

Clean Clothes Campaign



LABOUR RIGHTS SITUATION IN BANGLADESH AND THE ROLE OF EU TRADE POLICY

RANA PLAZA BUILDING COLLAPSE

What happened

On 24 April 2013, the eight-story commercial building in the outskirts of Dhaka, which housed several shops, a bank and five garment factories, came crashing down – a day after large structural cracks were discovered. Whereas other businesses in the Rana Plaza building closed down, garment factory owners ignored safety warnings and workers were ordered to return to work.

Workers knew they were at risk but were faced with the loss of meager wages while living below the poverty line and did not have unions that could collectively voice the right to refuse unsafe work. They reluctantly entered the factories. Shortly thereafter, the entire building collapsed, killing at least 1,138 people and leaving thousands more injured. Many survivors were trapped under tons of rubble and machinery for hours or even days before they could be rescued, sometimes only by amputating limbs.

This gruesome tragedy devastated the lives of thousands of workers and their families, and it brought worldwide attention to deathtrap workplaces and rampant exploitation in the garment industry¹.

Notably, the German certification company [TÜV Rheinland](#) had audited production facilities within the Rana Plaza complex less than a year earlier as part of a “social audit” based on the code of conduct of the Business Social Compliance Initiative (BSCI), known today as amfori BSCI. The report commented on “good construction quality”, and failed to note the lack of freedom of association, child labour, forced overtime and other human rights violations.

What followed

The global shock, together with intense campaigning by workers and activists including Clean Clothes Campaign, resulted in more political and public pressure than ever before to effect industry change. This led to ground-breaking approaches to prevention and remedy: with the establishment of the binding *Accord on Fire and Building Safety in Bangladesh* (“the [Bangladesh Accord](#)”) and the [Rana Plaza Arrangement](#) for compensation to survivors and families of victims. It still took two more years before payments compensating

¹ <https://ranaplazaneveragain.org/timeline/>

for loss of income and medical costs were complete, and not all brands that had sourced from the Rana Plaza factories paid up. Moreover victims have also not been compensated for pain and suffering.

In July 2013, the EU and Government of Bangladesh, with the support of the International Labour Organisation, negotiated an agreement known as the “Sustainability Compact” aimed at bringing Bangladesh labour law into line with international standards. In this context, Bangladesh developed a Roadmap for a National Action Plan on the Labour Sector (2021-26) with timelines for reform to improve labour rights - notably the alignment of the Bangladesh Labour Act and the Export Processing Zone Labour Act- with the ILO fundamental conventions. However, despite some improvements such as increased factory resources, many issues still remain outstanding or unaddressed.

INTERNATIONAL ACCORD ON BUILDING SAFETY

The Bangladesh Accord, now widely recognized as best practice was launched in May 2013 as the first-ever independent and legally binding agreement between brands and trade unions to work towards a safe garment and textile industry.

Over 200 international brands and retailers signed the first Accord agreement, including H&M, Inditex (parent company of Zara), C&A and Primark. The Accord is a legally-binding agreement between brands and retailers and IndustriALL Global Union & UNI Global Union and eight Bangladeshi unions. Together, the parties have committed to the goal of a safe and sustainable Bangladeshi ready-made garment industry in which no worker needs to fear fires, building collapses, or other accidents that could be prevented with reasonable health and safety measures. The Accord has brought crucial improvements to the lives of 2 million garment workers in Bangladesh, making 1,600 garment factories safer, and has created an effective and transparent complaint mechanism that is allowing workers to stand up for their own safety.

A continuation of the Bangladesh Accord, the [International Accord for Health and Safety in the Textile and Garment Industry](#) took effect in September 2021 **and will run until October 2023**.² Based on the same principles as the Bangladesh Accord, it covers Bangladesh and recently expanded to Pakistan. Unfortunately some major brands present on EU markets such as IKEA, Decathlon, Levi’s and Amazon still refuse to join the signatories and continue to free ride on other brands’ efforts and investments.³ We believe that the Accord is currently the only credible and useful tool companies can use to show how they fulfill their due diligence responsibility when it comes to building safety in Bangladesh and Pakistan.⁴

Despite these progresses, a new **Rana Plaza accident is not entirely unimaginable**. There are still factories which do not fall under the inspection programme of the Accord, either because they solely produce for non-signatory companies or for the domestic market. Also textile mills, logistics, storages and shoe factories are currently not covered by the Accord and the inclusion of home textile and accessory factories is voluntary for signatory brands, with limited uptake. Unfortunately the capacity of national inspection authorities is not yet sufficient to entirely rule out a mass disaster.

The Accord model is so successful due to a unique combination of features: legally binding nature, power for the unions, high levels of transparency, brands’ obligations to ensure that factories have the funds to carry needed improvements and remediation, and an independent complaints mechanism.

Contrary to commercial social auditing, brand-led programmes and unenforceable multi-stakeholder initiatives, the Accord is legally binding. This means that all Accord signatory companies must comply

² <https://internationalaccord.org/about-us/>

³ You can find [here](#) the latest information on the signatories of the International Accord

⁴ https://cleanclothes.org/file-repository/legal_brief_on_accord_-_august_2021_-_final.pdf/view

with the Accord's provisions and that the Accord trade union signatories can start a procedure against non-compliant companies.

The Accord will run out in October 2023. It must be succeeded by **a new agreement negotiated by unions and brands with the same levels of legal enforceability, transparency and union-participation as before and safeguarding the aspects of the Accord that have made it successful in the past.**

FREEDOM OF ASSOCIATION IN BANGLADESH

The workers of the five factories in the Rana Plaza building were not unionised. When they were afraid to enter the building again and threatened with loss of wages if they did not, they had no representative to do the talking with management, each had to face the decision on their own and most of them entered.

In the immediate aftermath of the Rana Plaza collapse space opened up for worker organising. Within a year after the collapse the labour act was revised and labour unions used their newfound space to start organising. The number of registered unions jumped.

After the first few years however this space started to close again. **Worker activism is not to be tolerated, particularly when focused on fighting for higher pay** - as low cost of labour in the garment industry remains Bangladesh's selling point. The repression of trade union leaders and labour activists increased sharply in December 2016, after workers spontaneously walked out of their factories to call for a tripling of wages; this led to a strong crackdown and a protracted period of labour repression. These actions had a chilling effect on worker organising, and the number of registered unions – and attempts to register unions – declined dramatically. In 2018, when the minimum wage was up for review, any labour activism in support of the call for higher wages was harshly repressed again, leading to a [crackdown on union activism](#), **including violence against workers and legal charges against many labour leaders.**

Today, anti-union violence remains common, and is carried out with impunity. The repression of labour activism through threats and criminal charges has been accompanied by an almost total stalling of the labour law reform process that was initiated in the months following Rana Plaza. The EU also [highlighted](#), on several occasions, concerns about freedom of association and collective bargaining in the country.

Ongoing issues relate for instance to the continued presence of a minimum threshold (of a percentage of factory workers willing to join a union - before 30%, now still 20%) required to register a trade union creates a hurdle for workers organising their own independent trade unions. All such hurdles should be removed to enable the right to organise for all workers. Furthermore, despite repeated commitments to tackle the deficiencies of the Export Processing Zone Labour Act (EPZ), a large number of provisions still need to be repealed or substantially amended to ensure its conformity with international conventions. **As such, this means that still today, over 500,000 workers in EPZ are still prohibited from forming an independent union.**

A recent report by [Business & Human Rights Resource Centre](#) (October 2022) shows how Freedom of Association has come under even more pressure since the COVID-19 pandemic. A survey of trade union leaders, activists and workers paints a bleak picture of the state of freedom of association and collective bargaining in the country. Selected quotes include:

- *“Unofficially, the factories make lists of union members and photos and share them with each other, so these workers are blacklisted from getting work and humiliated” (Raju, General Secretary of BIGUF)*

- *“Employers are always trying to find an excuse to terminate union members... Many workers in Bangladesh lost their jobs during the pandemic, and although there was a ‘last worker in, first out’ policy, employers disregarded this and especially targeted the experienced workers who are union members for dismissal. So, most of the union leaders have been targeted during this time.”* (Babul Akhter, Bangladesh Garment & Industrial Workers Federation (BGIWF))
- *“The factory owners don’t want the unions in the factories. They just want participatory committees so they can show they supposedly respect freedom of association in their engagement with brands and in the audits”.* (Rahik, Researcher at BGIWF)

Union-busting in the AI Ghausia Textile LTD factory (2018-today)

The AI Ghausia Textile LTD factory located in Dhaka is a factory producing knit items, pant and sportswear and employing around 400 workers. They are a member of the *Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA)* and a direct supplier of the German brand ERIMA.

In September 2018, a registered trade union started working in the factory, formed with over 100 workers. Shortly after, the union presented workers demands to the factory management which reacted by sacking 25 workers (16 women, 9 men) verbally in January 2019 without any notice, including general members of the union and all the executive committee members.

Factory owners also filed a legal complaint against some workers who had gone on strike in December 2018 to demand for increased wages. In addition, they also filed a criminal complaint against some workers, falsely accusing them of vandalism and property damage.

Since August 2019, 25 workers filed a complaint to the Labour court against the factory to ask for reinstatement to their jobs with back wages.

This case is still ongoing and is a striking example of the continuous threats and obstacles workers have to face when defending their rights; as well as a clear violation to ILO conventions (87 and 98) and national labor laws.

IMPACT OF COVID-19 PANDEMIC AND LIVING WAGES

At the time of the Rana Plaza collapse, the minimum wage for garment workers in Bangladesh was set at 3,000 taka (BDT), roughly 38 USD. In November 2013, months after the collapse, this amount was raised to 5,300 BDT (68 USD) – a wage still much below what workers, unions and academics deemed a living wage at the time.

The Bangladesh Labour Amendment Act 2013 is in place, following the 2006 Labour Act that established the Minimum Wage Board. This body is in charge of the governing of, and deciding on the minimum wage rates. **Historically, the minimum wage has only been increased after large scale protests by workers, more often than not met with violence by the authorities** (see previous section). This was the case both in 2010, in 2013 and after. In 2017 150,000 workers went to the streets to demand a higher wage and both factory owners and government forces used force to repress the non-violent protesters. When factories opened their doors again, thousands of workers (most of them unionists) found out they had been sacked. **Over a dozen union leaders and human rights advocates had been detained and blacklisted from further employment in the sector.**

Eventually the new minimum wage for the sector was set at 8,000 BDT, only half of what workers had demanded. **This minimum wage went into effect in January 2019 and has remained unchanged ever since.**

In the meantime, Bangladeshi workers have had to deal with wage theft during and after the COVID-19 pandemic (an estimated 844.6 million USD), inflation and rising cost of living. This means that 5 years after the new minimum wage went into effect, workers have seen their purchasing power decrease, resulting in debt accumulation and families trying to survive on the bare minimum.

COVID-19 had a devastating impact on many garment workers' income. Normal, pre-pandemic wages were already extremely low, but during the pandemic years workers experienced additional suffering because many of them were not paid their full pre-pandemic wages throughout the crisis. Furloughed workers only received 60% of their wages, which meant roughly \$57 per month based on the 8,000 BDT minimum wage⁵. **We estimated that in the first three months of the pandemic (March – May 2020) the Bangladeshi workforce was deprived of a total of \$501 million⁶.** In March 2020 alone, 150 factories closed (temporarily) and an estimated 147,000 workers did not receive their wages that month. Other workers saw their wages decrease by roughly 10% that month.

These changes had an immediate and disastrous effect on many garment workers and their families, most of whom do not have any savings or other financial security due to their low wages.

The Worker Rights Consortium wrote in a 2020 research report: *“Due to chronically low wages across apparel brands’ supply chains and weak social safety nets in the countries where they choose to produce their clothes, most garment workers entered the crisis with no margin of economic security”⁷.* For many workers in Bangladesh, as well as workers in other countries that were surveyed for the WRC report, this had a negative impact on their families’ food security, food quality and access to nutritious food. In other words: workers experienced hunger. According to the report, 88% of interviewed workers saw themselves forced to reduce their intake of food because of reduced income, despite having received some kind of government support.

In 2021 we interviewed workers in Bangladesh. All reported that they were struggling to survive on their low wages, which did not cover their living costs: *“Poverty wages pre-date the COVID-19 crisis but have been exacerbated by the non-payment of wages, pay cuts, and lack of overtime evidenced in this report. Wages were set at the lowest possible rate before the pandemic, meaning that many garment workers were already living in poverty. Therefore, even a seemingly small decrease in monthly wages can have a massive bearing on a garment worker and their family”⁸.*

Upcoming minimum wage revision in 2023

The five year review of the minimum wage revision is coming up this year. Unions are asking for amounts in between 22,000-25,000 BDT (coming from 8,000 BDT).⁹ This is a calculation based on several researches into workers’ cost of living. Union demands have not been met in previous revisions.

⁵ Clean Clothes Campaign (2021) Still un(der)paid in the pandemic: <https://cleanclothes.org/file-repository/ccc-still-underpaid-report-2021-web-def.pdf/view>, page 17

⁶ Ibid. page 18

⁷ Worker Rights Consortium (2020) *Hunger in the Apparel Supply Chain*: <https://www.workersrights.org/wp-content/uploads/2020/11/Hunger-in-the-Apparel-Supply-Chain.pdf>, page 6.

⁸ Clean Clothes Campaign (2021) *Breaking Point*: https://cleanclothes.org/file-repository/breakingpoint_report_layout-3.pdf/view,

⁹ <https://www.industrial-union.org/bangladeshi-unions-demand-increased-minimum-wage-for-garment-workers>

Workers and unions are also still fighting over individual wage theft or severance theft cases, most of which started during the COVID-19 crisis. The Bangladesh Garment Manufacturer and Employer Association (BGMEA) and employers are saying the industry can't afford this. International brands however have the means and should make a joint public statement in support of an increase and stating they will cover the increase through increased prices paid to producers.

THE ROLE OF EU TRADE POLICY

Bangladesh is the third largest garment exporter globally and in 2019 garment exports represented 90% of its total exports. Half of the total exports of Bangladesh were exported to the EU. Exports from Bangladesh to the EU have more than tripled between 2006 and 2018.¹⁰

- **Generalised Scheme of Preferences (GSP/EBA)**

The EU Generalised Scheme of Preferences (GSP) removes import duties from products coming into the EU market from developing countries with an aim to alleviate poverty and create jobs based on international values and principles, including labour and human rights, as well as environmental and climate protection.

Commitments under the EBA enhanced engagement.

Bangladesh remains by far the most important beneficiary of the EU's *Everything But Arms (EBA)* arrangement. In 2018, figures show that EBA exports from Bangladesh to the EU amounted to EUR17.4 billion and approximately EUR 2 billion in duties were saved in Bangladesh on an annual basis.¹¹ Under "enhanced engagement", Bangladesh is required to adhere to the principles of specific international labour and human rights conventions (e.g. *Convention concerning Freedom of Association and Protection of the Right to Organise*, *Convention concerning the Application of the Principles of the Right to Organise and to Bargain Collectively*) and address the serious and systematic shortcomings in respecting fundamental human rights and labour.

Across its different monitoring missions and dialogue with the government of Bangladesh, the EU highlighted the need for improvements on removing legal obstacles to the right to establishment of trade unions; eliminating anti-union discrimination, including violence, harassment or dismissal; putting in place a simple process for trade union registration or reinforcing labour inspectorates. Partly in response, Bangladesh has been developing [action plans](#) (most recently in 2021 for the 2021-26 period) on reviewing specific labour laws on freedom of association, ensuring that workers's rights are also guaranteed in Export Processing Zones or working on improving complaint mechanisms available to workers.

Unfortunately, progress on the actual implementation of such roadmaps have been stalling for years. For instance, despite nearly a decade of promises to reform its labour laws post-Rana Plaza, consistent with ILO Conventions 87 and 98, the relevant laws and rules still prevent workers still from exercising their right to associate, to bargain collectively and to strike. Under the ILO roadmap, the government was supposed to have adopted amendments to the law by December 2022. It has yet to do so.

Similar concerns were shared by the ILO Committee of Experts¹² and INTA delegation which travelled to Bangladesh last June 2022¹³. It is key for the EU to engage more strongly with the Government of Bangladesh over these delays.

¹⁰ European Commission, *Report on EU Enhanced Engagement with three Everything But Arms beneficiary countries: Bangladesh, Cambodia and Myanmar*, February 2020

¹¹ *ibid*

¹² https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_868115.pdf

¹³ <https://thefinancialexpress.com.bd/economy/global/eu-wants-full-implementation-of-labour-roadmap-for-trade-facility-1658241941>

Review of the GSP Regulation

The EU institutions have now entered into the last phases of the review of the GSP Regulation, as Trilogue negotiations recently started. Over the last years, civil society – both in beneficiary countries and in the EU – repeatedly highlighted the importance of increased transparency, stakeholder consultation and improved monitoring of commitments,¹⁴ as the way to reinforce the accountability and efficiency of the scheme. Because of parallel commitments through the ILO and the *Sustainability Compact*, Bangladesh is one of the GSP/EBA countries where the most information is available. While we wish more details on progress would be made available to stakeholders, we recognise that the limited information made available already allows stakeholders to have a better sense of the dialogue and commitments made. This in turns enables stakeholders to monitor progress and provide relevant information and recommendations to the EU and other decision-makers on what should be done to fulfill the roadmap and which elements are stalling.

Such levels of transparency and monitoring should be replicated across the GSP scheme, and at least GSP+ and EBA under enhancement engagement countries. The European Parliament – in its report approved last May 2022¹⁵ – rightfully included such requirements and we call on the Council and Commission to align with such position during Trilogue negotiations.

- **Corporate Sustainability Due Diligence**

Restrictions to freedom of association and collective bargaining are an extremely common risk and human rights impact in the garment supply chain, and in Bangladesh in particular. Companies sourcing from Bangladesh must ensure that workers' rights are respected. This may include requiring their subsidiaries, suppliers and indirect suppliers to provide guarantees that freedom of association is respected, leverage their influence to push for the recognition of trade unions or directly engage with trade unions and labour rights organisations in case of prevention, mitigation and remediation measures.

When it comes to building safety in Bangladesh, and while the Government of Bangladesh continues developing its monitoring and inspection capacities, **the best way for companies to work on fulfilling their due diligence obligations/responsibilities is to sign and implement the International Accord**. Due to its key elements (legally binding, trade union participation, financial contribution, remediation, transparency, etc.) and its structure, the Accord is aligned with the principles of the UN Guiding Principles on Business and Human Rights and OECD Guidelines and guidance¹⁶ and we encourage all companies to join this programme and support its implementation in Bangladesh, Pakistan and beyond.

When it comes to regulatory obligations for due diligence and corporate accountability, progress was made since 2013. Acknowledging the shortcomings of a system which relies on the good will of companies to respect human rights, several countries made strides to develop binding legislation on due diligence and corporate accountability. Following France, Germany and Norway, the EU is developing a text on Corporate Sustainability Due Diligence. However, the political process so far has raised [concerns](#) about whether this future law will, in fact, ensure that human rights are respected across global value chains. **For it to bring lasting and real change to workers it needs to be robust and thorough, and to centre workers' voices.**

Following the vote in the Legal Affairs Committee on 25th of April, the European Parliament will have to lend its support to the text in Plenary. **We call on MEPs to cast their vote in support of an ambitious text.**

¹⁴ <https://gspplatform.eu/policy-ideas>

¹⁵ https://www.europarl.europa.eu/doceo/document/A-9-2022-0147_EN.html

¹⁶ https://cleanclothes.org/file-repository/legal_brief_on_accord_-_august_2021_-_final.pdf/view