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## Safety and labour conditions: The accord and the national tripartite plan of action for the garment industry of Bangladesh

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# Safety and labour conditions: the accord and the national tripartite plan of action for the garment industry of Bangladesh

Mohd Raisul Islam Khan  
Christa Wichterich

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# **SAFETY AND LABOUR CONDITIONS: THE ACCORD AND THE NATIONAL TRIPARTITE PLAN OF ACTION FOR THE GARMENT INDUSTRY OF BANGLADESH**

Mohd Raisul Islam Khan  
Christa Wichterich

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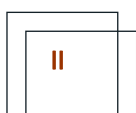
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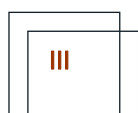
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## ABSTRACT

The factory fire at Tazreen Fashions in 2012 and the collapse of the Rana Plaza in 2013 generated a huge outcry about the working conditions and labour relations in the Readymade Garment (RMG) industry in Bangladesh, and led to the adoption of the multi-stakeholder agreements *Accord on Fire and Building Safety in Bangladesh* (Accord) at the international level and the *National Tripartite Plan of Action* (NTPA) at the domestic level. This paper investigates how the Accord and the NTPA have been implemented in the first two years after their adoption, whether they have contributed to an overall improvement in safety and labour conditions as well as to organizing in the RMG sector, and whether they can be considered as a “major breakthrough” and “game changer”.

The empirical research highlights the scope and limitations of the coverage of the two agreements. The findings indicate that after an initially good take-off, the activities lost pace and intensity and the remediation came almost to a standstill. The main assumption of the analysis of the Accord and NTPA implementation is that this process, its pace, results and constraints are consequences of the underlying power structures of the transnational apparel chains and the actual imbalance of power among the stakeholders.



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## LIST OF ABBREVIATIONS

BGMEA	Bangladesh Garment Manufacturing and Exporting Association
BKMEA	Bangladesh Knitwear Manufacturing and Exporting Association
CAP	Corrective Action Plan
CSR	Corporate Social Responsibility
DEA	Detailed Engineering Assessment
DIFE	Department of Inspection for Factories and Establishments
EPZ	Export Processing Zone
FOB	Free on Board
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GoB	Government of Bangladesh
GUF	Global Union Federation
HSC	Health and Safety Committee
ILO	International Labour Organization
MFA	Multi Fibre Arrangement
MOC	Ministry of Commerce
MoLE	Ministry of Labour and Employment
NGO	Non Government Organization
NTC	National Tripartite Committee
NTPA	National Tripartite Plan of Action
OSH	Occupational Safety and Health
RMG	Readymade Garment Industry
SC	Steering Committee
TNC	Transnational Corporation
US-GSP	United States Generalized System of Preference
WPC	Worker Participation Committee

## 1. INTRODUCTION

The collapse of the Rana Plaza building in Bangladesh in April 2013, which left 1,129 people dead and more than 2,500 people injured, prompted a shock wave around the world. It accelerated and broadened earlier demands, in particular from trade unions and rights-based campaigns, that working conditions and labour relations in transnational apparel production chains should be regulated and workplace safety in the Readymade Garment (RMG) industry in Bangladesh should be improved. Protests in many countries, and the demands for more workplace safety, led to the adoption of a range of action plans and agreements by various stakeholders aimed at the avoidance of such tragic accidents in future. The two most important agreements and initiatives are the *Accord on Fire and Building Safety in Bangladesh* (Accord), the only legally binding multi-stakeholder compact for the RMG sector at the international level, and the *National Tripartite Plan of Action* (NTPA) of the Government of Bangladesh at the national level. There were great hopes that these regulatory tools would result in a change for the better at the shop floor level in the whole RMG sector in Bangladesh.

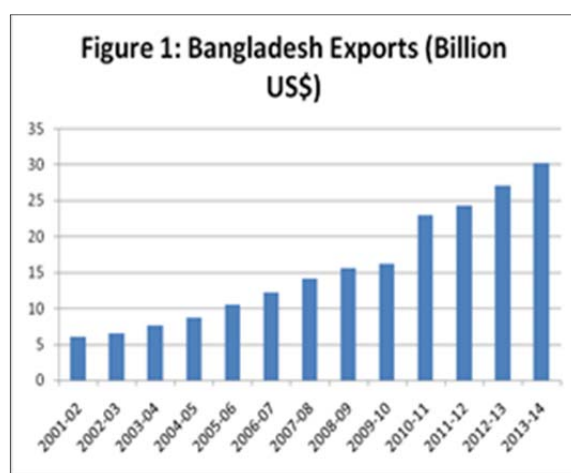
To date, no scholarly studies have been available on the implementation status of the Accord and the NTPA, the dynamics behind them, the role of the different stakeholders and the overall impact on labour conditions. This study attempts to start filling this knowledge gap. For this purpose, Mohd. Raisul Islam Khan conducted empirical research at the beginning of 2015 in Bangladesh, in particular a case study on four factories. He explored: 1) how the two main initiatives, the Accord and the NTPA, are being implemented and are actually helping to improve workplace safety; and 2) whether they are contributing to a change in overall labour relations in the RMG industry of Bangladesh, and in particular to trade unionism and labour organizing. These are also the main questions tackled in the present study.

Chapter 2 gives a brief overview of the growth history of the RMG sector, which leads on to the question of whether the Accord and the NTPA provide an opportunity to turn the tide of labour relations in Bangladesh. Chapter 3 goes more deeply into the technical details of the agreements and initiatives. Based on the findings of the empirical research, it analyses the implementation of the action plans two years after their adoption. In the conclusions, these findings are linked back to the key features of the transnational apparel value creation chain, the role played by different stakeholders and the underlying power relations.

## 2. THE READYMADE GARMENT INDUSTRY IN BANGLADESH

Bangladesh is the second-largest apparel manufacturer after China. The readymade garment (RMG) industry is the backbone of Bangladesh's economy and the main driver of its GDP growth. The key features of the RMG industry are, firstly, that it is a strongly buyer-driven production chain, secondly, that its rapid growth has been facilitated by a huge "cheap" labour pool, low wages, unsafe working conditions, and a low level of unionization and, thirdly, that the relations between the State and industry are governed to some extent by clientelism and cronyism.

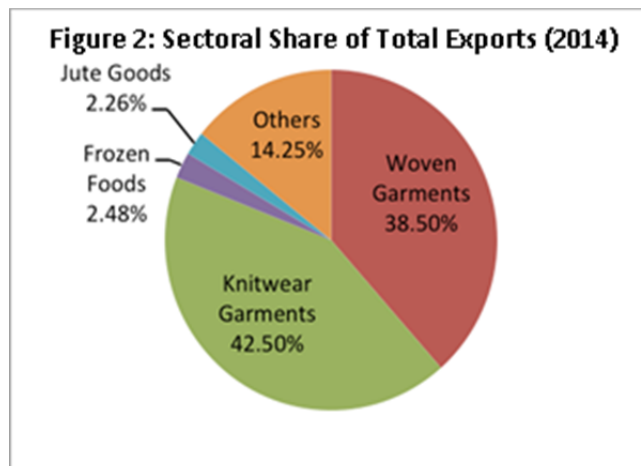
Over the last fifteen years, the growth of the sector has been spectacular. Currently, there are more than 5,000 garment manufacturing firms operating in Bangladesh. The country's RMG sector has provided employment to more than 4 million people. Over 80 percent of them are women, who were previously outside the wage economy. At present, RMG is the main foreign exchange earning sector, accounting for more than 80% of the country's exports. The share of the RMG sector increased dramatically from 3.89% of total exports in the fiscal year 1983/84 to about 81.13% in the fiscal year 2010-11<sup>1</sup>. In the fiscal year 2010-11 alone the exports went up by an amazing 42 percent. Figure 1 shows that the country's export earnings were five times higher in the fiscal year 2013-14 compared to the fiscal year 2001-02.<sup>2</sup>



Source: Ministry of Commerce, Bangladesh,  
[http://www.mincom.gov.bd/export\\_info.php](http://www.mincom.gov.bd/export_info.php)

<sup>1</sup>BGMEA Official website,  
<http://www.bgmea.com.bd/home/pages/TradeInformation#.VT9bPPmSxoQ>, Accessed on 27/04/2014

<sup>2</sup>In 2014, the country's total export earnings stood at US\$30.18 billion, which is 19.76% of GDP. Figure 2 shows that in 2014, 81% of the total exports of Bangladesh were RMG products. (Ministry of Commerce, Official website, [http://www.mincom.gov.bd/export\\_info.php](http://www.mincom.gov.bd/export_info.php), Accessed on 22/04/2015)



Source: Bangladesh Bank Monetary Policy Department,  
(<https://bangladesh-bank.org/pub/monthly/selectedecoind/magecoindsep2014.pdf>)

### 2.1. Growth through a Race to the Bottom

The history of the Bangladeshi RMG industry was framed and governed by the *Multi Fibre Arrangement* (MFA) launched in 1974 by the *General Agreement on Tariffs and Trade* (GATT). The MFA regulated the global trade in textile and garments until 2004 by imposing quotas on textile and garment exports from a number of developing countries, in particular from the East Asian emerging economies to the US, Canadian and EU markets. However, Bangladesh, as a least-developed economy, was exempted from the MFA quota regime and benefited from a preferential access to the developed countries (Rock 2001).

Within this framework, the catalyst model of industrial development (Rhee 1990), flanked by supportive policies of the Government of Bangladesh, was a crucial vehicle for the initial growth of the sector. Attracted by the chance for “quota hopping”, the South Korean corporation Daewoo in the late 1970s started cooperation with Dosh Garments in Bangladesh in the areas of technical training, purchases of machinery and fabric, plant start-up and marketing. The formal training under Daewoo’s system of management, in line with the corporate culture of South Korea, followed by learning-by-doing at the Dosh factory in Bangladesh turned out to be significant for the development of Dosh Garments and later the entire garment industry of Bangladesh. Of the 130 workers trained by Daewoo in South Korea, 115 left Dosh Garments and acted as catalysts in expanding the industry by setting up their own, competing garment export firms and disseminating their technical and business know-how. By 1985, there was a mushrooming garment industry with almost 700 factories compared to only a few in the late 1970s (Rhee 1990: 341).

The MFA quota regime triggered and accelerated the particular growth pattern of the RMG industry in Bangladesh (Kabeer/Mahmud 2004a). It has protected the industry from competitors and encouraged full use of the export quota, but it did

not provide incentives for the diversification of products. Therefore, the industry mainly expanded horizontally rather than vertically, meaning it increased the volume of production, actually its cut-make-trim operations, but did not upgrade the quality and value of production.

After the phasing out of the MFA in 2005, the Bangladesh RMG sector entered a period of stiff competition. Contrary to expectations, the sector did not lose its competitive position in the world apparel market. Rather, mass production continued to flourish and rapidly expanded, as an economy of scale (see Figure 1). This happened because Bangladeshi manufacturers adopted strategies to systematically reduce production costs by squeezing wages and expenditure on new factory building and safety measures. This race to the bottom (Hepple 2005) nurtured further growth and expansion of the sector.

According to an ILO Report (2014)<sup>3</sup>, Bangladesh pays the lowest minimum wage (US\$68/month) among the top ten apparel-exporting countries (see Table 1). Only Sri Lanka, which ranks 13th among the 25 top apparel-exporting countries, has a lower minimum wage (US\$ 66/month) than that of Bangladesh.

Table 1: Minimum Wage in Top 10 Apparel-Exporting Countries	
Country	Minimum Wage (in US\$)
1. China	\$166
2. Bangladesh	<b>\$68</b>
3. Vietnam	\$90
4. Turkey	\$494
5. India	\$91
6. Indonesia	\$74
7. Cambodia	\$100
8. Malaysia	\$244
9. Mexico	\$127
10. Thailand	\$237
13. Sri Lanka	\$66

Source: ILO Regional Office for Asia and the Pacific (2014)

The strategy of profit maximization through a race to the bottom is critically based on the abundant supply of female migrant labour from the countryside, ready to work under exploitative conditions. Garment employers hire especially female workers with little or no education and subject them to practices that construct them as docile and vulnerable labour. Provided with only a minimum of

<sup>3</sup> ILO Regional Office for Asia and the Pacific, [http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms\\_317002.pdf](http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_317002.pdf). Accessed on 12/02/2015.

on-the-job training, they do not get an employment contract in line with the applicable law, they are kept in temporary employment regardless of how long they have been working in the industry, they receive very few benefits, though legally entitled to them, and they may be dismissed without any prior notice or legal grounds. This makes the RMG value chain a highly gendered industry.

A comparison between wages and working conditions in RMG industries and rural labour markets in Bangladesh provides an explanation as to why the RMG sector can draw on an abundant supply of female migrant labour from the countryside. Mahmud et al. (2002) showed that real wages in manufacturing increased during the 1990s while in agriculture they declined and in the service sector they remained stagnant. The wage of a female daily labourer is just over half the wage of a male daily labourer in both urban and rural areas. Only in urban formal manufacturing average have real wages for female workers increased. In urban areas, the male-female wage ratio decreased around the year 2000 but increased again to its 1996 level in 2006. Over the same period, the wage gap in rural areas gradually widened (Bangladesh Institute of Development Studies (BIDS) 2011).

Table 2: Male-Female Wage Ratio in Bangladesh (1996-2006)				
	Sex	Year		
		1996	2000	2006
Urban	Male	60 BDT	85 BDT	111 BDT
	Female	36 BDT	59 BDT	69 BDT
	Ratio (Male/Female)	1.67	1.44	1.61
Rural	Male	44 BDT	63 BDT	93 BDT
	Female	25 BDT	35 BDT	51 BDT
	Ratio (Male/Female)	1.76	1.80	1.82

Source: Bangladesh Institute of Development Studies (2011)

The wage of an unskilled male labourer in the rural areas is higher than the wage earned by an unskilled male labourer in the garment industry (Rahman 2002). But for a female worker, the wage rate in the garment industry is higher than any other available employment. For example, in 2014, domestic services, the other main source of female employment in urban areas, provided less than half of the wages earned in the RMG industry<sup>4</sup>. This is why garment employment is attractive to unskilled women workers from the rural areas.

However, tremendous work pressure, wage penalties, various types of health hazard and oppression are common for women workers in the RMG factories. They face verbal and physical abuse as well as sexual harassment both inside and

<sup>4</sup> New Age, May 1, 2014, <http://newagebd.net/7639/domestic-workers-get-half-wages-than-rmg-workers-uo/#sthash.r0aweah3.dpbs>. Accessed on 12/10/2014

outside the factories, while the management does not ensure any security for them (Alam et al. 2004).

Despite exploitative working conditions, as well as structural and personal violence, most authors highlight ambivalences in women workers' situation in the RMG industry. Kabeer and Mahmud (2004b) state that while the majority of other waged workers in the urban economy spend all their earnings to meet basic needs such as food, rent, clothing and medicine, the garment workers are more likely to save some portion of their income for the future or remit their earnings to family members in the countryside. Others argue that, despite the costs in terms of health, hazardous and insecure labour conditions and harassment, wage employment in the RMG industry has contributed to women's empowerment, created "fictive kinship" and new social networks (Kabeer 2004; Dannecker 2000; Zohir 2001). Jagdish Bhagwati, a protagonist of economic globalization and trade liberalization, even assumes that earning money on a regular basis enables women workers to develop "autonomy, self-respect, and freedom from traditional gender work" (Bhagwati 2005: 85).

While women workers are reluctant to join union federations because of their male-dominated hierarchies and their closeness to political power, women workers organized spontaneous protests e.g. against non-payment of overtime. Since 1994 some of them are organized in the Bangladesh Independent Garment Workers Union (BIGUF). This informal union goes beyond a narrow conventional trade unionist approach, addresses everyday needs of women and promotes female leadership (Dannecker 2000).

## 2.2. Contested Area, Conflicting Interests

The RMG industry in Bangladesh has developed as a contested area between buyers and suppliers and between transnational and local capital. Labour and workers' rights are squeezed between these intersecting power regimes and conflicting interests.

Bangladeshi garment manufacturers have to import material and machinery, and the manufacturing of garments through cheap labour is the actual value added in the global apparel supply network. The sector specializes in basic and casual wear products such as woven trousers, shirts, blouses, knitwear, T-shirts and jerseys. The comparative advantage of the industry lies in its capacity to produce reasonable quality products at low costs.

A report by the Asia Foundation (2001) provides a breakdown of the value added to a shirt produced in the Bangladeshi RMG industry. The direct labour cost of making a shirt is around US\$0.16, which is likely to retail in the US market at US\$13-14. If the costs of buttons and other accessories are added to the labour costs, then the cost is US\$0.40 when the shirt leaves the factory. The FOB<sup>5</sup> price of

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<sup>5</sup> Free On Board: The point where the seller transfers the ownership of the goods to the buyer. The seller transports the goods to the port, pays the customs and loads the goods on the vessel. Afterwards all the responsibility transfers on the buyer.

the shirt when it leaves Chittagong port is US\$5.03 out of which 60 percent are the costs of the fabric (US\$3) that is imported under special bonded warehouse provisions. Without labour, trim and fabric costs there are additional US\$ 1.60 called unaccounted costs. These are indirect costs of doing business in Bangladesh. These costs result from several unexpected situations such as delayed shipping in of raw materials and late shipping out of the finished goods, poor infrastructure due to frequent floods, bad communication, political instability, a weak financial system, congestion in the main port and corruption. These costs do not pose a problem to big apparel corporations like Walmart, Benetton, H&M etc. because usually their orders are very large in volume, which makes for economies of scale. These buyers use the indirect costs and the gigantic volume of their orders as leverage to dictate prices to their suppliers (Kabeer/Mahmud 2004a).

The manufacturers of the Bangladeshi RMG sector are trapped between high unpredictability and the buyers' price and delivery dictation as well as demands regarding seasonal and fashion-related fluctuations. The factory owners have to take a great deal of risk. The price of fabric has to be borne by them before receiving the payment for the order. If the shipment is excessively late or the buyer is not satisfied with the shipment, then they have to cut back prices in order to ensure that it is sold. Also there is no guarantee that the orders will come on a regular basis. Especially for the quota-regulated US market, high quota premiums, because of buying and selling, lead to greater vulnerability for both workers and employers. Firms that take orders with insufficient quotas in the hope of buying quota in future can be forced to sell their products at lower rates or risk cancellation in the middle of the production process if they fail to gain sufficient quota afterwards. Moreover, in this situation of stiff competition, buyers also put pressure on the supplying factory owners to comply with various codes of conduct in response to consumer pressure exerted by labour rights organizations, civil society campaigns and governments in the West (Anner et al. 2012; Hale/Turner 2005).

Kabeer and Mahmud (2004a: 144) have mapped the RMG industry of Bangladesh in three tiers. The first-tier factories are those in the Export Processing Zones (EPZs). Most of these firms are foreign-owned or joint ventures, or are directly linked to international buyers. They are fitted with modern equipment, supply better-quality products, have relatively skilled and educated workforces and also have better working conditions compared to the other factories, though collective bargaining and the formation of trade unions is banned in the EPZs. The second-tier factories are those outside the EPZs. They are both large and medium in size; almost all of them are owned by domestic entrepreneurs but have direct links and long-term business relations with the international buyers. So they have some reliability in their product orders and, because of their direct links with buyers, these factories also have to maintain certain minimum labour standards. The third-tier factories – actually the majority – are comprised of all those medium- and small-scale factories that have no direct links with international buyers or no capability to open a letter of credit. The interface and



interplay of these factories with the informal economy is large. These factories run in rented building floors with 100-400 machines and usually rely on subcontracted orders from the second-tier factories. Almost all these factories lack minimum labour standards and their personnel work in dangerous and hazardous environments.

**Table 3: Three Tiers of Factories in the RMG Industries of Bangladesh (2015)**

Tier	Characteristics	Number	Percentage
1st	<ul style="list-style-type: none"> <li>Factories inside EPZs</li> <li>Direct relations with foreign buyers</li> </ul>	235	4%
2nd	<ul style="list-style-type: none"> <li>Factories outside EPZs</li> <li>Direct relations with foreign buyers</li> </ul>	1887	35%
3rd	<ul style="list-style-type: none"> <li>No relations with foreign buyers</li> <li>Run through subcontracting</li> </ul>	3379	61%

Sources: BEPZA, BGMEA, BKMEA, Accord and Alliance official website and authors' own calculation

Apart from the factories inside the EPZs and some of the factories directly involved in business with international buyers, the majority of the factory owners operate their business with an informal sector mindset by adjusting their production according to demand, through a variety of means including subcontracting or outsourcing to other factories or sweatshop-like facilities. These are highly competitive strategies of accumulation, which allow the employers to maximize profits in order to reinvest capital at the minimum possible cost.

An enabling framework for these exploitative accumulation strategies is the convergence of state and entrepreneurs' interest in RMG as a leading foreign exchange earner. The two-party system and the power play between the two leading political dynasties favour nepotism and rent-seeking. An indicator for this form of crony capitalism is the fact that in 2013 at least 33 members of parliament – actually 10 percent – were factory owners who blocked parliamentary adoption of stricter regulations for buildings. Additionally, the state agencies that are supposed to regulate garment manufacturing in Bangladesh tend to be influenced and often bribed by the factory owners (Ahamed 2011). Many factories were built with permits from local authorities only and without the permission of the Dhaka building safety agency.<sup>6</sup>

The government assists factory owners to suppress any labour organizing attempts. The federations of factory owners, both the *Bangladesh Garment Manufacturing and Exporting Association* (BGMEA) and the *Bangladesh Knitwear Manufacturing and Exporting Association* (BKMEA), form powerful lobby groups.

<sup>6</sup>The Wall Street Journal, April 25, 2013. Accessed on 22.6.2015.  
<http://www.wsj.com/articles/SB10001424127887323789704578444280661545310>

Convergence between garment capital and the state can provide an explanation for the absence of regulation for the structures of the buildings and of labour standards. This kind of favouritism seems to be evident in the case of the owner of the collapsed Rana Plaza building, a strongman of the youth wing of the ruling Awami League: he had an approval for five storeys only but built three additional storeys on top without permission. The factories owned by leading figures of the BGMEA had serious structural flaws and violated construction laws. Even the headquarters of the BGMEA was built illegally. But nobody has been prosecuted for this obvious violation of laws.<sup>7</sup>

### 2.2.1. Organized labour

Freedom of association and collective bargaining is very limited in the RMG sector of Bangladesh. Rahman and Langford (2012) have described the reasons behind the failure to form effective trade unions that uphold workers' rights. Trade unionism in Bangladesh is shaped by the two centuries of British colonial rule from 1757 to 1947 followed by the Pakistani period from 1947 to 1971. During its early years in colonial India, the labour movement was largely organized as an arm of nationalist or leftist political parties in the context of the anti-colonial struggle. Therefore it did not develop a distinctive labour philosophy aimed at the welfare of the working class. During the Pakistani regime, when Bangladesh was East Pakistan, the political and labour movement converged and struggled for independence from repressive Pakistani rule, hampering the further development of an independent trade union culture. Thus, the legacy of this politicized labour unionism is still the main characteristic of the present trade unions in Bangladesh.

After the independence of Bangladesh, political instability occurred through several military coups. Under military rule, significant inter-union rivalry, corruption and nepotism due to strong links with the political parties became permanent features of labour politics. In this context, the employers of the mushrooming RMG sector were vigilant against the forming of any labour organization, on the excuse that politicized and corrupted labour unionism would bring production to a halt for any reason. Union formation is also undercut through various deceitful strategies such as the short-term increase of wages, bonuses or overtime rates; union leaders are bought off through bribes or promotion (Morshed 2007). A recently published report by *Human Rights Watch* (2015) states that, to date, less than 10% of more than 5,000 garment factories have unions. Oppression and suppression of the union leaders and the workers who try to unionize is still common in the industry.

The lack of outside support, along with internal divisions and weaknesses, is an additional factor behind the failure of union formation in the Bangladeshi RMG sector. The few organized RMG workers are mostly represented by four union federations. Those few unions existing in the RMG industries are divided, based

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<sup>7</sup>The Economist, May 4<sup>th</sup>, 2013 <http://www.economist.com/news/asia/21577124-tragedy-shows-need-radical-improvement-building-standards-rags-ruins>. Accessed on 22.6.2015.

on the personal interests of their leaders, in order to gain resources and reputation. The diverse background of the leaders is another important reason for divisions and frictions. Some union leaders are less educated, coming directly from the factory floor, while others have higher degrees but lack working-class experience.

Until recently, there were no significant links between the garment workers and civil society, historically represented by the urban, educated middle-class, which dominated broad political movements (Rahman/Langford 2012). However due to a lack of funds, most of the unions are now forced to affiliate with local NGOs or international organizations for material help. This creates additional rivalry among the unions as they are in competition for outside help and those who are unable to affiliate disintegrate because it is not possible to organize a union on the very low wages earned by the garment workers.

### **2.3. Systemic Risks, Tragic Accidents**

The growth and economic success of the RMG sector in Bangladesh did not translate into social development in terms of decent work, living wages and safe working conditions. The RMG industry in Bangladesh has a long history of violations of labour rights and safety standards, and of horrible workplace accidents as an unavoidable consequence of this production model. The RMG regime is governed by offshoring, outsourcing and a fierce competition between producers in a buyer-driven value chain, and is based on an informal labour and sweatshop concept of labour-intensive production with cheap, docile, unskilled women workers ideally suited to this type of industry.

In the last twenty years, a series of tragedies such as factory fires and the collapse of factory buildings due to instable structures, accidents due to defective wiring and stampede incidents due to the fear of fire took thousands of workers' lives in Bangladesh's RMG factories. The most notable of these occurrences were the fire at Tazreen Fashions in November 2012, which killed 124 workers and left more than 200 workers seriously injured, and the collapse of the Rana Plaza building in April 2013, the deadliest textile industry accident in modern human history, which took the lives of 1,129 workers and left more than two and half thousand people seriously injured. The day before the collapse, workers pointed out visible cracks in the building, but the management forced them to continue working despite an evacuation order issued by the authorities.

The frequency of these factory accidents mirrors the lack of social compliance<sup>8</sup> in the industry, the exploitation of labour and the systemic risks included in the transnational apparel production chains. At the same time, it fatally indicates that the private governance regime, which has been set up by corporations in the form of codes of conduct and factory auditing as a part of voluntary Corporate

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<sup>8</sup>A socially compliant factory has secure working conditions, protective health and safety measures, provision of collective bargaining and freedom of association, and minimum living wages and is free from child labour, forced labour and excessive working hours. (Ahamed 2011)

Social Responsibility (CSR), has failed. It is disturbing that two of the factories on rented floors in the collapsed Rana Plaza building had been certified as complying with the *Business Social Compliance Initiative*, a CSR initiative with more than 1,000 European companies as members (Gross 2013). Clearly, voluntary CSR measures executed by external auditors do not disturb the mechanisms of offshoring and outsourcing, of growth through a race to the bottom and of exploitative transnational value production.

Thus, the fire at Tazreen Fashions and the collapse of the Rana Plaza are systemic consequences of the RMG production regime and a kind of hidden structure of the global capitalist growth and accumulation model, which downloads costs and risks to the lower end of the transnational production chains in the Global South, in particular on to labour.

## 2.4. The Leverage of the Disaster

The fire at Tazreen Fashions and the collapse of the Rana Plaza caused a huge international outcry about workers' safety, workplace conditions and labour standards in the RMG industry in Bangladesh and in transnational apparel value chains in general, including from EU institutions and governments in Europe and the USA. In particular, national and international media, global trade unions and labour rights campaigns decried the sourcing practices of the big apparel brands and their lack of responsibility as regards safe working conditions and living wages. Protests in Bangladesh and in many western countries posed a threat to corporate reputations and the brand images of the large apparel corporations.

Thus, in particular, civil society actors urged the buyers to take responsibility for decent work in the factories and in the whole of the value production chain, including subcontracting. Global union federations, especially IndustriALL and UNI Global Union, with the help of their previous international framework agreements and consumer and labour rights campaigns, by creating damage to the image of the apparel brands, paved the way for negotiations with corporations as strategic partners rather than acting as opponents (Reinecke/Donaghey 2015).

The notable outcome of these civil society efforts is the *Bangladesh Accord on Fire and Building Safety*, signed on May 13, 2013. Meanwhile, after a lot of resistance and hesitation, the Accord was signed by more than 150 apparel corporations around the world, the two global union federations IndustriALL and UNI Global Unions, labour rights campaign groups and a number of Bangladeshi trade unions in order to ensure workplace safety in the RMG industry. The *International Labour Organization* (ILO) and the Government of Bangladesh are also cooperating with the Accord. This makes the Accord the first initiative in the history of industrial relations where all the related stakeholders of a certain global value chain took responsibility for workers' safety and rights in a legally binding agreement. That is why, after its formulation, researchers and labour rights experts dubbed it a "major breakthrough" and "game changer" in establishing

safety and labour standards in global apparel value networks (Hensler/Blasi 2013; Ryan 2013; Rahman 2014).

Additionally, pressure from western governments, especially the suspension of the US Generalized System of Preferences (GSP) and similar threats from the EU, also prompted the Bangladeshi government to adopt several action plans for the improvement of the workplace safety in the RMG sector. The most comprehensive is the *National Tripartite Plan of Action (NTPA) on Fire Safety and Structural Integrity in the Ready-made Garment Sector in Bangladesh*.

In order to compensate the victims, their families and dependents for the Rana Plaza collapse, representatives of the Government of Bangladesh, employers' associations, national and global trade unions, NGOs and some of the apparel brands that were sourcing products from the factories at the Rana Plaza established the *Rana Plaza Arrangement* through a collective agreement. The Arrangement has built a *Rana Plaza Donors Trust Fund* to arrange the necessary funds for compensation and a *Rana Plaza Coordination Committee* to oversee the compensation process<sup>9</sup>. Two years after the Rana Plaza disaster, the Coordination Committee finally declared that it has met the target of an estimated US\$30 million for the necessary compensation of the victims<sup>10</sup>, though a number of apparel brands still refrained from providing necessary funds<sup>11</sup>.

The progress in the policies of the transnational corporations, domestic entrepreneurs and the Government of Bangladesh regarding compensation, safety and working conditions in the RMG industry in Bangladesh resulted from the massive pressure generated by civil society organizations inside and outside of Bangladesh and some western governments.

Two years after the adoption of several initiatives to enhance workplace safety in the RMG sector of Bangladesh, it is necessary to investigate how the enforcement of these initiatives actually contributes to establishing workplace safety and better working conditions, and to what extent different stakeholders are seriously taking on their social responsibilities.

### 3. MAJOR INSTRUMENTS AND AGREEMENTS TO IMPROVE SAFETY AND LABOUR STANDARDS

After the disastrous accidents at Tazreen Fashions and the Rana Plaza, various initiatives were adopted at the national and international level to systematically ensure safer working conditions in the RMG industry of Bangladesh. These agreements and instruments link three areas of concern: a) occupational safety and health standards; b) workers' participation, unionization and collective bargaining; and c) labour standards. The focus is clearly on fire and building

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<sup>9</sup> More details at <http://www.ranaplaza-arrangement.org/>

<sup>10</sup> See <http://www.theguardian.com/world/2015/jun/08/bangladesh-rana-plaza-factory-fund-meets-target>

<sup>11</sup> See <http://www.cleanclothes.org/ranaplaza/who-needs-to-pay-up>

safety, while the initiatives address different sectors or restrict their responsibility to certain tiers of the RMG industry in Bangladesh. Particularly interesting is the link between workplace safety, labour organizing and the interplay of different stakeholders at international and national level.

Shared responsibility vis-à-vis workplace safety and labour standards means that a broad range of stakeholders are involved in these agreements and initiatives: transnational corporations (the buyers), national firms (the suppliers), the Government of Bangladesh and its institutions, an international agency, the ILO, global and national trade unions, other civil society organizations and campaigns representing consumers.

In this chapter, we will give an overview of these major multi-stakeholder initiatives, which intersect and complement each other and whose implementation is supposed to be well-coordinated and interlinked. As the Accord and the National Tripartite Plan of Action are the main subject of this study their implementation will be presented in the next chapter in the light of our empirical research.

### **3.1. International Agreements**

The three agreements adopted at the international level are multi-stakeholder or tripartite initiatives, involving different actors, transnational corporations, national firms, the Governments of Bangladesh and its institutions, the ILO as an international agency, global and national trade unions and other civil society organizations and campaigns. Among them, the Accord is unique and outstanding as it is the first and only one that is legally binding.

#### **3.1.1. The Accord on Fire and Building Safety in Bangladesh (Accord)**

*The Accord on Fire and Building Safety in Bangladesh* is a legally binding agreement signed in May 2013 between more than 180 apparel corporations from 20 countries in Europe, North America, Asia and Australia, two international trade unions IndustriALL and UNI Global Union and seven Bangladeshi trade unions to improve safety and working conditions in the RMG industry. International NGOs and civil society campaigns based on labour and consumer solidarity, such as *Clean Clothes Campaign* (CCC), *International Labour Rights Forum* (ILRF), *Worker Rights Consortium* (WRC) and *Maquila Solidarity Network* (MSN) are witnesses to the agreement. The *International Labour Organization* (ILO) acts as the independent chair of the agreement. The signatories of the agreement are obliged to establish fire and building safety through safety inspections, remediation and extensive fire safety training for a period of five years. The programme is being built in close cooperation with the Government of Bangladesh's *National Tripartite Plan of Action on Fire and Building Safety* (NTPA) and the *Alliance for Bangladesh Worker Safety* by establishing common programmes, liaison and advisory structures<sup>12</sup>.

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<sup>12</sup>More details in 'About the Accord', <http://bangladeshaccord.org/about/>

The Accord agreement consists of six key components:

- 1) A 5-year legally binding agreement between apparel corporations and trade unions to ensure safe workplaces in the RMG factories of Bangladesh
- 2) Extensive fire, electrical and structural safety inspections supported by the apparel corporations with the involvement of workers and trade unions
- 3) Public disclosure of all the factories, along with their inspection reports and Corrective Action Plans (CAPs); maintenance of business relationships during the Accord tenure
- 4) Commitment of the signatory corporations to secure sufficient funds for the remediation measures recommended by the CAPs
- 5) Establishment of democratic Health and Safety Committees to empower workers in raising their voice regarding health and safety issues
- 6) Extensive training programmes on safety issues, establishment of complaint mechanisms and the right for workers to refuse unsafe work.

### **The Accord Factories**

The Accord<sup>13</sup> has divided the supplier factories of its signatory companies into three tiers<sup>14</sup>. Tier 1 is the suppliers that produce more than 30% of the annual production in volume for each signatory company. Tier 2 factories are the remaining major or long-term suppliers to each signatory company. Safety inspections, remediation and fire and building safety training will be executed extensively in these two tiers of factory. Factories that produce less than 10% of any signatory's annual production from Bangladesh are Tier 3 factories. Limited initial inspections will be conducted in Tier 3 factories to identify high risks. The Accord has identified 1,702 factories as signatories' Tier 1, 2 and 3 suppliers<sup>15</sup>.

### **Governance Mechanisms**

The governance of the Accord is through a Steering Committee (SC) with equal representation from the trade union signatories and the company signatories, with a maximum of three seats each and a representative from the ILO as an independent chair. The SC is supposed to reach decisions by consensus, otherwise through majority votes. The Accord has two offices - one in Dhaka and the other in Amsterdam - to oversee and coordinate its activities, with 95 staff.

### **Dispute Resolution**

Dispute resolution under the Accord is based on the standard international commercial arbitration model. The disputes are addressed by the SC for resolution using the *United Nations Commission on International Trade Law*

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<sup>13</sup>Here the Accord is represented as an "actor". The Accord is both a tool and an actor, meaning an institution for executing the activities under the Accord Agreement.

<sup>14</sup>The three tiers distinguished by the Accord are all within the second tier defined by Kabeer and Mahmud (2004a).

<sup>15</sup>Accord list of factories as per August 2015 <http://bangladeshaccord.org/wp-content/uploads/Accord-Public-Disclosure-Report-1-Aug-2015.pdf>



(UNCITRAL). If this fails, the dispute can be solved through a binding arbitration process, which is enforced under the New York Convention in a court of law of the signatory's home country against whom the verdict is given.<sup>16</sup>

### **Safety Inspection**

A rigorous and transparent safety inspection is carried out by expert personnel under the supervision of the Safety Inspector, based on internationally recognized workplace safety standards. An initial inspection of each factory is supposed to be made within the first two years of the agreement. Written inspection reports are made within two weeks of the completion of the inspection and are shared with the factory management, the occupational safety and health (OSH) committee, workers' representatives, signatory companies and the Steering Committee (SC). In factories where OSH committees are absent, the reports are shared with signatory unions. Within six weeks, the Safety Inspector discloses the inspection reports to the public, accompanied by the remediation plans. In case of severe danger to workers' safety, the Safety Inspector immediately informs the factory management, unions, the OSH committee and the SC and directs a remediation plan.

### **Remediation**

According to the *Corrective Action Plan* (CAP) suggested by the Safety Inspector, a factory is required to implement the remediation plan within a scheduled time frame. Signatory companies are bound to ensure that their supplier factories maintain the employment relationship and provide regular income if the factory is closed for renovation for at least six months. Failure to do so will result in a notice, warning and eventually cessation of the business relationship. Signatory companies also have to make reasonable efforts to provide work to those workers who are displaced because of the renovation process, loss of orders or factory closure, in other safe workplaces from which the companies source their products.

### **Right to Refuse Work**

Signatory companies agreed to ensure that their supplier factories respect the right of a worker to refuse work if he/she has reasonable justification to believe it is unsafe, or to leave the workplace on the same grounds without suffering any discrimination, threat of termination, termination or any loss of wage payment.

### **Complaint Mechanism**

The Safety Inspector is authorized to establish a workers' complaint process so that the workers from supplier factories can raise their concerns about health and safety risks confidentially to the Safety Inspector. This process is aligned with the

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<sup>16</sup>Formally known as the Convention on the Recognition and Enforcement of Foreign Arbitral Awards, this is an international agreement signed by the home country of every signatory company of the Accord according to which their domestic courts have a broad obligation to enforce foreign arbitration awards. More details at <http://newyorkconvention.org/>



establishment of a workers' safety "hotline" through the *National Tripartite Plan of Action*.

### **Safety Training**

A team of expert staff under the supervision of a Training Coordinator will deliver a training programme to workers, managers and security staff, involving trade unions and specialized local experts, to the Accord Tier 1 factories on a regular base. These training programmes will include basic safety procedures and precautions as well as enabling workers to voice concerns and actively participate in activities concerning occupational health and safety and related hazards.

### **Health and Safety Committees**

Signatory companies will ensure that their supplier factories establish Health and Safety Committees that will function according to the Bangladesh Labour Law, with a 50% workers' representation. Workers will be selected as committee members by the factory's trade union or through a direct vote by the workers if a trade union is absent in the factory concerned.

### **Publicly Accessible Database**

The SC is legally bound to make publicly available and regularly update information, which includes a single aggregated list of all supplier factories in Bangladesh, including subcontractors that produce for the Accord signatory companies, written inspection reports with remediation measures, quarterly aggregate reports that summarize both aggregated industry compliance data and a detailed review of findings, corrective recommendations and overall progress on remediation for all supplier factories that have been inspected.

### **Penalty for Non-Compliance**

All signatory companies have to make sure that their supplier factories will take part in the inspection process, make necessary renovations according to the remediation plans and allow training activities. If any supplier disregards these rules, the signatory company will promptly provide a warning and has to terminate the business relationship if the respective supplier still ignores the instructions.

### **Funding options**

The participating brands and retailers are supposed to negotiate financial terms with their supplier factories in order to implement the suggested remediation measures. Other alternative modes of financing such as joint investments, soft loans, donor or government support, various business incentives or direct payment for renovation by the signatory companies should also be made available. Each signatory company has to contribute to the funding of the Accord-led programmes according to their annual volume of garment production in Bangladesh.

### 3.1.1.1. Assessments of the Accord

The phrasing and coming into force of the Accord was welcomed and discussed by many authors. Some praise it as a promising and unique initiative establishing labour rights in the RMG industry. Hensler and Blasi (2013) see it as a “major breakthrough” because the agreement is the first multi-stakeholder initiative in the history of industrial relations in which big corporations have made detailed and legally enforceable commitments to ensure workplace safety standards in their supplier factories. The Accord presents a kind of international framework agreement because of its public-private policy mix, multi-level governance and intended cooperation with relevant stakeholders at all levels (ter Haar 2013).

Ryan (2013) dubbed the Accord a “game changer” because it also involves trade unions as an actor and partner in the process of improving workplace safety by making a legally binding agreement with international and domestic labour unions and labour rights campaign groups. Rahman (2014) stressed that the active participation of the Bangladesh Government, supporting and incorporating the measures of the Accord, made the agreement a breakthrough.

However, John Smith, a vibrant critique of neoliberalism, suggests that any mechanism formulated under this system will finally not be effective in establishing overall labour rights (Smith 2014). Though the Accord may bring some improvements in the near future, Smith refers to “price gouging” by the signatory TNCs. A provision in the Accord does state that the signatory firms will negotiate commercial terms with the supplier factories such that it is financially possible for them to ensure the workplace safety suggested by the Accord factory inspectors. However, nobody is tasked with monitoring the implementation of this clause and no penalties are indicated for non-compliance. Moreover, according to Smith (2014), the Accord lost its noble features by the exclusion of other key labour rights issues such as forced overtime, some key health and safety issues and the organizing power of workers to form unions.

All these assessments of the Accord in the literature refer to the formulation and adoption of the agreement and not to the actual implementation, on which we will focus in the next chapter.

### 3.1.2. EU Sustainability Compact

The *EU Sustainability Compact* is a tripartite agreement between the EU, the Government of Bangladesh and the ILO. It was signed in July 2013 in order to upgrade the labour conditions in Bangladesh. The compact comprises 23 specific actions to be undertaken by the stakeholders in the following three areas:

- Respect for labour rights; in particular, the right to collective bargaining and freedom of association
- Occupational safety and health; structural integrity of the building
- Responsible business conduct by all stakeholders related to the RMG industry.

According to the technical progress report of the European Commission (EC 2014), considerable progress had been made on 12 issues by July 2014.

<b>Table 4: Technical Progress on the EU Sustainability Compact</b>	
<i>Respect for labour rights</i>	
<b>Achievements</b> <ul style="list-style-type: none"> <li>• Amendment of the Bangladesh Labour Act of 2006 to strengthen fundamental rights at work</li> <li>• Registration of 187 new trade unions</li> <li>• Capacity and manpower of the Labour Ministry increased, Directorate of Inspection for Factories and Establishments upgraded to a Department</li> <li>• Bangladesh has achieved eligibility for the ILO Better Work Programme</li> </ul>	<b>Steps to be taken</b> <ul style="list-style-type: none"> <li>• Revision/reduction of the 30% minimum membership requirement to form a union and the inclusion of other key issues related to unionism in the Labour Law Amendment 2013</li> <li>• Adoption of the rules and regulations for the Labour Law Amendment 2013</li> <li>• Extension of the National Labour Law to the EPZs; establishment of union rights in the EPZs</li> <li>• Recruitment of the labour inspectors</li> </ul>
<i>Structural integrity of buildings and Occupational Safety and Health (OSH)</i>	
<b>Achievements</b> <ul style="list-style-type: none"> <li>• Adoption of the National Occupational Safety and Health policy</li> <li>• Multi-media information, education and outreach campaign on OSH issues</li> <li>• The National Tripartite Committee (NTC), Accord and Alliance have agreed on common standards for factory building safety</li> <li>• Fire, electrical and structural assessment of 1,685 factories</li> <li>• A basic version of a publicly accessible database listing RMG factories</li> </ul>	<b>Steps to be taken</b> <ul style="list-style-type: none"> <li>• Adoption of rules and regulations for the establishment of the OSH Committee</li> <li>• Continuation of the factory-level safety inspections</li> <li>• Agreement must be reached on harmonized public reporting of the factory safety inspections</li> <li>• The publicly accessible database should be upgraded and expanded to include detailed information on all the factories</li> </ul>
<i>Responsible Business Conduct</i>	
<b>Achievements</b> <ul style="list-style-type: none"> <li>• The Accord and Alliance, under “Responsible Business Conduct”, agreed on common standards for the factory inspections which are underway</li> </ul>	<b>Steps to be taken</b> <ul style="list-style-type: none"> <li>• Continuation of the activities of the Accord and the Alliance including follow-up on results of inspections</li> </ul>

Source: European Commission (2014). Available at [http://trade.ec.europa.eu/doclib/docs/2014/july/tradoc\\_152657.pdf](http://trade.ec.europa.eu/doclib/docs/2014/july/tradoc_152657.pdf)

### 3.1.3. Alliance for Bangladesh Workers' Safety (Alliance)

The *Alliance for Bangladesh Workers' Safety* is an agreement for a period of five years between 26 major North American apparel companies, retailers and brands with the intention of significantly improving workplace safety in more than 580 RMG factories from which they source products. BRAC, a leading development NGO originating from Bangladesh, and some other US and Canadian company federations are the supporting associations of the Alliance (Alliance 2014). Through the agreement signed in July 2013, the Alliance members adopted a set of principles referred to as the *Bangladesh Worker Safety Initiative*. In order to enforce these principles, the alliance is committed to build a partnership with the Government of Bangladesh, BGMEA, BKMEA, workers' rights organizations, the *Accord on Fire and Building Safety* and others who aim to improve workplace safety in the RMG industry. The Alliance functions as a voluntary association governed by a nine-member Board of Directors, who are representatives of those member companies who have the biggest share of business with the RMG factories of Bangladesh<sup>17</sup>.

Unlike the Accord, the Alliance agreement states that its activities are limited to factory-level safety inspection and there is no binding provision to remediate the factories in line with the findings of the safety inspection (ter Haar 2013).

According to the First Annual Report published in July 2014, the Alliance had achieved the following progress:

- Regarding safety inspection, the Alliance has inspected all its targeted 587 supplier factories. It was recommended to the National Tripartite Committee Review Panel<sup>18</sup> that 10 of them should close or partially close; 50% of the inspected factories are in remediation, according to the CAPs.
- Concerning funding, members of the Alliance pledged over 100 million dollars for their respective supply chains and provided several other financial options. During factory remediation, 50% of wages were paid to 1,000 displaced workers; the duration of compensation time was extended from two to four months.
- 5 million dollars have been made available to support temporarily displaced workers. The Alliance has trained more than one million workers and managers in basic fire safety and developed a Fire Safety Training Module. In order to assess the progress in terms of workers' awareness, the Alliance has conducted a follow-up survey among 683 randomly selected trained workers, of whom 97.8% correctly identified what to do in case of fire or any emergency situation.

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<sup>17</sup>See 'About the Alliance', <http://www.bangladeshworkersafety.org/about/about-the-alliance>

<sup>18</sup>A Review Panel of the National Tripartite Committee to oversee the recommendations of the inspection teams of the Accord, Alliance and National Tripartite Plan of Action, see chapter 3.2.1.

### 3.2. Initiatives by the Government of Bangladesh

The *Government of Bangladesh* (GoB) through its *Ministry of Labour and Employment* (MoLE), Ministry of Jute and Textile and other responsible authorities has taken several notable steps to improve labour and safety standards in the RMG industry.

#### 3.2.1. The National Tripartite Plan of Action (NTPA)

*The National Tripartite Plan of Action on Fire Safety and Structural Integrity in the Ready-made Garment Sector in Bangladesh* (NTPA) is a national agreement jointly signed by the *Ministry of Labour and Employment* and representatives of workers and of the owners, with the assistance of the *International Labour Organization* (ILO). Initially, it was developed in March 2013 as a tripartite action plan on fire safety after the fire incident at Tazreen Fashions. After the Rana Plaza collapse, the structural component was added to the action plan. The NTPA is the most ambitious initiative undertaken by the GoB and supported by the international stakeholders, which is designed to ensure, in the long run, workplaces with internationally accepted safety and health standards across the RMG sector. It consists of 25 planned activities in three areas within a stipulated timeframe between June 2013 and December 2014.

Table 5: The National Tripartite Plan of Action	
Activities	
Legislation and Policy	Submission of a labour law reform package and the amendment of the Bangladesh Labour Law 2006
	Adoption of a National Occupational Safety and Health Policy
	Review and adjustment of laws, rules and regulations related to fire, building, electrical and chemical safety
	Establishment of a taskforce of the cabinet committee on building and fire safety
Administration	Recruitment of 200 additional labour inspectors to the Department of Inspection for Factories and Establishments (DIFE)
	Upgrading of the Institution of Inspection for Factories and Establishments from a Directorate to a Department
	Implementation of MoLE project “Modernization and Strengthening the Department of Inspection for Factories and Establishments”
	Review and adjustment of factory licensing and certification procedures concerning fire, structural, environmental, chemical and electrical safety
	Consideration of the establishment of a one-stop shop for fire safety certification and licensing

	Development and introduction of a unified fire safety checklist to be used by all relevant authorities
<b>Practical Activities</b>	Inspection and assessment of factory-level fire and electrical safety needs
	Development and implementation of a factory fire improvement programme based upon the fire safety needs assessment
	Inspection and assessment of structural integrity of all active RMG industries
	Development of an accountable and transparent industry subcontracting system
	Delivery of a fire safety “crash course” for mid-level factory management and supervisors
	Development and delivery of specific training on fire safety for union leaders
	Development and delivery of a mass worker education tool to raise awareness regarding fire safety, OSH risks and prevention
	Establishment of a fire safety hotline for workers through the Department of Fire Service and Civil Defence (FSCD)
	Development and delivery of specific training on fire safety and structural integrity for factory inspectors
	Strengthening of the capacity of Fire Service and Civil Defence
	Development of guidelines for the establishment of a labour-management committee on OSH
	Development and dissemination of fire safety self-assessment and remediation tools
	Development of a tripartite protocol for death and injury compensation for workers
	Establishment of a publicly accessible database on OSH issues in RMG factories
	Redeployment of the RMG workers who lost jobs as a result of occupational accidents, rehabilitation of disabled workers

Source: Official website, Ministry of Labour and Employment, Government of Bangladesh  
(Compiled by authors)

The NTPA is governed by complex accountability mechanisms, with a *National Tripartite Committee*<sup>19</sup>(NTC) being in charge of its implementation. The MoLE is supposed to implement the practical measures with the assistance of other related bodies of the government, garment owners’ associations, the ILO and other related stakeholders. The safety inspections of the factories and the

<sup>19</sup> It consists of the Secretary of the Ministry of Labour and Employment, President of the Bangladesh Employers Federation, Vice President of the Bangladesh Garment Manufacturing and Exporting Association (BGMEA), First Vice President of the Bangladesh Knitwear Manufacturing and Exporting Association (BKMEA), Chairman of the National Coordination Committee for Workers’ Education (NCCWE) and Chairman of the Bangladesh National Council (BNC).

workers' safety training under the Accord and the Alliance are aligned with the NTPA. Another High-Level Tripartite Committee comprised of 11 members headed by the Labour Secretary is responsible for monitoring the implementation of the NTPA, reviewing and updating the action plan and engaging other stakeholders to support the initiatives. The High-Level Committee directly reports to a 16-member Cabinet Committee, which meets on a quarterly basis and is also chaired by the Labour Secretary.

### **3.2.2. Garment Industry Village**

The government has decided to establish a *Garment Industry Village* on 530 acres of land in a suburb of the capital city, Dhaka (MoLE 2013). A committee headed by a director general of the prime minister's office is working on it. The process of land acquisition has been started. This Garment Industry Village is specially planned for the reallocation of those factories that are operating inside the Dhaka Metropolitan Area in rented house buildings and are in critical structural condition.

### **3.2.3. Factory Inspection Teams**

23 inspection teams (20 in Dhaka and 3 in Chittagong) have been formed by the *Department of Inspection for Factories and Establishments* (DIFE) to ensure safe working environments in the RMG industries. As of 31 December 2013, the teams had inspected 3,498 factories and among them, 401 cases had been filed for violation of the occupational safety and health standards (MoLE 2013).

### **3.2.4. Amendment of the Bangladesh Labour Act 2006**

The Bangladesh Labour Act 2006 has been amended to strengthen the provision of collective bargaining and ensure safe workplaces in the garment industries. The amendment eliminates the previous obligation on the government agency concerned to send the names of union leaders to the employers when a union is registered. A Worker Participation Committee (WPC) has to be elected by the workers of the respective factory and will function as a trade union if the factory lacks any unions. The government has withdrawn cases against trade union leaders and suspension orders on the registration of the *Bangladesh Centre for Women Solidarity* (BCWS) and *Social Activities of Environment* (SAFE). Between January 2013 and February 2014, 112 trade unions were registered in the RMG industries (MoLE 2013).

The amendment also includes several provisions to improve workplace safety, such as the creation of a Health and Safety Committee (HSC) in factories with more than 50 workers. Use of personal safety equipment, secure power systems, sound structural integrity, and provision of sufficient free exit paths and open stairways/paths during working hours have been made mandatory. A Workplace Health Centre (WHC) is required on sites employing 5,000 or more workers and Safety Welfare Officers are required in factories with more than 500 workers. A

group insurance for the workers is obligatory in factories with more than 100 workers.

### **3.2.5. Minimum Wage Board**

A Minimum Wage Board was formed in June 2013 by the Ministry of Labour and Employment to redefine the minimum wage for garment workers. The board submitted a proposal, which was adopted by the government and has been implemented since December 2013. The minimum wage for a garment worker is set at BDT 3,000 with a 5% annual increment on the basic wage, 40% of the basic wage for house rent, BDT 250 for medical expenses, BDT 200 for transport and BDT 650 for food, raising the total wage to BDT 5,300 (around US\$68). The working hours are set at 8 hours per day and 26 working days per month (BGMEA, 2014).

## **4. IMPLEMENTATION AND IMPACT OF THE ACCORD AND THE NTPA**

The Accord and the NTPA are unique initiatives in which all the related stakeholders of the RMG industry of Bangladesh are supposed to work together to establish workplace safety in this industry. The empirical research focused on exploring the implementation of the Accord and the NTPA and their possible impact on working conditions, labour standards and opportunities to organize and unionize.

The empirical research – undertaken at the beginning of 2015 – was a qualitative study based on a mix of methods: namely an analysis of secondary data; observation at the factory level; and structured and semi-structured interviews. Two of the factories covered by the Accord – here called AF1 and AF2 - and two factories covered by the NTPA - here called NF1 and NF2 - were the focus of the research. The owners of these four factories (all male), 14 randomly selected garment workers (10 female, 4 male) from 9 different Accord factories and 5 NTPA factories, 2 trade unionists (one male, one female) and one government officer (male) were interviewed.

### **4.1. Implementation of the Accord**

The factories inspected under the Accord agreement are all second-tier factories with direct business contacts to the big corporations that source from them. According to the quarterly Accord report published in August 2015 (Accord 2015), out of 1,531 factories the Accord institute had completed the initial inspection of 1,288 factories plus 17 more scheduled for inspection and 226 factories jointly covered by the Accord and the Alliance, which are inspected by the Alliance. 942 Corrective Action Plans (CAPs) for the inspected factories were approved by the Accord institute. The Accord inspection team has found the structural integrity of 20 buildings well below the safety standards and recommended a temporary evacuation. More than 10% of the inspected factories



received an immediate requirement to reduce the loads in the building, such as storage, water tanks and other weight. Already in October 2014 over 80,000 safety issues had been identified and almost all factories were found to have safety hazards. More than 110 inspections required immediate action to bring those factories into compliance with fire, electricity and structural standards before continuing the manufacturing process (Accord 2014).

In 2015, the Accord is in its second stage, namely the implementation and monitoring of the CAPs and the operationalization of the training and workers' participation programme by establishing credible Occupational Safety and Health Committees at the factory level. Regarding the remediation work, as per June 2015 the Accord institute had issued non-compliance letters to 38 factories and non-cooperation letters to another 28 factories (Accord 2015).

The empirical research confirmed that the inspection of the factories under Accord inspection teams was completed. Their CAPs are up to the mark and meet workplace safety standards. The Accord institute also fulfilled its commitment to make publicly available written inspection reports along with the CAPs and quarterly aggregate reports on remediation progress. It also published a single aggregated list of supplier factories; however, this list does not include subcontracting factories as it was supposed to do under the Accord agreement.

Regarding the enforcement of CAPs, funds turned out to be the most decisive factor. The factories have already implemented or are in the process of implementing those CAP measures that are financially feasible for them. Both interviewed owners of Accord factories respond positively to the CAPs and have implemented low-cost measures and some other day-to-day management steps. For example, in the first Accord factory, AF1, the cables laid on floors are separated on trays, or the stairs and exit path are made free from temporary storage. In the second Accord factory, AF2, all gaps and openings in exit stair enclosure walls and in floors and ceilings were sealed for fire separation and the missing bolts in the angle cleat of the floor beams were fixed.

However, almost all the expensive CAP measures, which present the major part of the CAPs, such as the Detailed Engineering Assessment (DEA) of the factory building, fire protected safety doors, sprinkler systems, modern fire alarms with automatic smoke detectors, fire protected separation of different units of the factory from each other, etc. have not been implemented yet and have all passed their stipulated deadline. In AF2, a few of the costly CAP measures related to structural safety have been taken and one related to fire safety is ongoing. This is because AF2 is a large factory and it makes products for eleven major apparel corporations (including Inditex, H&M, Marks and Spencer, Bestseller, etc.) who are members of the Accord. So this factory has some capital expenditure to complete and - more importantly - it faced more pressure to implement the CAP in order to maintain its business relationship with its buyers. On the other hand, no costly CAP measures, except one, are implemented in AF1, which is a small factory manufacturing products for only one signatory company of the Accord, V&D. The factory owners asserted in the interview that they are not able to finance the

expensive CAP measures with their own capital, especially in the medium and small factories run on the rented building floors.

However, the Accord - a legally binding agreement - clearly states that it will arrange the necessary funds for the supplier factories so that they can initiate the remediation plans. According to the interviewed owners, their foreign buyers did not make any offer of financial assistance to them. The Compliance Manager of AF2 reported that one of their lead buyers has informed them about a possible loan but it did not provide any further information about the terms and conditions of repayment. The owners stressed that the Accord did not discuss or negotiate any financial terms with them during the inspection process or after providing the remediation plans. It is not very clear whether the Accord is making any attempt to pursue its signatory brands to mobilize the required funding for the remediation of their supplier factories. In particular, the smaller factories like AF1, which form a substantial number of the supplier factories of the Accord, require funding or some business incentives to implement the expensive remediation plans.

Apart from financing of the expensive CAP measures, another challenge for small factories to fulfil some CAP requirements is that almost all of them run on rented floors of multipurpose buildings with other garment factories. So it is difficult to fix financial terms with the owner of the building and other factory owners regarding those CAP measures that are relevant to the safety of the entire building. The owner of AF1 stated that two of his most costly CAP requirements are the detailed engineering assessment (DEA) of the building and the installation of a modern fire alarm system in the entire building. The owner of the building and two other garment factory owners (who are not suppliers under the Accord) are not interested in executing these costly measures. So it is almost impossible for him to fund the DEA of a twelve-storey building and install a modern fire alarm system in the entire building on his own. As many of the CAP measures related to fire and electrical safety are day-to-day management issues, another notable challenge is the effective monitoring of the implemented CAP measures, so that these safety standards are sustainable. Both the Accord and the NTPA lack rules and prescriptions for this in their respective action plans.

The Accord has not yet started taking up its next big commitment, i.e. providing extensive fire and building safety training to the workers, the mid-level factory managers, supervisors and security staff while ensuring active involvement of the local trade unions and specialized local experts in the process. It will also have to establish democratically elected Health and Safety Committees (HSC) in its supplier factories in accordance with the Bangladesh Labour Law. Half of the members of this committee should be workers' representatives. At present, the factories under the Accord agreement have only nominal HSC and none of the worker members of those committees have been elected democratically. Another task of the Accord, which has also not been executed yet, is to establish a complaints process and mechanism so that the workers can highlight health and safety risks safely and confidentially to the Safety Inspector of the Accord. This

initiative is supposed to be aligned with the workers' fire safety hotline under the NTPA. Meanwhile, the hotline has been established but the majority of the interviewed workers, factory owners and trade unionists were unaware of its existence.

According to the two interviewed trade union leaders, the cooperation of the Accord institute with the local trade unions is satisfactory. The Accord is obliged to include the local trade unions in its inspection process and ensure union involvement in monitoring the effective implementation of the CAPs in the factories. Both the interviewed trade union leaders confirmed that the Accord institute has cooperated with them throughout its initial inspection process and that currently, it regularly updates them on the progress of its work and involves them in checking the implementation of the CAPs as reported by the factories. The trade union leaders are amazingly content with the implementation of the Accord.

#### 4.2. Implementation of the NTPA

The factories inspected under the NTPA are third-tier factories (according to Kabeer/Mahmud 2004a), which are mainly subcontracting factories that do not maintain any direct business relations with international buyers and whose business model is based on informal exploitative sweatshop conditions.

According to the official website of the DIFE<sup>20</sup>, up to 30 April 2015, the BRTC-BUET<sup>21</sup> team has inspected 893 factories out of its targeted 1,500; 32 factories have been referred to the review panel; 16 factories are partially closed; and one is totally closed for the remediation works. Up to 15 March 2014, according to the official update by the *Ministry of Labour and Employment* (MoLE 2014) and the Third Monitoring Report of the *Centre for Policy Dialogue* (Moazzem *et al.* 2014), 7 of these 25 planned activities had been implemented, 2 were in progress and the remaining 16 had passed their tentative deadlines but in some cases had made good progress – mostly in the form of practical activities.

This empirical research found that only five out of the 23 commitments<sup>22</sup> related to workplace safety under the NTPA have been implemented:

- *The Department of Inspection for Factories and Establishments* (DIFE) has been upgraded from a Directorate into a Department with a Headquarters and 23 district offices.
- The DIFE staff has been increased to 993 people.

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<sup>20</sup>'RMG Sector Database', available at <http://database.dife.gov.bd/>, accessed on 12/06/2015

<sup>21</sup> The Bureau of Research, Testing and Consultancy of the Bangladesh University of Engineering and Technology (BRTC-BUET), a local and independent structural consulting organization, has been contracted by the ILO and GoB to conduct inspections of the fire, electrical and structural integrity of the 1,500 factories that are outside the agreements of the Accord and Alliance.

<sup>22</sup> Two of the 25 measures are about the compensation of the affected workers in different factory accidents including Rana Plaza and the redeployment and rehabilitation of the affected workers. This study did not take the compensation issue into account.

- All the newly recruited Safety Inspectors have received specific training on fire safety.
- A unified fire safety checklist has been prepared by the DIFE for regular factory inspection.
- Mid-level factory management and supervisors have received fire safety crash courses in most factories.

The rest of the 18 commitments have not yet been fulfilled. Among these, some are ready but have not been implemented yet, some are ongoing and others have even not been started. For instance:

- The Labour Law Amendment Act 2013 has been passed by Parliament but the rules and regulations for its effective implementation have not been finalized.
- The National Occupational Safety and Health Policy has been approved by the Cabinet but the “National Work Plan” for its implementation is not yet ready.
- The review and necessary adjustment of relevant laws, rules and regulations regarding fire and building safety have not yet been made. A Task Force of the *Ministry of Commerce* is responsible for this action plan, as well as for reviewing and making necessary adjustments to factory licensing procedures and establishing a one-stop shop for safety licensing and certification procedures. However, neither this Task Force nor the other Task Force on “Building and Fire Safety in the RMG Sector” of the MoLE has made any significant contribution to their tasks.
- Development and implementation of a factory fire safety improvement programme based on the safety assessment remain to be done, as the inspection process in all the factories is not finished.
- The setting up of a transparent and accountable subcontracting regime did not take off.
- The mass worker education tools regarding safety awareness have not been received in all the factories yet. The union leaders did not get any fire safety training under NTPA. The factories did not receive any self-assessment remediation tools for fire safety.
- The workers’ fire safety hotline has been established but most of the workers are unaware of it and no follow-up has been undertaken. No steps have been taken yet to strengthen the capacity of the Fire Service and Civil Defence.
- Establishment of labour-management committees on occupational safety and health is included in the Labour Law Amendment Act 2013 but, as the rules and regulations for the implementation of the Act have not yet been finalized, this action plan has also not been operationalized.

- Regarding the establishment of a publicly accessible database, only the basic information and remediation plans of the 730 inspected factories by Accord, Alliance and NTPA have been uploaded to the official website of the DIFE. A database with all the basic information from all the RMG factories in Bangladesh is not available.

The quality of the safety inspections under NTPA and the CAPs provided for the inspected factories is not up to the mark and they do not meet the standards of the Accord. No significant difference is visible between the CAPs of different factories. However, from our observation in two factories under the NTPA, no significant CAP requirements are fulfilled except a very few less costly and management-related issues. Workplace safety in these factories was very poor before and is still very weak, as no significant CAP measures related to fire, electrical and structural safety under the NTPA have been implemented. In the first observed NTPA factory (NF1), no CAP requirements related to structural safety have been initiated and the fire alarm is still an analogue bell. The factory has yet to replace the cover of its main switchboard with a non-combustible material, which was not done in the 11 months after its safety inspection. The same has happened in the second observed NTPA factory (NF2). The factory was partially evacuated following a recommendation by the review panel of the inspection team. Surprisingly, the factory resumed production on its evacuated shop floor without finishing the recommended DEA and the necessary remediation.

There are many challenges in implementing the CAPs in the factories under NTPA. They are not under any pressure from the foreign buyers and subcontracting firms do not feel obliged to be compliant in order to maintain their business relationships. There is no provision in the NTPA on effective monitoring of the implementation of the remediation plans and no penalty for the non-implementation of the CAP. These firms would need financial assistance to execute the expensive CAP measures but, unlike in the Accord, in the NTPA there are no provisions for funding. However, the NTPA progress report (MoLE 2014b: 6) indicates that there is some funding for the remediation and relocation of the factories from some donor agencies. The interviewed garment factory owners reported that they did not get any type of commitment regarding the funding from the NTPA authorities. Even the interviewed government official could not say anything about funding. He only reported the plans of the MoLE to hire a private firm, which could do the DEA of the factories, while the funds are supposed to come from a project of the ILO. However, this seems to be in a very early stage of planning. As for the Accord factories, another challenge in implementing the CAPs is the running of these factories on rented floors of multipurpose buildings, as discussed earlier.

The main reason behind the non-implementation of many of the measures of the NTPA is that it was the outcome of outside pressure, not a deliberate decision made by the government. And most of this pressure was generated by the suspension of the US-GSP for Bangladeshi apparel products and similar threats

from the EU after the Rana Plaza accident. While this pressure caused an initially strong response to this initiative, many difficulties are emerging in terms of effective, systematic and sustainable implementation. Besides this, the socio-political conditions in Bangladesh, the bureaucratic complexity of the governance system, corruption, MoLE as a lower priority ministry of the government and the lack of adequate funding are some other important causes behind the slow progress and lack of implementation.

Table 6: Key Findings from the Observation of the Factories				
Factories	Structural and Building Safety	Fire Safety	Electrical Safety	General Issues
First Accord Factory (AF1)	<ul style="list-style-type: none"> <li>No CAP measures implemented</li> <li>Compliant with DIFE checklist</li> </ul>	<ul style="list-style-type: none"> <li>Costly CAP measures not implemented</li> <li>Compliant with DIFE checklist</li> </ul>	<ul style="list-style-type: none"> <li>Most CAP measures implemented</li> <li>Compliant with DIFE checklist</li> </ul>	Mostly compliant
Second Accord Factory (AF2)	<ul style="list-style-type: none"> <li>Half of the CAP measures implemented, including some expensive ones</li> <li>Compliant with DIFE checklist</li> </ul>	<ul style="list-style-type: none"> <li>Costly CAP measures not implemented</li> <li>Compliant with DIFE checklist</li> </ul>	<ul style="list-style-type: none"> <li>All CAP measures implemented</li> <li>Compliant with DIFE checklist</li> </ul>	Compliant
First NTPA Factory (NF1)	<ul style="list-style-type: none"> <li>No CAP measures implemented</li> <li>Not compliant with DIFE checklist</li> </ul>	<ul style="list-style-type: none"> <li>No CAP measures implemented</li> <li>Not compliant with DIFE checklist</li> </ul>	<ul style="list-style-type: none"> <li>A few CAP measures implemented</li> <li>Not compliant with DIFE checklist</li> </ul>	Not compliant
Second NTPA Factory (NF2)	<ul style="list-style-type: none"> <li>No CAP measures implemented</li> <li>Work resumed in recommended evacuation area without renovation</li> <li>Not compliant with DIFE checklist</li> </ul>	<ul style="list-style-type: none"> <li>No CAP measures implemented</li> <li>Not compliant with DIFE checklist</li> </ul>	<ul style="list-style-type: none"> <li>Only one CAP measure implemented</li> <li>Not compliant with DIFE checklist</li> </ul>	Not compliant

### 4.3. Impact on Working Conditions

The third part of the empirical research aimed at finding out whether the labour conditions in the factories covered by the Accord and the NTPA have changed since the Rana Plaza accident. Observations in four garment factories as well as interviews with relevant actors show that some improvements in working conditions have been made. Although - according to a prominent civil society labour rights expert, Dr. K G Moazzem<sup>23</sup> - after the Rana Plaza tragedy several fire incidents occurred, in only two cases were there any deaths or casualties. Eight workers died in a subcontracting factory and in another fire incident in a power station of a factory, some people died during the rescue mission. To some extent, this evokes hope for better working conditions even though progress is not visible in all types of factory. Some improvement in working conditions has occurred in second-tier factories, which are under the Accord. The third tier, mostly subcontracting factories, which are under the NTPA's inspection process, does not show any significant improvement. All the deaths in the fire incidents mentioned occurred in this kind of factory.

In all the factories, workers are provided with a personal ID, and they keep attendance records now. However, in the majority of factories, workers still do not get any written job contract. Some of the factories under the Accord provide written job contracts, but to the upper-level male workers only.

Average working hours in the RMG factories are 11-12 hours per day, including an average of three hours' overtime. However, the workers are betrayed in many ways. One mode of exploitation is to set excessive production targets which can be finished in extra hours only and thus they are not paid as overtime. However, in the NTPA factories overtime is hardly paid, they do not maintain the minimum wage and the wage is not paid in due time. The factories under the Accord observe the minimum wage set by the government's minimum wage board and usually in these factories the monthly wage is paid in due time at present.

The majority of the interviewed workers said that the increased minimum wage is still not enough to fulfil their basic needs. But half of the interviewed workers reported that they are able to save some money for the future. This sounds a bit contradictory, but the fact is that workers are forced to save some money without fulfilling some of their basic needs in order to secure their future life, which can be seen as a self-financed social security or emergency fund.

The workers in the RMG factories have their annual holidays on the two main Muslim religious festivals. The factories under the Accord also remain closed on the annual national holidays. However, the workers from the NTPA factories reported that they have to work on some of the national holidays if there are excessive workloads. Sick leave in some of the Accord factories is paid while in

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<sup>23</sup>Additional Research Director of the *Centre for Policy Dialogue* (CPD), a leading civil society organization of Bangladesh.

others it is not paid. Forced labour<sup>24</sup> is not very common, at least not for male workers, in the sense that workers are not forced to do any task to which they are not assigned in their labour contract.

Table 7: Key Findings from the Interviews with Workers		
Issues	Factories under Accord	Factories under NTPA
Employment security	<ul style="list-style-type: none"> <li>Some have written contracts</li> <li>All the workers have personal ID</li> <li>One worker reported about an employment register</li> </ul>	<ul style="list-style-type: none"> <li>No written contracts</li> <li>All the workers have personal ID</li> <li>No worker reported about an employment register</li> </ul>
Working hours and wage	<ul style="list-style-type: none"> <li>8 hours plus an average 3-4 hours overtime</li> <li>Overtime is not paid in full</li> <li>Night work is occasional and is paid as overtime</li> <li>Monthly wage complies with minimum wage, is paid in due time</li> </ul>	<ul style="list-style-type: none"> <li>8 hours plus an average 2 hours overtime</li> <li>Overtime is not paid at all</li> <li>No night work</li> <li>Monthly wage does not comply with the minimum wage and is not paid in due time</li> </ul>
Sick leave and holidays	<ul style="list-style-type: none"> <li>In some factories, sick leave is paid</li> <li>Annual holidays for big religious festivals and national holidays</li> </ul>	<ul style="list-style-type: none"> <li>Sick leave is not paid</li> <li>Annual holidays for big religious festivals but have to work on some national holidays</li> </ul>
Forced labour, harassment	<ul style="list-style-type: none"> <li>Forced labour is not common but forced overtime is common</li> <li>Verbal abuse in some factories</li> <li>Males are free from forced labour and harassment</li> </ul>	<ul style="list-style-type: none"> <li>Forced labour is not common</li> <li>Verbal abuse is frequent</li> <li>Physical abuse in some factories</li> </ul>
Occupational safety and health	<ul style="list-style-type: none"> <li>Workers feel safe</li> <li>Workers receive fire safety training regularly</li> <li>Unaware of the fire safety hotline</li> <li>Enough light and ventilation</li> <li>Pure drinking water facility</li> <li>Enough exits, with emergency exits</li> <li>All exits open during work</li> <li>Enough fire extinguishers and fire alarms</li> </ul>	<ul style="list-style-type: none"> <li>Workers do not feel safe</li> <li>Fire safety training is not regular</li> <li>Unaware of the fire safety hotline</li> <li>Enough light but not ventilation</li> <li>Not enough pure drinking water facilities</li> <li>Enough exits but no emergency exits</li> <li>All exits open during work</li> <li>Not enough fire extinguishers and no fire alarms</li> </ul>

<sup>24</sup> According to the ILO definition, forced/compulsory labour is "all work or service which is extracted from any person under the menace of any penalty and for which the said person has not offered her or himself voluntarily" (ILO Convention No. 29)



	<ul style="list-style-type: none"> <li>• Personal protective equipment provided</li> <li>• Workers unaware of group insurance</li> <li>• There is an HSC but not elected by workers</li> <li>• Workplace Health Centre and canteen facility</li> </ul>	<ul style="list-style-type: none"> <li>• Personal protective equipment not provided</li> <li>• Workers unaware of group insurance</li> <li>• There is no HSC</li> <li>• No workplace Health Centre and no canteen facility</li> </ul>
Child labour	<ul style="list-style-type: none"> <li>• Free from child labour</li> </ul>	<ul style="list-style-type: none"> <li>• Free from child labour</li> </ul>
Collective bargaining	<ul style="list-style-type: none"> <li>• There is a WPC but not elected by workers</li> </ul>	<ul style="list-style-type: none"> <li>• There is no WPC in the factory</li> </ul>

#### 4.3.1. The Gendered RMG Regime

Significant gender dimensions still prevail in these factories in terms of employment security, overtime payments, forced labour, workplace harassment and union awareness. Almost all the lower-level women workers did not receive any written job contract. The gender dimension of RMG work is most apparent in the overtime payments in the Accord factories, where most of the male workers get paid and most of the women workers do not.

Almost all the interviewed male workers from the Accord factories reported that their sick leave is paid while most of the interviewed women workers said that their sick leave is not paid and they are regarded as absent if they miss any day because of sickness. In some cases, women workers are forced to do overtime every day until midnight for weeks on end, and mostly they are not paid appropriately. Women workers in some Accord factories reported verbal abuse from the mid-level factory officials while almost all the female workers from NTPA factories reported verbal abuse and in some cases additional physical abuse.

Almost none of the interviewed female workers were able to say what a union is, how it works and for whom it works. Some male workers know a little about trade unionism, but this represents only limited organizing power as more than 80% of the workers are women. This gender dimension of the awareness of trade unionism is an important factor in the present lack of organizing in the sector.

Table 8: Gender Dimension of Labour in the RMG Industry	
Issues	Findings
Written job contract	Female workers are not issued with written job contracts, whereas males are
Overtime payments	Unequal overtime payments compared to males
Sick leave	Sick leave is not paid among the female workers
Forced labour	Female workers are forced to do overtime
Workplace harassment	Both physical and verbal abuse of female workers, occasional sexual violence
Gender-segregated toilets	Not enough gender-segregated toilets in the NTPA factories
Union awareness	Male workers have some basic knowledge; union awareness among female workers is still very low

These findings about gender inequalities and gaps in the value production chain confirm most of the available literature on the gendered character of the RMG regime (Razavi/Vivian 2002; Kabeer/Mahmud 2004b etc.). However, calling the situation of women workers “economic independence” as assumed by Jagdish Bhagwati (2005), is not consistent with the findings of this study.

#### 4.3.2. Occupational Safety and Health

The occupational safety and health (OSH) conditions in the Accord factories are relatively good. The workers in these factories say that they feel safe when working there. Since the Rana Plaza accident, extensive fire safety training has been provided and the workers from some of the Accord factories reported monthly fire drills. However, the safety training is confined to fire safety training. Structural or other safety training has not been introduced yet in these factories. They have enough exits, with sufficient emergency exits, and all the exits remain open during working hours. The factories are equipped with fire alarms and sufficient fire extinguishers. Personal protective equipment and first aid kits are provided on each floor of the factory floors. There are enough gender-segregated toilets and drinking water facilities in these factories. They have workplace health centres, childcare facilities and canteen facilities. The interviewed trade union leaders also acknowledged the relatively good working conditions in these factories.

On the other hand, OSH conditions in the NTPA factories are still bad. Most of the interviewed workers from these factories said that they do not feel safe when they work. These factories do not have sufficient emergency exits, but the available exits remain open during working hours. Immediately after the Rana Plaza disaster, workers in these factories received some fire safety training from different organizations, but now they do not. The factories do not have appropriate fire alarm systems and they lack adequate fire extinguishers. Personal protective kits are not provided (not even safety masks) and the first aid kits are

not well-equipped. There are not enough gender-segregated toilets and pure drinking water facilities. No workplace health centres, childcare facilities or dining facilities are provided in these factories. At present, the interviewed trade union leaders do not see any chances for better working situations in these factories.

#### **4.3.3. Trade Unionisation, Organizing and Collective Bargaining**

Collective bargaining and freedom of association, namely the building of labour power in the RMG industry, are still in an initial phase. Awareness among the workers about collective bargaining and freedom of association is still very low, in particular among women.

The two interviewed trade unionists<sup>25</sup> are leaders of two different union federations representing the RMG workers. The *Bangladesh Independent Garment Workers Union Federation* (BIGWUF) has 18 plant-level affiliated unions with 8,000 dues-paying members; *Shadhin Bangla Garments Sramik Karmachari Federation* (SBGSKF) has 9 plant-level affiliated unions with 3,600 active dues-paying members. Both the union leaders stressed that their union federation is totally free of any political bias.

According to the interviewed union leaders, trade union activities have just started, due to some progress in the registration of new unions. However, this union registration process has not accelerated as a result of the Labour Law Amendment or government wishes; rather, it is because of the suspension of the US-GSP facility and similar threats from the EU, and efforts to reinstate the US-GSP. Even according to the interviewed union leaders, the amendment of the Labour Law, instead of making the union process smooth, made it ultimately more difficult. The previous requirement, now abolished, for the government authorities to send factory owners the list of the union leaders registering unions in their factories enabled them to terminate the union leaders before they obtained the registration.

Some other provisions which still exist in the Labour Law, such as a required minimum membership of 30% of the workers in a factory in order to get a union registered, the obligation not to form more than three trade unions in an industry and the stipulation that each worker can only be a member of one union, are still constraints on forming trade unions. In the factories under the Accord, there are nominal Worker Participation Committees (WPC). According to the Bangladesh Labour Law, the WPC is a committee that must be formed in every factory with more than 50 workers. Half of the members of this committee should be representatives of the workers nominated by the union leaders of that factory or through the direct votes of the workers if there is no trade union in that factory. Almost all the interviewed workers who reported that they have a WPC in their factory said that they did not elect the members of the WPC through democratic elections; rather they are selected by the owners. One of the interviewed workers

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<sup>25</sup>Raju Ahmed is the Acting General Secretary of the Bangladesh Independent Garment Workers Union Federation (BIGWUF); Shamima Nasreen is the President of the Shadhin Bangla Garments Sramik Karmachari Federation (SBGSKF)

was a member of the WPC, and she said that the factory officials selected her as a member.

The same holds true for the Health and Safety Committees (HSC). The owners of the second-tier or Accord factories have established a WPC and an HSC with handpicked workers, nominally in order to show compliance to their foreign buyers. However, there are not any WPCs and HSCs in the NTPA factories. Thus, the little progress visible in the collective bargaining process is all in the second-tier Accord factories. Trade unionism in the third-tier NTPA factories still seems to be a dream.

The involvement of the unions in the Accord activities is satisfactory, according to the interviewed union leaders. The Accord has involved its local trade union signatories while doing the safety inspections in its supplier factories. Currently, it is also providing updated information on the implementation status of the CAPs and involving the local trade unions in the monitoring of the implementation of the Accord CAPs. On the other hand, the unions are not at all involved in the activities of the NTPA, the union leaders did not receive any fire safety training and they are not aware of the establishment of the workers' fire safety hotline. The local union representatives are also excluded from the safety inspections and monitoring of the implementation of the CAPs provided by the NTPA inspection teams at the factories that are under the NTPA.

Table 9: Key Findings from the Interviews with Trade Union Leaders	
Issues	Findings
Unionism after Rana Plaza	<ul style="list-style-type: none"> <li>• Progress in trade unionism, union activities just begun</li> <li>• Speeding up of union registration</li> <li>• Unions are more connected with GUFs and labour rights campaign groups</li> <li>• Development is only visible in Accord/Alliance factories, not in NTPA factories where it is more necessary</li> <li>• Union activities are focused on union rights, workplace safety, minimum wage</li> </ul>
Implementation of Accord and NTPA	<ul style="list-style-type: none"> <li>• Factories are doing remediation according to CAPs</li> <li>• Funding options of the Accord are not yet clear to the unions</li> <li>• The Accord is cooperating with the signatory unions</li> <li>• Unions are not involved with NTPA</li> <li>• Union leaders did not receive any fire safety training under NTPA</li> <li>• All union leaders and members are not aware of the workers' fire safety hotline</li> </ul>

Contribution of the Accord and NTPA	<ul style="list-style-type: none"> <li>• Accord contribution is good</li> <li>• Accord CAPs are accurate and meet OSH standards</li> <li>• Accord's inclusion of local trade unions provided platform for the unions to work freely</li> <li>• Accord helped to enhance cooperation between GUFs and local trade unions</li> <li>• Contribution of NTPA is not significant</li> <li>• Action plans related to practical activities are not yet implemented</li> <li>• Workers' freedom of association is still ignored in NTPA factories</li> <li>• Amendment of Labour Law did not help in acceleration of setting up unions</li> </ul>
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Though the Accord faces many challenges in its implementation, the two trade union leaders interviewed expressed their satisfaction. One would have expected some critical assessment from the representatives of workers' interests. This uncritical attitude towards the problems of implementation and remediation may be a result of the recognition from the international level, experienced for the first time by local trade unions. They are in closer contact with the global union federations and campaign groups and receive some resources from outside. This is perceived as a kind of progress.

The owners' position on unionization is contradictory. In general, they are positive about trade unionism and recognize workers' freedom of association, as they are obliged to do according to international standards. But they do not like the workers in their own factories to form unions, under the pretext that union culture in Bangladesh is still politicized and union leaders would not work for the workers' rights but for their own interest. All the owners reported that they have established participatory and transparent mechanisms in their factories such as WPC, HSC and an accurate registration book on the current workers of a factory. The interviewed workers disagreed with these statements. These contradictions indicate that the owners want to give the impression of acting in a politically correct way but at the same time continue to prevent the workers from building collective power.

#### 4.3.4. All in All, Not Much Change

The overall findings of the empirical research indicate that there are some improvements in the working conditions in those factories that are directly linked to foreign buyers. These factories actually maintained some compliance with the labour standards before the tragedy of the Rana Plaza, due to pressure from their buyers. After the Rana Plaza disaster, this pressure increased significantly and the initiatives under the Accord prompted them to make some more improvements.

On the other hand, the subcontracting factories that do not have any business relations with the foreign buyers represent the majority of factories, approximately 60 percent of the total RMG industry. They were totally non-compliant before and have not shown any improvement since the adoption of the agreements. Another interesting fact is that at present there are over 5,000 RMG factories active in Bangladesh, which are members of the BGMEA and the BKMEA. Among them, the Accord covers 1,531 factories, the Alliance 587 factories and the NTPA 1,500 factories. Thus, 3,618 factories are covered by these three initiatives to improve workplace safety following the Rana Plaza accident. Hence, there are still nearly 1,400 factories that are not at all covered by any initiative. Definitely, most of these factories are third-tier, as they are not supplier factories of the Accord and the Alliance signatory companies. So it can be assumed that the labour conditions in these factories are poor, unsafe, hazardous and dangerous. The workers in these factories, together with the 1,500 factories under the NTPA, are still in an extremely vulnerable situation. Thus, in the majority of the factories, the working conditions have not improved.

## 5. CONCLUSIONS

The horrible accidents in the readymade garment industry of Bangladesh reveal the recklessness and structural violence enshrined in the transnational system of growth, offshoring, outsourcing and subcontracting of apparel production. They point to the complex power structures hidden in the RMG industry and indicate that the costs and risks of this accumulation regime are moved to the lower end of the value production chain, to the workers in the factories.

The demands for shared responsibility and a new governance of working conditions and labour relations following the massive protests at the national and the international level exerted a high moral pressure on the transnational corporations, the domestic manufacturers and the Government of Bangladesh to improve workplace safety. In particular, the big brands were held accountable for the labour and safety standards in the whole buyer-driven value chain, including subcontracting factories and sweatshops in Bangladesh, because they dictate prices, pace, quantities and quality.

The mix of initiatives and agreements adopted in 2013 by various stakeholders of the RMG industry at international and national level and the commitments made can be seen as an attempt to set up a governance system with a strong focus on the shop floor. The negotiation of these multilateral agreements - with the Accord having been highly contested - reflects a challenge to the existing power structures in the present RMG accumulation regime. This raises the question of the extent to which power relations in the transnational apparel value chains are negotiable.

For the implementation process, much as for the negotiation process, it is highly relevant how the power relations between the stakeholders converge or conflict, and to what extent various stakeholders are willing to take up the assigned social

responsibility. The main assumption of the following analysis of the Accord and NTPA implementation is that this process, its pace, results and constraints are consequences of the underlying power structures of the transnational apparel chains and the actual imbalance of power between the stakeholders.

Our stocktaking of the inspections and correction plans, of institution- and capacity-building and of the role and commitment of various stakeholders, was informed by two leading questions: 1) how the Accord and the NTPA get implemented and actually contribute to improve the workplace safety; and 2) whether they contribute to a change in the overall labour relations in the RMG industry of Bangladesh, in particular to trade unionism and labour organizing.

First of all, the impact of public pressure on the stakeholders has to be highlighted. The tragic accidents were actually used by global trade unions, together with labour, human and consumer rights groups, as leverage to campaign for a binding agreement on corporate social responsibility. At the global level, the big buyers, who had always attempted to shift responsibility for working conditions and labour rights issues on to the national governments and suppliers, had to realize that they cannot externalize all costs and risks to the lower end of the value chain any more. In order to keep their brand image and outreach to consumer markets intact and competitive, the TNCs launched the three regional initiatives, i.e. the Accord, the Alliance and the *EU Sustainability Compact*.

At the domestic level, the Government of Bangladesh reacted to the pressure generated through the suspension of the US-GSP and a similar threat from the EU with the launch of the *National Tripartite Plan of Action (NTPA) on Fire Safety and Structural Integrity*. Both the public outcry and the suspension threat forced the domestic entrepreneurs to acknowledge that, being part of an international labour regime, they have to pay more attention to safety issues and labour rights at the factory level. Thus, changes in the policies of these stakeholders regarding safety and working conditions in the RMG industry of Bangladesh were not sovereign and autonomous decisions but originated to a large extent in outside pressure applied at the national and international level.

Nevertheless, these changes in perception are an achievement for which trade unions and labour rights groups had already struggled for many years. The signing of the agreements by transnational and domestic entrepreneurs indicated some commitment to take responsibility for better working conditions in the factories. The underlying inclusionary, worker-oriented and accountable approach has to be seen as a step forward in multi-stakeholder initiatives. Therefore, some authors already celebrated the adoption of the Accord as a “major breakthrough” and hoped for a “game changer” (Hensler/Blasi 2013; Ryan 2013; Rahman 2014).

It has to be stressed that, similarly to workers' and human rights struggles in China, occupational and health safety issues, rather than direct wage issues, are used by civil society organizations as entry points to involve corporations and the government in social responsibility.

With regard to the implementation of the Accord and the NTPA, we highlighted that the Accord addresses – according to the count by Kabeer/Mahmud (2004a) – second-tier factories only, and the NTPA third-tier factories only, thus officially covering 3,618 manufacturers out of the total of more than 5,000 RMG shop floors and sweatshops. The Accord institute published a single aggregated list of supplier factories, however, without including subcontracting factories as it was supposed to do according to the Accord agreement. This indicates the limited reach and impact of the action plans, and contradicts the initial idea that the whole of the RMG value production chain and the total manufacturing sector in Bangladesh should be covered. The factories in EPZs, i.e. first-tier factories and the lower end, the subcontracting firms and sweatshops with the worst safety and labour conditions, are not addressed.

The initial response to both the initiatives, Accord and NTPA, was good. The stakeholders showed commitment, kicked off activities, institution- and capacity-building, inspections and Corrective Action Plans (CAPs). Publication of the detailed inspection reports and CAPs achieved some transparency in the processes.

The main constraint to the remediation of unsafe buildings and dangerous workplaces is the lack of finances - in particular to implement the expensive measures under the CAPs in the supplier factories. Though the Accord agreement has clear provisions for arranging financial assistance, in practice the corporations did not offer funds to the domestic manufacturers. Until June 2015, the Accord institute confirmed 413 finance plans but conceded that most of these were inaccurate or incomplete, and it is unaware of how many suppliers are actually receiving financial assistance (Accord 2015). This obvious gap in financing is a big challenge for the implementation of the Accord.

The decisive role of funds for the remediation highlights the fact that, from a capitalist perspective, investment in safety, health and labour standards means an increase in production costs and countervails the accumulation rationale of private enterprises. The big brands' reluctance or resistance to providing the necessary funds are indicators of their strength and symptoms of their power in this offshoring and outsourcing regime.

On the other side, the slowness or inactivity by government institutions and the domestic manufacturers in implementing the NTPA reflects the power of resistance to what is seen as a disturbance in the local accumulation regime based on crony capitalism. Historically, the *Ministry of Labour and Employment*, the main executor of the NTPA, was a rather powerless and weak institution in the government. In the past, due to lack of adequate funding, human and institutional capacity, its development projects remained pending for years.



Additionally, continuous corruption and bureaucracy hindered an effective administration.

Despite many initial activities, the factory inspection process under the NTPA is occurring at a very slow pace and almost no significant CAP measures have been accomplished in the inspected factories. A large number of important commitments under the NTPA have not been implemented yet and those that had advanced at the beginning are facing significant challenges as regards further effective and sustainable enforcement. The reasons behind the negligence, lack of commitment and slow pace on the part of government institutions and the domestic entrepreneurs are a lack of pressure from the foreign buyers, no effective monitoring of the implementation of the CAPs, absence of any penalties for non-implementation of the CAPs and, most important again, the lack of financial assistance to execute the costly CAP measures.

This mirrors again the fact that the Accord and the NTPA were adopted due to outside pressure but not based on the voluntary decisions and willingness of the related actors. Under pressure, the stakeholders invested some energy and commitment in the formulation, shaping and standard-setting of the action plans and in the initial inspections. But, as in the course of time public pressure eased, political will, social commitment, activities and pace diminished and many problems are arising in terms of effective and sustainable enforcement of the initiatives. With this attitude, the Government gives the impression that it is adjusting its policies and facilities to international standards but on the ground it sticks to its prevailing governance, which facilitates the functioning of the RMG sector as the main driver of the economy in Bangladesh.

When exploring whether the Accord and the NTPA have or will have in future a positive impact on the working conditions and labour standards, it was apparent that while focusing on the fire, building, occupational safety and health agenda, the core of exploitative capital-labour-relations in RMG value production chains such as miserable remuneration, excessive working hours and forced overtime, payment for overtime, abuse, harassment and sexual violence, as well as the issues which construct the gendered regime, are hardly addressed. Still the gender factor, meaning the preference for women workers, facilitates savings on labour costs and helps keep the labour force docile. A transparent and accountable subcontracting mechanism has not been introduced.

While labour conditions have not changed at all in the subcontracting factories of the third sector, there are some improvements in working conditions in the second-tier factories that are supplier factories of the Accord signatory companies, in particular occupational safety and health, even in places where the issue of workplace safety and other labour rights were totally dormant before. For example, in these factories the workers earn the minimum wage but the women workers do not receive overtime payments.

In the Accord factories, some improvements in workplace safety are visible because of their direct involvement with foreign buyers. They faced some pressure to improve workplace safety after the Rana Plaza accident in order to maintain their business relationships with the big brands. On the other hand, the factories under the NTPA, which are the subcontracting factories, did not face such pressure and the government also failed to initiate any significant action plan for the improvement of workplace safety in these factories. So workplace safety, along with other labour rights issues, is still ignored in these factories.

Against the background of weak trade unionism and continuous repression against workers organizing in the RMG sector in Bangladesh, an attempt to create mechanisms for the participation of workers in the implementation of these agreements and to facilitate their voice, organization and unionization, is cutting across the action plans and initiatives. While this approach is a kind of recognition of workers' rights to organize and unionize, in the context of the agreements, the role of workers' participation is a means to the end of ensuring safety standards in the RMG factories rather than building labour power vis-à-vis capital.

Freedom of association and collective bargaining – both vehicles of labour power – still face many problems in the RMG industry. Immediately after the collapse of the Rana Plaza, the Government – again due to the pressure from the international level – facilitated the registration of some new unions in the second-tier factories. However, compared to the total number of RMG factories in Bangladesh, there are still very few unions. The Accord still has to initiate mechanisms of workers' empowerment, fire and building safety training, and a workers' complaint mechanism. Factory owners try their best to avoid democratic procedures in setting up workers' committees on the shop floor and exert their power through authoritarian behaviour. While they do not allow workers to build power that eventually could undercut their accumulation regime, they affirm at the same time that organizing is a workers' right and thereby show that they formally accept international standards.

The Labour Law amendment under the NTPA did not facilitate the acceleration of organizing and union activities. Rather, it has made it more difficult to unionize. These findings are confirmed by the recently published report by *Human Rights Watch* (2015) on workers' rights in the Bangladesh RMG industry. The report also contains findings similar to our research with regard to employment security, physical and verbal abuse, forced overtime, failure to pay wages, bonuses on time or in full etc.

At present, the implementation of the Accord does not make for the “major breakthrough” and the “game change” in labour relations hoped for. The adoption and first steps of implementation of the Accord and the NTPA are an opportunity for international and domestic enterprises and the Government of Bangladesh to show compliance with international standards in industries, or at least some goodwill while still persevering in their strategies of gearing towards profit and growth. These initiatives are only implemented to an extent that does not countervail the prevailing accumulation regime in the transnational apparel

production chain in Bangladesh. However, for the effective and sustainable implementation of these initiatives and improvement of working conditions in the RMG sector, strong state regulation of the sector, effective monitoring and sanctioning, and the creation of a strong trade union culture would be necessary. On the one hand, a strategy of blaming and shaming can be temporarily powerful but is not sufficient in the long run. In fact, the impact of an Accord or an NTPA will always be very limited as long as trade unions and civil society organizations do not have the power to act as a counterforce to the accumulation regime of the RMG industry and to reconfigure labour relations.

Though these findings have to be considered to be preliminary, because they have been compiled two years after the adoption of the Accord and the NTPA, the implementation has some structural limitations, which make a significant change in labour-capital relations in the RMG industry of Bangladesh difficult.

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