

DEADLY SECRETS



A REPORT BY INTERNATIONAL LABOR RIGHTS FORUM
BUILDING A JUST WORLD FOR WORKERS

DEADLY SECRETS

WHAT COMPANIES KNOW ABOUT DANGEROUS WORKPLACES
AND WHY EXPOSING THE TRUTH CAN SAVE WORKERS' LIVES IN
BANGLADESH AND BEYOND

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relating to the Bangladeshi garment industry.

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The International Labor Rights Forum (ILRF) is an advocacy organization based in Washington, DC. ILRF is dedicated to achieving just and humane treatment for workers worldwide and serves a unique role among human rights organizations as advocates for and with working poor people around the world. We believe that all workers have the right to a safe working environment where they are treated with dignity and respect, and where they can organize freely to defend and promote their rights and interests.

Cover photo: Workers mourn the loss of relatives in the fire at the Garib & Garib factory on February 25, 2010.
Photographer: Taslima Akhter, taslimaakhter.com.



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Contents

Executive Summary	8
Chapter 1: Garments of Poverty or Threads to Riches?	12
Chapter 2: They Know the Perils to Workers	19
Chapter 3: Cheap Labor and Fighting Workers	29
Chapter 4: What's to Be Done: The Views of Government, Companies, and Workers	37
Conclusion: Let's Seize the Opportunity for a New Bangladeshi Bargain	44
Epilogue: Is One Month in Jail, Two Years in Court, and the Death of a Colleague the Price for Organizing?	46

Prologue: Lovely

On February 23, 2006, a factory fire at the KTS Textile Factory in the city of Chittagong, Bangladesh, claimed the lives of 63 trapped garment workers, including young girls. Locked exits prevented workers from escaping the fire. One media source reported that it was possible the main gate was intentionally locked at the time of the fire to prevent theft from the factory. Other sources reported that there was no fire safety equipment at the factory, nor had there ever been a fire drill.

Lovely, who was 11 years old at the time of the fire, barely survived. Her face is deformed and she suffered burns all over her body. She appears frail. ILRF spoke with her in Dhaka, Bangladesh, five years after the fire. She never received compensation

for her injuries. Just 17 years old at the time of our interview with her, she describes a ruined life.

Child labor in Bangladeshi garment factories was not common in 2006 and is virtually non-existent today. But it still serves us well to let Lovely, the child, be the face of the horrors of the fires. Let us remember her story and her appeal to us as we work towards real safety for workers in Bangladesh and beyond.

ILRF: We can start with your name, how old you are, and where you come from.

Lovely: My name is Lovely. I'm from Banskhal, in Chittagong, and I'm 17 years old.

ILRF: Tell me about your family. Do you have brothers and sisters, maybe a dog?

Lovely: Yes, I have a family. I have two sisters and

Lovely. Photo: ILRF



two brothers, and I have my parents.

ILRF: And are you the oldest, or the middle or the youngest?

Lovely: I'm the second one of five.

ILRF: Talk with me about why you went to work in the factory.

Lovely: I'm from a poor family, and I didn't have enough money to go to school. And my parents couldn't afford to send me to school. And they needed support. And for those reasons I had to go to work in a garment factory.

ILRF: What was your favorite subject in school?

Lovely: When I was in school, my favorite subject was math.

ILRF: Why did you like math?

Lovely: Because I used to work in business, that is why I liked math. When I was five years old—from 5 to 11—I sold mouri [a type of fried rice].

ILRF: So you went to the factory. How did you apply for the job?

Lovely: I was told by someone that KTS is appointing workers, so I went there and they asked for my name, my age, and my father's name, and they did not ask anything else, and I got the job.

ILRF: And when did you start the job?

Lovely: I started to work in the garment factory in 2006.

ILRF: And so then you were 14, or 15, or how old were you?

Lovely: I was 11 plus years old.

ILRF: Why did you decide on KTS? Did you have family that worked there? How did you know KTS?

Lovely: I decided to get a job in KTS because other factories did not appoint workers my age. So only KTS was appointing workers my age, child workers. That is why I chose to get a job in KTS.

ILRF: What kind of job did you have when you were at KTS?

Lovely: I worked in "Finishing" as a helper.

ILRF: What does that mean, what did you do?

Lovely: Just helping, packing goods.

ILRF: What were you packing? Were they shirts, or pants?

Lovely: They were socks.

ILRF: Did the whole factory make socks?

Lovely: No. I don't know about the whole building. I can only tell you about the second floor, because I used to work on the second floor. And I worked there for only 23 days. And on the 23rd day, a fire broke out in the factory.

ILRF: How many other workers were there with you?

Lovely: On my floor, on the second floor where I used to work, there were about 400 workers.

ILRF: What did you think about your job, did you like it? Did you dislike it?

Lovely: I liked my work, what I used to do.

ILRF: Why did you like it?

Lovely: Because I hadn't done that job before, and it was a new job for me. That is why I liked it.

ILRF: And so the day that there was the fire, what happened?

Lovely: First the electricity went. Then the factory, they had a generator, so they started the generator. After half an hour, when the electricity came on, the person who was responsible for the generator did not switch off the generator. So for that reason, the fire broke out in the factory.

Interpreter and Lovely talk.

Interpreter: *I just asked her, according to the information we had, a boiler burst on the ground floor. She said, she doesn't know about that.*

Lovely: The fire took place on the ground floor, and soon the fire broke out in the factory. The security guard, he just locked the main gate and went away. So not even one person was able to escape through that gate.

ILRF: Why did they lock the gate?

Lovely: The door had been locked before the fire broke out. The security guard, he went to get tea

from a nearby tea store. So, when he saw that the fire broke out on the ground floor, he did not come back.

Interpreter and Lovely talk.

Lovely: After the fire broke out on the ground floor, nobody knew upstairs that there was a fire on the ground floor. Suddenly we saw that there was some smoke coming up, but we thought that it was from another factory, nearby to our factory. We thought that the smoke was coming from that factory.

ILRF: Did the security normally lock the doors?

Lovely: Yes. It was normal for the main door of the factory to be locked, all the time.

ILRF: And did they lock the doors between the floors as well?

Lovely: No.

ILRF: Did they lock the doors because they didn't want you to leave?

Lovely: I think that they used to lock the doors all the time because most of the workers were my age, and they thought that we might leave the factory any time, as we were kids. That is why they always locked the main door.

ILRF: So then, what happened, you saw smoke and then what?

Lovely: When we saw the smoke, and after more smoke came, then, along with the other workers, we tried to escape by way of the stairs. I fell down because somebody pushed me. I don't know what happened afterwards.

ILRF: Why were they pushing?

Lovely: Everyone was hurrying to go because there was a fire, so everyone was in such a hurry. I don't think they pushed me intentionally, it happened randomly, so I just fell down on the stairs.

ILRF: Then what happened?

Lovely: I don't know. I cannot remember anything. I just remember that after two days, I was conscious in a hospital. I found myself in a hospital. I don't know who took me there.

ILRF: Did you see other people from the factory in the hospital when you woke up?

Lovely: Yes, I saw many of them.

ILRF: What had happened to them?

Lovely: Some of them died. And some of them recovered and went home.

ILRF: Then what happened when you were in the hospital? Did your family come to see you? Did the factory managers come to see you or talk with you?

Lovely: When I was in the hospital, my family, they came to me, and they were beside me. But, I don't know if the management came. They didn't even ask where we were. I didn't see any management.

ILRF: What was the year of the fire?

Lovely: It was in 2006, in February.

ILRF: Since 2006, there have been many other factory fires. Why do you think there are so many fires in Bangladesh, and why are workers being hurt in the fires?

Interpreter: *She says she doesn't have any idea about that.*

ILRF: What should have been different in your factory when the fire happened? How do we prevent workers from being hurt or dying in fires?

Lovely: I think that if they always keep the gates open, then even if there is a fire, I don't feel like so many lives will be injured, like mine.

ILRF: Because you were injured, did you receive compensation, maybe from the factory, or BGMEA [Bangladesh Garment Manufacturers and Exporters Association]?

Lovely: I haven't received anything.

ILRF: So you worked for 23 days, and then on the 23rd day, you were 11 years old, not even 12 years old, and now you're not able to work for the rest of your life?

Lovely: I can't do anything.

ILRF: What does that mean for your family?

Lovely: It's just that I became a burden for them, so they mistreat me. It's like, if they give me food one

day, maybe the next three days I won't get food, even from my family. So my family is not supporting me either.

ILRF: Do you know who was wearing the socks, after you made them?

Lovely: I don't have any idea. It might be, I could get some idea, if I could have had a chance to work a few more days there.

Interpreter: See, I can't do interview... [crying]

ILRF: What do you think, maybe when you were 11 or 10, what did you dream about, what did you want to be when you grew up?

Lovely: I wanted to study as much as I could, and get a good job and support my family, but my wish was never fulfilled. I couldn't do that.

ILRF: And so, it's been maybe five years, right? Do you still have health problems?

Lovely: Many times I have been to the hospital because it was hurting inside. Neither of my parents had any money, so they borrowed money for me from my neighbors and they took me to the hospital. And, see, I cannot move my fingers, so it is always like this. And after the fire, and the injury, I had to learn, and it was very hard, I had to learn how to eat rice with these hands.

ILRF: Maybe people in your family work in the garment factories, and there are still many unsafe factories. Do you have anything to say maybe to the people that run the factories, or that buy from the factories?

Lovely: My family members still work in the factory, but not only for my family, but for all those who are working in the factory, on behalf of them, I want to say, please keep the factory a safe place to work. I don't want to see anyone else like me.

ILRF: Is there anything else you want to say?

Lovely: I want to live a normal life, like other girls. But I can't do that.

ILRF: Thank you very much for travelling all night on the bus, and for sharing your story. We will share your story. We will make sure that people in other countries know your story and the story of so many

others in your family who are still working in the garment factories. And we are working very hard to try to make sure that no more fires happen in Bangladesh.

“My family members still work in the factory, but not only for my family, but for all those who are working in the factory, on behalf of them, I want to say, please keep the factory a safe place to work. I don't want to see anyone else like me.”

--Lovely, who suffered burns in the KTS Textile Factory fire, February 23, 2006, when she was only 11 years old

Executive Summary

“The fire alarm: Waved off by managers. An exit door: Locked. The fire extinguishers: Not working and apparently ‘meant just to impress’ inspectors and customers. That is the picture survivors paint of the garment-factory fire Saturday that killed 112 people who were trapped inside or jumped to their deaths in desperation.”

---Associated Press report on the horrors of the fire at Tazreen Fashions, November 24, 2012. It was Bangladesh’s deadliest garment factory fire ever.¹

For many years the dirty secret of the steadily growing Bangladeshi garment industry has been its underpaid workers, treated as disposable objects. The lowest paid garment workers anywhere in the world, hundreds of them have died in preventable factory fires and building collapses during the last two decades, and many more have been injured. After each tragedy, workers have demanded “no more fires,” but they have not been heard. Brands and retailers have conducted factory audits, but not shared the results with government agencies or workers even to tell them about imminent dangers. The audits are confidential, their own private knowledge of workplace hazards and labor violations.

Herein lies the twin obstacles to a safe and secure workplace for Bangladeshi garment workers: workers own voices are silenced and companies choose not to talk openly about what they know.

Although Bangladeshi law and codes of conduct of global brands and retailers guarantee workers’ rights to organize and bargain collectively for

better conditions, workers and worker advocates courageous enough to demand their rights often become targets of police and security forces. They may face arbitrary detentions, arrests and criminal proceedings on the basis of spurious charges, and they sometimes endure beatings or threats to their physical safety. They are silenced.

Meanwhile, the brands and retailers collectively possess thousands of confidential factory audits that may reveal workplace hazards and even imminent threats to workers’ health and safety. But it seems they have chosen to cease business with factories to safeguard their reputations and brand images rather than reveal their deadly secrets and tell workers about the risks they face. They have kept their silence.

Up to this point, U.S. and European corporate investment in the Bangladeshi garment industry has grown steadily over two decades despite widespread unsafe workplaces. Bangladesh—at the bottom of the global economy in terms of workers’ wages—has emerged as the number-two garment exporter in the world after China. According to an industry analysis, Bangladesh is expected to triple its garment exports over the next ten years and may well surpass China.²

Yet, recent media and political attention to low wages and unsafe conditions in the Bangladeshi garment industry has raised the possibility that the low-road path to industry growth has reached its limit in Bangladesh. Brands have taken the unprecedented step of calling on the Bangladeshi government to raise wages for garment workers.³ U.S. and European industry associations have openly speculated that Bangladeshi security forces may be responsible for the recent murder of the Bangladeshi labor rights activist, Aminul Islam.⁴ Bangladeshi media is abuzz with reports that CEOs of major apparel brands worry that their own brands may be tarnished by association with the Bangladeshi “brand,” threatening diminished investment if the labor rights climate does not improve.⁵

A shared sense of urgency about a growing crisis for garment workers has created the possibility for a group of unusual allies to begin designing a way forward in Bangladesh together. Two major apparel

companies have recently agreed to join a new worker safety program with Bangladeshi and international unions and labor rights groups, the Bangladesh Fire and Building Safety Agreement. The program, when widely accepted and fully implemented, may spell the end of the deadly secrets in the industry. It calls for independent factory inspections, transparent reporting, and genuine worker participation in monitoring their own safety. It includes mechanisms for financing factory improvements. Unlike other corporate fire safety initiatives, this program is not voluntary or charitable, but a legally binding agreement. Workers will have a means of holding companies accountable for workplace safety and obtaining reparation for wrongdoings.

The Bangladesh Fire and Building Safety Agreement may open a path of collaboration towards better working conditions for Bangladeshi garment workers. But genuine collaboration requires a new openness in the industry: a

commitment to share knowledge that has been hidden, and to listen to workers who have been ignored. Knowledge about workplace hazards cannot remain in private hands, but must be shared. Worker voices must be valued and respected, and workers must be active participants in workplace decisions that affect their livelihood, life, and death. Based on these principles of openness a broad range of stakeholders who may not be used to working together can make a determined joint effort that will ultimately benefit all.

Beyond Bangladesh

The last word on this report had hardly been written before the world awoke to the devastating news of at least 259 workers trapped and killed in a factory fire on September 11, 2012.⁶ This fire was not in Bangladesh, but in Pakistan, where textile and clothing exports make up about 58% of the country's total exports.⁷ Local trade unions have reported that



Women mourning a garment worker who was killed in a fire at Ali Enterprises, Karachi, Pakistan, on September 11, 2012. Photo: Akhtar Soomro / Reuters

the factory operated illegally, without the required registration. When the fire broke out more than 600 workers were trapped on the upper floors of the four-story building with only one accessible exit. Most doors were locked, reportedly to prevent theft.⁸ There were no fire exits.⁹ Windows were barred. Surviving workers reported that stairs and doorways were blocked with piles of finished merchandise.¹⁰

On the same day, a shoe factory fire in Pakistan killed an additional 25 workers.¹¹ Just one day after the fires in Pakistan, a fire in a Moscow sweatshop killed 14 Vietnamese immigrants who were trapped behind a door that was locked and barred with a sledgehammer from the outside.¹²

It turns out that garment factory fires have spread far beyond Bangladesh. While a global survey is beyond the scope of this report, a glance at international media and reports of labor rights groups from the last decade reveals substantial numbers of reported garment factory fires in several major garment producing countries, including India, the world's third largest garment exporter, and China, the top garment exporter.¹³

For example, the Clean Clothes Campaign reports that a fire at Shree Jee International, a footwear manufacturing and export factory in Agra, India, killed 43 workers and injured 11 workers on May 24, 2002. The factory produced shoes for UK brands.¹⁴

According to the *The Indian Express*, on May 1, 2009, at least six workers died and 30 workers were injured in a fire at the Lakhani Shoe Factory in Faridabad, India.¹⁵ Lakhani Shoes is India's largest exporter of canvas and vulcanized shoes and beach slippers.¹⁶

China Labor Watch reports that five workers were killed in a deadly fire on August 29, 2009, at the Regina Miracle Factory, a women's undergarment factory in Shenzhen, China. The group had earlier reported on sweatshop conditions at this factory, which produced for international brands.¹⁷ Chinese press reported at the time of the fire that the Regina Miracle Factory was part of the world's largest manufacturer of women's undergarments.¹⁸

In Pakistan alone, we found at least a dozen garment or shoe factory fires reported in the media since 2004.¹⁹

Consumers, apparel brands and retailers, governments, and everyone else who has a stake in the global apparel industry must now accept and confront another deadly secret. Factory fires that kill the workers who make the clothes we wear are not the product of exceptional circumstances. They are not isolated examples of especially greedy or negligent owners or corrupt government officials. These are not freak accidents that strike like natural disasters with nobody responsible, or the result of other quirky circumstances of far away places that are beyond our comprehension. Instead, deadly fires are the inevitable product of an industry founded on the idea of underpaid and disposable workers.

Along with abundant low-cost apparel, the industry regularly churns out poverty wages, exhausting working hours, and abusive working conditions that gradually rob workers of their health and vitality, and, sometimes, produces dramatic deadly events like fires and building collapses. The unhealthy conditions of the everyday life of garment workers are largely invisible in the world of consumers, causing nobody much concern or discomfort, but the deadly fires sometimes flare up in the media, shocking us out of our acquiescence.

Deadly fires are the inevitable product of an industry founded on the idea of underpaid and disposable workers.

We must now be open to a different perspective on deadly factory fires. The problem of the fires is not just a Bangladeshi problem, or just a problem of the major garment exporting nations. Instead, the problem lies not very far from home, if home is somewhere among the major apparel consumer centers of the world. Now that the horrors of the most recent deadly fires in Pakistan and Bangladesh

have jolted our conscience and opened a space for action towards a safer world for garment workers, everyone concerned should walk through that opening and seize the opportunity to rethink the industry.

The setting for this report is Bangladesh and the basis for the proposals for change are the inhumane conditions of millions of Bangladeshi garment workers. But reports based on other settings would yield the same conclusions, namely, that the best model for real fire safety in the global apparel industry is one founded on respect for workers. Real fire safety means workers are free to report on dangers in their own workplace and have the ability to negotiate better conditions; they have a voice that cannot be ignored. It also means that the large apparel buyers share their private knowledge about workplace hazards with workers and accept responsibility for their safety.

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Chapter 1: Garments of Poverty or Threads to Riches?

“The industry is growing so fast now but we are failing our garment workers. We can build huge multi-story factories but we can’t ensure they meet basic health and safety standards.”

—Khondaker Golam Moazzem, senior research fellow at the Dhaka-based Center for Policy Dialogue, after the fire at That’s It Sportswear, December 14, 2010.²⁰

Bangladesh is a country endowed with natural bounty—rich agricultural lands, abundant water with the world’s largest delta, and substantial reserves of natural gas and coal—but it is also one of the world’s poorest and most densely populated countries. Some 156 million people, equivalent to about half the U.S. population, live in an area the size of the state of Iowa. Half the population lives on less than \$1.25 a day, 84% on less than \$2 a day.²¹ While the country remains largely rural with 45% of Bangladeshis working in agriculture, rural livelihoods are more tenuous than ever as farmers face frequent natural disasters and the growing threat of climate change. As a result, the cities are growing rapidly. Dhaka, the capital, is expected to become world’s fourth largest city with 22 million inhabitants by 2025.²² Fifty-five percent of the urban population is crowded together in only four cities.²³

According to the World Bank, Bangladesh has made impressive economic and social progress in the past decade, despite frequent natural disasters. Poverty has declined from 49% of the population in 2000 to 32% in 2010, life expectancy is up from 65.7 years in 2002 to 68.9 years in 2012, and primary school enrollment and literacy rates continue to

improve.²⁴ Yet, poverty remains stark, especially in the cities. As of 2009, some 70% of Bangladesh’s urban population lived in slums where only one-fifth of households have access to adequate sanitation.²⁵ Access to safe drinkable water is deteriorating. In the city of Chittagong, the second largest city in Bangladesh, more than 17% of households’ water has tested positive for unsafe levels of arsenic.²⁶

For children, poverty is a particularly heavy burden. More than nine percent of children in the slums die before the age of five, the highest child mortality rate in any urban area in Asia. Nearly 40% of the children under five are chronically malnourished, the third highest rate in world. Only half of primary-school-age children attend school. In Dhaka, nearly 14% of children between the ages of five to 14 are child laborers.²⁷ The International Labour Organization estimates that there are seven million child workers overall in Bangladesh and that 1.3 million of them work in hazardous sectors.²⁸

Path to growth

The Bangladeshi government has long seen the export-oriented garment industry as Bangladesh’s ticket out of poverty. A few short years after independence in 1971, Bangladesh began to take steps towards a market economy, encouraging private enterprise and investment and denationalizing public industries. The private sector has developed unevenly, with major portions of the banking and jute sectors still under government control.²⁹ But the Multi-Fiber Agreement (MFA) in textiles and clothing, in effect from 1974 to 2004, gave Bangladesh a chance to develop a garment export industry. The MFA placed export limits on garment producing nations such as Korea, Hong Kong, China and India, forcing importers to find additional sourcing locations.

According to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), Bangladesh’s first exports of ready-made garments in 1978 were worth \$12,000.³⁰ The ready-made garment industry has grown steadily for more than 30 years. Today Bangladesh is the world’s second largest exporter of apparel with \$19.1 billion of exports in 2011-2012.³¹

Orders from western brands and retailers, such as Walmart, H&M, JC Penney, Zara, Tesco, Gap, Kohl's, Marks and Spencer, G-Star, and Li & Fung flood into Bangladesh's low-cost garment sector at ever increasing rates. The ready-made garment industry now accounts for 13% of the country's gross domestic product and over 78% of total exports with 5,000 factories employing 3.6 million workers.³² Indirect employment is estimated at around 10 million people.³³ Some 59% of Bangladesh's garment exports go to the European Union, 26% to the U.S., and 5% to Canada.³⁴

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Most analysts and observers believe substantial additional growth is likely. According to a World Bank analysis, future growth will be driven by larger demand for lower cost garments in the U.S. and European markets.³⁵ Apparel makers in Bangladesh expect to reach the \$30 billion export mark within the next three years.³⁶ Major apparel retailers and brands also expect continued growth of the Bangladeshi ready-made garment sector. A McKinsey & Company survey of U.S. and European chief purchasing officers of apparel companies that together represent 66% of total Bangladeshi exports to the U.S. and Europe shows that leading apparel companies expect to decrease production in China and increase production in Bangladesh in the next five years.

The reason for decreasing sourcing in China, says Li & Fung, one of Walmart's top suppliers, is that wages for Chinese garment workers rose by 40%

in 2010 and up to 30% in 2011, and that Chinese garments may be 15% more expensive in 2012 compared to 2011.³⁷ Bangladesh, with the region's youngest and cheapest labor force, a huge capacity with 5,000 factories, and long-term experience in the sector, is ideally positioned to benefit from rising costs in China, according to the McKinsey report. Fifty-four percent of the chief purchasing officers they surveyed plan to decrease sourcing in China by up to 10% while another 32% plan to decrease their sourcing in China by more than 10%. The study estimates Bangladesh's ready-made garment exports to double by 2015 and nearly triple by 2020 when it could employ some 6 million workers.³⁸

The promise of yet more growth in the ready-made garment sector stirs hopes for a better life for Bangladesh's poor people. On June 7, 2012, the U.S. Ambassador to Bangladesh, Dan Mozena, explained his vision for the country at a meeting of the Bangladesh Garment Manufacturers and Exporters Association. "I believe that within a decade or two Bangladesh could be a middle income country, where its people have the means to create a good quality of life for themselves and their children, where people have ample and nutritious food, decent housing, access to quality education for their children, affordable and effective health care, and prospects for a secure and even better future for the next generation," Ambassador Mozena told his audience of garment factory owners. This vision for a middle-income Bangladesh, a "Bengal tiger," he said, could become real when Bangladesh is the world's largest exporter of apparel and household textiles. "I am looking at the very people who can make that aspiration...a reality," he explained.³⁹

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--Ambassador Dan Mozena

However, Bangladesh's ready-made garment industry is founded on rock-bottom wages, labor rights restrictions, and poorly enforced health and safety standards. Bangladeshi garment workers are the lowest paid of any garment workers in the world, earning a minimum wage of only \$37 per month.⁴⁰ Building and fire safety standards in the factories are notoriously poor, resulting in preventable worker deaths and injuries with alarming regularity. And workers' efforts to organize for better conditions and higher wages are often violently repressed by police, security forces, and hired thugs. While this low-road strategy has resulted in steady industry growth over many years, it is a questionable path out of poverty. Poverty wages for garment workers can never create a nation of middle-income earners.

Notably, every single chief purchasing officer participating in the McKinsey study named low prices as the foremost reason for purchasing garments from Bangladesh, a selling point that the Bangladeshi industry is keen to note.⁴¹ According to data collected by the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), Bangladesh underprices its nearest competitors—China, Vietnam, Indonesia, India, and Cambodia—in 15 out of the top 16 apparel items on the U.S. market. For example, T-shirts from Bangladesh can be half the price of its nearest price competitor—China, in this case. Children's cotton shirts made in Bangladesh are 15% cheaper than the same item made in the second cheapest country, Cambodia, and more than 50% cheaper than those made in China. Sweaters are 17% cheaper in Bangladesh than in its nearest competitor, Vietnam. Boys' and men's silk shirts are

42% cheaper made in Bangladesh than in Indonesia, the second cheapest producer of those items. Only in the case of women's and girls' synthetic fiber jackets is Bangladesh not the cheapest source, coming in second to Vietnam.⁴²

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The labor compliance challenge

The chief purchasing officers in the McKinsey survey also noted that compliance with labor standards is one of the greatest challenges for Bangladesh to remain on the path of growth. "Bangladesh is under close scrutiny by nongovernmental organizations (NGOs) and corporate social responsibility (CSR) stakeholders," they said. While most of them felt that the garment industry had made progress in the last few years, they also insisted, "achieving ethical labor standards and sourcing practices are key prerequisites in Bangladesh's apparel industry."⁴³ The World Bank agrees about "the growing importance of labor standards" for Bangladesh's premier export industry. Consumers, the World Bank notes, "can create pressure on buying firms to avoid sourcing from non-compliant countries" and Bangladesh has attracted the attention of "international social and political activists."⁴⁴

The labor compliance problem is compounded by poor infrastructure: congested roads, limited inland transport alternatives, the lack of a deep-sea harbor, and unreliable power supply. As the World Bank notes, power and gas shortages and poor connectivity with the port can cause loss of time and make timely deliveries difficult. Delayed shipments can cause delayed payments to the

manufacturer, which, in turn, can delay payments to workers. Worker protest against delayed wages can spread to mass demonstrations, causing employers to shut down factories, forcing them to ship by air rather than by sea in order to meet tight deadlines and perhaps compensating for the added shipping costs by shortchanging workers. Escalating worker protests attract international attention and potentially damages companies' brand images.⁴⁵

The low-road strategy for industry growth may have run its course. In Bangladesh, low prices depend on cheap labor and require workers be held in check with tight labor rights restrictions and, sometimes, physical violence. It is difficult to see how ethical labor standards and low prices, both of which the companies desire, can coexist.

Even while heralding the ready-made garment industry's promise for a brighter future, Ambassador Mozena warned his audience of factory owners that the Bangladeshi "brand" may be at risk because of increasing international attention to poor working conditions, low wages, and repression of labor right activities. He warned of an approaching "perfect storm" of labor-related challenges for the industry. This storm, he said, consists of the murder of a labor rights activist that attracted the attention of several members of U.S. Congress and Secretary of State Hillary Clinton; a pending, possibly negative decision, on U.S. trade benefits for Bangladesh on the grounds that the country is "anti-labor;" and increasing worker protest because of the low wages and rising cost of living. All of which had, he said, caught the attention of U.S. media and, for the first time, caused leading U.S. brands to contact the Ambassador with concern that their brand images may suffer from association with Bangladesh.

On June 7, 2012, the Bangladeshi daily newspaper, *The Daily Star*, reported in dramatic fashion that Ambassador Mozena "had received a call at almost midnight from the CEO of one of Bangladesh's biggest buyers who shared his increasing concern that 'the tarnishing Bangladesh brand' may be putting his company's reputation at risk." According to *The Daily Star*, the CEO had told Ambassador Mozena that his company would gladly pay more for a Bangladeshi product if it were "fair trade."

In another instance, *The Daily Star* continued, Ambassador Mozena had been pulled aside by six buyers for major American brands who also expressed concern about "what they see was happening in Bangladesh, as conveyed to the American public through negative stories in the media."⁴⁶

On June 21, 2012, 15 brands and retailers, including H&M, Tesco, Carrefour, Gap, and Levi Strauss, sent a "high priority" letter to Prime Minister Sheikh Hasina. "The industry disruptions and worker grievances are now impacting our ability to direct business to Bangladesh," the companies warned. They urged an annual review of the minimum wage that takes into account inflation and the consumer price index. Wages that meet the "basic needs of workers" would also help address issues of productivity and efficiency in the garment sector, the companies argued.⁴⁷

Publishing the letter on its website, H&M stated: "Today H&M, together with a group of significant buyers of apparel and textile products from Bangladesh handed over a letter to Prime Minister Sheikh Hasina to demand quick action regarding higher minimum wages and annual reviews. In addition, the CEO of H&M, Karl-Johan Persson, will meet with the Bangladesh Government to make our standpoint clear—that the workers should be properly compensated by their employers. We want to make it clear that we fully support the workers [sic] urge for increased minimum wages."⁴⁸

During a BGMEA press conference three months later, H&M reiterated its call for higher wages in Bangladesh. Reuters reported: "H&M urges pay boost for Bangladeshi garment workers."⁴⁹ "H&M urges Bangladesh to raise wages," the *Wall Street Journal* said.⁵⁰ "H&M to Bangladesh: Please Raise the Minimum Wage," proclaimed a *Huffington Post* headline.⁵¹ In Bangladesh, *The Financial Express* reported that, "H&M Boss' stress ... RMG workers' rights,"⁵² and *The Daily Star* stated, "H&M Boss Backs Wage Hike."⁵³

Another group of leading buyers also expressed concern about low wages and poor working conditions in the Bangladeshi garment sector. On

July 19, 2012, *The Daily Star* and other Bangladeshi media reported on an “unprecedented meeting” at Walmart’s Gulshan office in Dhaka where 19 of the world’s top buyers of Bangladeshi garments, including Walmart, Nike, Gap, JC Penney, and Marks & Spencer had gathered to share their concerns over persistent labor unrest in the industry and to “finalize an SOS message to Prime Minister Sheikh Hasina.” *The Daily Star* obtained a copy of the letter containing the SOS message and offered this excerpt to readers: “Unrest among the workers in this sector is seen as risk among our companies and could cause damage to the reputation of Bangladesh as a reliable sourcing market.”⁵⁴ On August 5, 2012, a headline in the *Asia Times* read: “Walmart leads call for higher pay in Bangladesh.”⁵⁵

We want to make it clear that we fully support the workers [sic] urge for increased minimum wages.

—H&M, June 21, 2012

“Walmart leads call for higher pay in Bangladesh.”

—*Asia Times*, August 5, 2012

The problem of an unsolved murder

Low wages often cause workers to protest (see chapter three). Protesting workers and worker organizers can become targets of police and security forces, and may face arbitrary detentions, arrests and criminal proceedings on the basis of spurious charges, and they sometimes endure beatings or threats to their physical safety. This, too, may be a reason buyers are worried about low wages.

A source close to the American buyers who met at Walmart’s Gulshan office in Dhaka on July 19, 2012, confided that they were “particularly concerned about the disappearance of Aminul.”⁵⁶ Aminul Islam was a labor activist who was President of the Bangladesh Garment and Industrial Workers’

Federation’s (BGIWF) local committee in the Savar and Ashulia areas of Dhaka and a senior organizer with a well-known labor rights group, the Bangladesh Center for Worker Solidarity (BCWS). Aminul did not just disappear; he was tortured and murdered in early April 2012.⁵⁷ To date, nobody has been held responsible for this crime.



Aminul Islam, after he was detained and beaten by National Security Intelligence on June 16, 2010. Photo: Bangladesh Center for Worker Solidarity

During the previous two years Bangladeshi police and security forces had harassed Aminul. He was detained and beaten by National Security Intelligence (NSI) on June 16, 2010. NSI officers demanded he provide a written statement, falsely implicating his colleagues at BCWS in criminal activities associated with garment worker unrest.⁵⁸ Along with many other labor leaders and workers, Aminul was facing trial in several cases connected to garment worker demonstrations for a decent wage

in July and August 2010, and was charged with a number of spurious and unsubstantiated criminal offenses despite his verifiable alibis.⁵⁹ Just before he was killed, Aminul had been helping workers employed by Shanta Group, a garment manufacturer based in the Dhaka Export Processing Zone, to resolve ongoing disputes and strikes.⁶⁰

The problem for brands concerned with reputational risk is that Aminul has become more famous in death than he was alive. The international media has covered the murder investigation, beginning with a lengthy *New York Times* article, which called the murder “a morbid turn in the often tense relations between labor groups, on one side, and Bangladesh’s extensive garment industry, which makes clothes for Western companies like Walmart, Tommy Hilfiger and H&M.”⁶¹ Five months later, on September 10, 2012, the murder of Aminul was the subject of a lengthy *New York Times* front-page article.⁶² The case caught the attention of several members of Congress and the U.S. Congressional Bangladesh Caucus urged Prime Minister Hasina to ensure “no stone [is] left unturned in the search for justice.” The Caucus noted that the murder of Aminul “has created a climate of fear amongst those organizing for improved working conditions, an unacceptable condition in the 21st century.”⁶³

On May 6, 2012, during a highly publicized visit to Bangladesh, U.S. Secretary of State Hillary Clinton publicly condemned the killing of Aminul and called for an independent investigation to bring the perpetrators to justice. Secretary Clinton raised the prospect of diminished international investment in Bangladesh should the country fail to improve the labor rights climate. “The labor problems in the garment industries have to be solved because you do not want to earn a reputation as a place where labor leaders and activists are murdered,” she said at a question-and-answer session with students and youth leaders at the International School Dhaka.⁶⁴

For the brands, the underlying concern is not simply the fact of the murder and torture, but that circumstances so strongly suggest security forces murdered Aminul in retaliation for his labor rights work. In a letter to Prime Minister Hasina, eleven apparel industry associations from Europe and North

America expressed concern that “the apparent circumstances leading up to and surrounding Aminul’s death could be perceived to be part of a deliberate campaign to repress efforts to raise and address issues related to unsatisfactory working conditions in the RMG sector.”⁶⁵ That perception poses reputational risk to the brands. And the longer the investigation proceeds without results the stronger the suspicions of cover-up to protect police and security forces grow, all along increasing the risk to the brands.

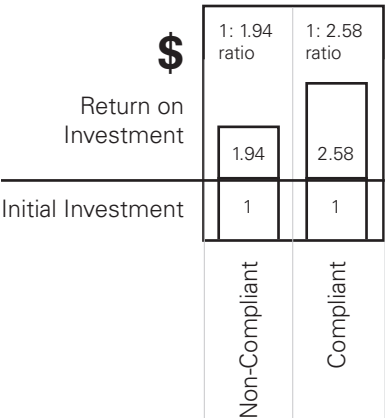
The apparent circumstances leading up to and surrounding Mr. Islam’s death could be perceived to be part of a deliberate campaign to repress efforts to raise and address issues related to unsatisfactory working conditions in the RMG sector.

—Eleven North American and European apparel industry associations, April 18, 2012

Cheap and ethical garments?

On the surface it appears that major apparel brands and retailers now agree that wages in Bangladesh should increase, working conditions should improve, and those accountable for crimes against labor activists should be held accountable. This is not just a matter of protecting brand reputation, experts argue; labor compliance is also good for business. It helps prevent loss of working hours due to frequent labor unrest and disruptions in work, and may also enhance worker productivity. The World Bank cites bottom-line evidence from a recent study on five labor-compliant factories and five non-compliant factories in Bangladesh. The average profit-to-initial investment ratio for the five compliant factories in the study was 2.58. The same ratio for the non-

compliant factories was 1.94.⁶⁶



A World Bank study indicates that labor rights compliance can have positive and tangible payoffs. Non-compliances like low wages, late payments, and safety hazards lead to labor unrest and work disruptions. Better compliance prevents losses in working hours and capital equipment and may result in higher worker productivity.

Considering the vital importance of these brands and retailers to the Bangladeshi economy and, therefore, to the political regime, there is reason for hope. With apparent common ground between workers and companies, there may be an unprecedented opportunity for a new high-road strategy of growth in Bangladesh.

However, before that high-road strategy can succeed the brands and retailers must resolve the contradiction between their purchasing strategy and their worker rights demands. The Bangladeshi government, understandably, may feel trapped between companies' demands for higher wages and lower prices. Knowing that low price is their best selling point, the Bangladeshi Labor Minister, Khandker Mosharraf Hossain, brushed off Walmart's call for higher pay: "No reason to be worried," he told reporters, noting that brands were not canceling orders.⁶⁷ Prime Minister Sheikh Hasina, on her part, told H&M that her government's priority was workers' welfare, claiming that garment workers' wages had recently increased by 87%, an exaggeration as we shall see in chapter three.⁶⁸ Neither ignoring the companies' demand for higher wages, as the Labor Minister appears to do, nor pretending the demand is already being met, as the Prime Minister

seems to do, is productive. However, as long as the companies simply treat Bangladesh as a low-price haven they can hardly expect different responses.

The high-road path in Bangladesh must begin with companies unequivocally rejecting the dual demand of cheap and ethical garments. Low prices require low wages and usually preempt adequate investment in health and safety. Workers bear the costs of low prices. In Bangladesh, prices are so low that workers' very lives may be at risk when they work. Companies should know by now that their demands for low prices and flexible contractual relations increase the risks to worker safety. They must have learned about potential workplace hazards through social audits, but the knowledge they have about their present and past suppliers is kept private and confidential, creating a web of deadly secrets. Those secrets could eventually unravel the Bangladeshi garment industry. It is better to eliminate the need for secrets and create an industry founded on respect for workers.

Chapter 2: They Know the Perils to Workers

On March 25, 1911, 146 workers died in the flames of the Triangle Shirtwaist Factory, the largest blouse manufacturer in New York City. Locked doors trapped workers on the ninth floor, exposing them to fire and smoke. Some tried to escape on the narrow fire escape, but it collapsed. Many others jumped out of windows. All but 23 of the dead were women, most were young mothers, and some were children.

One hundred years later, on December 14, 2010, 29 workers died in a fire in That's It Sportswear, a factory owned by the Ha-Meem Group in Bangladesh that produced for major U.S. and European brands and retailers. Survivors told reporters that emergency exits were closed, trapping workers on the ninth floor. Desperate to flee the heat and smoke, workers hurled themselves out of windows and fell to their death.⁶⁹

In 1911, the Triangle fire was not an anomaly. Four months earlier a similar fire in Newark killed 25 workers; virtually all garment factories were fire hazards at that time.⁷⁰ The same is true for today's Bangladeshi garment industry, where chronic safety problems include locked or blocked fire escapes, electric short circuits, and malfunctioning firefighting equipment. The Triangle fire sparked a worker rights movement that resulted in a series of safety reforms and regulations. The fires in Bangladesh have also sparked protest movements, but the necessary reforms are still far off.

The risk of factory fires in Bangladesh is not news to anyone with basic familiarity with its garment industry. The first recorded garment factory fire occurred on December 27, 1990, at Saraka Garments in the capital Dhaka. At least 32 workers died and more than 100 workers were injured.⁷¹ The most recent widely reported fire was Bangladesh's deadliest factory fire yet. On November 24, 2012, Tazreen Fashions burned and claimed the lives of 112 workers and injured at least 150 other workers.⁷² Altogether,

research by the International Labor Rights Forum shows that at least 1,000 garment workers have been killed and 3,000 workers injured in more than 275 unsafe factory incidents in Bangladesh since 1990.⁷³

In 1911, before the Triangle Shirtwaist Factory fire and after the Newark factory fire that killed 25 workers, New York City Fire Chief Croker warned: “This city may have a fire as deadly as the one in Newark at any time. There are buildings in New York where the danger is every bit as great as in the building destroyed in Newark. A fire in the daytime would be accompanied by a terrible loss of life.”⁷⁴ The garment factory fires in Bangladesh are just as predicable today.

The causes of the fires are no mystery and are known to everyone involved in the industry, including the government, the factory owners, and the apparel companies. The fires are so frequent, the reports so predictable that a blueprint for fire hazards can be discerned just from reading the news. It looks something like this:

A blueprint for fire, building collapses, and other disasters

First, builders and factory owners ignore building codes and safety standards in crowded cities where space is at a premium and cheap construction is the goal. Factories are often crowded into buildings designed for residential or commercial use, not industrial use. The landlords and factory owners just break down the walls on the floors to turn them into

garment factories. Spaces intended for five to 10 people are used for industrial purposes. The result is an unsafe number of electronic appliances, such as fans and other machines, causing excessive electric current, potentially resulting in circuit damage, overheating, fire or explosion, a danger that is exacerbated when the electric lines are not properly grounded.⁷⁵

Fire safety by law

Bangladesh Labour Act, Section 62:

Precaution in case of fire⁷⁶

(1) Every establishment shall be provided with at least one alternative connecting stairway with each floor...

(2) If it appears to the Inspector that any establishment is not provided with the means of escape...he may order the measures to be adopted by a certain date...

(3) The doors affording exit from any room shall not be locked or fastened so that they can be easily and immediately opened from inside... and...shall be constructed to open outwards... and no such door shall be locked or obstructed while work is being carried out in the room.

(4) ...Every window, door, or other exit affording means of escape in case of fire...shall be distinctly marked in Bangla...

(5)...There shall be provided effective and clearly audible means of giving warning in case of fire...

(6) A free passageway giving access to each means of escape in case of fire shall be maintained...

(7)...Effective measures shall be taken to ensure that all the workers are familiar with the

means of escape in case of fire and have been adequately trained in the routine to be followed in such case...

(8) ... Factories wherein 50 or more workers are employed...shall arrange at least once in a year mock firefighting [exercises]...

Second, buyers pressure the factory owners to sell cheap and produce quickly at the best possible quality. These purchasing practices are unsafe. Large orders with short timelines require excessive overtime to finish orders on time, putting additional strain on electric circuits. Short-term and unstable purchasing relationships, price cuts and short lead times also undermine factory owners' ability to invest in safety. In 2010, one study found that about 60% of Bangladesh's garment factories lacked adequate firefighting tools. According to Bangladeshi safety inspectors, almost no garment factory has battery-operated emergency lights, signs and sirens, which are essential to prevent deadly stampedes and chaos when the workplace goes dark in the event of a fire. Modern fire alarm systems that can save lives are also absent in most factories.⁷⁷

The relationship between poor purchasing practices and dangerous working conditions is not rocket science. The World Bank notes that the "price and compliance decisions of buyers are not synchronized." While buyers' auditors demand that manufacturers improve the environment in their factories, which costs money, the purchase team makes decisions based on price and quality, not the quality of the work environment. As a result, the World Bank notes, "manufacturers' incentives are to offer the most competitive price and pay little attention to compliance, if not forced to do otherwise."⁷⁸ The British newspaper, *The Guardian*, explained after the fire at That's It Sportswear: When factory owners are squeezed by the buyers they "are hardly going to invest money in proper factories with functioning fire escapes and sprinkler systems unless failure to do so precludes them from getting orders."⁷⁹ But, the orders keep coming because Bangladeshi clothing is cheap.

Third, the government fails to invest in health and safety inspections. According to the Bangladesh Occupational Safety, Health and Environment Foundation, in 2008 there were only eighty inspectors in the entire country—including 20 inspectors for occupational health and safety—for 24,299 factories, three million shops and establishments, and two major ports.⁸⁰ According to the government, today there are 20 occupational health and safety inspectors for 50,000 registered factories.⁸¹ Each inspector is responsible for 2,500 factories, an impossible task. So the government has virtually no eyes or ears and does not notice most violations of health and safety standards. Absent any credible threat of consequences for violating the law, “many firms become apathetic to compliance,” as the World Bank observes.⁸²

According to the Bangladeshi government, today there are 20 occupational health and safety inspectors for 50,000 registered factories.

The government also fails to ensure workers’ right to monitor their own workplaces and alert authorities to safety hazards, something workers could do if their legal right to form unions and health and safety committees was protected. Without the safety of a union or a functioning health and safety committee workers are afraid of speaking up and, if they did, nobody would pay attention. In April 2005, when workers at the Spectrum factory told management that there were cracks in the factory walls, they were told to shut up and return to work. There was no union or health and safety committee that could insist that management listens to the workers’ concerns. Days later the factory collapsed, killing 64 workers.⁸³

This, then, is the flammable mix of Bangladeshi garment factories: unenforced building codes and health and safety standards ignored by builders and owners; overtaxed electric circuits; flammable materials in unprotected spaces; long hours of work, sometimes at night, in premises without firefighting equipment, emergency lights, or adequate exits;

virtually no government inspections; and no way for workers to alert authorities of threats to their own safety. The spark, or immediate cause of fire, is usually an electric short circuit. According to media reports, this was the cause of fires in the Nouvelle Garments Factory, Florence Fabrics, and Modern Garments in Dhaka, 1997; KTS Textiles in Chittagong, 2006; Wisdom Attires Factory in Narayanganj, 2008; Dawyan Garment, Mondal Garments, and the Garib & Garib Sweater Factory in Dhaka, 2010; Knit Concern in Narayanganj, 2010; Condense Apparel and Fahmi Group factory in Dhaka, 2011; and in many other factory fires.⁸⁴

This, then, is the flammable mix of Bangladeshi garment factories: unenforced building codes and health and safety standards ignored by builders and owners; overtaxed electric circuits; flammable materials in unprotected spaces; long hours of work, sometimes at night, in premises without firefighting equipment, emergency lights, or adequate exits; virtually no government inspections; and no way for workers to alert authorities of threats to their own safety.

Still more workers die or are injured because of absent or inadequate fire suppression equipment and nonexistent or unimplemented emergency evacuation plans. According to Selim Newaz Bhuiyan, a former deputy director of the Fire Service and Civil Defense Directorate in Dhaka, the lack of regular evacuation drills is the main cause of

increasing casualties in garment factory fires. Every garment factory, he said, must have at least two staircases, one for regular use and the other for emergencies. Most factories do have an emergency exit, but the path to the exit is often filled with piles of materials and goods, leading to overcrowding of panicked workers.⁸⁵ According to fire service officials, a large number of factories do not have emergency lights that can be turned on without electricity. “This is why the whole factory falls into total darkness during a fire,” said one official.⁸⁶ According to a Bangladesh Institute of Labor Studies (BILS) study, most, but not all, factories have fire extinguishers and emergency stairways, but not in sufficient quantity. In addition, BILS reports that, “emergency stairs are kept under lock and key by some employers.”⁸⁷ Thus, the horror: workers trapped in the dark, high up in nine to eleven story buildings, with the smoke and the heat coming closer and closer.



The third floor emergency exit was padlocked at the Garib & Garib factory. Twenty-one workers died in the fire on February 25, 2010. Photo: Bangladesh Center for Worker Solidarity

Private knowledge

This blue print for factory fire and other industrial disasters is well known. Companies know the risk, and address it in their codes of conduct. For example, H&M, the largest buyer of Bangladeshi apparel,⁸⁸ has included a subsection on fire safety in its Code of Conduct. It reads: “Emergency exits on all floors must be clearly marked, well lit and unblocked all the way out of the building. Evacuation through emergency exits must always be possible during working hours. ... Everyone working on the premises, including managers and guards, must be regularly trained in how to act in case of fire or other emergency. Regular evacuation drills for all employees are required; evacuation plans and fire fighting equipment must be in place.”⁸⁹

However, company codes of conduct often fail miserably to protect workers even when companies audit compliance. For example, Gap had inspected the That’s It Sportswear factory shortly before the December 2010 fire, which killed 29 workers. H&M had inspected the Garib & Garib Sweater Factory four months prior to the February 2010 fire, which killed 21 workers. The company had apparently found nothing remarkable in the audit—nothing about inadequate firefighting equipment, lack of emergency exits, absence of smoke detectors, or other violations of its code of conduct. Yet, it was not the first time Garib & Garib burned. The factory caught fire six months prior, in August 2009, when one worker and one firefighter died. Worldwide Responsible Accredited Production (WRAP), an industry monitoring organization, had also certified Garib & Garib as compliant with the WRAP 12 Principles, including the requirement to provide a safe and healthy work environment.⁹⁰

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) also monitors garment factories for fire safety. According to the BGMEA fire safety representative, AKM Shahjahan, BGMEA has been working since 1997 to “educate and provide training on fire safety, fire prevention, and fire fighting.” They employ 10 monitors, half the total of the government’s health and safety inspectors, whose primary duty is to inspect garment factories, conduct evacuation drills, and upgrade fire

safety measures in the factories.⁹¹

It has long been clear to labor rights advocates that corporate-controlled social auditing and certifications of codes of conduct fail to address and rectify the industry flaws that increase risk of factory fires, building collapses, and other disasters. However, rarely have so many questions been raised publicly about the value of social auditing as in the aftermath of the shocking fire at Ali Enterprises on September 11, 2012, in Karachi, Pakistan. According to Pakistani unions, the Ali Enterprise fire is one of the 20

deadliest fires since the start of the 20th century, and the deadliest industrial accident of the South Asia region since the 1984 Bhopal gas tragedy in India.⁹²

WRAP, which has certified more than 10,000 factories in 72 countries, certified Ali Enterprises in 2007, 2009, and 2010. WRAP certification expired at the end of 2011, and Ali Enterprises has not renewed it this year.⁹³ Instead, Ali Enterprises had been certified compliant with SA8000, a prestigious social compliance standard developed and overseen by Social Accountability International (SAI). More

A funeral procession after the fire at Ali Enterprises on September 11, 2012. Photo: Athar Hussain / Reuters



than 3,000 factories in 66 countries have achieved SA8000 approval.⁹⁴ A Pakistani subsidiary of the Italian auditing agency *Registro Italiano Navale* Group (RINA), which was accredited by SAI's affiliate, Social Accountability Accreditation Services (SAAS), had audited the jeans factory for ten days between June 22 and July 5, 2012. On August 20, 2012, RINA certified Ali Enterprises as compliant with international core labor standards, including all health and safety requirements.⁹⁵ The fire at Ali Enterprises on September 11, 2012, killed at least 262 workers.⁹⁶

Ali Enterprises operated illegally, without the required registration. A senior officer with the Federal Investigation Agency told a reporter that the building where the factory operated was only approved for 250 workers, but the owner constructed two additional floors illegally and hired 1,500 workers. Workers were crowded together in close quarters with combustible materials used for denim manufacturing.⁹⁷

When the fire broke out more than 600 workers were trapped on the upper floors of the four-story building with only one accessible exit. Most doors were locked, reportedly to prevent theft.⁹⁸ There were no fire exits.⁹⁹ Windows were barred with iron grills. Surviving workers reported that stairs and doorways were blocked with piles of finished merchandise. None of the workers had appointment letters and most of them were contract employees hired by a third party. Only 200 workers out of the total of 1,500 workers were registered with the social security institute; as a result, the families of most deceased workers are not eligible for compensation.¹⁰⁰

None of these workers had the security to voice their fears about the risky working conditions. Surviving workers told Pakistani unions that managers had forced them to lie about working conditions to auditors representing foreign buyers. Do not complain or you will lose your job, they were told.¹⁰¹

In the aftermath of the fire, a Pakistani factory auditor with credentials in several auditing systems told ILRF that he had audited Ali Enterprises on behalf of another well-known international auditing firm and

its client, an apparel brand, in 2010 and in 2011. The auditor found several serious “non-compliances,” or signs of danger, but nobody listened to him.



Photo of an open fire safety exit at Ali Enterprises posted by the auditing firm, RINA, on its website (<http://www.rina.org/>). Another auditor told ILRF that the factory's fire safety exit was opened for auditors, but otherwise locked, with a guard posted in front. Photo: RINA

He told us that Ali Enterprises management showed him documents supposedly signed by workers, stating that they had received both fire safety and first aid trainings as required by law. But workers told him they had never attended such trainings and they had not signed the documents. He told us that the factory's fire safety exit was opened for auditors, but otherwise locked, with a guard posted in front. Management told him, he said, that the exit was locked to prevent the workers from leaving the factory at will. He also said he documented minimum wage and overtime violations and reported that only 100 of the more than 1,000 workers had appointment letters; the rest were contract workers without access to social security because they were not officially employed and registered with the social security institute.

The auditor told Ali Enterprises managers about the

risk of fire in 2010 and again in 2011. He offered to conduct fire safety trainings for free. But the managers laughed, he recalls, telling him the factory already was certified by a number of brands as well as the prestigious SA8000 program. They do not need training, they said.

At the present time, more than three months after the deadly fire at Ali Enterprises, the buyers are still hiding behind confidential audits. Not a single brand or retailer that sourced from the factory has come forward voluntarily to acknowledge its responsibility and offer aid to the families of those killed. SAAS and SAI have also refused to help identify the buyers, citing the contractual obligation of SAI and SAAS to the auditing firm, RINA, and the firm's contractual obligation to the factory under which buyer identities are confidential.

“Why hasn’t the audit been released publicly? SA8000 audits are conducted on a confidential basis between the certification body and the audited company. ... The contract between the certification body and the audited company is legally binding. Disclosure of this information by SAAS or SAI would be illegal.” ¹⁰²

—Social Accountability International, on why it cannot release RINA’s audit of Ali Enterprises.

The sole buyer that has admitted buying from the factory, the German retailer, Kik, did so only after piles of denim jeans with its Okay Jeans brand logo were photographed inside the burnt-out factory. According to the German newspaper, *Der Spiegel*, Kik had been receiving audit reports indicating fire dangers and other labor rights violations since 2007.¹⁰³ *Women’s Wear Daily* reports that Kik worked with the auditing firm UL

Responsible Sourcing, which offers SA8000 and WRAP certifications among others. UL Responsible Sourcing found that Ali Enterprises failed to meet fire safety requirements in 2007.¹⁰⁴ According to *Der Spiegel*, Kik had known about “open cable ends, insecure electric equipment, and unlit emergency exits” as well as “overworked and undocumented employees,” but did not tell the workers about the dangers they faced.¹⁰⁵ By the end of 2011 Kik finally received a report that Ali Enterprises had taken corrective action.¹⁰⁶



Did the buyers know about the fire risks at Ali Enterprises? Photo: RINA.

Perhaps some companies have failed to identify workplace hazards in factories prior to deadly fires. It is plausible that more companies have known about the dangers to workers but failed to protect them. The factory audits that they possess are confidential; they do not share them with workers or government agencies and typically not even with other companies. According to the monitoring organization, the Worker Rights Consortium (WRC), in the aftermath of fires buyers have told them “they ceased to produce garments at the factory

prior to the fires because of concerns regarding safety issues.” Yet, the companies never told the government about their audit findings, and they never told workers their lives were at risk.¹⁰⁷ Because audits are confidential, companies’ and auditors’ knowledge of problems is their private intellectual property. They have no obligation to share their deadly secrets even to save the lives of workers.¹⁰⁸

Walmart, for example, says it ceased business with 49 Bangladeshi factories in 2011 “due to fire safety issues” in those factories.¹⁰⁹ Walmart chose to leave the factories rather than invest in safety upgrades, which, the company says, would be too expensive.¹¹⁰ But did anybody at Walmart explain to the workers that company audits uncovered evidence of risks of fire? Sharing those audit results with the workers appears to be a very cost-effective safety measure.

Unfortunately, as it turns out, Walmart could not even protect its own reputation from fire. Tazreen Fashions, one of the factories Walmart thought it had kept off its list of approved suppliers, presumably because it did not comply with its code of conduct, caught fire on November 24, 2012, killing 112 workers and injuring more than 150 workers in the worst factory fire ever in Bangladesh.¹¹¹ After the fire, the world learned that workers made Faded Glory shorts for Walmart on the fifth floor of the factory¹¹² and that as many as five of the factory’s 14 production lines may have been devoted to Walmart apparel.¹¹³ According to Walmart one of its suppliers had subcontracted work to Tazreen Fashions without Walmart’s authorization.¹¹⁴ Walmart has been forced to endure a barrage of negative media questioning the degree to which the company should be held responsible for this tragedy.

In this case, doing the right thing—sharing factory lists and audit reports—might have saved lives. On May 16, 2011, Walmart’s Ethical Sourcing Assessor gave Tazreen Fashions an “orange” rating, which means, “the factory had violations and/or conditions which were deemed to be high risk.”¹¹⁵ If they had had access to this information, Bangladeshi unions and labor rights groups may well have pushed for the necessary repairs and could also have informed Walmart its product was being made in an

unapproved factory.

Because audits are confidential, companies’ and auditors’ knowledge of problems is their private intellectual property. They have no obligation to share their deadly secrets even to save the lives of workers.

More than 1,000 workers have been killed and 3,000 workers injured entirely unnecessarily in Bangladesh alone.¹¹⁶ In Pakistan nearly 300 workers were killed in two factory fires on one day alone, September 11, 2012.¹¹⁷ Many of these deaths and injuries could have been prevented by making public the companies’ knowledge of fire dangers. Instead, garment workers, so important to their countries’ economies, are treated as if expendable. Why?

Bangladesh Factory Fire Reports: Last 15 Years

Nouvelle Garments Factory, Florence Fabrics, and Modern Garments in Dhaka, 1997

At least five workers died and 50 workers were injured in a stampede after the fire started with a bang and smoke from an electrical junction box.¹¹⁸

Unknown factory, Dhaka, 1999

At least 100 workers were injured when an electric short circuit falsely triggered a fire alarm and caused a stampede for the only exit.¹¹⁹

Chowdhury Knitwear and Garments Factory, Dhaka, 2000

The fire began on the fourth floor. A spark from an

electrical spot gun, used to spray stain remover on soiled merchandise, ignited a can of flammable liquid, and a fireball took off. A worker tried to fight the flames with a fire extinguisher, but it malfunctioned.

The *New York Times* reported: “*The 1,250 workers scampered for their lives, most of them hurrying to the stairway that led to the main exit. There, at the bottom, was a folding gate. It was locked. ... In panic, the trapped people spun around, rushing back up the steps, colliding with those coming down. It was night. The lights had gone out. Some workers squeezed through windows, shimmying down an outside pipe or chancing a desperate leap. ... The rest were caught in a human knot on the dark stairs, arms pushing, mouths screaming, hearts pounding. Some people fell and were trampled. That is how nearly all of the fire’s 52 victims died, their final breaths stomped out of them on the hard concrete of the teeming steps. Most were young women. Ten were children.*”¹²⁰

Europe Sweaters on the ground and first floors; Four Wings on the second floor; AJAX Sweaters on the third and fourth floors; Macro Sweater on the fifth through seventh floors, Dhaka, 2001

Twenty-four workers in four factories housed in the same building died and at least 100 workers were injured in a stampede. When the fire alarm sounded, workers ran out of their floors at the same time, and down to the main gate only to find it locked. The fire was caused by an electric short circuit.¹²¹

Shifa Apparels and Omega Sweaters, Dhaka, 2004

A transformer near the building, which housed six factories, burst and sparks flew in all directions. A pile of waste cloth from the factories caught fire and the smoke reached the adjacent veranda. Someone screamed, “fire!” Panicked workers dashed for the main staircase, a narrow stairway barely five feet wide. A manager told workers the fire was actually outside the building, but too late. The bottom gate was locked and seven young women were trampled to death in the ensuing stampede. Fifty other workers were injured.¹²²

Shan Knitting and Processing, Narayanganj, 2005

Twenty-eight workers were “roasted alive” and more

than 100 workers were injured. The fire broke out at 9:30pm. All doors were locked.¹²³

Spectrum Factory, Dhaka, 2005

After the nine-story Spectrum Factory collapsed in 2005, killing 64 workers and injuring at least 74 workers, local authorities told journalists that the building, just three years old, was structurally unsound, and not properly designed. According to Reuters reports, the building was erected on a flood-prone marshland without permission from the authorities.¹²⁴ Workers had reported cracks in the walls to management for weeks prior to the factory collapse, but were told to shut up and return to work.¹²⁵

KTS Textile Factory, Chittagong, 2006

Sixty-three workers burned to death or suffocated from smoke inhalation, and more than 150 workers were injured. According to fire officials, the factory had only one exit, and workers had to scramble through a lone narrow stairway to escape, while others jumped from windows. Other sources report that there was no fire safety equipment at the factory, nor had there ever been a fire drill.¹²⁶

Multiple factories, in Chittagong, 2006

About one hundred workers were injured in a stampede after workers heard an electrical transformer explode.¹²⁷

Saiem Fashion, Gazipur, 2006

Six workers died in a stampede after a light bulb burst and workers pulled the fire alarm; 30 to 50 workers were injured.¹²⁸

Garib & Garib Sweater Factory, Gazipur, 2010

On February 25, 2010, 21 workers died when the factory caught fire for the second time in six months. Local news media reported thick black smoke caused by burning acrylic yarn spreading throughout the building. Lasting nearly two hours, the fire consumed the oxygen in the air, suffocating the workers. The smoke could not get out because the building was poorly ventilated. Workers could not escape because exits were locked. Firefighters had to cut the window grills to get in, hampering rescue efforts. The factory’s own firefighting equipment was “virtually useless,” according to the Dhaka Fire

Service and Civil Defense.¹²⁹ A month and a half later another fire injured at least 10 workers and firefighters at Garib & Garib.¹³⁰

That's It Sportswear, Dhaka, 2010

Twenty-four workers died in a fire inferno as a locked stairwell gate trapped workers on the ninth floor. Desperate to flee the heat and smoke, workers hurled themselves out of windows and died. Just four days after the fire, after the surviving workers went back to work, some plaster and cement came off the ceiling of the eighth floor and fell with a loud thud on the floor. A rumor that the roof was collapsing spread among the panicked workers. Twenty-five workers were injured in the ensuing stampede.¹³¹

ABC News reported on the fire that killed 29 workers: *"Mohammed Ariful Islam, a survivor, told ABC News he tried to escape down a stairwell from the 11th floor, but the smoke was too thick. 'I managed to break one of the windows—the glass in the window,' Islam told ABC News through a translator. 'I broke open the iron grid and there was a roll of cloth fabric lying on the floor. So I threw it down [the side of the building] and used that as a rope.' As he climbed down, other workers were leaping from the windows above him. He believes he had made it down to the 7th floor when one of the plummeting bodies struck him, and he lost his grip and began to fall himself, sustaining severe injuries to his back. 'He doesn't remember anything,' the translator said. He only regained his consciousness in the evening when he woke up in the hospital.'"*¹³²

Eurotex, Dhaka, 2011

Two workers, 20 and 22 years old, were trampled to death after a panic broke out following a boiler explosion on the second floor. Another 62 workers were injured. As rumors spread through the factory that a fire had broken out many workers panicked and rushed to leave the building. Workers report that the stampede led to overcrowding on the stairs down to the first floor, resulting in the collapse of a stair rail and a number of workers falling.¹³³

Chapter 3: Cheap Labor and Fighting Workers

There is no better symbol of the low worth of Bangladeshi garment workers in the eyes of their government and employers than their rock-bottom wages. Nowhere in the world are garment workers valued less than in Bangladesh. Their current minimum wage of \$37 per month—just about a dollar a day—is \$24 less per month than the second cheapest garment workers in Cambodia.¹³⁴ Adding insult to injury, most workers do not know exactly how their wages are calculated or if they are paid appropriately. According to a survey by the United Nations Industrial Development Organization (UNIDO) only about half of the garment factories—58% of woven garment firms and 42% of knit garment firms—provide workers with a wage sheet containing payment details.¹³⁵ Similarly, a 2010 study by the Bangladesh Institute of Labour Studies (BILS) found that more than half of all garment workers do not receive pay slips and do not know if they are paid according to their pay grade.¹³⁶ Low wages are compounded by the near absence of a social safety net and the minimal compensation for a worker who dies or is injured at work. Yet, year after year workers protest their low wages and low value and often in great numbers over sustained periods of time.

Protest and change

In 1985, the government set the first minimum wage for garment workers at 621 takas (\$8) per month. From 1985 to 2006, a period of more than 20 years, the minimum wage was revised only once, in 1994, when wages increased to \$11 per month.¹³⁷ Following widespread protests in 2006 and 2010, the government raised the minimum wage for garment workers first to \$20 and then to the current \$37 per month.

Garment workers' monthly minimum wages in Bangladeshi taka and US\$ based on today's conversion rate:

1985	621 (US \$8)
1994	930 (US \$11)
2006	1662.50 (US \$20)
2010	3000 (US \$37)

The government had hoped that regular increases in the minimum wage would quiet worker unrest. Since the adoption of the Bangladesh Labor Law of 2006, a tripartite Minimum Wage Board with representatives from government, employers, and workers must review garment workers' minimum wages at least every five years. In determining an appropriate wage, the board is required to take into account the cost of living, standard of living, cost of production, productivity, the price of products, business capability, economic and social conditions of the country, and other factors. The stated purpose of the Bangladesh Minimum Wage Board is to allow the industry to hum "peacefully without disturbance, which will lead the country to economic development."¹³⁸

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In 2006, when the government increased the minimum monthly wage for garment workers to 1,662.50 takas (\$20), workers had demanded 3,000 takas (\$37) per month. Four years later, in 2010, when the government raised garment workers' minimum wage by 80% to 3,000 takas per month, workers had demanded 5,000 takas per month and had made their voices clearly heard



Police officers charge toward a garment worker during a wage protest in Dhaka, July 30, 2010. Photo: Andrew Biraj / Reuters

in the streets. According to the Center for Policy Dialogue, a private think tank based in Dhaka, the cost of living for garment workers increased by 70% since 2006, meaning that the 2010 minimum wage raise augmented workers' purchasing power very slightly.¹³⁹ From January 1 to June 30, 2010, there were an estimated 72 incidents of labor unrest, leaving at least 988 workers injured in clashes with police. In addition to demanding a wage increase, workers protested non-payment of wages, the mistreatment of their coworkers, the curtailment of leaves and holidays, and the sudden closure of factories without paying workers their due wages.¹⁴⁰ On June 30, 2010, children were caught in clashes

between at least 15,000 protesting garment workers and police, making international headline news. Shocking media images showed police kicking children with heavy boots and beating them with batons.¹⁴¹

While workers voiced their discontent, the Minimum Wage Board considered proposals from workers and factory owners. The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) long insisted that wages should increase a mere 300 taka, from 1,662.50 takas to 1,969 takas per month.¹⁴² At the tenth meeting of the Minimum Wage Board on July 8, 2010, the Institute of Food

and Nutrition at the University of Dhaka submitted a report showing that a garment worker needs 3,200 calories for eight hours of work and 3,400 calories for 10 hours of work. To pay for the required calories of a 10-hour working day, a garment worker would need 2,351 takas per month just to feed herself and 11,282 takas to feed her family.¹⁴³ The meeting ended inconclusively in the absence of the owners' representative.¹⁴⁴

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On July 21, 2010, Prime Minister Sheikh Hasina weighed in on the wage debate with a speech in Parliament, terming garment workers' wages "not only insufficient but also inhuman" and observing that "workers cannot even stay in Dhaka with the peanuts they get in wages." Raising the hopes of garment workers, the prime minister argued that owners should also give a portion of their profits to the workers for their survival.¹⁴⁵

After 14 rounds of talks, the Minimum Wage Board

finally announced its recommendations for a new wage structure for the nation's 3.4 million garment workers on July 29, 2010. The minimum wage would be 3,000 takas (\$37), effective November 1, 2010. Of that amount, 2,000 takas would be the basic pay while 800 takas would be paid in house rent and 200 takas in health allowance. The apprentice-level wage would increase to 2,500 takas (\$30), up from the present 1,200 takas (\$15). The worker representative on the Board acknowledged that 3,000 takas "is not enough for a worker to maintain a family."¹⁴⁶

After the wage increase, the industry claimed that "normalcy" returned to the garment sector, saying that the increase was much appreciated by unions and people at large. However, workers, numbering in the tens of thousands, did not agree: they protested six straight days following the announcement as the new wage fell well short of workers' needs and expectations.¹⁴⁷

Workers continued protesting low wages and poor working conditions after this peak of activity in early August 2010. For example, on August 15, 4,000 workers from one factory gathered on the highway and staged a demonstration demanding implementation of the newly announced wage structure in August, rather than the scheduled date of November 1, and a reduction of their 12-hour workday to nine hours.¹⁴⁸ On August 22, some 2,000 workers of another factory blocked a highway for three hours demanding payment of over three months of overdue wages. Police opened fire and threw tear gas shells at them.¹⁴⁹ On August 29, the government received an intelligence report suggesting that "garment workers might become violent" over wages, festival bonus payments, and overtime compensation. The Minister of Labor urged garment factory owners to pay all wages and payments owed to workers. Meanwhile, several thousand workers of one factory took to the streets and stopped traffic demanding two months of unpaid wages, bonuses, and overtime payments.¹⁵⁰ On September 1, several thousand workers protested in a Dhaka industrial hub, demanding full payment of overtime hours, festival bonuses and other financial benefits, and the resignation of two production managers for worker "maltreatment."¹⁵¹

Did workers receive an 80% raise?

The new minimum wage of 3,000 takas per month was to take effect on November 1, 2010. Because the minimum pay level would increase by 80% workers expected a substantial raise in their December 2010 paychecks. Citing research by BGMEA, the government claimed that by January 2012, 98.54% of factories had “already implemented the minimum new wages” and “there has been an overall increase in wages by about 80%.”¹⁵² However, the government’s own Ministry of Labor and Employment (MoLE) reported in July 2012 that only 88% of factories comply with the minimum wage law.¹⁵³

Research by unions and nongovernmental organizations also call into question how well Bangladeshi factories have implemented the new minimum wage and how much workers have benefitted.¹⁵⁴

According to research conducted by the National Garment Workers Federation (NGWF) on behalf of ILRF, a substantial number of factories had not properly implemented the new minimum wage scale nearly a year after it was supposed to have taken effect. NGWF surveyed workers in 400 factories finding that 80% of the factories had fully implemented the new minimum wage scale while 15% of the factories had only implemented the minimum wage for the lowest grade (grade 7). The remaining 5% did not even pay the new minimum wage for the lowest grade.

Even in compliant factories many workers received less than they expected, researchers say. On December 11, 2010, some 10,000 workers at Korean-owned Youngone Trading in Chittagong, the largest garment manufacturing company in the export processing zones, demonstrated against low wages and long hours. Police cracked down on the demonstrators, using rubber bullets and tear bombs, killing three and injuring 250 workers. Human rights organizations based in Bangladesh and Korea conducted a joint fact finding mission into the incident, finding that workers’ discontent increased after they received their first wages under the new minimum wage scale. To keep costs down

the company had reclassified workers into lower pay grades and discontinued a voluntary food subsidy of 500 takas.¹⁵⁵

Youngone Trading was not the only factory to reclassify workers to save on labor cost. According to the Institute for Global Labour and Human Rights, 95% of the workers at the Rosita and Megatex factories were reclassified overnight as “junior operators.” Even skilled workers with several years of experience were suddenly “junior.”¹⁵⁶

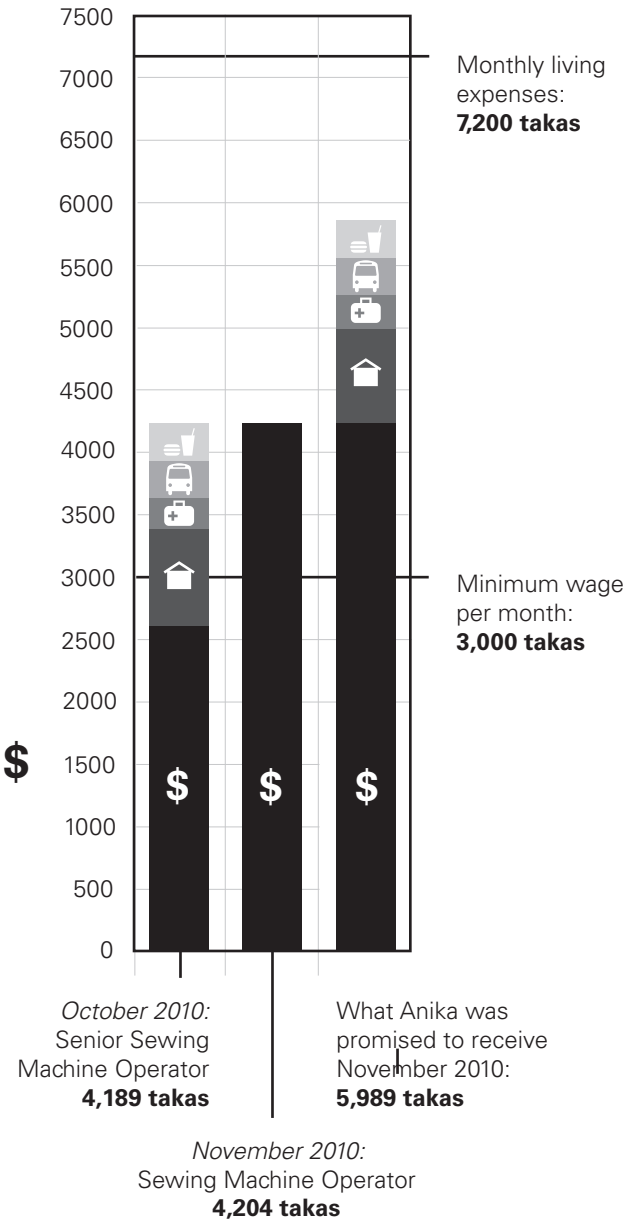
A Fair Wear Foundation wage study of 334 workers from 20 factories conducted October to December 2011, found that 24% of workers interviewed had been reassigned to a lower pay grade following the 2010 wage increase. Workers also reported that they had not received reasonable promotions based on their skills and experience, and that they no longer received bonuses they had enjoyed prior to the new minimum wage took effect. As a result workers received a wage increase far less than the widely touted 80% raise in minimum wages. Prior to the 2010 minimum wage law, the average monthly pay of the workers surveyed by the Fair Wear Foundation was 3,371 takas. Under the new minimum wage scheme, the average increased to just 4,027 takas, an increase of only 19%.¹⁵⁷

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Anika’s case illustrates how factories continued to keep labor costs down even after the 2010 wage increase. The Solidarity Center in Bangladesh interviewed her. In October 2010, Anika (we use

a pseudonym to protect her identity) was a Senior Sewing Machine Operator. She earned 2,684 takas per month, an additional 805 takas in housing subsidies, and 200 takas in medical allowance for a total of 3,689 takas per month. In addition she received a transportation allowance of 250 takas and free food at the factory cafeteria. The 2010 minimum wage law increased the base pay of her grade level by 1,769 takas. However, in November 2010 she was downgraded from Senior Sewing Machine Operator to Sewing Operator. As a result her take-home pay increased by only 515 takas increasing her purchasing power by 1,769 takas per

Anika’s take-home pay



month, as Anika expected, she effectively received little to no raise at all.¹⁵⁸

What workers really need

per month, to 4,204 takas. In addition, the factory discontinued the transportation subsidy and started charging 250 takas for cafeteria food. Instead of Spiraling inflation since the 2010 wage increase has further eroded any gain workers might have received. Between April 2011 and April 2012 the rate of inflation did not dip below 10%, reaching an all time high of 12% in September 2011. Consumer prices have increased precipitously for low-wage workers. For example, in August 2012 the price of four eggs was 40 takas. Five months earlier it had been 24 takas. Energy costs have also risen, and in Ashulia, the major industrial belt that is home to many garment workers, landlords increased rent on four different occasions between August 2011 and August 2012.¹⁵⁹ “These days everything is expensive here,” said a quality inspector in one factory, interviewed for this report. “House rent, food expenses and other expenses increase by the day. I have my parents, wife and daughter. My cost of living is about 4,000 takas and my family needs an additional 4,000 takas.”

Workers live on the brink of survival. In Dhaka, 35% of the population squat or live in slum housing.¹⁶⁰ Garment workers typically are not squatters, but live in “mess housing” in the slums—shared accommodations for single men and women. The quality inspector quoted above describes his home: “In my home I have a bed and some crockeries for cooking. We live with four mess members in a room. About 16 people share a toilet, bathroom, and a kitchen.”

In research conducted for the ILRF, the Bangladesh Center for Worker Solidarity (BCWS) asked 53 garment workers in five factories how much

they believe they should be paid. The workers reported monthly costs for housing, food, clothing, and other basic needs at between 4,000 and 10,500 takas, an average of 7,200 takas per month, or more than double the present minimum wage.

A recent study with 90 garment workers in Dhaka found that about 88% of women workers live in

unhygienic conditions in very small rooms in the slum areas. “The most dangerous aspect of their living condition was the type of toilet they used and the number of users per toilet,” the study reported. Workers risked urinary tract infections from the use of unhygienic toilets.¹⁶¹

Workers also face the risk of fires in their homes. High-density housing built with highly flammable materials, such as the untreated bamboo often used as roof beams, and lack of firefighting equipment means that fires spread quickly.

In 2012 alone Bangladeshi media have reported at least four major fires in Dhaka slums.

The room of a garment worker in Dhaka. Photo: Bangladesh Center for Worker Solidarity



On May 17, 2012, a devastating fire in the Kazibari slum gutted over 250 shanty houses and left at least 12 people wounded with severe burn injuries. Media described the residents as “mostly garment workers” who had left for work in the morning and returned homeless, having lost all their belongings.¹⁶² On September 20, 2012, another slum fire raged for three hours in the morning, destroying more than 500 shanties and consuming all the belongings of 4,000 people, mostly garment workers.¹⁶³ On October 8, 2012, about 450 shanties were gutted after a fire broke out in another Dhaka slum, rendering several hundred people homeless.¹⁶⁴ And in the night of November 19, 2012, eleven persons, mostly women and children, were killed and several others injured in a devastating fire in a Dhaka slum. According to media, nearly 500 shanties inhabited by mostly garment workers and rickshaw pullers were destroyed.¹⁶⁵

Workers still fighting for their true worth

In the summer of 2012, worker dissatisfaction with their low wages and spiraling cost of living resulted in new waves of protests and demonstrations.

On June 11, 2012, 4,500 workers at a Ha-Meem Group factory in the ready-made garment belt in Ashulia, on the outskirts of Dhaka, protested low wages, demanding a monthly wage increase of 2,000 takas. Several thousand workers from nearby factories joined them, leading to the closure of more than 100 factories. “We are protesting for our survival as the major portion of our monthly income is spent on house rent,” said one protester.¹⁶⁶ Protests grew over three days and on June 14, 12,000 workers demonstrated in the streets. Thousands of police, including the new Industrial Police, the Dhaka district police, and the Rapid Action Battalion were deployed to quell the unrest, using rubber bullets and tear gas.¹⁶⁷ On June 16, as protests grew all over the Ashulia industrial belt, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) formally closed 300 factories in the area for an indefinite period. By then half a million garment workers had reportedly joined the protests. Several

hundred workers were injured in clashes with police.

The garment factory owners rejected the workers’ demand. “It’s not possible at all to make another salary hike within less than two years,” said the director of Envoy Group and former BGMEA chief, Abdus Salam Murshedy.¹⁶⁸ The government, like the owners, refused to consider a wage increase, but the former Labor Minister, Khandker Mosharaf Hossain, pledged to address the housing crisis of garment workers.¹⁶⁹

The factories did not reopen until June 21, ten days after the initial protest at the Ha-Meem Group factory, following the government’s assurance to owners that it could provide adequate security.

Social security for garment workers?

The absence of a safety net compounds the low wages and dismal living conditions for garment workers.

“You see, in Bangladesh we actually do not have a social security system—like unemployment benefit, medical treatment, and children’s allowances—nothing exists in Bangladesh,” observes trade union leader Amirul Haque Amin of the National Garment Workers Federation in an interview with ILRF. And in the most recent national budget, “not a single penny was allocated for the garment workers,” he says. Three and a half million garment workers, including three million women, who contribute 78% of the country’s export earning are “frustrated and annoyed.”

The government pays a tiny old age pension of 300 takas (\$3.70) per month for people at least 65 years old, but only one member from each family can receive the pension. The government pays no disability or unemployment benefits, or any type of family allowance benefits. Profitable employers are required to deposit five percent of profits into a social welfare benefit fund, called the Provident Fund, but few do.¹⁷⁰

Workers’ security, such as it is, consists of mandatory employer payments. Employers are required to provide a termination benefit, a retrenchment and

layoff benefit, and a benefit for discharge from employment for ill health. For permanent employees the benefit amounts to half of the average basic wage for 120 days and a lump sum of one month of salary for each year of service. But according to Mr. Amin, the trade union leader, this benefit is poorly implemented in the garment sector. Employers with five or more workers are also required to provide on-site medical facilities or pay a medical allowance of 100 takas (\$1.22) per month, 14 days of paid sick leave, and 16 weeks of paid maternity leave.

The trade unions are promoting a new concept of social security for garment workers. They have presented the following budgetary demands to the government: first, an allocation under the Ministry of Food to subsidize the cost of food for garment workers; second, an allocation under the Ministry of Housing and Public Works for garment workers' housing; third, an allocation under the Ministry of Health for free or low-cost health centers and free and safe maternity centers in garment factory industrial areas; fourth, an allocation under the Ministry of Women and Children Affairs for daycare centers in garment factory industrial areas; and finally, an allocation under the Ministry of Communications for transportation for garment workers.

"This is actually what we mean by 'social security,'" says Mr. Amin. "The present government in their election manifesto pledged to establish a full rationing system [supply of essential commodities at subsidized prices] for the garment workers. Considering their contribution in the national economy we expected the government to allocate money for garment workers in these five areas," he continues. "That would help solve problems of the garment workers, increase production and augment quality of production on the one hand and would implement the election pledge of the government on the other."¹⁷¹

Workers' compensation?

Compensation for accidents at work is the oldest and most widespread form of social protection.¹⁷² The International Labour Organization estimates that

11,700 workers suffer fatal accidents, 24,500 workers die from work related illnesses, and eight million workers suffer work-related injuries, many of which result in permanent disability, across all sectors each year in Bangladesh.¹⁷³ The lack of a safety net aggravates the pain for injured workers and for the families of workers killed on the job.

In Bangladesh, a worker who is injured or ill at work and works in a factory with five or more employees is protected by an employer-liability system for accidental injuries and occupational diseases. Before 2006, compensation was tied to income. The family of a garment worker who had earned more than 501 takas per month and died in a workplace accident was entitled to the highest amount of compensation, 30,000 takas (\$366). A garment worker who earned more than 501 takas per month and was permanently disabled was entitled to 21,000 takas (\$256).¹⁷⁴

The 2006 Labour Law quintupled the value of the death benefit. Section 151 of this law sets the death benefit payable to the family of a worker who dies because of an accident at the workplace at 100,000 takas (\$1,220). If the worker is permanently and completely disabled the worker is entitled to 125,000 takas (\$1,524), although a disabled minor can only receive 10,000 takas (\$122). For temporary disability, workers receive 100% of their earnings for the first two months, two-thirds of their earnings for the next two months, and 50% of their earnings for subsequent months of disability up to one year.¹⁷⁵

The legal compensation—100,000 takas for the life of a worker in Bangladesh—amounts to only 33 months of meager wages at the legal minimum level. In some cases workers and their families affected by fires and other workplace accidents do not even receive their legal entitlements. Unaware of their rights or unable to afford the legal representation needed to secure reparations from employers, many injured workers have simply returned to their villages, unable to afford life in the city.¹⁷⁶

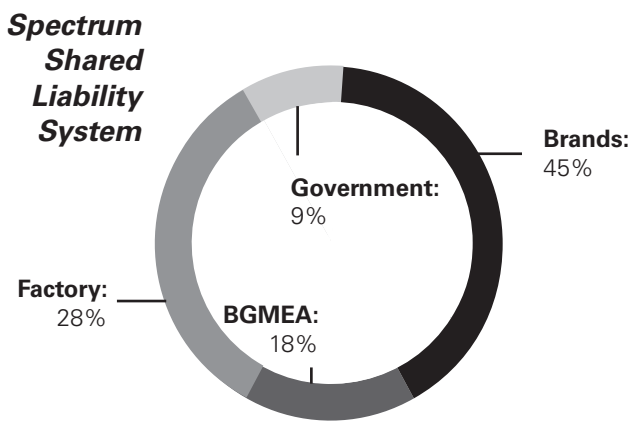
Towards a shared liability system?

Bangladeshi and international labor unions and worker advocates demand a further quintupling of

the immediate compensation to families of deceased workers to 500,000 takas for pain and suffering. In addition, they say, workers' families should receive compensation for lost wages in the amount of 50% of the minimum wage in the garment sector for 25 years, adjusted for the projected average annual inflation rate.

Furthermore, injured workers, worker advocates say, should receive immediate compensation for pain and suffering taking into account the nature of the injuries and their psychological impact. They should also receive long-term compensation for lost income based on the severity of the injury. Workers who are permanently disabled should receive 50% of the minimum wage in the garment sector multiplied by the number of years until the age of retirement. Workers who are seriously injured but could recover should receive 50% of the minimum wage in the garment sector for an indefinite duration until a medical assessment deems they are capable of re-employment. Finally, workers with temporary injuries should receive 50% of the minimum wage in the garment sector for six months.

The most innovative aspect of the proposal of labor unions and worker advocates is the shared liability system, with the factory owner, brands, factory associations, and the Bangladeshi government each responsible for paying reparation to the injured worker or the family of the deceased worker. The first shared liability system was created following the collapse of the Spectrum factory in 2005 although only the factory owner and a handful of brands paid up.¹⁷⁷



Since the Spectrum disaster the shared liability system has been unevenly implemented. After the That's It Sportswear factory fire in December 2010 worker advocates proposed a similar division of responsibility. The brands buying from the factory, they said, should pay a combined 45% of the total compensation amount, the factory 28%, the BGMEA 18%, and the government 9% of the total compensation. The Clean Clothes Campaign reports that as of 2012 all brands had contributed the required amount to the families of the deceased workers, but nothing to the injured workers. The factory owner had only contributed 40% of his share of the compensation to the families of the dead workers. He had also paid a lump sum to cover burial costs and medical cost for injured workers, and agreed to pay for the cost of education of children of deceased workers. The BGMEA had only paid 20% of its share, while the government had only paid for burial costs.¹⁷⁸

In the case of the Garib & Garib fire of February 2010, no brand except H&M has compensated the injured workers or the families of the deceased workers. H&M set up its own assistance fund exclusively for the needs of children and elderly parents of workers but not to provide general compensation based on the lack of income the family members would have expected until retirement. Under the H&M fund, 25 children who lost parents receive 2,000 takas per month until they are 18 years old, and an additional 100,000 takas (plus interest) on their 18th birthday.¹⁷⁹

In the case of the Eurotex and Continental factory fires in 2011, only BGMEA has yet to pay its share of compensation, while the owners paid the government shares. Among the brands, PVH Corp. paid the largest amount.¹⁸⁰

Workers are more than cheap labor

When worker's labor is valued have as low as it is in Bangladesh, their wages only guarantee an existence mired in abject poverty; the absence of social security increases their vulnerability to fires at home and at work; and nobody invests in their safety. Incident by incident, fire by fire, workers, unions, and labor rights groups have fought for adequate compensation for the victims of fire and their

families. Sometimes they have been successful, and sometimes companies have paid their fair share. But reacting to calamities time after time to gain justice for the workers after the fact is not a sustainable plan for justice. Real safety for workers is founded on real respect for workers. It is more expensive than paying reparation after a fire because it could require costly building renovations; it also means affording workers themselves a central role in reporting on safety violations in their own factories, and that too may be a difficult step for factories and companies. Companies have chosen Bangladesh for its cheap labor. Now they must show that they understand that workers are more than that.

Chapter 4: What's to Be Done: The Views of Government, Companies, and Workers

A shared sense of urgency about a growing crisis for garment workers may allow Bangladeshi workers and unions, international worker advocates, western brands, and Bangladeshi industry and government leaders to work together towards a new vision of the garment industry where success is based on good value and respect for labor rights, and workers have a voice that is respected and earnings that can support them and their families. But these groups must come together from different starting points.

Education for workers

From the Bangladeshi government's point of view, garment businesses themselves are pro-labor, creating apparent common ground with workers.¹⁸¹ In written remarks submitted to the U.S. government in January 2012 for the review of Bangladesh's eligibility for trade preferences under the Generalized System of Preferences (GSP), the Bangladeshi government representatives repeatedly asserted that the garment industry associations, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), "are vigilant in upholding labor rights in the apparel sector of Bangladesh," and that "BGMEA and BKMEA are firmly committed to uphold the workers' rights in the RMG sector recognized by national law and international standards."¹⁸²

According to the government, these business associations care for workers in many ways. They conduct fire safety trainings and inspections and run a Social Compliance Factory Improvement Program.

They care for workers and their families from cradle to death, providing financial assistance to lactating mothers; running free schools for workers' children and healthcare centers for workers; distributing food to RMG workers at subsidized prices; constructing housing for workers; and administering life insurance claims in case of worker deaths. They even organize an annual Workers' Festival with a fashion show, dance, puppet show and other entertainment for workers.¹⁸³

Thanks to the efforts of the business associations, progress in worker rights is undeniable, the government says. It cites precise figures with authority—BGMEA's figures—instilling confidence and a sense of security that somebody who cares has complete mastery of the situation. The government's January 2012 report includes data points such as: 90.50% of apparel factories provided appointment letters to workers, up from 78.97% in 2008; 81.90% of factories complied with the requirement to issue ID cards to workers, up from 80.47% four years earlier; and 98.54% of factories had implemented the new minimum wage scale.¹⁸⁴ If these figures are accurate they reflect progress. However, as noted in the previous chapter, the increase in minimum wages does not always result in the full intended raise when employers find other ways to increase charges to workers or downgrade workers to lower pay grades. In short, the Bangladeshi government would be better served citing independent research than the research of a business association with vested interest in demonstrating progress.

What about workers' right to organize and join unions of their choosing? The law requires 30% of the factory's total workforce to be members before the union can be recognized and the union can be dissolved if membership falls below 30%. In the export processing zones unions still are not allowed.¹⁸⁵ This is a tough environment for any union.

The government responds that BGMEA and BKMEA "have always been positive to freedom of association of the garment workers" and are working to educate workers on their rights and responsibilities. In cases of violations of workers' associational rights "the Government takes appropriate legal actions against the persons at fault," the government says,

but hurries to add: “It may be mentioned here that there is no intimidation to workers, their leaders or NGOs by the RMG factory owners.”¹⁸⁶ The fact that the government has allowed unsubstantiated criminal charges against worker organizers to linger for years, and has made no discernible progress in the investigation of the murder of worker organizer Aminul Islam, casts doubt on these assertions.

What about the garment factory fires that have claimed so many workers’ lives? The government responds that fire safety has in fact improved. From January to November 2011, BGMEA visited 3,718 factories and 1,608 factories “were brought under the fire drill program,” the government says. Furthermore, they continue, a high-level inter-ministerial committee randomly inspects garment factories to check on fire safety every month. And the Fire Service and Civil Defense department conducts an awareness program and is training 62,000 community volunteers in rescue and firefighting. As a result, fire safety has “substantially improved in [the] last three years,” the government claims.¹⁸⁷ “The fire incidents that took place in Garib & Garib factory and That’s It Sportswear factory were merely isolated and exceptional cases.”¹⁸⁸ Unfortunately, the fire at Tazreen Fashions in November 2012, which claimed 112 lives, calls into question this story of progress.

Remaining safety problems are, in part, technical issues best left to experts, such as electrical engineers, says BGMEA.¹⁸⁹ While electrical engineers can address some safety issues, they cannot alleviate the worker fear and distrust that have led to widespread panics and worker stampedes for the exit, resulting in deaths and injuries. Trust between workers and management can only grow when workers feel valued and respected; when they are able to raise concerns at work without fear of being fired; when they know that management will respect their rights to be represented by an organization of their choice and to bargain collectively.

Finally, BGMEA and BKMEA, along with companies, have developed fire safety films to train management and workers on best practices. Their goal is to reach all workers in every garment factory.¹⁹⁰ H&M notes

that they worked with 18 other brands to make two educational videos to be used to raise awareness in factories.¹⁹¹ Gap reports they too have “joined 18 other international brands and retailers to create fire safety films to train factory management and workers on fire safety best practices. Films, posters, and manuals...[are] being disseminated to all exporting garment factories in Bangladesh,” the company says.¹⁹²

The film and posters may have educational value, but it is still a mechanical and top-down solution to ensuring workers’ rights. Enabling workers to voice their concerns and stand up for their rights requires a bottom-up solution that gives workers a sense of their own power. Managers educating workers on their rights cannot achieve this goal, however well intentioned.

Humanitarian relief for victims

For most brands and retailers that buy apparel in Bangladesh, the worker rights and safety issues are indeed serious. As the McKinsey survey found (see chapter one), most major buyers consider labor compliance to be one of the greatest challenges to continued growth of the garment industry in Bangladesh, second only to the infrastructure problems. But many buyers appear to worry less about the risk to workers than to their companies’ reputations, which may suffer by association with Bangladesh. As the U.S. Ambassador noted in his remarks to BGMEA, Bangladesh is also a kind of “brand” that may become a liability to the buyers’ brands if there is too much attention in the media and in high level political circles to low-paid, protesting, suffering workers.¹⁹³ That is why the industry is plagued by deadly secrets as brands quietly pull out of risky factories.

To the extent they are concerned with brand image, first, and worker welfare, second, brands reject the idea of shared responsibility and liability for garment factory fires and building collapses, as proposed by unions and worker advocates. They do not believe it is their responsibility to pay reparation to injured workers or to the families of workers killed on the job. Rather, that is the government’s responsibility,

they say.

It is not that the companies seek to fill corporate coffers with every possible penny. It is that all too often they reject the idea of taking responsibility for dangerous working conditions in their own supply chain and paying reparation for death and injury. Instead, they prefer to contribute to workers' welfare



Colleagues rescue a fellow garment worker injured in the fire at That's It Sportswear, December 14, 2010. Photo: Andrew Biraj / Reuters

under the framework of “humanitarian relief,” similar to the aid provided by aid organizations to meet

human need in the case of unavoidable natural catastrophes, such as cyclones and floods, events beyond human control where nobody is at fault and nobody is responsible.

For example, following the fire at That's It Sportswear, Gap led the development of a humanitarian fund to “to address the medical and financial needs of those affected by the fire.” JC Penney reported that the company made an unrestricted donation of \$37,500 to be distributed by the Ha-Meem Group's management to support recovery efforts.¹⁹⁴ Kohl's announced that it too has “made a private donation to the humanitarian fund to help support the victims and their families affected by the tragic fire.” The company said its donation was “equivalent to that of other U.S.-based retailers.”¹⁹⁵

Rather than working with the Bangladeshi trade unions and labor rights groups after the Garib & Garib fire, H&M commissioned Save the Children to assess the needs of the nearest family members of the deceased workers and the injured workers. The company decided to focus its contribution on the needs of the children and elderly parents, but not to provide general compensation based on the loss of income. For H&M it was essential that its contribution was a voluntary and charitable one, rather than a form of compensation the company paid because it shared responsibility for worker death and injury. As the Clean Clothes Campaign notes, “by excluding workers and their trade unions from involvement in negotiating the parameters and development of the program the [companies] take such efforts out of the framework of labour rights, where abuses have occurred and need to be rectified, and into the realm of ‘disaster relief,’ a no-fault tragedy where victims must be ‘helped’.”¹⁹⁶

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framework of labour rights, where abuses have occurred and need to be rectified, and into the realm of ‘disaster relief,’ a no-fault tragedy where victims must be ‘helped.’

—Clean Clothes Campaign, 2012

A respected voice at work

The technical expertise of electrical engineers, the educational efforts of industry associations and brands, and the brands’ humanitarian relief are all welcomed, but fall far short of a program of genuine workplace safety.

For workers, to be safe is to have a voice that is respected, to have dignity on the job, to be accorded value. It is not just to be a passive audience of a film, however educational it may be, or to rely on experts, such as electrical engineers, however skilled they may be, to monitor signs of danger. To be safe on the job is to be an active participant in workplace decisions that affect your own livelihood, life, and death. To be safe is also to have the ability to hold accountable those who do wrong against you and be able to obtain reparation for those wrongs, rather than depend on charity and humanitarian relief for survival as if you were victim of an accident for which nobody is at fault.

To be safe on the job is to be an active participant in workplace decisions that affect your own livelihood, life, and death.

On March 21, 2012, ABC News reported on a breakthrough in fire safety in Bangladesh.¹⁹⁷ For the

first time ever a major buyer in Bangladesh and one of the world’s largest apparel companies, PVH Corp., reached an agreement with trade unions and labor rights groups in Bangladesh as well as international unions and labor rights organizations on a legally enforceable—not voluntary—factory safety program. It is not just that the agreement is legally binding or that PVH pledged one million dollars over two years to the program that qualify it as path breaking. Just as important is that it is based on principles of real worker safety: independent factory inspections conducted by experts with no ties to the industry, public reporting, and worker participation in the process of investigation and remediation.

Under the factory safety program, participating brands and retailers (buyers) must disclose supplier factories to an independent inspector, designating the factories into three tiers according to volume of production. Factories in all tiers are subject to independent inspections.

Factories are required to rectify safety violations, as determined by the independent inspector. If a factory fails to address a high-risk safety violation in a timely fashion, buyers must, as a last resort, cease doing business with the factory. Buyers must then shift orders from that factory to qualified and safe factories, and make every effort to ensure that workers who lose their jobs in the unsafe factory are offered employment in the safe factories.

If a factory temporarily closes in order to make the necessary renovations to become a safe place of work, workers will be fully paid during the closure and guaranteed continued employment. This provision is essential to guarantee that the workers can speak up without fear of losing their livelihoods.

In order to provide incentives to factories to comply with upgrade and remediation requirements buyers may not diminish orders to tier one and tier two factories (that make up 65% of brands’ total production in Bangladesh) that maintain compliance with safety requirements, provided such business remains commercially viable for the buyers. The buyers must also ensure that their own purchasing practices do not impede factory safety. The agreement states that buyers may not “offer prices

to, or accept prices from, factories such that the factories would be without the financial wherewithal to maintain safe workplaces and comply with upgrade and remediation requirements.”

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Workers have an important voice in this safety program. Workers can express grievances about health and safety risks safely and confidentially to the chief inspector. Any worker complaint about a factory will ensure that the factory becomes a priority for inspection. A functioning health and safety committee, with at least 50% worker participation, is required in each and every factory. The committee’s purpose is to identify health and safety risks and educate both managers and workers about safety issues. Trade unions are part of the safety training team that conducts trainings in first tier factories, factories that together produce 30% of the company’s products in Bangladesh. The unions’ role is to teach workers how to proactively protect their safety by organizing, forming legally recognized unions, and bargaining collectively with their employers.

All these program elements are enforceable through legally binding arbitration.

The Bangladesh Fire and Building Safety Agreement

“The undersigned parties are committed to the goal of a safe and sustainable Bangladeshi Ready-Made Garment (RMG) industry in which no worker needs to fear fires, building collapses, or other accidents that could be prevented with reasonable health and safety measures.”¹⁹⁸

- Independent inspections by trained fire safety experts not controlled by the brands or the factories being inspected.
- Public reporting of the results of all inspections.
- Mandatory repairs and renovations to address all identified hazards; brands cannot continue to do business with factories whose owners refuse to ensure workers’ safety.
- A central role for workers and unions, including worker-led safety committees in all factories and access to factories for unions to educate workers on how they can protect their rights and their safety, including their right to refuse unsafe work.
- Contracts with suppliers that ensure sufficient financing and adequate pricing to cover the cost of eliminating deadly hazards and operating in a safe manner.
- A binding contract between the brands and worker representatives that make these commitments enforceable; the brands have to follow through, even if it means increased costs or longer turnaround times on orders.

PVH Corp. on behalf of its family of brands:

Tommy Hilfiger, Calvin Klein, Van Heusen, IZOD, ARROW, G.H. Bass, and Eagle.

Bangladeshi unions:

Alternative Movement for Resources and Freedom Society, Bangladesh Apparel Workers Federation, Bangladesh Garment & Industrial Workers Federation, Bangladesh National Council of Trade Unions, Bangladesh Revolutionary Garment Workers Federation, National Garment Workers Federation, Sammilito Garments Sramik Federation

International labor rights groups and unions:

Clean Clothes Campaign, International Labor Rights Forum, International Textile, Garments and Leather Workers Federation, Maquila Solidarity Network, Worker Rights Consortium

What next for the new safety model?

ABC News lauded the “landmark agreement” on worker safety in Bangladesh.¹⁹⁹ PVH, which signed it in the days before an ABC exposé of the shoddy health and safety standards in Bangladeshi garment factories, proudly announced: “PVH Corp. Announces Landmark Agreement with Coalition of NGOs and Bangladesh Labor Unions on Fire and Building Safety.” The company added: “PVH is the initial company to commit to this first-of-its-kind program.”²⁰⁰ Worker rights advocates were equally enthusiastic. The Worker Rights Consortium called the agreement a “vital step forward for workers in Bangladesh.” ILRF hailed the agreement, stating that it was a source of hope for worker safety in Bangladesh.

The Bangladesh Fire and Building Safety Agreement will go into effect when at least three additional well-known international apparel brand owners sign the agreement. On August 14, 2012, the German retailer Tchibo became the second company to sign on.²⁰¹

Unfortunately, most companies seem to prefer working on their own to design programs that are voluntary rather than legally binding, and orchestrated from the top rather than by the workers and the unions that represent them.

After the Garib & Garib fire, H&M initiated an investigation of the root causes of the fire and found that the inadequate electrical structure combined with the lack of oversight by local authorities were to blame. The company has since developed a Fire Safety and Electrical Assessment project to educate both local authorities and trade unions on workplace safety.²⁰² H&M also reports that it has initiated a Social Dialogue project to train workers on the formation of workers’ committees through democratic elections, and on management negotiations for improved working conditions. Finally, H&M says it routinely uses films to educate workers on their rights in such areas as maternity leave, abuse and grievances, health and safety, and overtime.²⁰³ Yet, to the extent these efforts are initiated and led by the company or by factory management, rather than by workers and trade unions themselves, they may also inadvertently perpetuate workers’ perception that their own pursuit of an independent and collective voice is not needed and not wanted.

JC Penney reports that the company will seek more engagement with workers to promote factory safety. “This is one reason,” the company says, “we are redefining social responsibility across our company and supply chain by creating a model that emphasizes training and education over monitoring.” Technology is central to JC Penney’s plan. The company explains: “Better communication tools, including e-learning, will help our message achieve scale and reach the individuals who need the information to make better decisions on a daily basis.” The program is under development and review in 2012 and 2013.²⁰⁴ The question for JC Penney, as for H&M, is what the company will do to ensure independent worker organizations can have a strong voice within the workplace and help develop and implement the safety programs? The point is not so much to shift from monitoring to education and training as to redefine both as bottom-

up initiatives led by workers themselves.

Gap was one of the early corporate leaders in the development of the Bangladesh Fire and Building Safety Agreement, helping to convene participants for meetings in Bangladesh and joining multiple conference calls with unions and labor rights groups. In March 2012, ABC News reported that Gap too was negotiating a fire safety agreement with the unions and labor rights groups.²⁰⁵ However, seven months later, on October 2, 2012, Gap announced its own “Comprehensive Building and Fire Safety Action Plan for Bangladesh Apparel Facilities.” The company expressed regret at not being able to complete negotiations with the unions and labor rights groups, but claimed its program was nevertheless “a critical step forward to address fire and building safety issues in Bangladesh’s apparel industry.”²⁰⁶

Gap notes that it will hire a Chief Fire Safety Inspector to conduct mandatory inspections and implement formal remediation plans. Similar to the agreement PVH signed, Gap’s program will create a fund to pay workers who miss work because of building renovations to address safety hazards and it will provide access to financing to help factories make those safety improvements. The company also plans to “transparently share with appropriate Bangladesh and U.S. government agencies and the ILO the fire inspection learnings, the plans for vendor remediation and progress against those plans.”²⁰⁷

However, the Gap program is another top-down approach that jettisons the most critical components of a successful worker safety program: independence, transparency, a binding contractual commitment, and involvement of and accountability to workers and their organizations. The Chief Inspector is not independent, but paid by Gap. The company is silent on the role of workers and their unions who otherwise could be the best day-to-day monitors of workplace hazards. Based on its announced program, Gap has no plan to share factory inspection reports with workers, unions, government agencies, or others stakeholders. The company does not even state that it plans to tell workers about factories that fail to remedy serious safety problems. Without such a provision, it remains possible for Gap to leave a factory that fails to

comply without telling workers about workplace hazards that may threaten their lives. It does not address the role of its own purchasing practices in creating hazardous workplaces, such as paying low prices that make it difficult for factories to pay for upgrade and remediation requirements and operate safely over time. Finally, nothing can prevent Gap from discontinuing its program for any reason; Gap has not made a legally binding commitment to worker safety.²⁰⁸

In short, the Gap program lacks transparency, forsakes worker and trade union participation and oversight, and is entirely voluntary. Such a program takes us in the wrong direction—away from sharing life-saving knowledge with workers and unions, and away from acknowledging workers’ inescapable role in protecting their own safety.

When global brands sideline trade unions in worker safety programs, and fail to recognize workers’ leadership in these programs, they inadvertently reinforce the message of most Bangladeshi employers: that the unions are not wanted and that workers exercise their associational rights at their own peril, a message that reverberates especially strongly after recent acts of violence against worker organizers in Bangladesh (see the epilogue).

By the same token, by advocating for bottom-up worker safety programs, companies could instead help to rebuild trust between workers and managers. A safety program based on mutual respect between trade unions and employers would make the companies’ social compliance programs more effective. Given the right information, workers and trade unions would be able to provide early warning signs of workplace hazards. They could also help identify unauthorized factories producing for the brands, such as the Tazreen Fashions factory where 112 workers lost their lives in the fire of November 24, 2012. Workers, after all, can tell whose products they are sewing.

Following the recent tragedies at Ali Enterprises in Karachi and Tazreen Fashions in Dhaka—tragedies that once again have proven how ineffective corporate-controlled social auditing programs can be—we hope that more brands will move beyond

voluntary, confidential, top-down initiatives, and turn to workers and trade unions for their ideas and leadership. It is time to end the deadly secrets in the apparel industry.

When global brands sideline trade unions in worker safety programs, or fail to recognize workers' leadership in these programs, they may inadvertently reinforce the message of most employers: that the unions are not wanted and that workers exercise their associational rights at their own risk, a message that reverberates especially strongly after recent acts of violence against worker organizers in Bangladesh.

Conclusion: Let's Seize the Opportunity for a New Bangladeshi Bargain

Despite the divergent perspectives on worker safety of the Bangladeshi government, most brands, and unions and labor rights groups, we still believe in the possibility of collective work towards a new vision of the garment industry where success is based on good value and respect for labor rights, and workers have a voice that is respected and earnings that can support them and their families. We believe in this possibility because it is urgent and necessary work and because we always have the opportunity to break the patterns of the past.

International corporate buyers publicly worry that their reputations will suffer from association with Bangladesh, in part because of the publicity of the murder of Aminul Islam. They have warned the government that the labor rights crisis may impact their ability to direct orders to Bangladesh. While we cannot hear what the companies are saying behind closed doors to government and factory owners in Bangladesh, what they say publicly matters. The companies have rarely been more outspoken and more unified in demanding higher wages and better conditions for garment workers in Bangladesh. They have kicked the ball forward by making these statements. Now labor groups, civil society, and media can direct it towards the goal by holding the companies accountable. Is H&M going to insist the government reviews and increases garment workers' wages within one year, as the company has urged? Is Walmart? What actions will the companies take if the government stalls? And are these big buyers going to put money on the table to support higher wages?

Companies should go beyond charity and voluntary relief efforts, following the examples of PVH and Tchibo, to assume real responsibility for workers'

safety and welfare. Companies should sign the Bangladesh Fire and Building Safety Agreement to accept legal responsibility for workers' safety. They must be willing to have their actions judged in a court of law if necessary.

The U.S. government also has an important role to play, especially following Secretary Hillary Clinton's highly publicized condemnation of the murder of Aminul Islam. Bangladesh currently enjoys trade benefits under the Generalized System of Preferences (GSP), a program that cuts U.S. tariffs on certain goods produced in developing countries. The program conditions such benefits on countries' compliance with "internationally recognized worker rights," including freedom of association and the right to bargain collectively. A petition to pull Bangladesh's GSP benefits on the basis of labor rights violations has been pending since 2006. Six years is enough time for Bangladesh to demonstrate progress towards compliance. The U.S. government should demonstrate that it also means what it says when it conditions trade benefits on compliance with internationally accepted labor rights.



Aleya Akter, garment worker: *We face all kinds of obstructions with the police, goons, thugs, and false allegations in court. And, in fact, one of our leaders, Aminul Islam, was very brutally murdered. With such conditions, how can we work with the cause of workers' rights?*

Secretary Hillary Clinton: *Do not be discouraged or intimidated. You deserve to have the support of your government and your society. ... The labor problems in the garment industries have to be solved because you*

do not want to earn a reputation as a place where labour leaders and activists are murdered.

Question-and-answer session with Secretary Hillary Clinton and students and youth leaders at International School in Dhaka, Bangladesh, May 6, 2012.²⁰⁹

The Bangladeshi government, factory owners, and international brands can still strike a new bargain. The government can ensure Aminul's murderers are apprehended and held accountable, all spurious criminal cases against labor rights leaders are dropped, and unions and labor rights NGOs are allowed to operate. The government can raise the minimum wage closer to a living wage, and commit to an annual review of minimum wages and a social safety net for garment workers. The brands would benefit from the ensuing labor peace and could commit, in turn, to prices and purchasing practices that ensure factories can, in fact, increase wages, renovate buildings and protect workers' safety. Workers would reward the factories with less work stoppages and higher productivity. The country would be more prosperous overall. Increasing numbers of people would have access to sufficient and nutritious food, decent and safe housing, quality education, and affordable health care. The children of today's garment workers would be able to look forward to a better future. This is the Bangladesh bargain we want. And it can start with companies' commitment to a new openness: sharing their knowledge about workplace hazards and respecting the voices of workers.

Epilogue: Is One Month in Jail, Two Years in Court, and the Death of a Colleague the Price for Organizing?

In the fall of 2010, when the dust settled after months of massive worker demonstrations for a decent wage and the government finally raised it to the current 3,000 takas (\$37) per month, there were voices in both industry and government to lift restrictions on worker organizing and promote genuine freedom of association and collective bargaining rights. It was not just the right thing to do, but would be essential for labor peace, they argued.²¹⁰

As we showed in our previous report on labor rights in Bangladesh, *Enemies of the Nation or Human Rights Defenders?*, the Bangladeshi government and media have often questioned the legitimacy of worker demands by depicting workers in both words and pictures as violent, angry, and out of control. Workers who demanded a living wage and took part in wage protests during the summer of 2010 were described as “unruly,” “berserk,” and “rampaging through the streets.”²¹¹ Among other labor groups, the Bangladesh Center for Worker Solidarity (BCWS) became a particular target of the government. On June 3, 2010, the NGO Affairs Bureau (NAB) cancelled the NGO registration of BCWS, revoked their permit to receive foreign donations, and ordered their property seized and bank account frozen.²¹² Over the following months, BCWS leaders were harassed, intimidated, and beaten by police and security forces. On June 16, 2010, Aminul Islam was detained and beaten by members of National Security Intelligence (NSI) who demanded he sign letters falsely stating that two colleagues, Kalpona Akter and Babul Akhter, had instigated worker unrest and violent activities.²¹³

By August 2010, Aminul, Kalpona, and Babul were all in jail, charged with inciting riots and committing a variety of violent acts—including unlawful assembly to property destruction and attempted murder—in connection with large garment worker protests for a decent wage. So were leaders of the Bangladesh Garments & Industrial Workers Federation, the Garments Trade Union Center, the Bangladesh Textile-Garments Workers Federation, the Sadhin Bangla Garments Workers Federation, the Jago Bangla Garments Federation, the Garments Workers Forum, and the Bangladesh Garments and Shilpo Sromik Federation, as well as dozens of workers. The government has never substantiated the accusations against these leaders and workers.²¹⁴

Since that time, the Bangladeshi government could have chosen to lift restrictions on worker organizing, reinstate the BCWS NGO registration, remove obstacles for union registrations, and drop the spurious and false criminal cases against labor leaders and workers. The government most likely could have ensured Aminul Islam was never again targeted for helping to organize workers. Big buyers could have insisted unequivocally that future orders depended on the government ensuring a swift, fair and transparent judicial process for worker organizers. Workers and labor groups in Bangladesh and consumers throughout the world pleaded with companies such as Walmart, H&M, and JC Penney to exercise the influence everyone knows they have in Bangladesh.

Instead, the government chose the path of increased worker repression and the companies were either silent or did not effectively exert pressure to protect workers.

In several cases, workers trying to register unions reported that the government denied the registrations, despite the fact that they met all the requirements, and did not respond to workers’ appeals. Workers have also complained that union registration requires them to provide a list of the names of union supporters, which the government often shares with employers that then retaliate against the workers by disciplining or firing them.²¹⁵

To date, the NGO Affairs Bureau has not reinstated

BCWS's registration, preventing the organization from operating freely. The government has produced no evidence to support its allegations of crimes committed by BCWS and other labor leaders during the minimum wage demonstrations in the summer of 2010. It has not dropped any cases, and is not actively pursuing the cases to bring them to conclusion, instead allowing them to languish indefinitely and forcing the labor leaders to spend a significant amount of their time in court every month to avoid imprisonment.

One day before the new minimum wage was to take effect on November 1, 2010, a new law enforcement agency, the Industrial Police, formally began its operation. Formed "to make sure that outsiders cannot provoke violence or create chaos in four industrial zones—Dhaka, Gazipur, Narayanganj and Chittagong," this new police was empowered to collect intelligence on garment workers and preempt labor unrest.²¹⁶

At the time of Aminul's abduction and murder on April 4, 2012, the Industrial Police had had its eyes on him for some time. On March 9, 2012, the Industrial Police took him away for several hours of questioning in anticipation of an anti-government march planned for March 12 by opposition parties. The National Security Intelligence (NSI) had apparently told the Industrial Police that Aminul would mobilize 25,000 to 30,000 workers for the march.²¹⁷ The police allowed Aminul to leave but required him to report to the police station on the day of the rally.

The person who lured Aminul away the day he was abducted was Mostafizur Rahman, a former garment worker, now believed to be a paid source of National Security Intelligence and the Industrial Police.²¹⁸ He had asked Aminul to help him arrange his wedding the night he disappeared. Mysteriously, Mr. Rahman has not been seen or located since the day Aminul disappeared, frustrating the investigator's efforts to make progress in the case.

Few people doubt the Bangladeshi government has the ability to bring those responsible for Aminul's murder to justice and help instill a sense of security among workers. The government could

turn the case over to the Criminal Investigation Department (CID) of the Bangladesh National Police, which has greater resources than the local police department presently heading the investigation.²¹⁹ The companies could, again, show they are serious about the rule of law by suspending orders from factories that have instigated charges against workers and labor leaders until there is progress in the investigation. Instead, the seemingly stalled investigation has stoked fears among workers and labor leaders that the crime will go unpunished and the perpetrators will be protected. As a result workers' voices are even more faint.

But the behavior of the past does not need to be the behavior of tomorrow. It is still possible to lift restrictions on worker organizing and promote freedom of association and collective bargaining rights. It is still possible to create an economy based on respect for workers. With genuine collaboration among brands and retailers, the factories, government agencies, and workers and their organizations it is still possible to take the high road to prosperity.

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