

## After Rana Plaza: Multi-Stakeholder Governance of the RMG Industry in Bangladesh

*By Christa Wichterich and Mohd Raisul Islam Khan*

In April 2013, the collapse of the Rana Plaza building in Bangladesh that killed 1,129 garment workers and left more than 2,500 seriously wounded generated a huge public outcry at the national and international level. The tragedy broadened earlier demands from trade unions and rights-based campaigns for regulation of labour relations in transnational apparel production chains and for improvement of workplace safety in the Readymade Garment (RMG) industry in Bangladesh. Public pressure led to the adoption of a range of action plans and agreements. The most notable is *The Accord on Fire and Building Safety in Bangladesh* (Accord), the first legally binding multi-stakeholder agreement signed by over 180 apparel corporations, two global union federations IndustriALL and UNI Global Union, labor rights campaign groups and Bangladeshi trade unions. The Accord stipulates comprehensive inspection of the fire and building safety status of the factories, which should result in Corrective Action Plans (CAPs) to ensure remediation of safety hazards, a fire and building safety training and empowerment measures for workers. Thus the agreement acknowledges that workers' participation has to play a significant role in improving workplace safety.

In parallel, the Government of Bangladesh has adopted the *National Tripartite Plan of Action on Fire Safety and Structural Integrity* (NTPA) which stipulates to accomplish 23 activities related to legislation and policies, administrative and institutional upgrading, as well as practical activities along with factory level safety inspections. The adoption of these regulatory tools was welcomed as a "breakthrough" for the RMG sector in Bangladesh.

The textile industry has a long standing history of violation of labour rights and safety standards, and of horrible workplace accidents such as factory fires and collapse of factory buildings. These fatal accidents are a systematic consequence of the RMG model whose key strategy for profit maximisation is growth without rights, meaning a race to the bottom by cutting down production costs, such as wages and expenses for buildings and safety conditions. The industry is a strongly buyer-driven transnational production chain, meaning big brands dictate quantity, quality and pace of manufacturing. Its rapid growth has been facilitated by a huge pool of "cheap" female labour, low wages, unsafe working conditions, and a low level of unionization, actually a gendered production regime. And also its state-industry-relations are governed to some extent by clientelism and cronyism.

Kabeer and Mahmud (2004) categorised the more than 5000 RMG factories into three tiers. The first tier are those in Export Processing Zones (EPZs) which are mostly foreign owned or joint ventures. The 1887 second tier factories are owned by domestic entrepreneurs, have direct links and long-term business relations with international buyers. The Accord covers 1531 factories out of this tier. The third tier – the majority – are medium and small grade factories and sweatshops that rely on sub-contracted orders from the second tier factories, don't maintain direct links to foreign buyers, and are run on rented building floors. Out of these 3379 factories, the NTPA covers 1500.<sup>1</sup> Thus, nearly 2000 factories are not covered by these two initiatives.

### Implementation and Impact of the Accord and NTPA

As per June 2015, the Accord institute reported the initial inspection of 1288 factories out of 1531 plus 17 more scheduled (Accord 2015). Our empirical research done at the beginning of 2015, confirmed that the inspection of factories is completed, their CAPs are up to the mark and meet workplace safety standards. The Accord institute also fulfilled its commitment to publish inspection reports along with the CAPs and reports on remediation progress. It also published a single aggregated list of supplier factories, however, without including sub-contracting factories as intended by the Accord agreement.

Regarding the enforcement of CAPs, funds are the most decisive factor. Factories are usually implementing low-cost CAP measures or some day-to-day management issues. However, almost all the expensive CAP measures such as the Detailed Engineering Assessment (DEA) of the building, fire protected safety doors, sprinkler systems, modern fire alarms with automatic smoke detectors etc. have passed their stipulated deadline without being implemented. Though the Accord intends to arrange the necessary funds for the remediation of the supplier factories, it is not clear whether any attempts are made to pursue the signatory brands to mobilise finances. Another challenge for small factories is that almost all of them are run on rented floors of multipurpose buildings and have to fix financial terms with the owner of the building and other manufacturers regarding measures relevant for the safety of the entire building.

The Accord signatories still have to initiate mechanisms of workers' empowerment, fire and building safety training, and a complaint mechanism. Factory owners avoid demo-

cratic procedures in setting up workers' committees and building collective power: members are selected by the owners and not elected as recommended by the Accord.

Under the NTPA, only five out of its 23 planned activities are implemented within the stipulated time frame, others got only half way. For instance the Labour Law Amendment Act 2013 has been passed in Parliament but the rules and regulations for its effective implementation have not been finalised. Others did not take off at all, e.g. the setting up of a transparent and accountable sub-contracting regime. Fire, electrical and structural safety inspection in the sub-contracting factories under the NTPA is ongoing on a very slow pace. By April 2015, only 893 out of 1500 factories were inspected. However, the quality of the inspection reports and the provided CAPs are not up to the mark. The NTPA has no provision for effective monitoring, no penalty for non-implementation and no funding options for the remediation measures. The main reason for this slow progress is that the NTPA was adopted due to outside pressure such as the suspension of the US-Generalized System of Preference, and not a wilful decision by the government. Again, the labour ministry, its main executor, is understaffed and under-financed, and bureaucracy and corruption constrain implementation.

Our observation in the garment factories and the interviews with different actors revealed that there is some improvement in workplace safety and regular payment of minimum wages in the second tier factories i.e. the Accord factories. After the Rana Plaza accident, pressure by foreign buyers and the Accord prompted more compliance. However, working conditions in the third tier subcontracting factories under the NTPA are as bad as ever. The Labour Law amendment under the NTPA did not improve significantly the facilities for organising, union activities and collective bargaining. With regard to the gendered nature of the RMG sector, throughout the industry a significant gender gap is still prevailing in terms of employment security, written job contracts, payment of overtime and sick leave, forced labour, verbal and physical abuse and lack of union awareness.

### **Persistence of unequal power relations**

The adopted agreements and the commitments made at national and international level are an attempt to set up a multi-stakeholder governance system for the RMG industry. They represent a challenge to the existing power structures in the transnational apparel chains. The actual implementation of the Accord and the NTPA depends on the imbalance of power between the stakeholders of the RMG accumulation regime.

By adopting the Accord and the NTPA and by starting the implementation, transnational and domestic enterprises and the Government of Bangladesh have shown readiness to comply with international standards. However, the drive for implementation evaporates if the measures disturb the prevailing accu-

mulation regime in the transnational apparel production chain much like the manufacturers won't allow the workers to build collective power which could undercut profit-making.

The civil society strategy of blaming and shaming has been temporarily effective but is not sufficient in the long run. For the sustainable implementation of the agreements and improvement of working conditions in the RMG sector, coherent state regulation of the sector, effective monitoring and sanctioning, and the creation of a strong trade union culture would be necessary. Presently, the implementation of the Accord does not make for the "major breakthrough" and the "game change" in labour relations hoped for. Firstly out-reach of the two agreements is limited, and the labour and safety situation of most vulnerable workers in the third-tier factories did not improve. Due to the hidden power structures, the impact of the agreements will be restricted as long as trade unions and civil society organisations do not have the power to act as a counter force vis-à-vis the accumulation regime of the RMG industry, and thus reconfigure relations between capital and labour as well as between growth and rights.

<sup>1</sup> Another 580 factories are covered by the *Alliance for Bangladesh Workers' Safety*, an agreement between 26 major North-American apparel companies. Around 300 Alliance factories are as well Accord factories.

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