

Highlights - High Level Meeting

GARMENT AND TEXTILES PRODUCTION IN BANGLADESH

POST RANA PLAZA: A VISION FOR THE FUTURE

3. April 2014



On 3rd April 2014 the Ministry of Foreign Affairs of Denmark in collaboration with the ethical trading initiatives in Denmark, UK and Norway invited the garment and textile sector and other key stakeholders to a high level meeting to explore the vision for the garment and textiles sector in Bangladesh post Rana Plaza.

Speakers from Bangladesh and key international organisations shared their vision for the garment and textile industry in Bangladesh and explored how various initiatives might contribute to the vision. The focus was on workers' rights and safety in the aftermath of the Rana Plaza Disaster and looked at lessons learned, actions taken and further steps needed to ensure a sustainable industry in the future.

100 representatives from governments, trade unions, Ngo's and brands from several countries participated in the meeting keeping up momentum in our joint efforts to secure a more sustainable garment production in Bangladesh. A follow up meeting in Bangladesh will be arranged by the Danish Embassy in Dhaka to take stock of what all stakeholders have done to fulfil the vision of Bangladesh as a sustainable production hub that we can all be proud of being associated with.

The Vision of the Future

The Danish Minister for Trade and Development Cooperation, Mogens Jensen opened the meeting emphasizing the importance of all stakeholders taking upon themselves the responsibility to contribute to tackling the fundamental challenges in the garment sector in Bangladesh.

The emerging partnership between key stakeholders is an important action taken after the Rana Plaza tragedy. International buyers, unions, NGOs, governments and international institutions work together for a common goal – a better and safer life for workers. The challenges in Bangladesh will not be solved overnight but progress has been made, said Mogens Jensen. However there are still many challenges to solve such as remuneration to workers and compensation to victims, living wages and freedom of association.

Mogens Jensen emphasized that we need to pursue a vision for a sustainable garment production in Bangladesh that comply with international labor rights, provide decent work and remain competitive. We all have a role to play and an obligation and responsibility to participate and collaborate to make it more than just fine words, said Mogens Jensen. The Danish Government is providing support to several projects related to the garment sector in Bangladesh including an international platform in Bangladesh for joint efforts by the ethical trading initiatives. The fight for decent sustainable working conditions is crucial to the Danish government, said Mogens Jensen and announced an increase in the Danish contribution to ILO with 5 million USD including support to the Better Work Program by ILO and IFC to strengthen social dialogue and reduce environmental impact.



Director General of ILO, Guy Ryder highlighted the actions taken and progress made in the industry since the accident, which include the launch of the National Tripartite Action Plan on Fire and Building Safety, reformation of the labour legislation, the Accord, which 158 companies world-wide have signed, the Sustainability Combat and a ILO Better Work Program in Bangladesh. All of which represent collaboration, good will and practical actions to improve safety and working conditions in Bangladesh.

Sustainable progress, however, call for more than solidarity, CSR and technical assistance alone. Overcoming the deficiencies, lack of engagement and problems accumulated for the last four decades also requires a clear and equitable regulatory environment, strong enforcement and strong national institutions which will enable the social partners to do their part of the job. Guy Ryder stressed that progress on the institutional background elements really just began and will take support years to come.

“The ready-made garment industry is vital to Bangladesh’s economic growth but it needs to be safe and sustainable,” said Guy Ryder. The country has come a long way with inspections of factories, amendment of labour legislation, but there is still a long way to go, especially in the area of freedom of association.

The Rana Plaza has shown the challenges of national state regulations and the international fragmentation of production today. The ILO Governing Body has therefore decided to initiate tripartite discussions at its annual conference in 2016 on decent work in global supply chains to ensure that global supply chains operate safely in respect of international prescribed workers’ rights and in a way that give ordinary citizens assurance that products they buy are produced under decent working conditions.

The perspective of different stakeholders

Permanent Secretary of Ministry of Labour and Employment in Bangladesh, Mikail Shipar talked of actions taken by the Bangladeshi government, amongst other things the rise in minimum wages to USD 68/month, the establishment of training institutions for women, training programs for workers including skills development, support given to the victims of Rana Plaza and the scale-up of both inspectors and employees in the Ministry.

The 2006 labour act has been amended and consolidated to improve workers welfare and freedom of association”, said Mikael Shipar and mentioned that 127 new unions were registered in the last year at factories. Bangladesh is at the take-off stage of improving the industry and it is very important that the international community continues its support in order to achieve the goals of the future, said Mikail Shipar.



The ready-made garment industry in Bangladesh has gone through an exponential growth in the last 3-4 decades and has more than 4.000 exporting factories in operation that employ more than 4 million workers, the majority of which are poor young women. The plans are to expand the sector to 10.000 factories employing 12 million workers by 2020. The ready-made garment industry is crucial for the economic growth of the country. We therefore need the support from all stakeholders in improving the working conditions and make the industry more sustainable, said Mikail Shipar.

Vice President of BGMEA, Reaz Bin Mahmood highlighted the economic development of the ready-made garment industry in Bangladesh. It started in 1978 with an export of 12.000 USD. In 2013 the export had increased to 23 billion USD accounting for 85 % of Bangladesh’s export and is expected to reach 45 billion USD in 2020.

Reaz Bin Mahmood emphasized that there has been a paradigm shift in the industry since Rana Plaza. The mind-set and approach by brands, retailers and European and US governments have changed. They have



now joined hands to make the industry safer. BGMEA is working hard to ensure safe working conditions and higher living standards, but needs help in reviving confidence in the Bangladeshi garment industry in order for it to grow even more, but in a sustainable manner.

Reaz Bin Mahmood highlighted the safety initiatives of BGMEA including the fire safety training of member factories and monitoring of safety standards and social compliance at the factories. Information regarding factory inspections are and will be made public. So far the BGMEA fire safety course has covered more than 1.400 factories. In addition BGMEA works closely with the government initiative on fire and building safety and with global brands and retailers through the Accord and Alliance. Reaz Bin Mahmood expressed a need for government investment in infrastructure and financial help to renovation of factories, otherwise they will close and many people will lose their jobs.



Labour union leader and former textile worker, Nazma Akter said that her vision for the future is respect, dignity and trust. She emphasized the importance of securing the jobs in the industry but ensuring safe and fair working conditions for the workers. This includes female empowerment, better health conditions including fighting malnutrition and the use of chemicals, and a fair wage. Securing freedom of association is crucial to achieving these goals, said Nazma Akter.

Most women workers come from the countryside and have no other job opportunities than in the garment sector. Job security is therefore very important. Improvements have been achieved in some areas. More women workers are aware of their rights and responsibilities. However there are still a number of challenges. There is a need for gender equality particularly in management – be it unions, factories or in organisations such as BGMEA.

Nazma Akter also emphasized the importance of improving the living conditions of women workers by addressing problems caused by increasing house rent, bad food quality and an insufficient health system and called for a focus on these issues in the National Action Plan.

Head of Sustainable Business Development at C&A, Philip Chamberlain, stressed that it is not about business as usual, but about the necessity of systematic change. It is important that it is a collaborative effort on the part of all stakeholders whether local or international and that it results in measurable improvements in building, fire and electrical safety and a more productive industry with better motivated workers contributing to an increasingly efficient industry, said Philip Chamberlain. Greater transparency is an important part of the systematic change needed in the industry.

Philip Chamberlain emphasized that the main challenges are the lack of trust between the differing stakeholders involved and the many mixed messages



coming from different stakeholders, which set incorrect expectations. The change since the Rana Plaza accident has been positive, but the change will not happen quickly, so everyone needs to stay in Bangladesh and help. Failure is not an option. Chamberlain sees a need for a general social security system to make the workers' situation less vulnerable.

Initiatives Supporting the Vision



Executive Director of the Ethical Trading Initiative, Peter McAllister kicked off the panel discussion by emphasising the importance of the garment sector for economic development in Bangladesh and the vision of a future industry with decent jobs, happy workers and trade practices that are transparent and fair. It will be a huge challenge – there are factories, however, that do meet global standards so it can be done.

The panellists were asked to consider elements of the vision and highlight what they are doing that can contribute to the vision noting the pressing need to provide compensation for victims of the Rana Plaza tragedy.



Director of ILO Better Work, Dan Rees presented the Better Work Program in Bangladesh. Better Work is a partnership between ILO and IFC. The program partners in Bangladesh are government, employers, workers, international buyers and other relevant stakeholders.

The aim of the program is to promote sustainable change in the ready-made garment sector by helping factories comply with labour laws and building the capacity for labour administration and industrial relations. The program in Bangladesh is expected to start in second half of 2014 and involve 300 factories. Better Work will among other things train workers in their rights so they are best placed to understand their rights and more capable in the workplace to engage in social dialogue.

Dan Rees emphasized that good working conditions benefit everyone, as it makes for more efficient workers and stressed the importance of coordination and alignment of efforts.

Assistant General Secretary of IndustriALL Global Union, Monika Kemperle emphasised how the written agreements and visions need to be transformed into actions. To do this, transparency in the money flow is crucial, also regarding compensation to victims, which urgently needs to be paid out.

Collective bargaining in the workplace is key. The government needs to ensure the right environment, the factories need to allow it and the international



brands need to demand it. It is important to make clear the roles of the different actors. The government of Bangladesh has taken important steps to ensure better working conditions including the amendment of their labour laws – it is now time to enforce the amendments and put sanctions into place.

Sexual harassment needs to be addressed and to stop it we have to distinguish between harassment due to being a worker and harassment due to being a woman said Monika Kemperle.



Chairman of the French OECD Contact Point, Paul Hunsinger highlighted the work of the French NCP interpreting the OECD guidelines for Multinational Enterprises in the case of the ready-made garment sector in Bangladesh. The report was published in December 2013 after a comprehensive consultation.

The report contains key recommendations to brands and other stakeholders. The French NCP proposes several measures which are regarded necessary and sufficient and proposals based on good practices which may serve as examples. The report is a useful tool for companies in implementing the OECD guidelines. It also contains proposals providing support to enterprises implementing the OECD guidelines for consideration by public authorities. The vision is that the report and its recommendations become a common reference in the OECD countries.

Permanent Secretary of Ministry of Labour and Employment in Bangladesh, Mikail Shipar

Mickail Shipar emphasized that Bangladesh is a developing country and needs support to improve the working conditions and meet all the expectations and encouraged more donors to provide support for the implementation of the National Action Plan. Mikail Shipar also encouraged buyers to pay more for the products. Just a small increase in unit price could make a huge difference in implementing better working conditions. The expectations and demands to factories in Bangladesh have to be reflected in the price and business practices of brands.

Vice President of BGMEA, Reaz Bin Mahmood

Reaz Bin Mahmood emphasized the importance of training and education of workers and management in their rights and responsibilities. Knowledge and information about ILO conventions and best practices are important.

Head of Sustainable Business Development at C&A, Philip Chamberlain stressed the importance of innovation, collaboration and prosperity and the need of producers and brands to invest in efficiency which is very low in Bangladesh. The combined focus on technical lean improvements in production lines and improvements of dialogue between management and workers has in a pilot study resulted in 20 % increase in sawing efficiency, 24 % reduction in workers turnover and 15 % increase in take home payment excl. overtime. In a new project funded by DFID nine brands will work together with Impactt to delivery benefits for both business and workers. The project will reach out to 200 factories by 2015. Philip Chamberlain also gave examples of initiatives where several brands work together to improve environmental performance

e.g. the PAC project focusing on wet processes and the Zero discharge project focusing on the 11 most hazardous chemicals to begin with.

Concerns were raised that many victims of the Rana Plaza tragedy have not yet received compensations. Reaz Bin Mahmood mention the relief and rehabilitation work of BGMEA for Rana Plaza victims and the many practical difficulties encountered like fake IDs and welcomed the initiative by ILO to set up the Rana Plaza Donors Trust Fund. The Trust Fund was established in January 2014. The claims processing has just started from a newly opened claims processing office in Savar, Dhaka. Initial estimates suggest that the Fund needs to collect 40 million USD in order to cover the expected claims. The amount in the Fund is approx. 7 million USD. Further donations are therefore urgently needed.

The issue of a living wage to workers in the ready-made garment industry was also raised and the importance of sector bargaining on wages to make sure that all workers benefit from receiving a living wage. Mikail Shipar emphasized that a living wage in Bangladesh is very ambitious and it will require that brands and buyers are willing to pay more. Reaz Bin Mahmood stressed the importance of all brands working together towards a living wage and not only a few as many factories supply to several brands. Philip Chamberlain informed about the collaborative efforts of brands to establish enabling principles and stressed that if each stakeholder are willing to take their responsibility we will find a way to make effective change.

Problems related to freedom of association and collective bargaining was raised and it was suggested that the Bangladeshi government should establish a tripartite committee to take up cases of violence and threats experienced by workers trying to organize. Reaz Bin Mahmood emphasized the need of training and capacities building on both sides and stressed that with 4.000 factories the mentality differ among the factories. Most factories do have worker participation committees. Best practice cases demonstrating that the presence of unions provides benefits for both workers and business are important to drive change in the industry.

Sum up and conclusions

The Danish Ambassador to Bangladesh, Hanne Fugl Eskjær ended the meeting by summing up the key conclusions and announced that in one year the Danish Embassy in Dhaka will arrange another meeting to take stock of what all stakeholders have done to fulfil the vision of Bangladesh as a sustainable production hub that we can all be proud of being associated with.

Main Conclusions

- There is a pressing need to provide compensation to victims of Rana Plaza and further donations to the ILO Rana Plaza Donors Trust Fund are needed
- Many challenges lay ahead, not least the need for structural changes. The garment industry in Bangladesh is a huge success, but needs to be made sustainable while remaining competitive
- Many Bangladeshi women live off the garment industry, so important to empower the women



- Solution is not to leave Bangladesh, but to stay and contribute to solving the problems
- There is a need for genuine progress on freedom of organisation and social dialogue in Bangladesh
- The different initiatives need to be coordinated and work together
- There is a need for investment in infrastructure to secure safe working conditions and make the production lines more effective without diminishing workers' conditions
- No lead responsible party, but everyone has their share of responsibility:
 - Bangladeshi government must provide framework for a sustainable industry
 - International Governments must continue to support Bangladesh and also apply pressure to ensure results
 - The Industry must work to foster good social dialogue
 - Brands must scrutinize structure of the sector, and not only focus on driving down prices but demand good working conditions
 - Workers and employers must engage in social dialogue that creates trust and engage in capacity building and training
 - Consumers must take responsibility for the clothes we buy