

Initial meetings of industry associations, a coalition of labour and NGOs (called Ethical Trading Action Group or ETAG), and government representatives laid bare the challenge in reconciling the concerns and goals of the diverse actors. Business worried about costs, legal liability, publicity, and government involvement. Meanwhile, the NGOs showed concern about the perception of their constituencies of their new "partnership" with business. For government, the demand that a task force look at the linkage between domestic and international sweatshops was unacceptable because labour fell within the constitutional purview of the Canadian provinces, not the federal government. Moreover, there was a split between the trade officials and the foreign affairs officials. While the former was concerned that developing countries may interpret a code of conduct as a protectionist measure, the latter believed Canada was falling behind its counterparts in promoting ethical practices. Nevertheless, during a meeting at a Toronto garment manufacturing and import plant (May 11, 1999) the participants agreed to create a working group of 6 people (3 from business and 3 from labour/civil society, with the facilitator as a chair). The working group, which became later known as the Canadian Partnership for Ethical Trading (CPET), would report to a Steering Committee made up of the meeting's 22 participants.

The group was composed of the Union of Needletrades, Industrial, and Textile Employees (UNITE), the Steelworkers' Humanity Fund, and Maquila Solidarity Network -- on the labour-NGOs side and the Apparel Manufacturers, Retail Council of Canada, and Shoe Manufacturers of Canada -- on the business side, began its work in May 1999. Their meetings took place with the backdrop of an increasingly volatile Canadian retail sector and the breakdown of the Apparel Industry Partnership (AIP). The two sides brought forward separate ideas for discussion. While the Retail Council expressed the opinion that the group should be a forum for discussion, review, exploration and education with respect to ethical sourcing issues, the labour-civil society side pushed for an extensive code that clearly bore the influence of international precedents and events. The proposed code went beyond the American and British models, especially in its attempt to integrate ILO conventions within the text and the preamble.

Business reacted strongly to the proposal's length, scope, its uncertain costs, and the adoption of ILO standards for the individual provisions of the code. There was acceptance, however, of the code subjects: forced labour, child labour harassment or abuse, discrimination, hours of work, freedom of association, and the right to bargain collectively concerning health and safety, wages and other compensation, and the employment relationship. On the content of those subjects, there was fundamental disagreement on all except forced labour and harassment. Greater simplicity was encouraged and other areas of concern emerged on both sides including: source of financial support for trial projects on monitoring and the perception of the respective constituencies (the need for education on the subject was identified). In the end the business side rejected the code on the basis of detailed reference to ILO standards, freedom of association clause, potential legal liability issues and implementation provisions.

Challenged by the labour-civil society side, business promised in November to bring forward its own code. The result was disappointing. Labour-civil society representatives were