

# Linking Trade and Decent Work in Global Supply Chains in Bangladesh

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**CLS+**

**Core Labour Standards Plus**

Linking trade and decent work in  
global supply chains

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February 2018

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## List of Abbreviations

<b>BEZA</b>	Bangladesh Economic Zones Authority	<b>FTA</b>	Free Trade Agreement
<b>BGMEA</b>	Bangladesh Garment Manufacturers & Exporters Association	<b>FY</b>	Fiscal Year
<b>BIMSTEC</b>	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation	<b>GSC</b>	Global Supply Chain
<b>BKMEA</b>	Bangladesh Knitwear Manufacturers & Exporters Association	<b>GSP</b>	Generalized System of Preferences
<b>BLA</b>	Bangladesh Labour Act	<b>GVC</b>	Global Value Chain
<b>CAP</b>	Corrective Action Plan	<b>ICCPR</b>	International Covenant on Civil and Political Rights
<b>CB</b>	Collective Bargaining	<b>ICESCR</b>	International Covenant on Economic, Social and Cultural Rights
<b>CBA</b>	Collective Bargaining Agent	<b>ILO</b>	International Labour Organization
<b>CEDAW</b>	Convention on the Elimination of All Forms of Discrimination against Women	<b>KII</b>	Key Informant Interview
<b>CSO</b>	Civil Society Organisation	<b>LDC</b>	Least Developed Country
<b>CLS</b>	Core Labour Standards	<b>LFMEAB</b>	Leather goods & Footwear Manufacturers & Exporters Association of Bangladesh
<b>CLS+</b>	Core Labour Standards Plus	<b>LFS</b>	Labour Force Survey
<b>CRC</b>	Convention on the Rights of the Child	<b>LMIC</b>	Lower Middle-Income Country
<b>CSR</b>	Corporate Social Responsibility	<b>MDGs</b>	Millennium Development Goals
<b>DFQF</b>	Duty-Free Quota-Free	<b>MFA</b>	Multi-Fibre Agreement
<b>DIFE</b>	Department of Inspection for Factories and Establishments	<b>MNC</b>	Multi National Corporation
<b>DIR</b>	Department of Industrial Relations	<b>MoLE</b>	Ministry of Labour and Employment
<b>DoL</b>	Department of Labour	<b>NGO</b>	Non-government Organisation
<b>EBA</b>	Everything But Arms	<b>OSH</b>	Occupational Safety and Health
<b>EPB</b>	Export Promotion Bureau	<b>RMG</b>	Readymade Garments
<b>EPZ</b>	Export Processing Zone	<b>SAARC</b>	South Asian Association for Regional Cooperation
<b>EWAIRA</b>	EPZ Workers Association and Industrial Relations Act	<b>SAFTA</b>	South Asian Free Trade Area
<b>FDI</b>	Foreign Direct Investment	<b>SAPTA</b>	SAARC Preferential Trading Arrangement
<b>FGD</b>	Focus Group Discussion	<b>SEZ</b>	Special Economic Zone
<b>FoA</b>	Freedom of Association	<b>TU</b>	Trade Union
		<b>UDHR</b>	Universal Declaration of Human Rights

## Foreword

Global Supply Chains have become a common way of organising investment, production and trade in the global economy. Especially for so-called developing countries, the integration into the global supply chains was supposed to create new opportunities for economic and social development. In fact, in some southern countries the increased trade through the global supply chain has created job opportunities and led to an economic upgrading. But overall the changing nature of international trade has led to downward pressure on local working conditions through increased informalisation of the economy. Fundamental rights at work, such as the right to organise and bargain collectively, are often not upheld. Child labour exists in many supply chains and minimum wages, when paid, are not sufficient to ensure a decent living standard.

Bangladesh's economy is based on export-led development. The garments production is the most important industry by far, generating annual exports worth more than 28 billion US dollars. The sights are set on doubling the figure by 2021. More than 60 percent of all textile exports currently go to the European Union (EU). The latter is supported by trade agreements, such as the EU-Generalized System of Preferences (GSP).

Although trade agreements, such as the EU GSP which largely eliminates import duties and quantitative restrictions, have contributed crucially to Bangladesh's economic development, they have failed to contribute in the same way to Bangladesh's social development. Workers' rights, as defined by the ILO core conventions, are often not fully compliant along the global supply chain. Some 4.4 million people are employed in the garment industry, but less than five percent of them are unionised. In many other industries, the share is even lower. The Rana Plaza tragedy in 2013, tragically demonstrated the need for a broader understanding of Core Labour Standards (CLS+), including rights, such as health and safety. The accident triggered a much-needed debate at the international level concerning inhuman working conditions, exploitation and responsibilities along global supply chains. It is obvious that the often-used narrative of shared prosperity through globalisation, namely trade, does not correspond with the reality.

The ones who suffer most, are too often the workers. In the future, Bangladesh will face more than ever the challenge to ensure economic and social upgrading at the same time.

The Friedrich-Ebert-Stiftung (FES) Bangladesh is therefore proud to present the case study "Linkages of trade and labour standards in global supply chains in Bangladesh" which is written by Prof. Jakir Hossain, professor at the University of Rajshahi, and Mostafiz Ahmed, assistant professor at Jagannath University, as well as the lawyer, Jafrul Hasan Sharif. Our thanks go to the authors of the study. We also express our deepest thanks to Syed Sultan Uddin Ahmmmed, Executive Director of Bangladesh Institute of Labour Studies (BILS) who supported the entire research project with his expertise and motivation to ensure decent work along the global supply chain. The research process and finalisation of the study was supported by Arunduty Rani, programme coordinator at FES Bangladesh.

The study explores the link between trade and labour standards in Bangladesh's textile and garment as well as footwear sector. The study further assesses the interests and policies of stakeholders, such as the government, employers, trade unions, buyers and brands and identifies their common interests finally drawing up recommendations for industrial policies that enable both social and economic upgrading.

The challenges of research the authors experienced - the problems of finding reliable data - point to a lack of transparency in these crucial export sectors which seems to be the result of increasing pressure by global supply chains. We hope that this country study will lend urgency to the debate between (local) government(s), employer's associations, trade unions, brands, buyers and consumers about the need for progress in the implementation of binding labour standards along the global supply chain.

The study is part of the regional project "Core Labour Standards Plus (CLS+)" which was launched by Friedrich-Ebert-Stiftung in Asia in 2016. It aims to promote and develop binding labour standards in trade and global

value chains. With growing consumer concern and strong criticism of free trade agreements in Europe, there is a momentum to push for binding social clauses in international trade. If governments can show that trade agreements contribute to making the life of workers in Asia better, the growing scepticism towards such agreements could be reduced.

The scope of the CLS+ project is ambitious in the sense that it goes beyond the ILO core labour standards. These core conventions are recognised as an important element of decent work and are used by the EU in trade agreements. But they do not cover other important rights such as living wages, maximum working hours including overtime, and safe and healthy workplaces. For instance, a living wage is crucial to lift people out of poverty.

In the first phase of the project, four countries - Bangladesh, Cambodia, Pakistan, and Vietnam - were selected to explore the link between trade and labour standards in key industries characterised by global value chains, namely garments, footwear and electronics. These countries were chosen because they have experienced different schemes of trade preferences, notably with the European Union, but also with the United States.

We would like to thank all those who have contributed to the project and supported the analyses on a regional and national level with their knowledge and insights, and helped shape this publication for Bangladesh and its accompanying country studies.

**Franziska Korn**  
*Resident Director*  
*FES Bangladesh*



## Introduction

Bangladesh has a range of instruments including national laws, trade agreements, contractual obligations, collective agreements, and codes of conduct to promote and protect workers' rights. As a Least Developed Country (LDC), it also accepts some of the labour standards as requirements to access the markets of developed countries and/or to make use of preferences in the trading arrangements with its bilateral and multilateral partners.

Since its inception in 1919, the International Labour Organization (ILO) has adopted 189 conventions and various recommendations for protecting and ensuring the rights of workers. Bangladesh, as a member of the ILO and signatory to numerous conventions, is obliged to promote and protect rights at the national level. A number of labour standards have been applicable to Bangladesh's workers due to the country's continued integration into the world economy. It is, however, not sufficiently known to what extent international labour standards have been reflected in the country's workers' rights provisions, and whether there have been differential outcomes to different forms of workers' rights—the core and non-core labour standards (CLS+).

Labour standards are the minimal rules that govern how people are treated in a working environment. However, consensus on the minimal rules is still elusive. This is particularly due to the fact that the forms of labour standards reveal a broad dispersion of contents. The most pronounced division among the labour standards is, however, between core and non-core standards. ILO standards pertaining to the Declaration on Fundamental Principles and Rights at Work—freedom of association, freedom from forced labour and from child labour, and non-discrimination in employment—are core labour standards, whereas other standards like minimum

wages, or safety and health standards are, in contrast, deemed non-core standards.

The current study explores whether and to what extent the CLS+ standards and rights are in action for Bangladesh's industrial workers by juxtaposing provisions of Bangladesh's labour laws with standards applicable to workers. The objective is to explore the patterns of global supply chains (GSCs) in Bangladesh's export-oriented sectors, Ready Made Garments or RMG and Footwear, and the related labour conditions, and identify possible linkages to existing trade and preferential agreements that offer leverage for the promotion of CLS+.

The study is a qualitative one, encompassing secondary literature reviews and eighteen (18) key informant interviews with representatives of government, employers, trade unions, civil society organisations (CSOs), and buyers/ brands and focus group discussions (FGDs) (two in Dhaka, one in Narayanganj, one in Gazipur, and one in Chittagong, see Annex 1).

The study has been structured in four main parts. The following section is the trade and labour nexus in Bangladesh, focusing on economic data and trade and labour linkages in the garment and footwear sectors. The trade regime in place for Bangladesh and the country's integration in GSCs are presented in this section. The third section focuses on the labour rights situation in Bangladesh's export-oriented industries. The fourth section assesses the interests and policies of stakeholders—trade unions and CSOs, government, and buyers and brands—by using secondary data and expert interviews. The concluding section identifies common interests of different stakeholders, and draws policy recommendations in linking trade and decent work in GSCs in Bangladesh.

## 1. The trade and labour nexus in Bangladesh

### Economic and policy settings

Bangladesh is a Lower Middle-Income Country (LMIC), according to the World Bank classifications, and a Least Developed Country, according to the United Nations.<sup>1</sup> The country has achieved strong economic growth and impressive poverty reduction. Between 2010 and 2015, growth of real gross domestic product (GDP) averaged 6 per cent. In the previous fiscal year (FY) (2015-16), the country achieved 7.11 per cent GDP growth that was 6.55 per cent and 6.06 respectively for the fiscal years 2014-15 and 2013-14 (GOB 2016). Bangladesh has achieved the main target of the Millennium Development Goals (MDGs)—halving the incidence of poverty between 1990 and 2015. The incidence of poverty has fallen below 25 per cent while that of extreme poverty has declined to around 12 per cent.<sup>2</sup>

The driving force for the steady GDP increase has been the increasing growth of the industrial and service sectors. In the year 2015-16, industry sector growth

increased to 11.09 per cent from 9.67 per cent in 2014-15. The service sector achieved 6.25 per cent growth in 2015-16, up from 5.80 per cent in 2014-15 (Chart 2.1).<sup>3</sup>

The sectoral share of generated wealth (measured in GDP) shows that the share of agriculture in the broad economic sectors has been declining (from 19.01 per cent in FY 2006 to 14.79 in FY 2017). The sectoral shares of industry and services in GDP have increased substantially; currently, they stand at 32.48 per cent and 52.73 per cent, respectively, in FY 2017 (Table 2.1).

The economy is increasingly based on export-led development. In particular, the ready-made garments industry now accounts for over two-thirds of export earnings. Other key sectors for Bangladesh include shipping, pharmaceuticals, ceramics and electronics. Bangladesh has maintained export competitiveness for its major export items, and exports maintained growth rates of 10.7 per cent during FY 2002-06 and 12.2 per cent during FY 2011-17. Merchandise exports increased

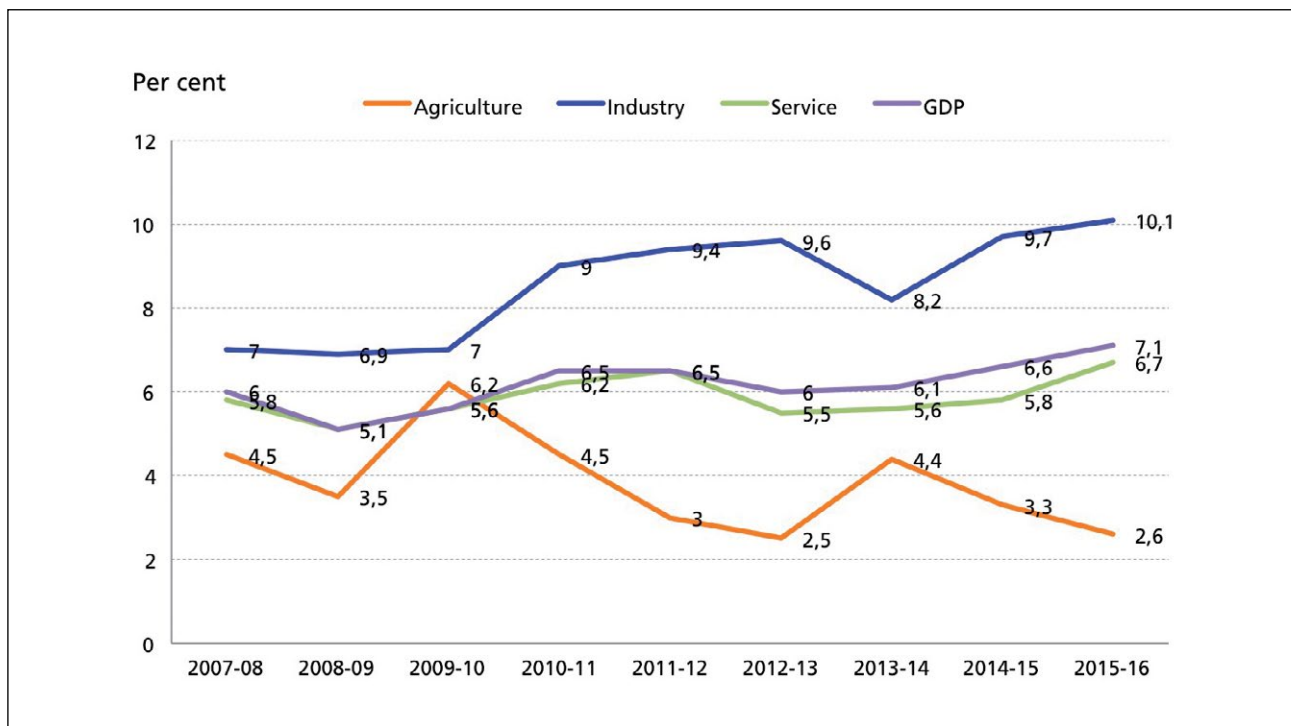


Chart 2.1. Broad sectoral GDP growth at constant prices.

Source: GOB 2016.<sup>4</sup>

Table 2.1. Sectoral share of GDP (per cent)

Fiscal year	Agriculture	Industry		Services
		As a whole	Manufacturing	
Average [FY 2002 to FY 2006]	22.36	27.08	16.11	50.55
FY 2006	19.01	25.40	16.13	55.59
FY 2011	18.01	27.38	17.75	54.61
FY 2012	17.38	28.08	18.28	54.54
FY 2013	16.78	29.00	19.00	54.22
FY 2014	16.50	29.55	19.47	53.95
FY 2015	16.00	30.42	20.16	53.58
FY 2016	15.35	31.54	20.01	53.12
FY 2017 <sup>P</sup>	14.79	32.48	21.73	52.73
Average [FY 2011 to FY 2017]	16.40	29.78	19.49	53.82

Note: <sup>P</sup> denotes provisional  
Source: General Economics Division 2017<sup>5</sup>

from 10.53 billion US dollars in FY 2006 to 34.8 billion US dollars in FY 2017 (see Table 2.2).

Along with exports, merchandise imports increased by 10 per cent during FY 2002-06 and 10.9 per cent during FY 2011-17. Import payments increased from 14.7 billion US dollars in FY 2006 to 47.0 billion US dollars in FY 2017 (see Table 2.3a). Only about one seventh of total imports were food grains and other food items; the rest were petroleum products, raw materials and capital goods. The trade deficit has been on the decline with strong export growth from a narrow base. Lower growth of import payments, compared to export receipts coupled with remittances, has resulted in a significant increase of foreign exchange reserves.

Export earnings have grown at an increasing rate over the years because of the increasing exports to traditional and non-traditional markets. In FYs 2013 and 2014, major exports went to the United States equivalent to 5,583.62 million US dollars, which was 18.50 per cent of total exports as compared to 20.1 per cent in the same period of FY 2012-2013. The second largest buyer was Germany, which amounted to 4,721 million US dollars, having the share of 15.6 per cent in FY 2013-2014 as compared to 14.7 per cent in the previous fiscal year. In addition, total exports to Canada, France, Italy, the Netherlands, Spain, Turkey and the United Kingdom increased in FYs 2013 to 2014, but the total exports to India have decreased.<sup>8</sup>

Table 2.2. Export receipts of Bangladesh

Fiscal year	Average [FY 2002-06]	FY 2006	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017 <sup>P</sup>	Average [FY 2011-17]
Amount (billion USD)	7.86	10.53	22.93	24.30	27.03	30.18	31.20	34.3	34.8	29.2
Growth (%)	10.70	21.63	41.49	5.99	11.21	11.65	3.39	9.8	1.7	12.2
As % of GDP	13.89	16.35	19.92	20.16	19.54	18.99	17.34	16.7	15.5	18.1

Source: General Economics Division 2017<sup>6</sup>

**Table 2.3a. Import payments of Bangladesh**

Fiscal year	Average [FY 2002-06]	FY 2006	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017 <sup>P</sup>	Average [FY 2011-17]
Amount (billion USD)	11.4	14.7	33.7	37.0	37.3	40.6	45.2	43.1	47.0	39.9
Growth (%)	10.0	12.2	41.8	9.9	0.8	8.9	11.3	5.8	9.1	10.9
As % of GDP	19.9	21.8	27.5	28.0	26.8	25.5	24.75	21.3	18.9	24.2

Source: General Economics Division 2017<sup>7</sup>

Bangladesh experienced an accelerated pace of global integration of its economy in the 1990s. Economic reforms gained momentum in that decade and successive governments pursued an export-led growth strategy. During the 1980s, Bangladesh had begun to shift from import substitution and industrial and protectionist trade policies, to export-oriented industrial policies, a move from a highly-protected, public-oriented economy to one in which investment in the private sector was gradually given priority. Over the years, the country has witnessed increasing trade openness, from 33.8 per cent of GDP during FY 2002-06 to 45 per cent in FY 2014 and to an average of 42 per cent during FY 2011-17 (see Table 2.3b). In addition, Bangladesh was able to get increased market access with reduced tariff rates provided by some developed countries to export commodities. The volume of FDI (currently 1.7 billion US dollars) gradually increased, and the participation of Bangladeshi workers in the global labour market also increased, which resulted in increased remittances to the country.<sup>9</sup>

In line with pro-market policy, Bangladesh's recent industrial development policy (2012) has prioritised liberalisation and the development of the private sector. The policy also commits to offer and maintain incentives to attract investment in export-oriented industries. With regards to foreign direct investment (FDI), the

government plans to reduce the cost of doing business, encourage regional investment in emerging sectors, and establish Special Economic Zones (SEZs).

The creation of SEZs by Bangladesh is mainly motivated by the goal to attract FDI. Mandated by the Bangladesh Economic Zones Act, 2010, the Bangladesh Economic Zones Authority (BEZA) was officially instituted by the government with the objective of establishing economic zones in all potential areas in the country, including underdeveloped regions, to encourage rapid economic development. BEZA offers incentives to the developers and investors of the economic zones. These include exemption from taxes and customs/excise duties and non-fiscal incentives such as no FDI ceiling, work permits and recommendation for residency/citizenship. Nine Export Processing Zones (EPZs) have been established across Bangladesh since the 1980s, and the government plans to establish 100 SEZs.

### Labour market dynamics and relevance for CLS+

Within the total population of 158.5 million, Bangladesh has a working-age population (between 15 and 65 years) of 106.1 million, out of which 62.2 million (43.1 million

**Table 2.3b. Trade openness as percentage (%) of GDP in Bangladesh**

Fiscal year	Average [FY 2002-06]	FY 2006	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	Average [FY 2011-17]
Exports plus imports as % of GDP	33.8	38.2	47.4	48.1	46.3	45.0	37.6	34.9	34.4	41.96

Source: General Economics Division 2017<sup>10</sup>

Year	Total labour force		Employed population		Unemployed population	
	Male	Female	Male	Female	Male	Female
2002-03	36	10.3	34.5	9.8	1.5	0.5
2005-06	37.3	12.1	36.1	11.3	1.2	0.9
2010	39.5	17.2	37.9	16.2	1.6	1.0
2013	42.5	18.2	41.2	16.8	1.3	1.3
2015-16	43.1	19.1	41.8	17.8	1.3	1.3

*Source: Labour Force Survey (LFS), 2010, 2013, and Quarterly Labour Force Survey (QLFS) 2015-16<sup>12</sup>*

male and 19.1 million female) are in the active labour force (Table 2.4). Bangladesh's substantial labour force is growing at a rapid 3.3 per cent per year—adding around 2 million workers each year. The size of the employed population increased by 15.2 million from 2002-03 to 2015-16, and accounts for 58.5 percent of working age population (Table 2.4).<sup>11</sup>

The quarterly Labour Force Survey (2015-16) finds that an estimated 2.6 million people aged 15 or older are unemployed. By sex, the number of unemployed males is 1.3 million, compared with 1.3 million unemployed

females. A total of 0.77 million people in urban areas and 1.82 million people in rural areas are unemployed. The survey findings place the unemployment rate at 4.2 per cent, which is 3.0 per cent for males and 6.8 per cent for females.<sup>13</sup>

By area, a higher proportion of urban-based people are unemployed, at 4.4 per cent, than rural-based people, at 4.1 per cent.<sup>14</sup>

Of the total employed people, 42.7 per cent are currently engaged in the agricultural sector, followed by 36.9 per cent in the service sector and 20.5 per cent in the industrial sector (Chart 2.2).<sup>15</sup>

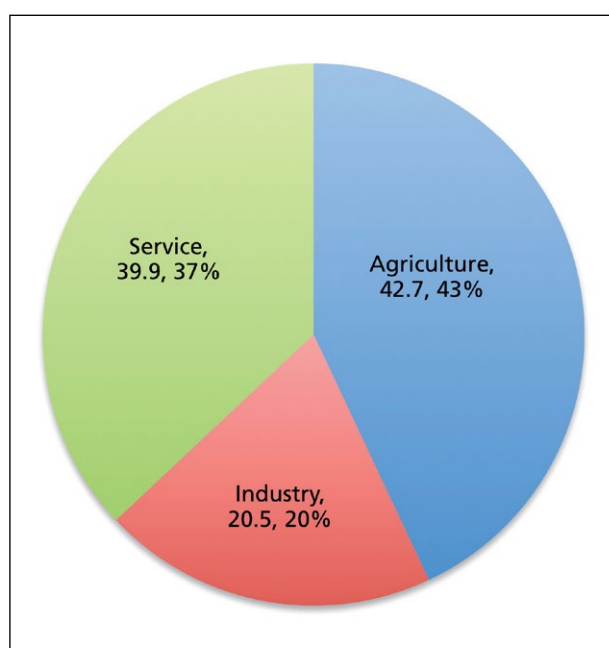


Chart 2.2. Sectoral share of employment.

Source: Quarterly Labour Force Survey, 2015-16.1.

Most of the labour force in Bangladesh is employed in the informal economy. Bangladesh is experiencing growing informalisation despite its good economic performance. An estimated 86.2 per cent of the labour force was employed in the informal sector in 2015-16.<sup>16</sup> The distribution of informal employment across the broad economic sectors is shown in Chart 2.3. The percentage of informally employed people in total employment is very high in all sectors; in particular, it was 97.9 per cent in the agriculture sector, followed by the industry sector (90.0 per cent) and service sector (70.6 per cent).<sup>17</sup>

The conditions under which most informal workers in Bangladesh operate are precarious, unhealthy and unsafe. Work in the informal economy is often plagued by low or irregular incomes, long working hours, small or undefined workplaces, unsafe and unhealthy working conditions, and a lack of access to information, markets, finance, training and technology. Workers in the informal

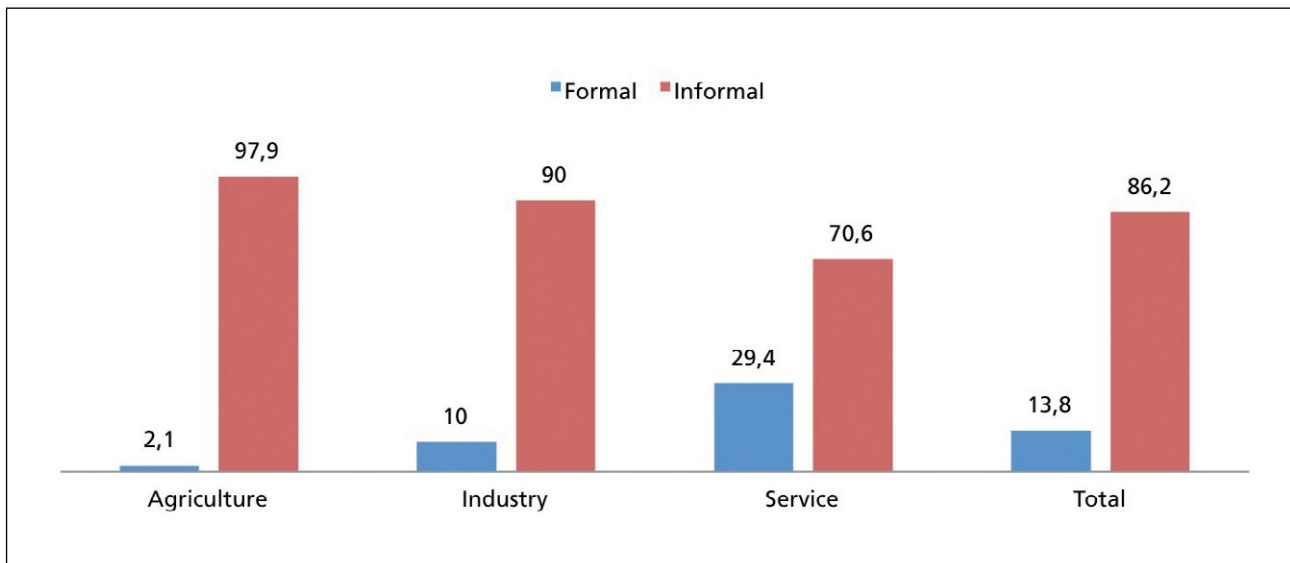


Chart 2.3. Formal and informal employment by economic sector.

Source: Quarterly Labour Force Survey, 2015-16.

economy are not recognised, registered, regulated or protected under labour legislation and social protection. While the informal economy produces certain benefits such as providing livelihoods and large entrepreneurial potential, among others, the decent work deficit is a major concern.

In Bangladesh, in the formal labour market (e.g. in ready-made garments, and footwear), workers are faced with widespread deprivation and vulnerability. These involve noncompliance with standards and rights provisions related not only to protection against unfair or arbitrary dismissal and sudden loss of earnings but also to safeguards against unsafe and hazardous working conditions. The provisions to provide workers with adequate income and other benefits so they can along with their families participate with dignity in their communities are either inadequate or commonly violated. The long-established standards/rights provisions to provide a voice for the workers both at the workplace and labour market levels are also frequently violated. Since workers are not normally organised, they have little or no collective representation in relation to employers or to the authorities.

Although trade unions in Bangladesh are formed at enterprise level, industrial level, and national level, getting credible and easily accessible data on the

number of unions and union members is a hard task. The trade union related information preserving system at the respective authority under the government is weak and the authorities lack a comprehensive database of all unions. The Clean Clothes Campaign (CCC) has said that less than 1 per cent of RMG factories in Bangladesh have a recognised union.<sup>18</sup> Another report on the Labour Market Profile of Bangladesh estimated that there are 2.9 million union members in 7,659 registered basic unions in the country's whole labour market. In addition, there are 169 sectoral trade union federations and 32 national trade union centres. The report also estimates that trade union members' share of waged workers is 19 percent and, in the total labour force, this share is 4 percent.<sup>19</sup>

The growth of trade unions in the RMG sector is remarkable in the post-Rana Plaza period. More than 500 unions exist in the garments sector (LO/FTF Council 2017) of which more than 430 were registered between 2013 and 2017.<sup>20</sup> There are more than 40 registered and more than 30 unregistered RMG federations; however, 10 of those federations organize about 70 per cent of the total members. Most of these federations are affiliated with IndustriALL. From 2013 to date, unions have submitted 66 Charters of Demands in 55 factories and 45 collective bargaining agreements have been signed in 40 factories.<sup>21</sup>

## Trade and labour standards linkages

Bangladesh's integration in the GSCs is mainly attributed to its liberalised trade regime and access to and participation in trade agreements. With increased competition, trade-linked sectors of the country i.e. the ready-made garment and footwear sectors have witnessed standard conditionality in its major export destinations like in the European Union and the US.

The EU Generalized System of Preference (EU GSP) provisions of additional trade preferences (Everything But Arms—duty-free, quota-free market access for LDCs on all products except arms and ammunition) are subject to compliance with several UN Covenants and Conventions,<sup>22</sup> and ILO Core Conventions related to freedom of association, freedom from forced labour and from child labour, and non-discrimination in employment. While the EU GSP defines its core standards in relation to international conventions (including the ILO's), the US definition of internationally recognized workers' rights makes no reference to such standards, in particular the ILO's 1998 Declaration on Fundamental Principles and Rights at Work setting core labour standards.

The US GSP, since 1976, has provided preferential duty-free entry to the US market for some Bangladeshi products based on adherence to workers' rights provisions. The US GSP scheme specifies five standards whose observance conditions a country's beneficiary trade status. The provisions are: (1) the right of association; (2) the right to organise and bargain collectively; (3) the prohibition of forced or compulsory labour; (4) a minimum age for the employment of children; and (5) acceptable conditions of work with respect to minimum wages, hours of work, and safety and health. The US GSP has remained suspended for Bangladesh since 2013 due to the country's failure to meet statutory eligibility requirements related to worker rights. After two industrial disasters—the Tazreen Fashions fire and the Rana Plaza building collapse—the US suspended the GSP for Bangladesh in June 2013, citing, among other factors, serious shortcomings in labour rights and workplace safety.

Bangladesh currently receives GSP facilities from the EU along with 10 countries. A list of unilateral trade agreements in effect for Bangladesh is provided in Table 2.5.

The eight regional agreements currently in force do not have any labour clauses (see Table 2.6 for a list of regional, bilateral and multilateral trading agreements).

The South Asian Association for Regional Cooperation (SAARC) is one of the first few major regional integration initiatives in South Asia. The Preferential Trading Arrangement (SAPTA, 1995) and South Asian Free Trade Area (2004) offer capacity building in trade-related issues through training, export promotions, trade policy formulation and others.

The Asia Pacific Trade Agreement offers tariff concessions on specified products by member countries. Under this agreement, Bangladesh has received 100-per cent tariff concessions on 83 items from China and on 139 items from South Korea.

The Preferential Tariff Arrangement-Group of Eight Developing Countries (PTA-D8) is an arrangement for development cooperation among the eight member countries comprising Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria, Pakistan and Turkey. Through the PTA, Bangladesh gets support in diversifying and creating new opportunities in trade.

The government has prepared policy guidelines for exploring bilateral FTAs with prospective countries with a view to deepening trade integration for export diversification and the enhancement of Bangladesh's exports and competitiveness.

Trade regime reform and trade agreements have made a significant contribution to the growth of export-oriented industries connected to GSCs. Along with the economic globalisation-linked restructuring of international production, Bangladesh's economy over the last four decades has witnessed a shift from exporting primary goods and raw materials to also exporting manufactured goods and intermediate inputs. From modest beginnings in the late 1970s, the export-oriented garment sector had overtaken traditional export items like jute and tea as the major export product by the mid-1980s, and, by the early 1990s, had become the champion export industry.

The RMG sector currently is the second-largest RMG exporter in the world after China. In the FY 2014-15 Bangladesh exported 61 per cent of its RMG products

**Table 2.5. Unilateral trade agreements**

	<b>Unilateral agreements</b>	<b>Provider</b>	<b>Initial entry into force</b>	<b>Status</b>
Generalized system of preferences	Generalized System of Preferences - Australia	Australia	1974	In force
	Generalized System of Preferences - Canada	Canada	1974	In force
	Generalized System of Preferences - European Union	European Union	1971	In force
	Generalized System of Preferences - Iceland	Iceland	2002	In force
	Generalized System of Preferences - Japan	Japan	1971	In force
	Generalized System of Preferences - Kazakhstan	Kazakhstan	2010	In force
	Generalized System of Preferences - New Zealand	New Zealand	1972	In force
	Generalized System of Preferences - Norway	Norway	1971	In force
	Generalized System of Preferences – Russian Federation	Russian Federation	2010	In force
	Generalized System of Preferences - Switzerland	Switzerland	1972	In force
	Generalized System of Preferences - Turkey	Turkey	2002	In force
	Generalized System of Preferences - US	US	1976	Suspended
LDC Specific Duty Free Treatment	Duty-Free Tariff Preference Scheme for LDCs - India	India	2008	In force
	Duty-free treatment for LDCs – Chile	Chile	2014	In force
	Duty-free treatment for LDCs – China	China	2010	In force
	Duty-free treatment for LDCs – Chinese Taipei	Chinese Taipei	2003	In force
	Duty-free treatment for LDCs – Kyrgyzstan	Kyrgyzstan	2006	In force
	Duty-free treatment for LDCs – Thailand	Thailand	2015	In force
	Duty-free treatment for LDCs - South Korea	South Korea	2000	In force

Source: Compiled from WTO 2016<sup>23</sup>

to EU countries and 21 per cent to the US. The footwear sector, too, has emerged as one of the important sectors in terms of value addition. Bangladesh annually produces 276 million pairs of shoes, which is around 1.3 per cent of the world share and ranks Bangladesh in seventh position among the top 10 footwear producers worldwide by quantity.<sup>25</sup>

### Trade and labour linkages in the readymade garment industry

The RMG sector grew primarily as an export-oriented industry during the late 1970s and early 1980s, and has boomed over the last four decades, currently accounting for over 80 per cent of the country's exports (Chart 2.4).

The export volume of this sector rose from 31.57 million US dollars in 1983-84 to 21.53 billion US dollars in 2012-13, and exports exceeded the 28 billion US dollar mark in 2015-16 (see Chart 2.4). RMG exporters have set a target of raising the annual export volume to 50 billion US dollars in 2021.

The RMG factories are mainly concentrated in two divisions of the country—Dhaka (86.4 per cent) and Chittagong (13.5 per cent). The proportion of knit and woven factories is in the similar range—39.2 per cent and 39.1 per cent, respectively. The share of sweater factories is 16.49 per cent and 3.14 per cent of factories produce both knit and woven products.<sup>26</sup>

From just 50 factories in 1980, the RMG industry has jumped to several thousand factories.



<b>Table 2.6. Regional, bilateral and multilateral trade agreements</b>		
<b>Agreements</b>	<b>Entry into force</b>	<b>Status</b>
<b>Regional trade agreements (RTAs)</b>		
Asia Pacific Trade Agreement (APTA)	1976	In force
Asia Pacific Trade Agreement (APTA) – Accession of China	2002	In force
Global System of Trade Preferences among Developing Countries (GSTP)	1989	In force
Protocol on Trade Negotiation (PTN)	1973	In force
South Asian Free Trade Agreement (SAFTA)	2006	In force
South Asian Free Trade Agreement (SAFTA) – Accession of Afghanistan	2011	In force
South Asian Preferential Trade Arrangement (SAPTA)	1995	In force
Bay of Bengal Initiative on Multi-Sectoral Technical and Economic Cooperation (BIMSTEC)	1997	In effect
<b>Bilateral trade agreements</b>		
Pakistan-Bangladesh Free Trade Agreement	Negotiations launched (2003)	
<b>Multilateral trade agreements</b>		
Preferential Tariff Arrangement-Group of Eight Developing Countries (PTA-D8)	2011	In effect
Trade Preferential System of the Organization of the Islamic Conference (TPS-OIC)	Signed (2014), not yet in effect	
World Trade Organization	1995	In effect
<i>Source: Compiled from WTO 2016<sup>24</sup></i>		

According to the Department of Inspection for Factories and Establishments (DIFE), about 4765 factories are currently operating in the country.<sup>28</sup> In addition, 144 garment factories operate in the nine EPZs.<sup>29</sup> The growth of employment in this industry is also exponential, from a few thousand in 1980 to several million at present,<sup>30</sup> of whom a majority are women.<sup>31</sup>

The EU is the largest destination for RMG products. In the FY2014-15 Bangladesh, exported 61 per cent of its RMG products to EU countries, and for the first time, in 2015, exports to the EU exceeded the 15 billion US dollar mark. However, as a single country, the US is the largest market for the apparel with a 21.27 per cent share of the RMG exports. RMG exports to the US in 2015 were worth 5.66 billion US dollars, followed by 4.36 billion US dollars to Germany, 3.32 billion US dollars to the UK, 1.73 billion US dollars to Spain, 1.63 billion US dollars to France, 1.24 billion US dollars to Italy, and 974 million US dollars to Canada. Together, the EU, the US and Canada account for almost 85 per cent of Bangladesh's total exports to the world.<sup>32</sup>

The intra-sectoral changes in the composition of RMG products show that Bangladesh is moving slowly towards relatively capital and technology-intensive industries (knit) in contrast to labour-intensive (woven) industries. This change has implications for the employment dynamics in terms of defeminisation and flexibilisation. In woven factories more low-skilled women are involved as workers, while in the knit factories a higher proportion of male workers with better skills dominate the workforce.<sup>33</sup> The relatively better export performance of the knit sub-sector means that women's proportion in total garment sector employment is reducing, while for men it is creating more employment opportunities. Thus, the garment sector is experiencing a defeminisation of the workforce in contrast to the earlier theorization of the feminisation of Bangladesh's garment sector on which the industry depended heavily.

The flexibilisation of labour has given rise to subcontracting or outsourcing of the production process. Four tiers of manufacturing chains are at work in the sector. Orders from large brands and international retailers come

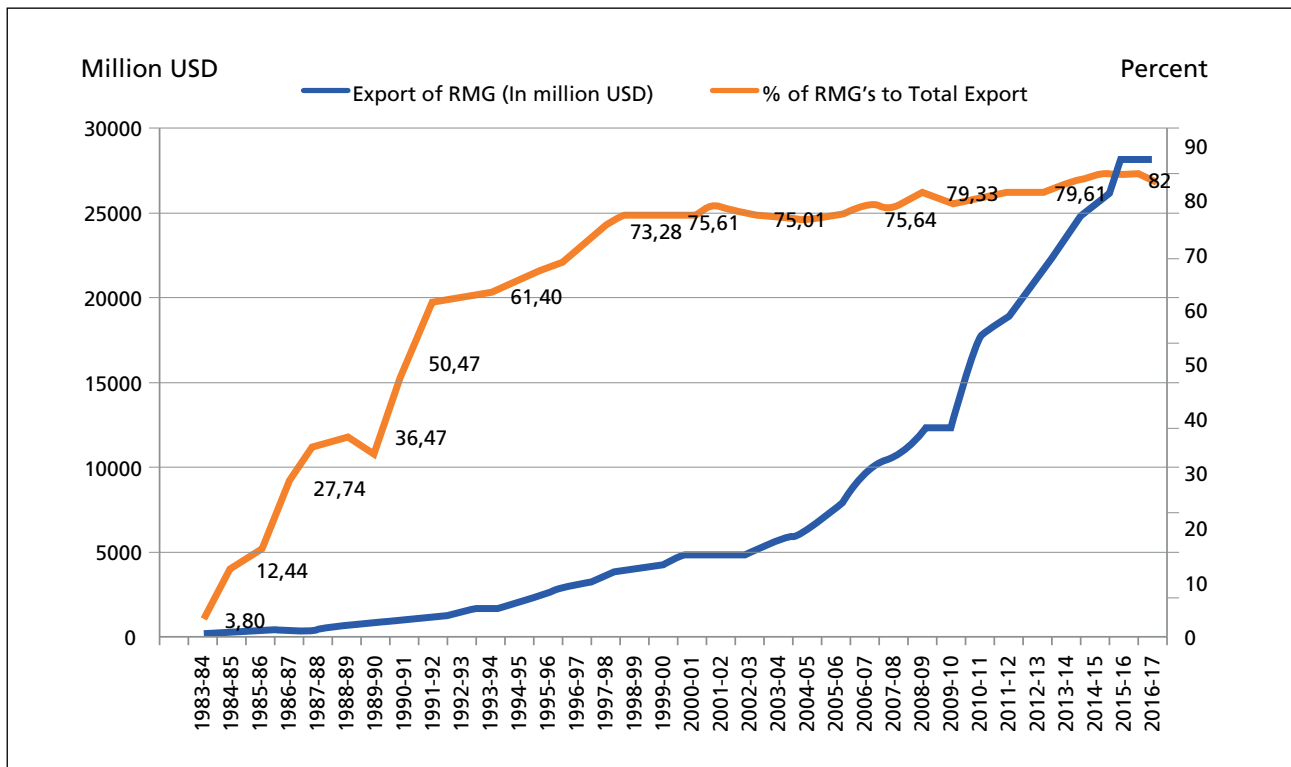


Chart 2.4. RMG export value and share in Bangladesh's total export.

Source: Export Promotion Bureau.<sup>27</sup>

through their sourcing offices (buyers) and are contracted out to the large manufacturers. These large manufacturers subcontract either all or parts of the item to medium-sized manufacturers who again subcontract the work to small manufacturers and even to piece-rate home workers. In subcontracting, workers are at the mercy of brokers who determine production and compensation rules. This also implies a blurring of the distinction between employer and workers: workers often do not know who would meet their legitimate demands on labour standards.

Although the RMG sector contributes the most to export earnings, its value addition is low due to its dependence on imported raw materials. Bangladesh's apparel industry represents a case of a 'buyer-driven' GSC in that brands and retailers have the most significant control over supply chain dynamics. The most important value-added stages—and the ones in which the Bangladesh RMG sector hardly contributes—are intangible services that occur before the apparel production process (e.g. research and development of new products, and design) and after it (e.g. logistics—purchasing and distribution,

marketing and branding, and services). The most profits result not from production in which Bangladesh operates, but rather from high-value research, design, sales, and marketing.<sup>34</sup> If one looks at the various components from the viewpoint of buyer/company, wages only account for 0.5 to 1 per cent of the ultimate sale price of the product, while marketing and advertising as well as profit for the company amounts to over 25 per cent of the end sale price.<sup>35</sup>

A value chain analysis carried out in a World Bank study concerning polo shirts also reveals the unequal share of income that goes to labour.<sup>36</sup> The study shows that the unit cost of a shirt in Bangladesh is approximately 3.46 US dollars, excluding margins and the cost of transportation to port. The highest cost component in polo shirt production is fabric, in Bangladesh representing 77.5 per cent. Labour for the sewing and assembly stage is 23 per cent of total costs, which amounts to around 3 per cent of total production costs.<sup>37</sup> This implies that the gains in the sector are hardly shared equitably with the workforce engaged in production and assembly units.

## Trade and labour linkages in the footwear Industry

Bangladesh has already become a popular country for exporting quality leather, leather goods and footwear. Considering the prospects and potential, Bangladesh's Export Policy 2015-18 has labelled "footwear and leather products" as one of the highest priority sectors.

Leather processing is a manufacturing sub-sector in Bangladesh with a heritage of over six decades.<sup>38</sup> Exports have grown by more than 16 times since FY2001 and its share in the manufacturing sector has also grown in recent years.<sup>39</sup> Footwear exports increased to over 19 million US dollars in 1993-94 from only around 2.5 million US dollars in 1990-91, and rose to over 673 million US dollars in FY2015. According to the Export Promotion Bureau (EPB), Bangladesh earned 1.29 billion US dollars (4.2 percent of the country's total exports) from exports of leather, leather goods and footwear in the FY2013-14.<sup>40</sup> Footwear (both leather and other) alone fetched 550 million US dollars in foreign exchange (out of which 378 million US dollars was from leather footwear).<sup>41</sup> The manufacturers believe the footwear industry may grow to 15 billion US dollars within a few years.<sup>42</sup>

According to the Leather-goods & Footwear Manufacturers & Exporters Association of Bangladesh (LFMEA), 110 export-oriented factories manufacture footwear in the country.<sup>44</sup> Locational concentration of the leather footwear industry shows that nearly 90 per cent of all leather footwear manufacturing units are located in and around Dhaka city with some leather footwear factories existing in Chittagong and Khulna and in Bhairab in Kishoreganj district. Within Dhaka city, there is a concentration of small leather footwear production units (with 10-49 workers) in two areas known as Siddique Bazaar and Bongshal where nearly half of these small units are located.<sup>45</sup>

The leather and footwear industry provide direct employment to about 180,000 people. About two-thirds of the employed total labour force are women. A large number of workers have no formal training or adequate education on leather processing, finishing or manufacturing.<sup>46</sup>

**Table 2.7. Footwear exports value and growth**

Year	Value (in million USD)	Growth (%)
FY2011	297.8	45.92
FY2012	350.55	17.71
FY2013	419.35	19.63
FY2014	550.11	31.18
FY2015	673.27	22.4

Source: GOB 2016<sup>43</sup>

According to industry insiders, of the total exports from the leather industry, 60 per cent go to the European Union, 30 percent to Japan and 10 per cent to the rest of the world. The top destinations for Bangladesh's footwear exports are Italy, New Zealand, Poland, the UK, Belgium, France, Germany, the US, Canada and Spain. Some other countries like Japan, India, Nepal and Australia are emerging as potential importers of Bangladeshi leather goods.<sup>47</sup>

Bangladesh has attracted the interest and the attention of globally renowned retail chains. Along with leather footwear, non-leather footwear is also on the list of footwear export items. Non-leather footwear has become attractive to buyers/brands because of its low price and good quality. The country is now supplying sports shoes, sandals, flip-flops and boots to a number of leading global retailers including H&M, Decathlon, Kappa, Skechers, Fila and Puma. Famous brands like Gucci, Nike, Reebok, and Timberland are outsourcing footwear from Bangladesh. At least 51 foreign companies have expressed interest in establishing joint-venture footwear units in the country.<sup>48</sup>

The reasons for the upward trend in exports can be mainly attributed to the diverting of footwear orders from China where the production cost has increased significantly, the improvement in the quality of the leather, and timely delivery of the leather footwear. Many leather goods and footwear makers are producing high-quality products targeting the middle and higher-end segments of the market, which ultimately helps in earning more per unit. Also, the leather and footwear sector is very important and promising because of its greater scope for value addition. Raw materials for this industry are locally available and therefore the opportunity for value addition is substantially higher than that of the RMG sector.

## 2. Labour rights in global supply chains in Bangladesh

This section analyses the state of CLS and CLS+ in two sectors—ready-made garments and footwear—linked with the GSCs. The position has been examined in terms of legal and practical situations. Juxtaposing the overall reflection of the law provisions with those of the international standards has provided the scope to see whether the workers' rights provisions in the country are in line with international standards. The practical situation takes into consideration the quality of labour protection in practice drawn from secondary literature, focus group discussions and key informant interviews.

### The labour rights protection framework in Bangladesh

Bangladesh is obliged to uphold workers' rights through numerous international workers' rights and human rights instruments.

Bangladesh has ratified seven out of eight of the ILO's fundamental conventions on core labour rights—collective bargaining and freedom of association, elimination of all forms of forced labour, effective abolition of the worst forms of child labour, and elimination of discrimination in employment, two out of four governance conventions on labour issues—labour inspection and tripartism—and four out of 71 up-to-date conventions on working time, social protection, and protection of nurses. The instruments originating in the United Nations, particularly the Universal Declaration of Human Rights (UDHR), the International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights have given workers economic, social, cultural, civil and political rights. Moreover, the Convention on the Rights of the Child (CRC), and Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) also provide the basis of the protection of workers' rights in Bangladesh.

The constitution is the highest legislation of Bangladesh, and provides its citizens with the right to freedom of association, reasonable wages, equal opportunity in employment, social security and prohibits forced labour

(Articles 7, 14 and 20). The constitution has indicated work as a right and duty of the citizen (Article 20).

The Bangladesh Labour Act 2006 (BLA 2006) is the country's most important labour legislation. The BLA 2006 regulates trade unions, working hours, minimum wages, employment and industrial relations. The Labour Act consolidated 25 separate acts into a single labour code in 2006. It has been amended three times since its formulation, and the latest amendment was done in 2013 after the twin industrial disasters—the Tazreen fire and the Rana Plaza building collapse. The latest amendment brought some changes relating to freedom of association and collective bargaining, and occupational safety and health standards. Along with amendments to the BLA, the Labour Rules (2015) have been issued. The formation and activities of safety committees, contributions to worker welfare funds, and provision on festival bonuses have been clarified in the rules.

The provisions related to enterprises in EPZs are within the EPZ Workers' Association and Industrial Relations Act (2010) (EWAIRA 2010).<sup>49</sup>

At the centre of Bangladesh's labour policy formulation and implementation is the Ministry of Labour and Employment (MoLE). The Department of Labour (DoL), as one of its implementing agencies, is responsible for the overall administration and implementation of policies and programmes. The DoL, too, acts as conciliation machinery that deals with labour disputes including strikes and lockouts. The inspection of factories, and prosecutions of violations of labour laws in the courts are prerogatives of the Department of Inspection for Factories and Establishments (DIFE). All factories / establishments, except those in the EPZs, are under the purview of DIFE's monitoring and enforcement, whereas for factories in the EPZs, the Department of Industrial Relations (DIR) acts as a substitute.

The National Tripartite Committee was formed in May 2013 to monitor implementation of the National Tripartite Plan of Action in Bangladesh's garments industry. A 16-member Tripartite Committee headed by

the secretary of the Ministry of Labour and Employment has been formed to implement the National Plan of Action.

International labour rights organisations, brands, buyers, retailers and trade unions are working to improve the OSH situation of Bangladesh. Many of these initiatives relate to the RMG Sector. Two of the prominent ones are the ACCORD on Fire and Building Safety in Bangladesh and the Alliance for Bangladesh Worker Safety.

The Accord is an initiative by over 190 apparel corporations, two global trade unions—IndustriALL and UNI—and numerous Bangladeshi unions to create a safe workplace for the RMG workers. It is an independent and legally binding agreement targeted at making all garment factories in Bangladesh safe workplaces. It includes independent safety inspections at factories and public reporting of the results of these inspections.<sup>50</sup>

Alliance is a worker safety initiative founded in December 2013. A group of North American apparel companies, retailers and brands jointly launched the Bangladesh Worker Safety Initiative to help improve worker safety in Bangladeshi ready-made garment factories. The Alliance is focused on systemic and sustainable improvements in fire, structural and electrical safety in Bangladesh's garment factories.<sup>51</sup>

## State of CLS+ in Bangladesh

### *Elimination of child labour*

To protect the rights of children and eliminate child labour, the ILO and other international institutions have adopted several provisions. The International Covenant on Economic, Social and Cultural Rights has declared that children and young people have the right to be protected from economic and social exploitation (Art 10.3). According to the CRC, states should provide for a minimum age for admission to employment (Art. 32.2a), and protect children from work that is dangerous or might harm their health or education, and from economic exploitation (hours and conditions of employment) (Art.32.2b and 32 .1). The obligations of ILO conventions on child labour (C 59 and 138), relate to the age of children, and permissible work by children.

Bangladesh has ratified one of the ILO core conventions related to child labour (C182—Worst Forms of Child Labour Convention, 1999) but not the other relevant ones (C 138—Minimum Age Convention, 1973 and C 59—Minimum Age-Industry Convention, 1937). Even though the conventions not ratified include another of the core conventions (C 138), the country is obliged to promote standards relating to a minimum age for admission to employment. The ILO Declaration on Fundamental Principles and Rights at Work 1998 states, "(A)ll Members, even if they have not ratified the Conventions in question, have an obligation arising from the very fact of membership in the [International Labour] Organization to respect, to promote and to realize, in good faith and in accordance with the Constitution, the principles concerning the fundamental rights which are subject to those conventions."<sup>52</sup> But in practice, Bangladesh provides only partial protection.

Bangladesh's standard on the elimination of child labour and protection of adolescents makes use of the exemption provision of the ILO convention applicable to developing countries. In setting the minimum age of employable children, the BLA 2006 allows children from 12 years onwards for employment in light work—not harmful for health, development, and education. The relaxation of the rule on the age of children to 12 years for light work, in effect, allows the employment of children in general since the law does not clearly define what constitutes light work, and also because it is difficult to ascertain the age of workers due to the non-availability of national identity documents for people below 18 years of age.

The recruitment of child labour in RMG factories has been discouraged but the industry is still not fully free from the labour of children. In some factories—which are not involved in exports directly, and that work mainly on a sub-contract basis—children do work, according to numerous participants in the FGDs.<sup>53</sup> Workers in the Narayanjanj area also report the "*occasional recruitment*" of child labour in many of the sub-contracting factories, especially during periods of heavy work pressure and during shipment. One of the trade union leaders in a key informant interview said, "I will differ with the generalised claim that child labour is completely absent in the RMG sector. A big group of companies generally makes one/two factories fully compliant to show the

buyers and brands, and bring work-orders, but they have other factories—those are non-compliant. These factories at most times violate labour rights including the recruitment of child workers.”<sup>54</sup>.

The issue of child labour in the leather and footwear industry has not drawn the same attention as in the case of the RMG sector. The situation of child labour in the leather and footwear industry is worse in comparison to the RMG sector. All of the participants in FGDs with leather and footwear workers said that in their factories child workers were present.<sup>55</sup> According to them, about 20 to 40 per cent of workers in their factories are under the age of 18. Similar to the situation in the RMG industry, child workers in the leather and footwear industry are working in non-compliant and subcontracting factories. A key informant said that although large factories do not recruit child labour they are seen working at footwear factories that operate on a sub-contract basis.

### ***Protection against forced and compulsory labour***

Forced labour is defined by the ILO as, “all work or services that is extracted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily” (Con. 29, Art. 2.1). Besides the ILO, other international instruments have also made provisions against forced labour. According to the UDHR, “no one shall be held in slavery or servitude; slavery and the slave trade shall be prohibited in all their forms” (Art. 4). The provision of ICCPR in this regard is that “no one shall be held in slavery and in servitude; and no one shall be required to perform forced or compulsory labour” (Art.8). One of the rights conditionality criteria in the US GSP is freedom from compulsory labour (USTR 2010). The EU GSP makes reference to ILO Conventions 29 and 5, and has made progressive realisation of the provisions a condition to continue to access benefits.

Bangladesh has ratified ILO Conventions 29 and 105. Forced labour is strictly prohibited as per the constitutional framework of the country. Article 34 of the Constitution states “All forms of forced labour are prohibited, and any contravention of this provision shall be an offence and shall be punishable in accordance with the Law.” There is no specific provision in the BLA 2006, neither is it defined. However, all forms of forced labour are prohibited, and any contravention of this provision

is an offence punishable in accordance in Bangladesh’s civil law. Thus, in terms of availability of the provisions, the standard provisions are in line with the international labour standards, but the practice in the two sectors amply reveals that the forced labour-related standards are not fully enforced.

Even though Bangladesh has ratified the relevant ILO conventions, and the constitution of the country also declares the prohibition of forced labour, the current practice of working hours, including overtime and night duty, and the attitude and conduct of the factory management in the RMG sector compels the practices to be non-compliant. There are widespread allegations about compulsory overtime and night duty. The factory management in most cases does not consider the question of consent from workers in engaging them for overtime and night duty (for women). Participants of all FGDs said that if night duty is scheduled, all workers are required to be present, and generally, there is no scope for refusal. The exemption from compulsory overtime and night duty depends on the discretion of the management concerned.<sup>56</sup>

A similar situation prevails in the footwear industry. Workers are bound to do overtime and night duty. Factory management generally does not ask for the consent of the workers regarding whether or not they would like to do overtime work and night duty. Workers generally agree because they do not want to lose their jobs. “We do not have freedom. If overtime or night duty is scheduled in the factory, we must attend and there is no way to escape. If we try to avoid, authority [the management] threatens us of expulsion from job.”<sup>57</sup>

### ***Protection against discrimination in the workplace***

For the protection of workers from discrimination, several international instruments have made provisions regarding discrimination in wages, treatment, and facilities at the workplace.

The ILO adopted the equal remuneration convention (ILO, Convention 100) to prevent discrimination in employment, providing for the application of equal remuneration for men and women workers for work of equal value. Regarding the protection against discrimination in terms of treatment and facilities,

according to ILO Convention 111 (Art. 2), member countries are obliged to promote equal opportunity and treatment in respect of employment and occupation.

The UDHR declares that ‘everyone, without any discrimination, has the right to equal pay for equal work’ (Art. 23.2). The ICESCR proclaims that the right of everyone to equal remuneration for work of equal value without distinction of any kind, in particular women being guaranteed conditions of work not inferior to those enjoyed by men, should be recognised by the state (Art.23.2). The CEDAW also has a provision for protection against discrimination in the workplace—eliminating discrimination against women in order to ensure the right to equal remuneration, including benefits, and to equal treatment in respect of work of equal value, as well as equality of treatment in the evaluation of the quality of work (Art. 11.1d).

Bangladesh’s law provisions relating to protection against discrimination are mainly focused on wages and gender. Employers are obliged to ensure equal wages for male and female workers for work of equal nature or value, and no discrimination should be made on the ground of sex (BLA 2006, Sec.345). The current law is in line with the ILO provision; it mentions the principle of wage setting as “equal pay for equal value of work.” However, the current provision left broad areas of discrimination in workplaces unattended. It lacks specific provisions on discrimination related to workplace facilities and treatment. Again, only the sex of workers has been considered as the discrimination ground; different grounds of discrimination e.g. race, religion, and ethnicity are not included. This omission contrasts with Bangladesh’s constitutional stands against discrimination. In view of these, standards in terms of availability are partly in line with international standards.

Due to the implementation of a sectoral minimum wage in the RMG sector, gender-based wage discrimination is not that evident. However, discrimination prevails in the areas of promotion and work placement. From supervisor to upper positions, the presence of women is minimal, despite the fact the RMG industry is dominated by women workers in terms of numbers. Women workers complain that the management generally picks male workers for the position of supervisors and for positions above. There are no official statistics on

the gender composition of workers according to their positions/grades. FGD participants in Narayanganj said that in sweater factories of their area only 1-2 per cent of all supervisors are female.<sup>58</sup> FGD participants in the Gazipur area said that the scope for promotion is limited for women workers and that they are not promoted beyond the level of senior operator. “I have not seen any female worker promoted up to ‘in-charge’ from ‘helper’ in my 15 years of working life in RMG, but there are many male workers in similar positions,” said a female worker.<sup>59</sup>

Unlike the RMG sector, the footwear industry is not free from gender-based wage discrimination. FGD participants said that in some factories women workers are paid less than men workers. While sharing experiences about respective factories, one participant said that in the factory where she works, men workers receive 3500 Bangladeshi taka (around 45 US dollars) at entry level whereas women workers earn 3200 Bangladeshi taka (41 US dollars) at the same level.<sup>60</sup> In the context of promotion opportunities, the position of the footwear industry is similar to that of RMG. There is a strong preference for men workers in upper positions.<sup>61</sup>

### ***Freedom of association and collective bargaining***

The ILO conventions have imposed obligations on states in relation to freedom of association and collective bargaining. FoA standards cover the right to form and join an association, the freedom to elect union representation, protection against victimisation and discrimination when joining and forming a union, and protection against interference (ILO Convention 87). The ILO has obliged member countries to take appropriate measures “to encourage and promote the full development and utilisation of machinery for voluntary negotiation between employers or employers’ organisations and workers’ organisations, with a view to the regulation of terms and conditions of employment by means of collective agreements” (Convention 98).

The BLA 2006 provides the right of workers to form and join trade unions by their own choice. It imposes specific obligations on employers or employers’ associations against victimisation and discrimination. These include (a) protection for workers during trade union formation—barring employers from terminating

workers while they are in the process of establishing trade unions at their workplaces; and (b) strict restriction on the transfer of trade union officials—the provision of not transferring the president and secretary of a trade union from one place to another without their consent has been extended and made specific.

While rights standards, in terms of availability, have reflected the international standards, the effectiveness criteria amply show that the standards are hardly in line. This is due to a number of reasons. First, there is a contradiction with international norms. To form a trade union, there is a prerequisite of 30 per cent of the total number of workers employed in any establishment or group of establishments that does not correspond to norms on all workers' rights to form and join a trade union, especially with ILO Convention 87 to which Bangladesh is a signatory. This numerical rule excludes a large majority of garment workers since it erects obstacles to their freedom to form and join unions.

Furthermore, the differential law regime in Bangladesh's EPZs restricts workers' right to organise.

The flexibility with labour laws, particularly the exemptions from national legislation, are the incentives provided to foreign investors in the EPZs. The EPZ Workers' Association and Industrial Relations Act, 2004, allowed EPZ workers to organize and participate in the decision-making process in the name of the Workers' Representation and Welfare Committee (WRWC). In 2010, the Act was repealed, and a new act—the EPZ Workers' Welfare Association and Industrial Relations Act 2010 (EWAIRA 2010)—was passed. The new act, called "Workers Welfare Association", permits EPZ workers to participate in organisational decision-making. The differential labour law regime in the EPZs set out several phases for implementation, with complicated and cumbersome procedures to be followed at each stage posing significant restrictions and delays in relation to the right to organise. The law continues to deny workers' rights in the EPZs by keeping the EPZ and its workers outside the purview of the BLA 2006, and also does not conform to the core ILO conventions, particularly on freedom of association and collective bargaining, to which Bangladesh is a signatory.

On the right to collective bargaining, the BLA 2006 provides a number of provisions including on rights to bargaining, the scope and procedures of bargaining, the procedures of settling industrial disputes, the right to strike, workers' protection during lay-offs, and tripartite consultation. A trade union is allowed to work as a collective bargaining agent (CBA) in any establishment (Sec. 202), but there is a precondition—if more than one trade union exists and an election is not held, then a trade union to act as a CBA requires the membership of at least one-third of the workers. Calling a strike is also dependent on the support of a required number of members for the CBA—the support of at least three-quarters of the members of the CBA is necessary. Hence, on collective bargaining, rights provisions in terms of availability fully reflect those of the standards, but, in terms of effectiveness, standards are hardly applicable.

To most of the key informants from trade unions, the FoA and collective bargaining rights in the garment sector are the most neglected. After the Rana Plaza disaster, there has been an increase in the number of registered unions at plant level—from 136 in December 2012 to 423 currently.<sup>62</sup> Newly registered unions, however, only represent a small fraction of the workers in the RMG sector (EC 2016). Yet many of these unions are considered to be employer-sponsored trade unions, and do not represent workers and serve their interests.<sup>63</sup> Rights to organise in the footwear sector are more neglected. During the same period after the Rana Plaza disaster, not a single basic union has been registered in the footwear sector.

Furthermore, the RMG sector is experiencing a trend towards the establishment of the so-called participation committees, and workers are often told by the management that the participation committee is an alternative to a trade union. Participation committees are formed with equal participation of employers and workers' representatives. The objective of the setting up of the participation committee is narrow—to inculcate and develop a sense of belonging and workers' commitment. Accordingly, "the scope for negotiation through participation committees is limited since it leaves aside paramount issues of workers' interests—wages, overtime rates, working hours, working conditions. Furthermore, the recommendations of the committee



are non-binding—rendering the workers’ participation ineffective,” a key informant said.<sup>64</sup>

While the non-availability of workers’ participation mechanisms within workplaces both in the RMG and footwear sectors has been identified as the prime reason for low membership of trade unions, the other important reason is the workers’ reluctance to join unions due to fear of harassment and job termination by the management. None of the footwear workers who took part in FGDs had trade union membership, nor did their factories have a basic union. “Most of the workers are not interested in union activities because they do not want to lose their jobs. If the management finds a worker engaged in organizing activities or talking about worker rights issues, they immediately expel the worker from (their) job,” an FGD participant said.<sup>65</sup>

Workers from both sectors confirm that employers often sack workers if they find them engaged in any sort of trade union activity. Interviewees alleged that employers harass workers with the support of local police if they are found organising or attending union activities. They have also mentioned of surveillance by the owners, and threats of losing their job for their initiatives to organise or to join trade unions outside workplaces.<sup>66</sup>

### **Working hours**

According to ILO Convention 1 regarding hours of work, the working hours of a person should not exceed eight hours in a day and 48 hours in a week. There are flexibility clauses which allow exceptions. The limit on the hours of work may be increased to 56 in a week in the case of processes carried on continuously by a succession of shifts (ILO Convention 1, Article 4). The maximum of additional hours in each instance should, however, be fixed after consultation with the organisations of employers and workers (ILO Convention 1, Article 6.2). To protect women as well as adolescents from non-standard working conditions, the ILO has made specific provisions on night duty restrictions; women without distinction of age are not to be employed during the night in any public or private industrial undertaking, other than an undertaking in which only members of the same family are employed (ILO Convention 89). Young people under 18 years of age are also barred from working during the night (ILO Convention 90).

The BLA 2006 allows every adult worker (irrespective of the industry) to work without overtime, a maximum of eight hours a day and 48 hours a week (sec. 100). In terms of night duty restriction, it proclaims that no female worker is allowed to work without her consent between the hours of 10 o’clock in the evening and 6 o’clock in the morning, and for young workers (14-18 years), the forbidden work hours are between 7 o’clock in the evening and 7 o’clock in the morning (Sec. 109 and 41.3). Bangladesh has ratified ILO Convention 1, and the current labour law in terms of availability of rights provisions complies with the labour standards regarding average daily and weekly working hours, and the night duty restriction on young workers, but contradicts it with night duty standards for women workers. With the consent of women workers, the law allows employers to engage women workers at night even in those establishments where family members of the women worker are not employed.

Violation of the working-hours provision is still rampant in both the sectors. Ten or 12 hours of work are common and there is no overtime limit in practice (in contrast to the 2-hour legal limit) when workload is large. Workers raised their concerns on the documenting of the extra hours of work. Most of the participants of the FGD in Dhaka alleged, “Two hours overtime duty is mentioned on the pay-slip, and recorded on the attendance card; however, most factories maintain separate sheets for keeping records of overtime of more than two hours which is not shown to the buyers.”<sup>67</sup>

Footwear workers generally work for 10 to 12 hours, including overtime, and often their work period extends up to 11 pm or midnight. And during night duty and shipment time, the workload becomes unbearable, workers said.<sup>68</sup> Thus, in terms of availability of rights provisions, while these reflect the international standards, the practice in both sectors reveals broad violation of the rights provisions.

### **Occupational safety and health**

The international bodies have made specific provisions regarding the regulations to prevent workplace accidents. According to the UN ICESCR, everyone is entitled to work in safe and healthy working conditions (ICESCR, Article 7(b)). The ILO obliges the states to

formulate, implement and periodically review a coherent national policy on occupational safety, health and the working environment in consultation with the most representative organisations of employers and workers, aiming to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work, by minimising the causes of hazards inherent in the working environment (ILO Convention 155, Article 4).

The BLA 2006 on OSH encompasses three areas of protection: (i) occupational accidents, hazards and diseases; (ii) safety equipment and facilities; (iii) workplace environment. The law provisions in terms of occupational accidents, hazards and diseases, safety equipment and facilities, and workplace environment mostly reflect international standards. The current law has provided workers with the right to be informed by employers about buildings and machines which are dangerous or risky. If the employers do not take any measure within a specified timeframe, and thereafter accidents occur, the workers will get compensation at twice the normal rate (Sec. 86).

Many improvements, especially in physical arrangements, are evident in RMG factories. Workers in focus group discussions said that the safety-related facilities including fire-fighting equipment, alternative stairs for emergency fire exits, fire extinguishing drills and safety equipment are available at varying levels across factories. They also stated that the situation has improved substantially since the Rana Plaza accident. Most factories have established water-source lines, arranged fire extinguishers, and built fire and emergency exits. However, there are examples of violation of safety provisions and insufficient arrangements. Some workers complain that there are still factories where doors remain locked. Despite having fire extinguishers, not all workers know how to use them. A good number of FGD participants said that they have not yet been trained on fire fighting. Many of the participants also said that they do not have a "safety committee" at their respective factories. Also they do not know about the role and responsibility of this committee.<sup>69</sup>

Workplace environment-related provisions are mostly good in the RMG factories, FGD participants said. Most workers reported during discussions that the cleanliness, ventilation system, humidity, workplace situation,

and supply of safe drinking water are mainly good in their factories. Some workers, though, said that some provisions such as noise, temperature, lighting, dust and separate washroom facilities are still poor at their workplaces.<sup>70</sup>

Safety measures in the footwear sector are rather poor in contrast. Workers complained that the management does not take sufficient measures to ensure their safety. There was the allegation that doors remain locked and many factories lack fire exits. Many factories have not trained their workers about how to use the fire extinguishers and do not practise fire-drills regularly. "The last fire-drill was arranged about five years ago. The authority [management] did not take any initiative since then, even though we felt the need after the incidents of Tazreen and Rana Plaza", an FGD participant said.<sup>71</sup>

### ***Wages and work-related benefits***

Several international standards relate to fair wages and benefits. The ICESCR states that the right of everyone to fair wages should be recognised by the state (Article 7a-i). The UDHR states that all workers have the right to just and favourable remuneration ensuring for themselves and their families an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection (Article 23.3). According to ILO Convention 131, states are required to establish or maintain a system of minimum wages that covers all groups of wage earners and which is to be fixed and adjusted from time to time (Article 4). The ILO delineates clear guidelines for determining the level of minimum wage as (a) the needs of workers and their families, taking into account the general level of wages in the country, the cost of living, social security benefits, and the relative living standards of other social groups; and (b) economic factors, including the requirements of economic development, levels of productivity and the desirability of attaining and maintaining a high level of employment.

The BLA 2006 defines wages, and elaborates the procedures of wage fixation (Chap. XI). According to the Act, the government is required to establish a Minimum Wage Board to determine and declare rates of wages. A few specific provisions are important from the perspective of effectiveness. First, wage determination does not require considering the family size of the workers, and

also does not balance between efficiency (profit) and equity (workers' protection) through the wage structure.

The wage review span is fixed in the law as after every five years—which fails to capture monthly changes in the cost of living for workers. Wage fixation does not cover the process of automatic adjustment to inflation, which is high in the country, and much higher for food items the working poor consume.

The law makes it obligatory for employers to provide all remuneration in a regular and timely manner. It also has elaborated provisions on wage deductions—no deduction shall be made from the wages of workers except for a few permissible cases and specified fines (Sec. 25). Nevertheless, there remains wide scope for employers' discretion, in effect possible violation.

The procedures and fundamentals for the fixation of minimum wages have no reference to piece rate or home-based workers. In addition, the lacking provisions in labour laws related to festival bonuses, and other allowances e.g. healthcare, transportation, and recreation, left many of the financial benefits to the discretion of employers.

As per the BLA 2006, the Minimum Wages Board for the RMG sector has declared a seven-grade wage structure for the sector's workers. The latest declaration was after the Rana Plaza disaster in 2013, and the minimum wage for the sector (seventh grade) was set at 5300 Bangladeshi taka (approximately 68 US dollars) of which 3000 Bangladeshi taka (around 39 US dollars) is basic salary. The salary for a helper (seventh grade) is below the amount needed for maintaining a decent living—about five-times lower than the amount (25,687 Bangladeshi taka) that the Asia Floor Wage Alliance calculates to be a living wage for a Bangladeshi garment worker and her or his family.<sup>72</sup>

Although the practice of not paying wages on time and keeping back overtime compensation due has decreased greatly, some factories are continuing with such practices. FGD participants complained that some factories do not pay wages within the first seven working days of the following month. In workers' perceptions, about two-third of the factories maintain timeliness and regularity in wage payment. They further admit that factories that

are still violating timeliness are small in size and work on a sub-contracting basis.<sup>73</sup>

In the footwear industry, timeliness of wage payment is worse than in the RMG sector. All of the participants of the FGDs alleged that they do not get wages within the timeframe set in the BLA 2006. They get their wages on the 12<sup>th</sup>-14<sup>th</sup> day of the month or even later. Overtime compensation is not given together with wages—it is given at the end of the next month, or sometimes kept due for two months.<sup>74</sup>

Concerning wages, workers in both the RMG and footwear industries expressed their discontent since they cannot meet their basic necessities with the meagre amount they are paid.<sup>75</sup> The annual wage increase is so minimal that workers cannot meet the increased cost of daily necessities. Workers said that they spend their total income mostly on food and accommodation. It is possible for them to spend on the education, health of children, and on recreation only when other members of the family has other sources of income.<sup>76</sup> In a nutshell, the amount of wages that the workers get is not sufficient at all to maintain a decent life, and workers and trade union leaders hold similar opinions in this regard.

### **Social security**

International instruments provide guidelines on the rights to social protection. The ILO delineates guidelines for pensions, insurance, and maternity benefits. Each member of the ILO is required to set up or maintain a scheme of compulsory old-age insurance/pension, and sickness insurance. The insured person is entitled to an old-age pension at an age that shall be determined by national laws or regulations but not exceeding age 65 (ILO Convention 35). A person incapable of work by reason of the abnormal state of bodily or mental health shall be entitled to a cash benefit for at least the first 26 weeks of incapacity (ILO Convention 24, Article 3).

ILO Conventions concerning compensation lay down detailed provisions in case of industrial accident-led personal injury (Convention 17), and incapacitation by occupational diseases (ILO Convention 18). ILO Convention 103 states that a woman is entitled to receive cash and medical benefits during maternity leave (Article 4.1 and 4.3).

Bangladesh's labour law has matching provisions in the areas of insurance, compensation, and maternity benefits, but does not have any specific provisions on pensions. Instead, there are two other provisions—provident fund, and gratuity—intended to provide social security benefits to workers.

Overall, the rights provisions partly reflect international labour standards in terms of availability. Nonetheless, the inherent weaknesses of these laws and the lack of mandatory rules on many of these provisions make them ineffective. The provision of a gratuity is optional under the law. The provision of a provident fund is subject to numerical conditions—at least three-quarters of the total workers of any factory/establishment are required to submit an application to their employer requesting to form a provident fund (Sec. 264). The introduction of group insurance, too, is dependent on the number of workers—it may be set up where a minimum 100 permanent workers are employed. These numerical conditions while excluding workers in establishments of smaller size, also keep open the scope for violation through the manipulation of numbers and employment contracts.

There is no system of pension and universal/comprehensive insurance coverage. Provident funds and group insurance are being implemented in very few factories. Most of the participants of the FGDs said that group insurance is not available at their respective factories. However, some of them said that they know that in some “good factories” workers are covered by group insurance. There is still variation in practising maternity leave. There are factories that provide maternity benefit following the labour law provisions. In contrast, there are also factories that violate the provision in different ways. Some factories provide leave without payment; many others provide payment for fewer months than the stipulated months mentioned in the law. Workers said that in some factories there is no set standard of maternity leave—the granting of leave depends on the discretion of the management.

There is a dearth of information about how many factories provide provident funds, group insurance, and gratuities. However, it is alleged that, except for a few factories, most do not have these arrangements for ensuring the protection of workers.<sup>77</sup> Although some factories have

introduced group insurance, they generally do not bring all of their workers under the coverage.<sup>78</sup>

The social protection situation is worse in the footwear sector in terms of the availability of group insurance, provident funds and gratuities. Footwear workers said that no single initiative of social protection is available at their respective factories, except maternity benefit.<sup>79</sup> The practice of maternity benefit is not fully compliant with the existing legal provision. Women workers get maternity leave for three months instead of the four months mandated in the BLA 2006.

Furthermore, the rights provisions on compensation are narrow, as well as discriminatory in terms of age. An adult worker gets 125,000 Bangladeshi taka (approximately 1565 US dollars) as compensation for complete permanent impairment whereas a child/adolescent/young worker gets only 10,000 Bangladeshi taka (approximately 125 US dollars) on the same ground. Hence, in terms of effectiveness, the standard provisions related to social security are hardly in line with the international standards.

### **Employment contracts**

Numerous international standards exist on employment contracts. The ILO, as a principle, through the Declaration of Philadelphia emphasized the dignity of labour, and stressed that labour should not to be treated as a commodity.<sup>80</sup> ILO Convention 122 (Employment Policy Convention, 1964) calls for member states to declare and pursue an active policy designed to promote full, productive, and freely chosen employment. It provides guidelines for ensuring that (a) there is work for all who are available for and seeking work; (b) such work is as productive as possible; and (c) there is freedom of choice of employment and the fullest possible opportunity for each worker to qualify for, and to use skills and endowments in a job for which the person is well-suited, irrespective of race, colour, sex, religion, political opinion, national extraction or social origin (ILO Convention 122, Article 1).

The protection to workers afforded by the BLA 2006 is applicable to all RMG and footwear workers who are employees and have an identifiable employer with whom they have an employment relationship. It provides

numerous provisions on contractual arrangements e.g. appointment letter and identity card, service book, employee register, as well as detailed guidelines on job termination both by workers and employers. Under the law, it is compulsory for every employer to issue an appointment letter and identity card with photograph to all workers (Section 5), and maintain a register of workers (Section 9). The employers at their own cost should maintain service books for workers (Section 6).

However, the lack of mandatory nature makes the law ineffective. Giving a copy of the service book to the workers is not binding. Employers are not required to provide service books to apprentices or to casual workers (Section 6).

Workers said that in RMG industry, appointment letters and identity cards are mostly supplied in compliant factories. In footwear factories, the violation of the provision on appointment letters is rampant. None of the footwear workers who participated in the FGD had an appointment letter. And many do not even have identity

cards. For both sectors, the provision of supplying service books to the workers is hardly maintained.<sup>81</sup>

As per the provisions of the BLA 2006, workers have the right to resign from the job after giving notice in writing to the employer or surrendering wages equal to the variable notice period (Section 27). In the case of the job termination of a permanent worker, the employer must compensate for every completed year of service, or provide a gratuity, whichever is higher (Section 27). Employers are also entitled to terminate workers by ways such as retrenchment, discharge and dismissal. The employment contract provision related to termination is often violated. Workers said that sacking of workers without notice is quite common in both the sectors. Most respondents mentioned that the employers always or often sack workers without any prior notice. The workers were also asked whether they received due wages and benefits in the case of dismissal. A majority in the FGDs responded that the employers dismissed workers without providing due wages and benefits.<sup>82</sup>

### 3. Stakeholders' policies and interests

The goal of this chapter is to explore the interests and policies of different stakeholders in ensuring compliance with CLS+. Initiatives of the government, trade unions, brands and buyers as well as employers have been reviewed to understand their policies as well as interests with regard to promoting labour standards in GSCs.

#### Government policies for sustainable industrial development

The industrial policy of Bangladesh has undergone several changes over the decades. Immediately after the country's independence in 1971, it adopted import-substituting industrialization for industrial development. The objectives of such a policy were to safeguard the country's infant industries; to reduce the balance of payments deficit; to use scarce foreign exchange efficiently; to ward off international capital market and exchange rate shocks; to lessen the fiscal imbalance; and to achieve higher economic growth and self-sufficiency. In the early 1980s, a moderate liberalisation policy was adopted and by the early 1990s, a large-scale liberalisation programme was implemented.

The recent industrial development policies and interests are in line with pro-market policy where liberalization and the development of the private sector have been given priority. The key strategies for sustainable industrial development include private investment, FDI and export diversification. This policy commits to offer and maintain a number of incentives to attract investment in export-oriented industries. With regard to FDI, the government plans to improve the investment climate by reducing constraints in infrastructure, the regulatory framework, and the policy environment. Moreover, the government has prioritized addressing the cost of doing business, encouraging regional investment in emerging sectors, and establishing SEZs.<sup>84</sup>

From the workers' rights point of view, the government aims at improving the occupational safety and health situation (Occupational Safety and Health Policy 2013, Industrial Policy 2016). The current initiatives of the government to promote labour standards across supply

chains are concentrated in the areas of enabling the legal and policy environment, skill upgradation, and ensuring compliance through strengthened labour rights enforcement. The BLA 2006 has been amended several times (2009, 2010, and 2013), and the Labour Rules (2015) have been issued. In order to enforce the legal provisions effectively, efforts have been taken to strengthen the labour administration. To this end, initiatives are ongoing to strengthen the two labour law-implementing bodies of the government — the Department of Inspection for Factories and Establishments and the Department of Labour. The number of staff in the DIFE has increased, with a significant rise in number of inspectors from 92 in June 2013 to approximately 390 recently.<sup>85</sup>

The government has also formed various high-power committees to look after the condition of the garments industry. However, no such committee has been formed for the footwear industry. The government aims to ensure a legal environment favourable for promoting and protecting the rights of all workers including those who are in GSCs. To this end, the existing Labour Act (BLA 2006) has been amended several times (2009, 2010, and 2013) to make it more compliant with international labour standards.

The latest amendment, in 2013, brought some significant changes relating to freedom of association and collective bargaining, but the act is yet to be fully compliant with the international labour standards. The condition of a minimum 30 per cent membership of the workers to form a trade union in a factory still exists in the law, and the law has not brought workers of EPZs under its protection. The areas where it has failed to give full effect to the fundamental rights of workers include e.g.— the definition of supervisor, the employer's role in the election of representatives to participation committees, and broad prohibitions on worker activities, including the right to strike.<sup>86</sup> Notably, the non-compliance with international workers' rights is currently the single most important issue for Bangladesh continuing to receive market access benefits under the EU's Everything but Arms initiatives.<sup>87</sup>

The latest industrial policy (2016) has emphasised occupational safety and health (OSH). Ensuring standard waste management, health, safety and the working environment at factories have been set as the strategies for the implementation of this policy. Earlier, in November 2013, the National Occupational Health and Safety Policy was formulated. The policy aims to improve OSH management by reducing occupational diseases and accident-related deaths and injuries, and upholding constitutional and international obligations through (a) setting and updating national OSH standards; (b) awareness raising and promoting good practices; and (c) setting up appropriate enforcement mechanisms. It has determined the roles and responsibilities of different stakeholders—the government, employers' associations, trade unions, employers and management, and workers in ensuring OSH for Bangladesh's formal and informal sector workplaces. A Tripartite National Plan of Action on Fire Safety and Structural Integrity in the RMG Sector has been established, too.

Bangladesh's industrial policy (2016) highlights the importance of skilled manpower to meet the demands of the industrial sector. Taking initiatives to create skilled manpower has therefore been set as one of the strategies of this policy. It declares that sufficient training centres would be established to train workers of the RMG sector and other high-priority sectors. It also focuses on strengthening apprenticeship activities at factories.

The government has laid emphasis on a strengthened labour administration in order to enforce the provisions of labour law. To this end, initiatives are going on to strengthen and increase the capacity of the two labour law-implementing bodies of the government—the Department of Inspection for Factories and Establishments, and Department of Labour. Labour inspectors are now better equipped and trained.

The government has formed various high-power committees to look after the condition of the RMG industry. The committee has formed two task forces, one of which—the Task Force in Building and Fire Safety in the Ready-Made Garments Industry— deals with the workplace safety issues of the workers. The "Committee on RMG Factory Improvement", headed by the minister for jute & textiles, has recommended protecting safe working environments, the prevention of accidents

and ensuring labour welfare in RMG factories. The government, too, has recently formed a 20-member tripartite consultative council with representatives from workers, employers and the government for the country's RMG sector. The council will advise the government to take measures for developing employer-worker relations and increasing productivity as well as review the overall labour situation of the RMG sector and apprise the government of the situation, the laws, rules and regulations, policies and plans relating to the labour of the RMG sector. However, no such committee has been formed to look after the issues of the footwear industry and its workers, although footwear is a high-priority sector.

### **Trade unions' and allied CSOs' vision of a sustainable and fair model of production**

The trade union movement is centred around demands on promoting CLS+. The charter of demands submitted at different times by *Sramik Karmachari Oikko Parishad* (SKOP)<sup>88</sup> to the government incorporated a broad range of issues including trade union rights, workers' wages, issues of child and women workers, workers' safety at the workplace, and the social protection of workers and their families. All of these demands are still highly pertinent considering the situation of the workers. However, the demand for a living wage, trade union rights, safety and social protection are at the centre of trade union activities.

In the changed scenario after the Rana Plaza accident, the scope and importance of the role of trade unions and civil society organizations have widened. They are demanding stronger accountability from multinational corporations (MNCs), with better standards of corporate governance and adequate supervision of corporate conduct from all stakeholders in order to achieve a worker-friendly production process and increase the workers' share in global value chains. Trade union responses include the promotion of social partnership and dialogue through the establishment of international framework agreements.<sup>89</sup> Another key response has been the creation of trade union networks within global production systems.<sup>90</sup>

Trade unions have been active partners of various national and international initiatives involving the multi-stakeholders. Trade unions are the implementing partners of the National Tripartite Plan of Action on Fire Safety for the Ready-Made Garment Sector of Bangladesh. By taking part in this plan, trade unions have contributed to ensuring the improved occupational safety of workers.

The country's trade union movement has been successful in ensuring just compensation for the workers. Trade unions—IndustriALL Bangladesh Council and the National Coordination Committee for Workers' Education—were the partner of the Rana Plaza Coordination Committee that was responsible for setting a single approach to calculate compensation for the Rana Plaza victims and their families and dependents; and monitoring payment to them. The establishment of such a coordinating committee was a demand of the trade unions.

Trade Unions also influence the promotion of workers' rights through the tripartite committees. The recently formed Tripartite Consultative Council (TCC) for RMG is a new avenue for trade unions to influence government and employers' policies and decisions. In the TCC, trade unions are now raising issues concerning worker rights in RMG. The key issues raised by the trade union in the TCC are: expanding the coverage of the law; removing the bar (30 per cent membership of all workers) to forming a trade union; making the administrative procedure of trade union registration easier; ensuring the job security of workers in case of factory relocation/transfer; and increasing the workers' compensation in line with ILO conventions.

Trade unions also participate in international multi-stakeholder initiatives. Eight Bangladeshi trade unions are signatories of the Accord.<sup>91</sup> Under Accord activities, unions are involved in factory inspections. It is important to note that the 2<sup>nd</sup> Accord (2018 Accord) will provide more opportunities for trade unions as the renewed Accord has a commitment to ensure respect for the freedom of association of the workers.

Despite the active participation of trade unions in national and international initiatives and contributing towards worker rights issues, the country's overall trade union movement has limitations. Trade union leaders admit that the workers' movement in the country is still

weak and is not in a position to take up the emerging challenges of trade liberalisation.<sup>92</sup> There is a gap in their policies and strategies to adapt to changes that are taking place in global production chains; even they do not review/monitor their own policies from time to time. Lack of integration and solidarity among trade unions has acted as a barrier to a unified strategy to fight against workers' rights violations at different levels of the supply chain, a key informant said.<sup>93</sup>

Trade union leaders therefore emphasise the need for solidarity and expanding networks with other unions. They perceive that in the changing situation of production systems, worker rights protection will largely depend on strong solidarity and a network between and among trade unions. With this in view, the country's trade unions are affiliated with global unions, and many of the trade unions have become members of different international forums. It is important to note that IndustriALL has 16 affiliated federations from the RMG sector. "Solidarity is very important from a trade union movement point of view. In this era of globalisation, solidarity to some extent has reduced. But, if we think in a different way, we will see that chances to bring solidarity have also expanded. We can easily use media, internet, etc. We must think to strengthen our solidarity and develop and expand the network. Otherwise, the struggle to ensure worker rights, against the immense and organised power of employers and buyers, would not be successful."<sup>94</sup>

In this regard, the recent joint global campaign of IndustriALL and UNI Global Union is worth mentioning. After the Ashulia RMG industry-wide shut down in December 2016 (when workers demonstrated for increased wages), more than 1600 workers were dismissed by the factories and the police filed cases against over 600 workers and trade unions leaders. IndustriALL and UNI Global Union started a joint campaign to sign a petition, arranged protests, and wrote letters to the government of Bangladesh demanding the release of the trade union leaders. IndustriAll also used the global framework agreement under which H&M also imposed a condition on their suppliers to withdraw criminal cases and to reinstate workers dismissed arbitrarily. The campaign was successful. A majority of the trade union activists and workers were released, and a tripartite agreement was reached, finally. In addition, IndustriALL



has been successful in ensuring termination benefits for workers. Out of 1074 dismissed workers from six H&M suppliers, 984 (92 per cent) have received their compensation.<sup>95</sup>

Along with the strategy of strengthening solidarity and expanding networks, trade unions consider that awareness raising could be instrumental in ensuring a fair model of production. In this regard, the aim is to motivate the consumers who can ultimately force the brands to be more responsible. Trade unions demand responsible behaviour from employers, and largely from buyers, especially relating to the buying and pricing practices of brands which impact the condition of worker rights at sourcing factories. Unions also perceive that the global brands have a key role to play in ensuring workplace representation—brands should stop sourcing from factories where trade unions are not allowed. In addition, trade unions also brought to light that an international multi-stakeholder forum should be formed at a global level. It is also necessary to take initiatives to negotiate with brands' origin countries so that they set legally binding standards including labour clauses, for brands. They (brands) would be bound to follow the standards in order to operate businesses in the destination/sourcing country.

Furthermore, trade unions emphasise the necessity to review and update trade and labour rights-related instruments regularly to make those fully compliant with labour standards provisions in general, and the need to remove barriers for workers to form unions in particular. A key informant argued, "If the workers had a trade union in place at the Rana Plaza factories, they could have advocated for workers to refuse to enter the unsafe building."<sup>96</sup>

Workers' rights protection largely depends on the nature of government—whether the government is employer-biased or worker-centric. Trade union movements therefore need to acquire the capacity to influence the nature of government and government policies. Trade unions envision achieving a transformation from "reluctant government-antagonistic employer-weak trade union" to "proactive government-responsible employer-strong trade union."<sup>97</sup>

## **Buyers' perspectives on promoting labour standards in GVCs**

The supply chain of the RMG sector is characterised by 'oligopsony'—very few brands/buyers dominate the chain. Bangladesh's current exports from RMGs amount to about 25 billion US dollars. About 70-80 per cent of these exports go to a handful of mainly European buyers/retailers/brands.<sup>98</sup>

They use their market power to influence suppliers in the process of production and supply in the chain. Suppliers allege that buyers force them to produce more quickly, more cheaply and more flexibly.<sup>99</sup> Often buyers play off the suppliers against one another and thereby secure the price they want.<sup>100</sup> In such a system, a supplier cannot bargain and negotiate with pricing due to the fear of losing the contract, since business is competitive, and they may have another supplier who can accept a lower price.<sup>101</sup>

The suppliers have very little control over price determination, causing serious consequences for labour rights conditions in sourcing firms. In one estimate, when a garment product made in Bangladesh is sold at 14 US dollars in a developed country market, international buyers and brand retailers grab 60 per cent of that value. Governments of importing countries also earn a significant cut as value-added or sales tax. Out of the remaining 40 per cent, the imported and local materials together with the establishment costs take nearly 35 per cent leaving less than 1 per cent for workers at the bottom of the supply chain.<sup>102</sup> The unequal share of income that goes to workers is also evident in the value chain analysis of a polo shirt produced in Bangladesh; labour amounts to a meagre 3 per cent of total production cost in comparison to around 78 per cent for raw materials and 11 per cent for non-labour sewing and assembly.<sup>103</sup>

The sourcing and pricing practices are closely linked with wages, working hours, overtime and overall working conditions. In order to meet buyers' main demand—supplying merchandise at lower prices—suppliers keep the wages of the workers as low as possible since they consider labour costs to be flexible and want to secure their profit margin. The pressure from buyers to ensure fast delivery and the fear of order and contract

cancellation in case of failure of timely delivery increases the workload of the workers and forces suppliers to engage workers in overtime work. In addition, setting prices at a lower level and pressure for fast-fashion delivery both compel suppliers to leave part of their contract to sub-contracting firms where workers' rights are poorly enforced.

Immediately after two tragic industrial catastrophes in the country—the Tazreen factory fire and the Rana Plaza Building collapse—the brands and buyers faced an image crisis and severe criticism since they were sourcing from factories that ignored workers' safety in their supply chains. Campaigns in the country and abroad were widespread, calling for brands and retailers not only to establish and implement responsible sourcing and purchasing practices, but also to prohibit the use of factories in the supply chain that do not comply with applicable laws, regulations and internationally accepted labour standards.<sup>104</sup> Brands/ buyers started taking responsibility for improving workplace safety conditions and promoting labour standards by participating in multi-stakeholder initiatives, such as the Accord on Fire and Building Safety in Bangladesh and the Alliance for Bangladesh Worker Safety.<sup>105</sup>

The Accord on Fire and Building Safety in Bangladesh and the Alliance for Bangladesh Worker Safety were formed through global brands/retailers that started paying attention to the working conditions of the staff. The Accord and Alliance, mandated to conduct inspections of factories around fire, electrical, and structural concerns, have gathered more than 250 brands and retailers from over 20 countries.

The Accord on Fire and Building Safety in Bangladesh is a unique example of a multi-stakeholder initiative taken in order to ensure the safety of the RMG workers in supply chains. Accord is a legally binding and enforceable agreement between brands and retailers and trade unions. The Accord has been signed by over 200 companies, two global unions, and eight Bangladeshi trade unions, and has four non-government organisation (NGO) witnesses. Accord envisages a safe and sustainable RMG industry in Bangladesh where no worker needs to fear fires, building collapses, or other accidents that could be prevented with reasonable health and safety measures. It includes six key components —i) a five-

year legally binding agreement between companies and trade unions; ii) an independent inspection programme involving workers and trade unions; iii) public disclosure of all factories, inspection reports and corrective action plans (CAPs); iv) commitment by signatory companies to ensure sufficient funds are available for remediation and to maintain sourcing relationships; v) democratically-elected safety and health committees in all factories; and vi) worker empowerment through an extensive training programme, a complaints mechanism and the right to refuse unsafe work. At the centre of Accord, there is the commitment by companies to work with their suppliers to secure financing, maintain orders, and ensure renovations and repairs to make factory buildings safe.<sup>106</sup> As of 1 July 2017, the Accord had completed the inspection of a total of 2037 factories (1620 Accord-inspected factories, 69 new factories scheduled for inspection, 52 transferred to the National Action Plan, 106 closed factories, 114 relocated factories, 76 terminated factories). The overall progress rate of remediation of safety issues identified in inspections is a remarkable 78 percent. Ninety percent or more of remediation has been completed at 500 factories, and all remediation at 74 factories.<sup>107</sup>

In addition, the Accord has started the Safety Committee and Safety Training Programme at 674 Accord factories that employ more than 1.2 million workers.<sup>108</sup> The central aim of the training programme is to make Safety Committees effective in order to identify, address, and monitor safety hazards and health issues on a day-to-day basis. Under this programme, 441 "All Employee Sessions" and 1278 Safety Committee Training Sessions have been carried out.<sup>109</sup>

As the current Accord will expire in May 2018, a second Accord has already been signed, reflecting the continued commitment of international brands and trade unions to sustainable improvement of the sector. The 2018 Accord aims to continue until May 2021. The renewed Accord will carry out the unfinished tasks of the Accord 1 with an additional commitment. Along with the "safety inspection and remediation programme" and "safety committee and safety training programme" the renewed Accord commits to ensuring respect for workers' rights to freedom of association in order to protect their own safety (Accord Press Release 2017). More than 30 global

brands, covering more than 1160 factories, have so far signed the 2018 Accord.<sup>110</sup>

The Alliance for Bangladesh Worker Safety is an agreement of North American buyers. Twenty-nine companies are currently in the group who are committed to improve the safety situation in RMG factories. The agreement is built upon the principles of commitment, collaboration, transparency, and accountability, and contains specific and measurable actions across areas essential to improving fire and building safety. Initial inspection is now over for 759 factories out of 765 (Alliance 2016). A total of 166 Alliance-affiliated factories have completed all material components in their CAPs. Alliance has also suspended, to date, 158 factories from the Alliance compliant factory list due to their failure to make adequate progress in remediation.<sup>111</sup>

However, it must be noted that the Alliance differs from the Accord in terms of enforceability, involvement of workers organisations, and the scope of participation of workers. Little of the Alliance agreement is legally binding and the companies may leave the agreement any time. In contrast, the Accord is legally binding.

Established in 2013, the Sustainability Compact, also known as the “the Compact”, is built on three interlinked pillars—respect for labour rights, the structural integrity of buildings and occupational safety and health, and responsible business conduct—connecting to both short- and long-term commitments. Bringing together the European Union (EU), the Government of Bangladesh, the United States (US), Canada and the International Labour Organization, the ‘Compact’ aims at promoting continuous improvements in labour rights and factory safety in the RMG industry in Bangladesh. A recently published technical status report of the Compact has claimed progress, especially tangible improvements in enhancing building and workplace safety. The Compact also contributed to opening a dialogue and to supporting exchanges on working conditions in the garment sector with stakeholders, including trade unions, employers, buyers and NGOs.

Beyond participating in multi-stakeholder initiatives, some brands have undertaken their own programmes. The H&M-supported skills programme has assisted in the establishment of the Center of Excellence for Skills in the

RMG sector.<sup>112</sup> Primark, an international buyer, within a week of the Rana Plaza collapse, provided weekly food aid for one month to about 1300 families through a local NGO. Primark also provided short-term financial assistance (nine months wages) to 3600 workers and long-term compensation to 672 workers or their beneficiaries.

Nonetheless, global brands/retailers have narrowed their attention and initiatives; most are concentrated on workplace safety issues. The broad spectrum of labour standards which includes, along with workplace safety, workers’ rights to organize unions, negotiate legally binding collective agreements, and social protection as well as to ensure that supply chain workers earn enough wages to lift themselves and their families out of poverty has not been adequately covered by the initiatives of the brands/buyers.

## **Employers’ perspectives on promoting labour standards**

Employers are organised in their associations. The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Bangladesh Knitwear Manufacturers & Exporters Association (BKMEA) currently have 4,300 and 2,000 member factories, respectively, and the Leather goods & Footwear Manufacturers & Exporters Association of Bangladesh has 120 member factories.<sup>113</sup> The employers’ associations are very influential and have real bargaining power with the government. Sectoral minimum wage negotiation is an area where the associations have always proven their power. It is often alleged that fixing the minimum wage at a lower level for garment workers is the outcome of the employers association’s influence.<sup>114</sup>

Although employers, through their associations, influence the policy decisions of the government and have strong bargaining power, the extent of their influence on buyers/brands in price negotiation is still limited. Decisions to lower the price do not always come from the buyers’ end; often supplying firms offer lower prices in order to leave behind their competitors in the race to grab work-orders/contracts.

The employers' associations of the garment sector have not welcomed the intended extension of the Accord. Instead, they have expressed their concern as the renewed Accord has an additional commitment on freedom of association. They also expressed concerns, as they do not have any representation in the present structure of the Accord steering committee. In this regard, they have come up with a proposal, not yet finalised, to form a platform named '*Shonman*' (Respect). The steering committee of '*Shonman*' would include government representatives and representatives of the BGMEA, BKMEA, trade unions, brands, and the ILO. They plan to start the platform from 2018 and make it fully self-financing from 2021.

Furthermore, employers' associations, as part of corporate social responsibility activities, are involved in health care, childcare, awareness raising, education support, the provision of workers' dormitories, and skill development.<sup>115</sup>

The BGMEA has various activities including health care facilities, awareness raising programmes, education support, the provision of workers' dormitories, and skill development. The BGMEA at present runs 12 health centres. These centres support more than 60,000 garment workers in Dhaka and Chittagong every year by providing healthcare facilities and medicines free of cost. In addition, a full-fledged hospital is operational in Chittagong, and a 100-bed hospital is under construction in Dhaka. Education support activity runs five schools for the children of the workers, and provides them with books and study materials and stipends for the best students. The association is building a dormitory, jointly with the Chittagong Development Authority, for 3000 workers and is going to build another in Ashulia near Dhaka. It also runs skill development programmes through several training centres spread around the country.

Apart from the BGMEA's initiatives, many employers individually have undertaken activities, similar to the association's ones. Employers underscore the need to ensure occupational safety and health at their factories, and carry out actions to remedy occupational risks and hazards. An employer admits "I am taking measures to increase the safety situation in my factory. If I do not improve the condition, my buyers will not give work orders in future." Employers also consider it as a way of increasing productivity. "If we want to sustain in global competition, we must improve productivity. Along with the use of improved technology, the safe and healthy environment of the workplace is inseparably linked with productivity."<sup>116</sup>

Other initiatives of the employers include: employing workers with disabilities and ensuring congenial working conditions for them; providing free lunches, together with food allowances to workers; and a shop to provide garment workers with daily essentials at a fair price.

The BKMEA has also undertaken activities as corporate social responsibility (CSR). The specific activities of the BKMEA are focused on health and childcare. It has a health care centre that offers services like free consultancy, free medicine, minor surgeries, and follow-up and referral. The association also runs a child day-care centre providing balanced food four times daily free of cost, skilled teachers for pre-schooling, health care services with free medicine, and recreation facilities.

The Bangladesh Employers' Federation (BEF) is an all-country organisation representing all sectors of industry, trade, and services to provide guidance and assistance to employers in the field of industrial relations and to bring their concerted views on labour matters to the attention of the government. The BEF engages in a wide range of activities covering social, labour, employment, and economic issues.

## 4. Common interests and policy recommendations

The preceding section has reviewed stakeholders' policies, strategies and activities. The review has shown that there are areas of similar interests. This section's aim is to focus on those areas.

### Common interests

#### ***Broader labour standards***

Trade union activities in the country have long been centred on some common demands in line with CLS+. Several demands—a living wage, trade union rights, safety and social protection—are at the centre of the trade union movement nowadays. Despite limitations and weaknesses, trade unions, in the post-Rana Plaza period, have started rethinking their policies and strategies. In order to improve the condition of the workers, especially their safety, participating in multi-stakeholder initiatives is an important strategy of many unions. Considering the changing nature of production and the power of the MNCs, trade unions are emphasizing building solidarity and networks between and among trade unions and civil society organizations. In their view, solidarity and networks both at national and international level are needed to ensure the worker rights situation in GSCs. Trade unions also bring to light the issue of awareness raising of consumers to make brands more responsible for respecting the rights of workers. They also drew attention to having a national tripartite mechanism to bargain with brands. Furthermore, updated trade and labour rights-related instruments are a concern for trade unions.

Towards building a sustainable industrial sector, the government's interests are centred around a pro-market policy with the priority of liberalisation and private sector development. Export-led growth has attracted the prime attention. In achieving export growth and sustainability, promoting diversity of export products and export markets is a priority policy. To this end, the government has determined several approaches for integrating the country into global value chains; using FDI to promote exports, and the expansion of EPZs and SEZs are important ones. The interests also require

developing a skilled workforce that would ultimately meet the demands of the industrial sector. From a worker rights and labour standards point of view, the government aims at improving the occupational safety and health situation. The government is now part of multi-stakeholder initiatives aimed at achieving workplace safety. In addition, an initiative has been taken to strengthen the legal environment to protect and promote the rights of the workers. In order to enforce the legal provisions effectively, efforts have been made to strengthen the labour administration. However, despite the good intentions and positive initiatives, there are still many areas to improve in the law to make it fully compliant with the CLS+ approach.

Brands/buyers are now involved in the process of improving workplace safety. They are mainly part of multi-stakeholder initiatives where OSH is highly prioritised. Beyond these initiatives, some also contribute to skill development activities for the workers. However, buyers/MNCs do not have activities in most of the areas (e.g. trade union rights, the living wage, social protection) of broad CLS+. In addition, as CSR activity, employers through their associations are carrying out health care, awareness raising, education support, providing workers' dormitories, and skill development.

#### ***Labour rights enforcement***

The status of implementation of the labour law provisions in the two focus sectors of the study shows that workers of both the garment and footwear sectors are deprived of many of their rights. Bangladesh is signatory to many of the international conventions and covenants related to worker rights and is thus obliged to align its labour law with internationally recognised workers' rights norms to ensure them. Bangladesh's labour law should thus remove the provisions contradictory with the international norms. The government should work towards removing barriers to forming unions, a process that is currently cumbersome and bureaucratic, and often leads to rejections from the Department of Labour without adequate reasons being given. This interest is common to trade unions and government. Trade unions are demanding an easier process of trade union

registration. The government has amended provisions of the law relating to trade unions, although the change is not enough, and preconditions remain in law. There is in fact support for corporate brands to proactively support trade unions and the exercise of freedom of association as per the UN Guiding Principles of Business and Human Rights, which advise transnational businesses to address the human rights impact of their businesses. While not binding, the UN Principles explicitly refer to the ILO Declaration on Fundamental Principles and Rights at Work, which includes the right of freedom of association and the right to collective bargaining. The right to collectively bargain is one of the fundamental rights that businesses should also protect.

### ***Forms of regulations***

Non-state-centred voluntary regulations e.g. voluntary codes of conduct, and multi-stakeholder initiatives have become a new form of enforcing labour rights, in addition to state-focused legal approaches. Trade and labour linkage regimes can utilise these tools of enforcement where the state enforcement coverage is low. The voluntary system of regulation may meet the needs of complex and dispersed supply chains. Nonetheless, strengthened government enforcement is the cornerstone of a viable response to workplace violations.

### ***Safety in the workplace***

Ensuring a safe workplace is part of a commitment from government, brands and employers and a demand from trade unions. There is an interest in initiating laws and regulations to promote the right of workers to refuse unsafe work. If the workers are protected from any retaliation from the employer, then workers would be able to refuse to accept unsafe and hazardous work. Although the interest of the stakeholders is the same, the objective often differs. The government wants to ensure safety to achieve its goals of growth and employment and industrialisation. If the safety situation for the workers remains poor, it would create an image crisis resulting in a lower level of FDI. The ‘image crisis’ theory is also applicable to brands/buyers why they are taking part in efforts to ensure workplace safety. Brands/buyers faced severe criticism after the Tazreen factory fire and Rana Plaza building collapse. From the employers’

perspective, protecting their business is an important objective.

### ***Skill enhancement***

The government, employers and trade unions have all emphasised developing the skills of the workers. The government is envisaging structural transformation of the economy where the manufacturing base will play a key role. A skilled workforce is thus instrumental to achieving that goal. Employers mainly link it with higher productivity. On the other hand, for the trade unions, skill enhancement increases job and income security.

## **Policy recommendations**

### ***Broadening labour standards***

Without productive, decent and freely-chosen employment, the goals of decent living standards, social and economic development and personal fulfilment for Bangladesh’s workers will remain illusory. Addressing the issue of how workers’ rights are protected and promoted is paramount for a balanced strategy on workers’ rights promotion that hinges not only the core labour standards—freedom of association, freedom from forced labour and from child labour, and non-discrimination in employment—but should also include provisions related to employment relations, occupational safety and health, welfare and social protection, wages and benefits, and working hours. These labour standards are part of the CLS+ approach. The patterns of GSCs in Bangladesh’s export-oriented sectors (RMG and footwear) and their labour conditions clearly show that the focus of the labour standards needs to be broadened to include CLS+ approaches to effectively ensure decent work in the GSCs.

### ***Scope of labour clauses***

For most stakeholders, bilateral and regional trade agreements hold promise for promoting labour standards. The advantage of bilateral and regional agreements is that they are negotiated in context-specific situations and have the consent of signatory countries. However, none of the regional agreements in place refer to such labour clauses. The possibility of linking trade with

labour through social clauses is plausible. However, there should be a move away from a sanctions model toward an incentives model. The current trade conditionality imposed through the GSP regime is “front-loaded”—trade privileges granted by the trading partner are posed on the condition that they could later be revoked if labour conditions deteriorated, governments failed to improve severe existing problems, or new violations were discovered. The US GSP was withdrawn following similar claims after the twin disasters of the Tazreen fire and Rana Plaza building collapse. The stakeholders, including the government and trade unions, perceive that such sanctions led to demotivating stakeholders in making the needed changes. However, stakeholders are of the view that trade privileges should be linked with improved labour rights. Tariff reductions might be provided in return for verified compliance with international labour standards. The additional market access can be granted when employers and government meet pre-established benchmarks of progress, for example, in labour conditions, the resolution of specific problems, or the upgrading of legal instruments. The improvements have to be demonstrated first, with the commercial reward then to follow. A positive incentive system requires real changes in behaviour to access the desired market reward.

### ***Binding legal convention***

MNCs and their suppliers have a duty to obey national laws and respect international standards—especially those pertaining to the realisation of the fundamental principles and rights at work. A binding legal convention regulating GSCs including, among others, the imposition of liability in the supply chains and the establishment of a global labour inspectorate with monitoring and enforcement powers, is required. Implementation of the labour standards needs to be monitored regularly, thus a proper monitoring mechanism should be developed.

### ***Developing partnership and collaboration***

Partnerships and collaboration must cross national boundaries. This is necessary between and among international organisations, global trade union movements, global labour rights NGOs and global consumers and buyers. Many actors are involved in the movement of making supply chains more humane. In particular, trade

unions, civil society organisations, international NGOs and supranational bodies have come forward with the same vision of making the world of work better. Consumers have great influence on producers/suppliers. Globally there are many examples of situations in which producers/suppliers have changed their policies and practices to ensure the rights of the workers due to pressure from consumers. Therefore, making international consumers aware of the rights situation at the bottom of the supply chain would have an instrumental role in improving the condition of the workers.

### ***Enforcement and monitoring mechanism***

Labour rights enforcement is no longer purely the domain of state-centred law. Informal and non-state-centred regulation, such as corporate codes of conduct and transparent monitoring by various organizations, have become a new form of enforcing labour rights, in addition to more traditional state-focused legal approaches. Trade and labour linkage regimes can utilise these tools of enforcement if integrated creatively.

Implementation of the labour standards needs to be monitored regularly and systematically. A proper monitoring mechanism, determining the parties and defining their roles, should be developed. In addition to clarifying the application of existing standards in global value chains, the ILO should set new standards and enforcement mechanisms. The ILO ought to play a prominent role in the new linkage regimes. The ILO could act, for example, as a neutral arbiter of labour rights compliance or it could be a trusted monitor of violations at the factory level.

### ***Reducing gaps in the trade union movement***

Trade unions have not been able to reorient themselves with the effects of trade agreements and the changing dynamics of new production processes taking place through GSCs. Gaps can be identified in terms of their policies, strategic directions, and participation in global movements that are not coherent. In addition, a fragmented movement and the absence of motivated organisers is also a setback for promoting worker rights and implementing international labour standards in the country. Therefore, these gaps must be addressed to make the trade union movement truly effective in dealing with the challenges emerging

from the changing pattern of production systems. Trade union strategy needs to be comprehensive and coherent to overcome the dominant competitiveness agenda, to provide minimum rights and standards that will not be undercut in the quest for competitiveness.

***Increase national negotiation capacity***

Negotiation with international buyers/brands must not be left in the hands of employers or employers'

associations only. The state should take measures in the negotiation process that could be part of foreign policy and economic diplomacy. The role of the labour movement is to enhance bargaining power in both arenas, within states and between states. It is important to bring about changes in the attitudes of buyers and brands, making them responsive to the conditions prevailing at the bottom of the supply chain. The role of trade unions in making the labour laws work for the workers needs to be continued.



## Notes

1. According to the World Bank, a Lower Middle-Income Country has a per capita income of between 1,045 US dollars and 4,125 US dollars. Bangladesh achieved LMIC status with the World Bank in 2015; per capita income increased from 619 US dollars in 2008 to 1,314 US dollars in 2015. But it will remain as a Least Developed Country (LDC), according to the United Nations. Bangladesh was not selected for graduation review in 2015 but it is likely that Bangladesh can graduate to Developing Country status in the near future.
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4. Op cit.
5. General Economics Division, *Bangladesh State of the Economy*, Dhaka: Planning Commission, September 2017.
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7. Op. cit.
8. Government of the People's Republic of Bangladesh (2015). *Seventh Five Year Plan: FY2016-FY2020*. General Economics Division (GED), Planning Commission.
9. Op. cit.
10. General Economics Division (2017). *Bangladesh State of the Economy*. Ministry of Finance.
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13. The standard definition of unemployment is based on the three criteria: "without work", "currently available for work" and "seeking work". The definition includes underemployment (all employed people whose working time is insufficient in relation to an alternative employment situation in which the person is willing and available to be engaged). Of all employed people who worked less than 40 hours in a week in the country in 2015-16, an estimated 1.8 million employed people (3.0 per cent) were looking for new/additional jobs. Among the underemployed people, 1.2 million are males (2.8 per cent) and 0.6 million are females (3.4 per cent) (QLFS 2015-16).
14. Bangladesh Bureau of Statistics. *Quarterly Labour Force Survey, 2015-16*.
15. Bangladesh Bureau of Statistics. *Quarterly Labour Force Survey, 2015-16*.
16. The definition of informal employment in Bangladesh is a combination of both the informal character of the individual job as well as employment in the informal sector: Informal employment covered (a) all individual job-based informal employment—it operationally comprises all employed people in the non-agriculture sector, both wage and salaried workers (employees) with no pension or no contribution to a retirement fund; (b) contributing family workers; (c) all employers and own-account workers in informal sector enterprises (operationally defined in Bangladesh as all private unincorporated enterprises engaged in non-agriculture work that do not have any registration); and (d) all own-account workers employed in a private household.
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22. UN covenants and conventions include the International Covenant on Economic, Social and Cultural Rights (ICESCR), the International Covenant on Civil and Political Rights (ICCPR), the Convention on the Rights of the Child (CRC), and the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW).
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28. Op. cit.
29. Op. cit.
30. In one estimate (EC 2016), the number of RMG sector employed workers is 4.2 million. The official statistics, however, differ. According to the Department of Inspection for Factories and Establishments, the RMG industry at present employs around 2.2 million workers (DIFE 2015). The gender distribution of RMG workers reveals that most of the employees are female in this sector. Information provided by DIFE depicts that the proportions of male and female workers are 42 per cent and 58 per cent, respectively. This gender distribution is in sharp conflict with the existing general perception of over 80 per cent of workers in this sector being female.
31. It has been widely understood, though based on limited data, that women made up around 80 per cent of the labour force of the garment industries. Recent data, however, shows a much lower percentage. A 2015 survey by Asian Centre for Development reported that 65 per cent of workers in the RMG sector were women. The study by the EC (EC 2016) puts the number at 55 per cent. In the factories under the ILO RMG programme (Better Work Bangladesh), it was found that 58 per cent of the labour force consisted of women.
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43. Government of the People's Republic of Bangladesh (2016). *Bangladesh Economic Review*. Dhaka: Ministry of Finance.
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48. Op. cit.
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56. Focus group discussions with garment and footwear sector workers, Dhaka, Gazipur, Narayanganj and Chittagong, August-September 2016.
57. Discussion with footwear sector workers in focus groups, Hazaribagh, Dhaka, 22 September 2016.
58. Discussion with garment workers in focus groups, Narayanganj, 29 August 2016.
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60. Discussion with footwear sector workers in focus groups, Hazaribagh, Dhaka, 22 September 2016.
61. Discussion with footwear sector workers in focus groups, Hazaribagh, Dhaka, 22 September 2016.
62. Telephone interview with Anamul Haque, joint director of labour, Department of Labour, 10 July 2017.
63. Focus group discussions with garment workers, Dhaka, 2 September 2016.
64. Based on group discussion with trade union leaders, Dhaka, 3 January 2017.
65. Discussion with footwear sector workers in focus groups, Hazaribagh, Dhaka, 22 September 2016.
66. Focus group discussions with garment and footwear sector workers, Dhaka, Gazipur, Narayanganj and Chittagong, August-September 2016.
67. Focus group discussions with garment workers, Dhaka, 2 September 2016.
68. Discussion with footwear sector workers in focus groups, Hazaribagh, Dhaka, 22 September 2016.
69. Focus group discussions with garment and footwear sector workers, Dhaka, Gazipur, Narayanganj and Chittagong, August-September 2016.
70. Discussion with garment workers in focus groups, Dhaka and Narayanganj, 29 August 2016 and 2 September 2016.
71. Discussion with footwear sector workers in focus groups, Hazaribagh, Dhaka, 22 September 2016.
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75. Along with the regular demand for due wages and benefits, compensation, wage and benefits hikes are often the issues behind workers' agitation in the sector. With limited mechanisms within enterprises to alleviate labour-management tensions, worker dissatisfaction often builds up over a long period, and protests are sparked by a specific incident. Such unrest was evident in Ashulia where at least 50 apparel factories were closed in the face of workers demonstrating to demand a pay hike. Protests are perceived to be ways workers can motivate employers and government officials to take their interests and aspirations seriously.
76. Focus group discussions with garment and footwear sector workers, Dhaka, Gazipur, Narayanganj and Chittagong, August-September 2016.
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78. Key informant interviews, Dhaka, 8-12 September 2016.
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88. The SKOP is an alliance of the National Federation of Trade Unions established in the early 1980s when the military government of Bangladesh banned all trade union activities in the country. Then an alliance of the National Trade Union Centres (NTUCs) emerged in the name of Sramik Karmachari Oikka Parishad (SKOP) to establish the democratic rights of workers as well as to fulfill their economic demands. The emergence of the organization was an outcome of the process of dialogue among key trade union leaders. Most NTUCs were in SKOP and since 1983, most trade union movements in Bangladesh have been organised under the leadership of SKOP. At present, the leaders of 19 of the 23 NFTUs are included in the SKOP.
89. Key informant interviews, Dhaka, 8-12 September 2016.
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97. Key informant interview with Roy Ramesh Chandra, former secretary general, IndustriALL Bangladesh Council, Dhaka, 10 September 2016.
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## Annex

### Annex 1:

#### *List of FGD Participants*

FGDs with workers were conducted between August-September 2016. Participants were selected purposively considering their job length. We selected those workers who had at least two years long work experience in RMG and footwear industry.

Date	Place	Sector	Number of Participant Workers		
			Women	Men	Total
26-08-2016	Chittagong	RMG	8	4	12
29-08-2016	Narayanganj	RMG	7	4	11
30-08-2016	Gazipur	RMG	7	3	10
02-09-2016	Dhaka	RMG	8	4	12
22-09-2016	Dhaka	Footwear	–	7	07

#### *Distribution of Key Informants*

(Key informant interviews were conducted between August 2016 and February 2017.)

Representation	Place	Number of interviews
Trade Union Leaders	Dhaka and Chittagong	07
Representatives of Civil Society Organisation	Dhaka	03
Employers	Dhaka and Chittagong	03
Representatives of the Government	Dhaka	03
Buyers/Brands	Dhaka	02
Total		18

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The views expressed in this publication are not necessarily those of the Friedrich-Ebert-Stiftung.

#### Imprint

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FES established its office in Bangladesh in 2014. The work of FES in Bangladesh aims at facilitating inclusive dialogues on social justice with a focus on labour and social partnerships, sustainable development and international cooperation.

The study is part of a series under Core Labour Standards Plus (CLS+), a regional project by FES in Asia coordinated by the FES Office for Regional Cooperation in Asia based in Singapore.