

Livelihood Security and Market Access: A *Policy Proposal of the RMG workers of Bangladesh*¹

¹ *Representatives of six Bangladesh RMG workers associations and federations participated in a half day consultation meet at the auditorium of INCIDIN Bangladesh on 26 April 2003 to develop a policy proposal for the government regarding campaign in EU conference on Textile in Brussels in May 2003.*



LIST OF ACRONYMS

BGMEA	Bangladesh Garments Manufacturers and Exporters Association
BTMA	Bangladesh Textile Mills Association
EBA	Everything but Arms
EU	European Union
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GATT	General Agreement on Tariffs and Trade
GOB	Government of Bangladesh
GSP	Generalized System of Preferences
LDC	Least Developed Countries
MFA	Multi-fiber Arrangement
NAFTA	North American Free Trade Agreement
RC	Regional Cumulation
RMG	Readymade Garments
RoO	Rules of Origin
SAARC	South Asian Association for Regional Cooperation
USTDA	United States Trade and Development Act
WTO	World Trade Organization



Section 1

Awareness on the RoO among the Trade Unions

The consultation reflects that the RMG workers representatives are aware of only the basics regarding the RoO issues. They are aware that the stringent RoO lead to market contraction for Bangladesh RMG export while the relaxation of the RoO has negative consequences on the textile sector and on the growth prospect of backward linkage sector as a whole.

Section 2

Motivation for Relaxed RoO

The RMG workers representatives view the move for relaxation of the RoO as a short-term remedy in which the RMG workers have a stake, as it will help them to retain their employment. They feel that they are working together with the BGMEA not to ensure profit for the sector but merely to ensure that the collapse of the sector does not lead to a massive retrenchment of the RMG workers. In this regard they feel that relaxed RoO would benefit the RMG workers to retain employment as relaxed RoO would at least help retain if not expand market access of the RMG sector.

Section 3

Impacts of Relaxed RoO

The trade union leaders of the RMG sector stress on the need of building backward linkage industry as a long-term solution of getting out of the risk of massive retrenchment of the RMG workers. The workers leaders express that although they are not at ease with the complicated technicalities of the RoO regime, they understand that it may lead to a backlash effect on textile. The workers representatives stress on ensuring that the workers of the textile sector are not affected by relaxation of the RoO. At the same time they feel that relaxed RoO may decrease the prospect of building a strong backward linkage sector and thereby it will undermine the long-term sustainability of the RMG sector.



Section 4

Backward Linkage and the RMG sector

The trade union leaders of the RMG sector find that the issue of backward linkage is important to the RMG workers, as well as to the textile workers, from two perspectives: Firstly, a well developed backward linkage sector ensures that the RMG sector will be able to withstand the strict RoO requirement and thereby withstand the challenges of the post-MFA era. This means the RMG workers will have a much more stable status. Secondly, development of the backward linkage sector means that the workers of the textile sector will also retain and expand their employment opportunities. However, the workers leaders of the RMG sector mention that their primary concern lies with the RMG workers and they focus on the outcome of textile workers as a secondary concern.

Section 5

Coordination between the BGMEA and the BTMA

The RMG workers representatives opine that the BGMEA and the BTMA are not concerned with the long term sustainability of the sectors when they oppose each other over the SAARC cumulation. The workers representatives put emphasis on joint strategy of the BGMEA and the BTMA to make both the textile and RMG sectors competitive in the long run. The RMG trade union leaders look for joint commitment of both the sectors to uphold the rights of the workers.

Section 6

Market Access and Workers' Concerns

The RMG workers leaders identify that the RMG sector entrepreneurs have not contributed in improving the workers' livelihood security during the years of growth of the sector. They opine that even today the entrepreneurs are less interested to talk about workers' rights and well-being. However, the importance of workers wellbeing for a sustainable RMG sector is now clear to a large section of the entrepreneurs. Therefore, to make trade work for the RMG workers, now is the time of designing means of channeling trade benefits to the workers.

They feel that the RMG workers are together with the entrepreneurs (i.e. the BGMEA) regarding expanding the market access of Bangladesh RMG. However, they strongly feel that the trade should also bring benefit to the workers. The RMG workers are not convinced that



they should only be satisfied with the fact that are employed and therefore withstand all the injustice to be with the BGMEA. They feel that if in future the RMG sector survives and expands, the RMG workers should have access to greater benefits from the trade.

Section 7

Trade Benefits and the Workers of the RMG Sector

The RMG workers representatives stress on the need of designing policies so that the benefit of trade also reach the RMG workers. As a precondition to any such effort the workers leaders have identified: *firstly*, the need of authentic and functioning trade unions; *secondly*, the need of a tri-partite monitoring body to oversee all the labor and trade benefit related affairs. The tri-partite body needs to incorporate the workers-representatives, the BGMEA and the government. The committee can also have members from ILO and other civil society groups to ensure greater transparency.

In order to share the benefits from trade, the RMG workers representatives suggest some specific propositions:

- **The government has to ensure that a portion of the net export earnings of the RMG sector is earmarked for the RMG workers' welfare.** The government has to develop appropriate policies and measures to institutionalize the delivery channel through consultation and active involvement of all the stakeholders including the workers. In this regard the RMG workers leaders propose at least 5 percent of net export earnings going to the workers. This amount should be developed into a *workers' welfare fund*, which should be invested in (a) social infrastructure building such as low cost housing for the RMG workers, schools for the workers' children and health care facilities for the workers and their dependents etc., (b) delivery of services such as health care, crèche etc. and (c) compensations such as to the retrenched/retrenched/ illegally terminated/ injured/ incapacitated workers, who are also predominantly female injured/ incapacitated workers. The workers representatives argue that as the government would make the treaties on behalf of the country, the government needs to ensure that the workers' interests are reflected in those treaties. Moreover, the workers representatives conclude that they would only ask for that minimal share (i.e. 5 %), only if Bangladesh RMG exporters make positive net earning through export. In this regard, the workers' representatives stress that they are together with the BGMEA for expanding market access of RMG. Therefore, the workers as a whole should get direct benefit from trade. This measure, the leaders infer, would lead to greater ownership of the workers to the sector and build a positive image of the sector globally.
- **The focus of government support to the textile and the RMG sector should set priority on delivering direct benefits to the workers.** The workers representatives identified that such supports should be targeted towards health care, housing, transportation, education and job focused training for both the RMG and the textile workers. The workers, through such measures, would enhance their productivity, which in turn would benefit the sector as a whole. The other impact would be that the



RMG sector (which is now suffering globally due to an image crisis as a consequence of lack of investment and interest of the entrepreneurs in developing work environment and labor standard) would have a much more humane image at a global level among the buyers and the consumers.

- **The government has to ensure that the workers of the RMG sector have access to their rights and legal protections.** The workers are still awaiting formal ‘letter of employment’, absence of which is undermining their basic rights as workers of a formal sector like the RMG. The workers representatives stress that this cannot continue when the workers are taking a stand in favor of the survival of the industry. The workers representatives and general the workers are nevertheless, optimistic about the work environment and labor situation based on the positives changes taking place within the sector. They also share these optimisms with the buyers’ representatives and global workers rights associations. In return, they expect that the entrepreneurs would be much more responsible and sincere to bring in positive changes in the work environment and labor situation. It is now beyond dispute that, this type of support of the RMG workers is essential for the sector, if it plans to survive the post-MFA global trade regime. In case of legal protection and rights, the workers representatives stress on the implementation of the national labor laws and the ILO conventions. They underscore that the need for a ‘code of conducts’ should not replace the national labor laws and the ILO conventions, rather any code of conduct should primarily focus on implementation of the national labor laws and the ILO conventions. The workers representatives call on the government to institutionalize trade unions by offering protection to the workers so that they can freely be associated with these bodies. Only this, they foresee, will ensure that the RMG sector grows to be an authentic industrial sector.
- **Both the national manufacturers and their international counterparts (the buying houses and the retailers) jointly need to perform their ‘corporate responsibilities’ towards the workers.** In this regard, if the RMG sector ultimately suffers a backlash effect of implementation of the ATC, the retrenched workers of this sector should have access to compensations. These compensations should be mobilized both nationally and globally under the corporate responsibilities as well as within the provisions of the WTO structure.



Section 8

Trade Policy and Workers' Agenda

The trade union leaders of the RMG sector call on the government to ensure that the government policy is targeted to benefit millions of workers and not just a hand full of entrepreneurs only. In fact they emphasize that the workers and entrepreneurs interests are inalienable. The workers hope that the government would bring in the workers' concerns for having access to benefits of trade, greater legal protection and long-term sustainability of the sector. The RMG workers leaders also hope to participate in policy formulation collectively with the government and the entrepreneurs so that all are benefited, and benefits of trade are not misappropriated. The trade union leaders hope that in the upcoming EU symposium on trade in textile and clothing (May 2003), the government would reflect the interests of both the RMG workers and the manufacturers.