Sham “safety” deal on Bangladesh garment factories

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In the wake of last month’s tragic building collapse that killed more than 1,100 people, mainly garment workers, in Bangladesh, major European retailers signed an “Accord on Fire and Building Safety in Bangladesh” with two global trade union federations on May 12 in a bid to refurbish their damaged public image.

The accord was prepared by the Switzerland-based UNI Global Union (UNIGU) and IndustriALL Global Union (IAGU), and backed by prominent European and US-based non-government organisations such as the Clean Clothes Campaign and the Workers Rights Consortium. Some 30 big name European retailers, including H&M, Marks &Spencer, Carrefour, Inditex, Tesco and Premark, signed the pact.

Bangladeshi clothing workers, particularly in the Ashulia district near Dhaka, have held repeated protests, demanding the prosecution of factory owners, higher wages and safe working conditions, since the Rana Plaza building collapsed on April 24. Cracks appeared in the building’s walls the previous day, but its owner declared there was no danger and employers forced reluctant workers back into production.

The accord provides the opposite of the demands of workers. It shields the retailers and their contractors from legal liability, ensures the continuation of the low-wage regime and provides no guarantees that any safety inspections, rectifications or training will occur. In partnership with the unions, the international retail giants and their local suppliers will maintain the brutal sweatshop conditions in which factory fires and building collapses have taken more than 1,900 lives since 2005 alone.

The stated goal of the accord’s signatories is a “safe and sustainable” Bangladeshi ready-made garment industry. “Sustainable” means keeping an impoverished 3.7 million workers, mostly young women, on wages of around $US37 a month—the lowest garment industry wages in the world—so that the retailers can continue to make huge profits.

The accord calls for an “implementation plan” within 45 days of the signing, so that “no workers needs to fear fires, building collapses or other accidents that could be prevented with reasonable health and safety measures.” By “reasonable,” the agreement means limited inspections, with factory owners given “sufficient time” for rectifications—for which they, not the retailers, must pay—so that their operations remain “commercially viable.”

The accord does not even cover the whole industry. Only “Tier 1” factories that provide more than 30 percent of a signatory company’s annual production in Bangladesh are to undertake inspections, remediation and training, with lesser inspections and rectifications specified for other “major or long-term suppliers” (“Tier 2” factories). For the remaining estimated 35 percent of production at facilities (“Tier 3” factories) with “occasional” or “one-time” orders, there will be only “limited initial inspections to identify high risks.”

A small fund will be established to finance the safety inspector’s office created by the accord, with each signatory to contribute up to $US500,000 a year, depending on their production volumes. *Bloomberg* estimated that the fund would cost H&M less than 0.1 percent of its annual profits. Likewise, Carrefour made $1.6 billion in 2012 and Marks and Spencers’ pre-tax profits reached $1 billion in 2011-2012.

On top of that pittance, the retailers may, at their discretion, organise loans, joint investments, business incentives or government subsidies for the factory owners, who have to bear the cost of any repairs.

Far from guaranteeing safety, the entire accord depends on negotiations to retain a "commercially viable"—i.e., highly profitable, supply chain for the retailers. It states, for example: "In order to induce Tier 1 and Tier 2 factories to comply with upgrade and remediation requirements of the program, participating brands and retailers will negotiate commercial terms with their suppliers which ensure that it is financially feasible for the factories to maintain safe workplaces and comply with upgrade and remediation requirements instituted by the Safety Inspector."

This agreement will be overseen by a Steering Committee (SC) of unions and retailers, chaired by a representative of the International Labor Organisation (ILO). An Advisory Board involving brands and retailers, suppliers, government institutions, unions and NGOs will "provide feedback and input to the SC." A "high-level Tripartite Committee" will also be appointed, including representatives from the Bangladesh government.

Through this structure, the international retailers and unions will establish a corporatist partnership with the government and NGOs to control and discipline workers. For the same purpose, Prime Minister Sheikh Hasina's government has approved the formation of domestic trade unions, previously effectively banned in the garment factories.

An opinion piece in the *Washington Post* on May 27 noted that while "social compliance monitors" and "government inspectors" are necessary for Bangladesh, "a real trade union can provide the vigilance and voice" need for "sustained decency" at workplaces.

The initiation of this agreement by UNIGU and IAGE underscores the worldwide role of unions in collaborating with big business at the expense of workers' jobs, safety, working conditions and basic rights. The decade-old UNIGU was a merger of four union federations: Communication International, FIET, the International Graphical Federation and the Media and Entertainment International. It claims to have 900 affiliated unions in 150 countries with 20 million members, and "43 Global Agreements with multinational companies."

Founded last year, IAGU is a merger of the International Metalworkers Federation, the International Federation of Chemical, Energy, Mine and General Workers Unions and the International Textile Garment and Leather Workers' Federation.

IAGU president Berthold Huber epitomises the corporatist character of the unions. He is the vice chairman of the supervisory board of German-based auto company Volkswagen. He co-authored the so-called German Plan to strengthen GM's Opel brand car last year by cutting jobs, slashing wages and eliminating social benefits.

UNIGU deputy general secretary Christy Hoffman outlined the benefits for the retailers who sign the accord. "There is no right to third party litigation," she explained. "There are no class actions, or punitive damages or fines made possible by this accord."

Nevertheless, 14 retailers in North America, including world's biggest retailer, Walmart, and GAP, refused to sign the accord. Despite the unions' assurances of legal protection, GAP said lawyers in the US would exploit the agreement in the event of future disasters. Walmart said it would implement its own safety inspection system and discontinue dealing with companies that did not adhere to its norms.

Representing the country's suppliers and contractors, Bangladesh Garment Manufacturers and Exporters Association president Atiqul Islam welcomed the agreement, claiming it would "end frequent accidents" in the sector. In reality, Bangladesh big business and the government are determined to maintain the "competitiveness"—that is, the unsafe, low-cost conditions—of the garment industry which generates 80 percent of the country's export revenues.