening.” (Interview with Dania López, union president of the New Holland company, SITRANEWHOLLAND; 9/20/2020).

When a person is diagnosed with COVID-19, they are assured of employment. “They become unable to work but they are not fired. They receive their treatment in the IHSS.” The current problem is that IHSS imposed a limit of 21 days for disabilities to all infected people. For COVID-19, however, there are people who have been disabled for 4 months. The unions are trying to reverse this. (Interview with Juan Eguigure, SITRADELTA; 9/19/2020 and Dania López, SITRANEWHOLLAND; 9/20/2020).

Regarding childcare there is no solution yet. More women continue to overload or rely on a relatives or on older children. In the case of the workers, during the pandemic it was more complex “because nobody wanted to take care of them because the maquilas were a source of strong contagion.” (Interview María Elena Sabillón, Director of Solidarity Center in Honduras; 9/1/2020).

All the people interviewed agree that the people who are being fired are those with chronic or basic diseases that are complicated by COVID-19, people with preexisting conditions and some pregnant women. The companies refuse to give the statistics to the unions on the number of people infected.

Internal complaint mechanisms for health problems are still weak. Lawsuits are being prepared in cases where workers were fired while ill. (Interview with Lawyer Damicela Mayes, General Attorney General for Workers, CGT; 9/2/2020).

The unions were affected when they stopped receiving the union dues, but they consider that it is an act of solidarity. This was not deducted from the amount of the solidarity bonus.

The AHM told the Honduran Press that as of July 2020, they had reached 77 percent of the average production of 2019 (LaPrensa, 2020). This demonstrates great capacity for adaptation and reconversion, largely due to the production of mask and surgical material. To date it is operating at almost 90 percent capacity. (Interview with Evangelina Argueta, Honduran union leader and member of the CGT; 8/28/2020).

9. Conclusion

Trade unions and workers in Honduras face an anti-union culture and violence, a criminalization of protest and human rights defenders, the weakening of state institutions, and a serious setback in human rights.

In this adverse context, the RSM-H has managed to promote a unified agenda through social dialogue and has organized about 32 unions, with 30,000 members and with collective contracts that benefit more than 53,000 workers. This united union effort has allowed the network in recent times to pressure transnational companies and brands, the AHM and the government itself to debate, negotiate and agree on some terms that strengthen labor human rights in the maquila.

Organizational achievements at the union level were possible due to three factors. First, RSM-H defined an organizing strategy towards transnational companies which were the largest employers and owned their own facilities in Central America. Second, RSM-H created a space for young leaders that are gradually renewing the union movement, with a great capacity for adaptation, negotiation and proposal. This has allowed them, in different crises or situations, to maintain their organizational work, as well as multiply their training to more members. Third is the maintenance of international pressure mechanisms.

For RSM-H, collective bargaining agreements and social dialogue have allowed workers to obtain social benefits beyond wages or their recognized labor rights. The bipartite social dialogue table in the maquiladora is a space that allows monitoring and surveillance of the agreements and status of labor rights of the workers of the maquilas.

In the midst of the COVID-19 health crisis, the creation of the voluntary bonus for three months of the suspension of contracts, the monitoring of health and safety provisions and their resilience capacity in the midst of the pandemic, raised the image of the unions before their members – such that unions received an increase in affiliations. There are still many challenges, such as recovering lost rights, reforming laws and incorporating new clauses, creating new mechanisms that respond to this type of crisis, as well as monitoring the restructuring process that is developing in the industry, but the union structures survived. So far, that was the biggest fear at the beginning of the crisis.

Furthermore, transnational alliances with international labor rights advocacy groups and international unions contributed to the achievements of Honduran trade unions. These alliances assisted with organizing strategies, international denunciation campaign, and creating and maintaining spaces for social dialogue. Many international organizations like the WRC, CCC, MSN, and Solidarity Center have taken on the role of pressuring top executives at garment brands and government officials.



At the national level, we can express that the political openness of promoting the tripartite agreements and the opening to social dialogue of the AHM has contributed to making progress and countering the anti-union culture that prevails in the country. The leadership in this business association has been in two very powerful families economically and politically, with great capacity to do business and alliances with TNCs installed in Central America and especially in Honduras. They managed to lessen the negative impacts of the suspension of orders in the US market, demonstrating a great capacity for resilience to maintain their businesses in the midst of the COVID-19 pandemic.

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11. Annex:

List of people interviewed

1. Dania Lopez, of the union SITRANEWHOLLAND, of *the Federación Independiente de Trabajadores de Honduras*, FITH; affiliated with CUTH.
2. Juan Eguigure, STRADAHSA, of the *Federación Independiente de Trabajadores de Honduras*, FITH; affiliated with CUTH.
3. Fredy Carrasco, SITRASOACON, of the *Federación Independiente de Trabajadores en Honduras*, FITH; affiliated with CUTH.
4. Sayda Reyes, SITRAPINEHURTS of the *Federación de Trabajadores de la Maquila en Honduras*, Fesitratemash, affiliated with CGT.
5. Evangelina Argueta Maquila de la CGT
6. Yoselyn Argueta, RSM-H Technical Team
7. Ericka Pineda, RSM-H Technical Team
8. Abogado Andres Solis, *Asociación Hondureña de Maquiladores*, AHM.
9. Lic. Martha Benavides, *Asociación Hondureña de Maquiladores*, AHM.
10. Abog. Mario Villanueva, Secretary of Labor and Social Security
11. María Elena Sabillón, director in Honduras of CS-CIOL
12. Elia Yadira Rodríguez, co-coordinator of the EMIH.
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