BANGLADESH

U.S. Government Response

Presentation by Andrew Samet
U.S. Government Response to Rana Plaza Disaster

Who are the Drivers?

- Media
- Interest Groups: Unions/Private Sector
- European Union
- International Organizations: ILO

The Passenger: US Government
RETAIL

Bangladesh Factory Collapse: Is There Blood on Your Shirt?

By Victor Luckerson  @VLuck  |  May 02, 2013  |  7 Comments

The cheap clothes that Americans buy from retailers every day actually come at a very high price. That cost came into stark relief last week when Rana Plaza, a building housing several garment factories, collapsed in Savar, Bangladesh, killing at least 386 workers and injuring many more. With bodies still being pulled from the wreckage, the accident is already “one of the worst industrial accidents in world history,” according to Scott Nova, the executive director of the Worker Rights Consortium.

The workers who died were producing clothing for American and European consumers and earning only $38 a month, according to the Associated Press. Now the clothing brands and retailers that profited from the cheap labor at Rana Plaza are struggling to wash the blood from their hands, while other brands rethink their role in Bangladesh as a whole. Earlier this week, officials from Walmart, Gap, and about two dozen other retailers and apparel companies met in Germany to begin developing a plan to increase safety across Bangladesh’s garment factories, according to The New York Times. Today Disney, whose goods have been tied to accidents in Bangladesh in the past, announced that it will halt all production of branded merchandise in the country by March 31, 2014, according to the Times.
Bangladesh Factory Accidents – Not New

Reports of fires and accidents go back to early 1990’s

GOB reported 414 killed in factory fires from 2006-2009
Recent factory accidents

- **Feb 25, 2010**: Garment factory fire, 21 killed, 50 injured
- **Dec 14, 2010**: Garment factory fire, 23 killed, 100 injured
- **Dec 12, 2011**: Garment factory boiler explosion, 2 killed and 62 injured in exit stampede
- **Oct 29, 2012**: Garment factory fire, no fatalities
- **Nov 24, 2012**: Garment factory fire (Tazreen Fashions), 112 killed
- **Jan 26, 2013**: Garment factory fire, 7 killed
- **May 9, 2013**: Garment factory fire, 8 killed
- **June 30, 2013**: Shoe factory fire, 3 firefighters injured; one died
- **July 29, 2013**: Shoe factory fire, 1 killed, 7 injured
U.S. Government Response to Rana Factory Disaster

What are the Policy Priorities?

• Geo-Strategic
• Economic, Trade, Development
  • Labor/ Human Rights

Inversion of Priorities

• Mirrors priority process with companies?
July 19, 2012: Assistant Secretary of State Robert Blake

“Bangladesh is a country of strategic importance to the United States. It is the seventh largest country in the world by population, and it has the world’s fourth largest Muslim population. It is a moderate, tolerant, secular, mostly democratic alternative to violent extremism. A leader in promoting regional connectivity and improved ties with its neighbors, Bangladesh promotes stability in a troubled region.”


“As I look across this part of the world, having a prosperous, secure and safe Bangladesh is a cornerstone to the future security of this part of the world”
U.S. – Bangladesh Strategic Relations

April 2012: Inaugural meeting of the U.S.-Bangladesh Dialogue on Security Issues
April 2013: second meeting

Military cooperation / Bangladesh UN Peacekeeping role

Department of Justice technical assistance for Bangladeshi prosecutors and police

Foreign Assistance

- FY2012: $141 Million (spent)
- FY2013: $81 million (spent)
- FY2014: $166 million (proposed)
May 2012: Established the U.S.-Bangladesh Partnership Dialogue

September 2012 meeting: discussion of regional integration, development and governance, trade, investment and labor

May 2013 meeting: private sector forum
U.S. – Bangladesh Trade

2012 U.S. Imports: $5 billion

- Top categories: Apparel (88%), Made-up textiles (4%), Headgear (2.3%), Fish (0.9%), Footwear (0.6%)
- GSP Share: 0.7%

2012 U.S. Exports: $484 million

- Top categories: Cotton yarns & fabrics (17%), Nuclear reactors & parts (15%), Iron & steel (12%), Cereals (6%), Electrical machinery (6%)
2007: USTR accepted AFL-CIO petition to review Bangladesh’s GSP eligibility

- Key issues were:
  - Freedom to associate in the Free Trade Zones
  - Payment of minimum wages
  - Harassment of unionists, workers and NGOs

2007, 2009, 2012: USTR held public hearings on Bangladesh’s GSP eligibility
**U.S. Response: Chronology**

**May 8:** DOS call with U.S. buyers about situation in Bangladesh

**May 17:** Secretary Kerry discussed with Bangladesh Foreign Minister worker’s rights, including enactment of the amended labor law and creation of a Better Work program

**May 27:** Under Secretary Sherman reiterated the Secretary’s message during the U.S.-Bangladesh Partnership Dialogue in Dhaka
U.S Response: Chronology

June 13: DOL announced $2.5 million program on Improving Fire & General Building Safety in Bangladesh

- August 2: Bid closing date
- September 30: Expected award

June 27: Presidential Proclamation removing Bangladesh from the GSP program

July 19: DOS, DOL and USTR issued joint policy announcement regarding Bangladesh worker safety issues
Elements of Action Plan provided to Bangladesh: Inspection Reforms

- Implement Tripartite Plan of Action on Fire Safety and Structural Integrity
- Increase inspectors, improve training and resources
- Increase fines and other sanctions for violations
- Implement plan to assess building safety issues
- Create database for reporting safety inspections
- Establish a complaint mechanism for workers
Elements of Action Plan provided to Bangladesh: Garment Sector

- Enact and implement labor law reforms on trade union rights
- Improve registration of unions
- Register NGO labor organizations
- Publicly report on anti-union discrimination / unfair labor practices
- Develop and implement mechanisms to protect trade union rights
July 19 Announcement: USTR, Labor, State

Elements of Action Plan provided to Bangladesh: Export Processing Zones

- Commit to timeline for bringing EPZ law into conformity with ILO standards – create working group
- As interim measure, issue regulations to protect labor rights in EPZs
- As interim measure apply same labor inspection standards and procedures to EPZs
ILO Activities

Agenda Setting
May 4 High Level Delegation visit results in Joint Statement with following action plan elements:

- Labor Law reform by June
- Inspect and remediate all factories by end of 2013
- Training and financial support for displaced garment workers
- Recruitment of 200 / 800 funded and trained labor inspectors
- Implement National Tripartite Plan of Action of Fire Safety in RMG Sector
- Further consideration for Better Work program based on labor law reform
- Six month review of Joint Statement commitments
ILO Activities

Programs

March 24 National Tripartite Action Plan on Building and Fire Safety adopted; first meeting June 6

May 14 ILO welcomes Accord and agrees to act as chair

July 10 ILO joins “compact” with EU to reform labor law, improve building safety (June 2014), recruit 200 inspectors (end 2013)

July 25 signed integrated NTPA and ILO commits to 3 year program

August 2 ILO Mission completed meets with EU Ambassadors

Norwegian Government commits $2.5m for Bangladesh (June)
Politics of Labor Law Reform

Condition for starting a BWP; Linked to response to factory collapse

First reform passed in June per Action Plan rejected by ITUC and ILO

Second reform passed July 15; rejected by ITUC still under review by ILO
Competing Private Sector Initiatives

Accord on Fire & Building Safety in Bangladesh (The Accord)
- Led by IndustriALL/UNI and WRC
- 80 brands and retailers (EU Based)
- 5-year initiative

Alliance for Bangladesh Worker Safety (The Alliance)
- 18 North American companies and 6 associations
- 5-year initiative
Accord Vs. Alliance

Key Differences

The Accord

- EU NGO’s, Unions & Private Sector
- Seven member Steering Committee: 3 union representatives, 3 company representatives, and an ILO official as the “neutral party”
- Remediation costs born by Member companies
- Complaints can be brought against a Member by any other member subject to a decision by the SC and ultimately binding arbitration
- Member companies must maintain their sourcing for at least two years

The Alliance

- U.S. Private Sector
- Nine member Board of Directors elected by the members: 4 member representatives, 4 stakeholder representatives, and 1 independent Chair,
- Remediation costs are underwritten by a Worker Safety Fund managed by the Alliance and affordable capital provided by Member companies
European Union

- EU announces review of Generalised System of Preferences (GSP)…”to incentivise responsible management of supply chains involving developing countries.”

- European Parliament resolution calls for review of Bangladesh’s eligibility for GSP program.

- EU issues statement rejecting removing GSP for Bangladesh because of jobs impact

- “Staying Engaged – A Sustainability Compact with Bangladesh” commits: (July 8)
  - Reforming of the Bangladesh labor law by the end of 2013
  - Recruiting 200 additional inspectors by the end of 2013
  - Improving building and fire safety through coordination with the ILO by June 2014
• House of Representatives Tom Lantos Human Rights Commission Hearing

• House letter signed by 12 Democrats urging completion of GSP review

• Congressman Miller (D-CA) met with two survivors of the Tazreen factory fire

• Congressmen Crowley and Levin

“I am increasingly concerned that the response by most U.S. brands that subcontract with these manufacturers has been woefully inadequate... global brands like GAP and Wal-Mart need to be committing resources and entering into enforceable agreements to protect the lives of workers...”

“This tragedy mandates the need to immediately do more to address safety conditions in Bangladesh’s garment sector in a way that helps Bangladeshi workers and respects their rights. We urge that anyone responsible for these deaths be prosecuted to fullest extent of the law”.
• Congressmen Crowley and Levin. “This tragedy mandates the need to immediately do more to address safety conditions in Bangladesh’s garment sector in a way that helps Bangladeshi workers and respects their rights. We urge that anyone responsible for these deaths be prosecuted to fullest extent of the law”.

May 1 2013

• Congressmen Levin (D-MI) and Miller wrote President Obama urging action on GSP benefits and working with brands to improve worker conditions

May 10 2013

• Congressman Miller. “Today I’m reiterating my call for major fashion retailers and brands to sign onto a binding and enforceable fire and building safety agreement to make garment factories safer for the millions of Bangladeshi workers who make clothes that Americans love to wear. Companies like Wal-Mart, Gap, J.C. Penney, H & M and others have a moral responsibility to end business-as-usual for their supplier factories in Bangladesh...the fashion brands and retailers need to know that we are not going away, because the real tragedy is that deadly incidents occur in Bangladesh on a regular basis... Right now, they must join other brands, unions and civil society groups in reaching a final agreement, and begin the very affordable process of making their supplier factories safer. If they fail to sign an enforceable agreement, they are declaring that they accept blood on their labels”
May 1
- Congressman Joe Crowley (D-NY) letter with 24 other Democrats to Bangladesh Prime Minister Hasina, “...we believe there is simply no substitute for tough, comprehensive, uncompromising government support for legislation and fully-resourced law enforcement and administrative action -- including the right to organize and form unions in the Export Processing Zones...”

May 17
- Minority Leader Nancy Pelosi (D-CA) and 10 Representatives wrote to The Gap, JCPenney, The Children’s Place, Wal*Mart, Target, Kohl’s, VF Corporation, Macy’s and Sears/Kmart urging they join the Accord

May 23
- Congressman Miller traveled to Bangladesh to inspect the RMG industry

June 5
- Senator Robert Menendez (D-NJ) wrote an Op-Ed calling for GSP suspension

June 5
- Congressman Miller spoke on the House floor about visit to Bangladesh and called for GSP suspension
United States - Congress

June 10

- Congressmen Miller and Levin expressed disappointment that American companies have chosen not to sign the Accord but develop their own program.

June 12

- Congressman Miller and Congresswoman Schakowsky (D-IL) offered an amendment to the National Defense Authorization Act requiring garments sold in military commissaries comply with the Accord. (Passed the House on June 14th, awaiting Senate consideration.)
Longstanding Issue – 3rd Level Priority

April 2013 Tipping Point with Media

Labor Advocates Drove the Response

EU-ILO-US Congress Driving with Advocates

Credibility Competition: Accord/Alliance

Obama Administration Still Acquiring Satellites for Its GPS
Footwear Industry

Compliance Considerations
## Factory Accidents

<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
<th>Details</th>
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<tr>
<td>July 30, 2011</td>
<td>Shoe factory fire in Hai Phong, Vietnam</td>
<td>17 killed and 21 injured</td>
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<tr>
<td>Sept. 30, 2011</td>
<td>Shoe factory fire in Peenya, India</td>
<td>One injury</td>
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<td>Sept. 12, 2012</td>
<td>Shoe factory fire in Lahore, Pakistan</td>
<td>25 killed, dozens injured</td>
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<tr>
<td>March 18, 2013</td>
<td>Shoe factory fire near Nayandahall, India</td>
<td>No casualties reported</td>
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<td>May 16, 2013</td>
<td>Shoe factory roof collapse in Cambodia</td>
<td>2 killed, 7 injured</td>
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<tr>
<td>June 30, 2013</td>
<td>Shoe factory fire in Chittagong EPZ, Bangladesh</td>
<td>3 firefighters injured; one died</td>
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<tr>
<td>July 29, 2013</td>
<td>Shoe factory fire in Dhaka, Bangladesh</td>
<td>1 killed, 7 injured</td>
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## 2012 Report: Footwear

<table>
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<tr>
<th>Country</th>
<th>Child Labor</th>
<th>Forced Labor</th>
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<tr>
<td>Bangladesh</td>
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<td>Brazil</td>
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<td>Indonesia</td>
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BWC launched a pilot assessment program from March – December 2012

9 factories participated; more than 40 factories are operating

February 27, 2013: BWC launched the new program to provide assessment and customized advisory services on an annual basis

Other potential candidate countries for BW footwear: Indonesia, Viet Nam, Nicaragua
May 2013: Worker Rights Consortium (Bangladesh Accord leader) published report on labor violations in Viet Nam’s export sector

- Cited footwear factories for:
  - Worker abuse
  - Retaliation against strikers
  - Unsafe working conditions
  - Inadequate wages & wage theft

TPP opponents invoke report to call for end of TPP negotiations with Viet Nam

- July 24: Congressman Miller wrote USTR Froman citing the report and asking whether Viet Nam can meet the labor chapter standards
- July 24: Labor groups call for President Obama to suspend negotiations with Viet Nam based on the WRC report
ROAD AHEAD: RIDING WITH THE USG?

Assess Risk and Develop Strategy

Can the USG Actually Help?

China (unlikely) or the Rest (maybe)

Viet Nam and TPP

Better Work Footwear Initiative

Be the Driver and Not the Passenger
WE KNOW HOW TO DRIVE....