

“MADE IN BANGLADESH”: IMPROVING WOMEN’S HEALTH AND  
WORKPLACE RIGHTS IN THE FACTORIES OF MULTINATIONAL  
CORPORATIONS

by  
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## **ABSTRACT**

Bangladesh's garment industry was booming with little consideration for its workers until the 2013 Rana Plaza collapse confirmed global concerns about poor working conditions. Today, more than 3.2 million women workers, who make up 80% of the industry's workforce, remain subject to these vulnerable workplaces, not only suffering in tragedies like factory fires and collapses but also struggling through their daily upkeep with poor health and management's violations of their rights. At the expense of these workers, multinational corporations like H&M, Wal-Mart, Nike and more capitalize on a low-cost business model to successfully compete in global markets and drive up their bottom lines. But the continuation of this exploitative behavior for trade is unsustainable for these women, their roles in society, and even U.S.-Bangladeshi trade relations. After the U.S. joined other global bodies in penalizing Bangladesh for its inability to address workers' conditions, these conditions only worsened. Hence, this decision memorandum proposes a more targeted U.S. trade policy tool that aims to improve women's health and workplace rights in these Bangladeshi factories. The first part of the policy focuses on the profile of the majority of workers – women – addressing their health issues and rights violations as a mechanism to further improve working conditions. To support the effectiveness of these improvements, the second part of the policy addresses the trade issues that contribute to the problems faced by these women workers. However, considering the nature of American politics in 2016, the memorandum concludes with a recommendation to the President of the United States to rather take immediate action on addressing the women's issues and to, therefore, postpone efforts in addressing the second component of the policy for a more appropriate political climate.

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## **DECISION MEMO**

**TO:** The President of the United States, Barack Obama or successor

**FROM:** Nomzana Augustin, United States Trade Representative (USTR), Office of the USTR

**RE:** Improving Women's Health and Workplace Rights in the Factories of Multinational Corporations (MNCs)

**DATE:** February 2, 2016

### **ACTION FORCING EVENT**

On February 2, 2016, 6,000 workers' lives were spared from a massive fire at a sweater factory belonging to two American household names: J.C. Penney and H&M.<sup>1</sup> This alarming event comes shortly after the June 2015 arrests that were made after a series of investigations were conducted upon the collapse of the Rana Plaza factory near Dhaka, Bangladesh in April of 2013.<sup>2</sup> The 2015 Human Rights Watch (HRW) report and changes to laws at both the national and international levels are some efforts that have been taken to mitigate the reoccurrence of these incidents. Unfortunately, these occupational health and safety (OHS) hazards have again demonstrated the poor conditions that continue to exist for factory workers who remain exposed to unaccommodating and unsafe workplace environments in these global supply chains.

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<sup>1</sup> Heather Timmons, "Another Major Factory Fire in Bangladesh Shows 'Industry Safeguards' Are Failing," Quartz, February 2, 2016, <http://qz.com/608698/another-major-factory-fire-in-bangladesh-shows-industry-safeguards-are-failing/> February 2, 2016

<sup>2</sup> Matthew Mosk, Ali Mudano, Khadijah Carter, "More Than 87 Dead and Toll Could Rise At Bangladesh Garment Factory," ABC News, April 23, 2013 <http://abcnews.go.com/Blotter/bangladesh-factory-collapses-leaving-70-dead/story?id=19031470> January 21, 2016

## STATEMENT OF THE PROBLEM

While poor infrastructure was one of the top concerns of investigators, these events also drew attention to the vulnerable populations affected by these industries i.e. the employees. According to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), in 2014, of the 4 million employees at a total of 4,222 factories in the nation, 3.2 million or 80% of these workers were women.<sup>3</sup> These labor-intensive industries seek these women to serve as cheap sources of labor. Searching to generate an income, these women migrate from the disadvantaged and rural areas of Bangladesh at very young ages either solely or along with their families. Their uneducated and low-skilled background is useful for the nature of their frontline jobs. However, this leaves them vulnerable to exploitation by management. Highlighted in the 2015 HRW report are some of the conditions that these women face. The report lists poor working conditions to be violent assault, denial of leave, failure to pay wages and more, as testified by women workers in these industries.<sup>4</sup>

Despite these claims, the ready-made garment (RMG) industry has been praised to transform these women's lives. The industry has given, at the very least, employment and empowerment to these women and has grown to become the backbone of Bangladesh's economy, contributing to 80% of the nation's exports.<sup>5</sup> Unfortunately, 3.2 million women

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<sup>3</sup> Bangladesh Garment Manufacturers and Exporters Association, "BGMEA at a Glance," BGMEA, 2015 <http://bgmea.com.bd/home/pages/aboutus> February 4, 2016

<sup>4</sup> Meenakshi Ganguly, Phil Robertson, Arvind Ganesan, "Whoever Raises their Head Suffers the Most," Human Rights Watch, 2015, p. 15 <https://www.hrw.org/news/2015/04/22/bangladesh-2-years-after-rana-plaza-workers-denied-rights> January 24, 2016

<sup>5</sup> Shanjida Shahab Uddin, "An Analysis of the Condition of Bangladesh Female RMG Workers," South Asia Journal, Issue 12, March 25, 2015, <http://southasiajournal.net/an-analysis-of-the-condition-of-bangladesh-female-rmg-workers/> February 4, 2016

employees, and the generations to come, remain subject to poor workplace health and safety conditions that place them in vulnerable and volatile environments, which harm their particular family planning and reproductive health needs - ultimately harming their lives and social status as women.

Health issues faced by women workers in the Bangladeshi RMG industry have affected their productivity levels and livelihoods. Due to the lack of accessibility to health education and services, these women workers face feminine complications that cannot be treated with their USD\$68 monthly wages – a global industry low for wages.<sup>6</sup> While it is the government’s responsibility to supply this public service, healthcare systems in Bangladesh remain extremely weak, forcing government to depend on the private sector to supply healthcare services via employment.<sup>7</sup> Health facilities are required to be available where more than 300 workers are employed in a factory, as legislated by the government. However, factories have failed to comply or to provide beneficial quality services to employees.<sup>8</sup> This has not only left workers inaccessible to healthcare, but the 80% women workers are unable to attend to their gender-specific health needs such as family planning and reproductive health.

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<sup>6</sup> Malte Luebker, “Minimum Wages in the Global Garment Industry,” International Labor Organization, Regional Office for Asia and the Pacific, Regional Economic and Social Analysis Unit (RESA), Bangkok, Thailand, November 2014, p. 1 [http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms\\_317002.pdf](http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_317002.pdf) February 6, 2016

<sup>7</sup> Syed Masud Ahmed, Busra Binte Alam, Iqbal Anwar, Tahmina Begum, Rumana Huque, Jahangir AM Khan, Herfina Nababan, Ferdaus Arfina Osman, “Bangladesh Health System Review,” The World Health Organization, Asia Pacific Observatory on Health Systems and Policies, Health Systems in Transition, Volume 5, Number 3, 2015, [http://www.wpro.who.int/asia\\_pacific\\_observatory/hits/series/bgd\\_health\\_system\\_review.pdf](http://www.wpro.who.int/asia_pacific_observatory/hits/series/bgd_health_system_review.pdf) 2 April 2016

<sup>8</sup> Maria Pontes, Marat Yu, “Filling the Gaps in Healthcare Services at Bangladesh Factories,” Business for Social Responsibility, 5 December 2014, <http://www.bsr.org/en/our-insights/blog-view/filling-the-gaps-in-healthcare-services-at-bangladesh-factories> 2 April 2016

The *Working With Women* report by the Netherlands Development Organization, SNV, states that absenteeism by women is reported 4 – 6 days a month with reasons related to reproductive health issues.<sup>9</sup> Reproductive health issues range from dealing with vaginal infections to menstrual cycles to pregnancies and more. These women are bound to miss work due to their inaccessibility to health services, which can further affect their employment. In a study done on 110 female workers at a factory, among the largest age group of the factory’s female workforce, ages 20 – 24, the study found that 44% of these women reported having a urinary tract infection (UTI) while in the second largest group, ages 25 – 29, this number was 33%.<sup>10</sup> The report sourced these high infection statistics to women drinking less than two glasses of water a day because their labor-intensive work does not permit them the free time and free will to do other activities beyond their job such as drinking water or using the bathroom frequently.<sup>11</sup> These health issues demonstrate the exploitative operations of management in these factories. This exploitation does not only affect women’s health issues, but also violates their rights, disempowering them to make changes to these circumstances – ultimately suffering extreme abuse.

Abuse by management has also constituted for exploitative conduct by management.

Issues of sexual abuse and gender-based violence by managers are common trends in

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<sup>9</sup> SNV, “Working With Women,” SNV Netherlands Development Organisation, Kingdom of the Netherlands, 2014, p. 2 <http://hrbcountryguide.org/countries/bangladesh/labour-standards/occupational-health-safety/> February 5, 2016

<sup>10</sup> Begun N, Mamoon ABA, Hossain M, Chowdhury SA, Rahman MF, “UTI Among Female Workers in a Selected Garment Industry of Dhaka City: A Cross Sectional Study,” *The ORION Medical Journal*, Volume 23, January 2006, p. 3 <http://orion-group.net/medicaljournal/pdf/223.pdf> February 4, 2016

<sup>11</sup> Begun N et al, p. 1

these industries where workers get beaten for several reasons, including protesting against poor working standards, as seen with the Rana Plaza collapse.<sup>12</sup> Another survey also demonstrated the extremities of abuse faced by these women. Out of 988 female RMG workers, 290 women had been inappropriately touched while 718 had been spoken to with obscene language.<sup>13</sup> That is almost all of the employees experiencing some form of harsh treatment and risking the possibility of contracting sexually transmitted diseases.

Abuse is not only expressed through violence, but also in general work practices that lack basic consideration for these workers. The industry's labor intensity has resulted in women working excessive hours, for example. In another study that looked at the maltreatment of women workers, recorded data on overtime showed most women working from 79 to 105 hours or more per month.<sup>14</sup> This is the equivalent of five extra hours after the normal nine-hour workday from Monday to Friday. These long hours have implications on women's health, as these women become malnourished from long workdays; they don't use the bathroom frequently; or they remain unavailable at home, affecting their family planning role in the household. Management's violation of these workers' rights, therefore, deteriorates these women's health throughout the duration of their employment, eventually causing some to surrender work in dire circumstances.

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<sup>12</sup> Matthew Mosk et al

<sup>13</sup> War on Want, "*Stitched Up – Women Workers In The Bangladeshi Garment Sector*," War on Want, p.6 <http://www.waronwant.org/attachments/Stitched%20Up.pdf> February 7, 2016

<sup>14</sup> F. Begum, R. N. Ali, M.A. Hossain, Sonia B. Shahid, "Harassment of women garment workers in Bangladesh," J. Bangladesh Agril. University, 2010, p. 295 <http://ageconsearch.umn.edu/bitstream/208605/2/7940-28985-1-PB.pdf> February 5, 2016



There is also little enforcement of high quality OHS conditions on MNCs and factory owners. This has only perpetuated the volatile and unprotected environments these 3.2 million women workers spend a significant amount of time in. Not only is such conduct in noncompliance of national Bangladeshi laws, but also of labor laws by the International Labor Organization (ILO) and U.S. trade policies.

## **HISTORY**

Bangladesh's apparel sector and other mass production industries have contributed significantly to the nation's economic growth since the 1980s. However, the activities taken to expand the nation's mass production industries have come under much scrutiny. The international community and Bangladeshi nationals have worried about the trade and labor issues in Bangladeshi industries – issues similar to those during the Industrial Revolution.

The exponential growth of Bangladesh's RMG industry since 1982 was attributable to the Multi-Fiber Arrangement (MFA). The MFA was an international trade arrangement that allowed for a bilateral quota system initiated after negotiations between two nations.

During this time, the European Union (E.U.) had limited to no restrictions on Bangladesh, allowing the industry to grow from 47 garment units in 1982 to 2,900 units by 1999.<sup>15</sup> These limited restrictions established export-oriented industrialization in the country, which in turn led to a period of export led growth. According to the European Trade Study Group (ETSG), Bangladesh went from being the 15<sup>th</sup> top textile exporter in

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<sup>15</sup> Bangladesh Textile Industry, "The Export-Oriented Readymade Garment (RMG) Industry," Project Gutenberg Self-Publishing Press [http://gutenberg.us/articles/bangladesh\\_textile\\_industry](http://gutenberg.us/articles/bangladesh_textile_industry) February 18 2016

1993 to being the 5<sup>th</sup> largest textile exporter in 2003, switching places with and beating the U.S. as a result of the non-MFA restrictions with the E.U.<sup>16</sup> During this same period, Bangladesh's economy about doubled from USD\$33.2 billion to USD\$60.2 billion.<sup>17</sup> Unfortunately, the MFA expired in 1994 to remove quota restrictions and was given jurisdiction to the World Trade Organization (WTO) who created the Agreement on Textiles and Clothing to further promote trade liberalization in the global economy.<sup>18</sup> By 2005, the MFA was completely phased out.

Many speculated that Bangladesh's growing economy would face unbearable competition with the expiration of the MFA and the rise of trade liberalization. However, Bangladeshi industries continued to capitalize on their cheap labor, allowing them to grow from this competitive advantage. The growth of these industries attracted women and children for employment. As reported in two surveys done in 1996 and 1997, these individuals chose this type of work primarily for household income, but also for autonomy and mobility. In the public eye, they were seen as "modern" and "smart" individuals, giving them a higher social status, which is crucial considering that Bangladesh is an impoverished, developing nation.<sup>19</sup>

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<sup>16</sup> Karen Jackson, "EU Quota Restrictions on Textiles and Clothing," European Trade Study Group, p.6 <http://www.etsg.org/ETSG2006/papers/Jackson.pdf> February 16 2016

<sup>17</sup> "GDP at Market Prices (current US\$)," The World Bank, Washington, D.C., 2016 <http://data.worldbank.org/indicator/NY.GDP.MKTP.CD?page=2> 31 March 2016

<sup>18</sup> "Textiles Monitoring Body (TMB) The Agreement on Textiles and Clothing," World Trade Organization, 2016 [https://www.wto.org/english/tratop\\_e/texti\\_e/texintro\\_e.htm](https://www.wto.org/english/tratop_e/texti_e/texintro_e.htm) February 16 2016

<sup>19</sup> Sajed Amin, Ian Diamond, Ruchira T. Naved, Margaret Newby, "Transition to Adulthood of Female Garment-Factory Workers in Bangladesh," Population Council, Volume 29, Number 2, June 1998, <http://www.popcouncil.org/uploads/pdfs/councilarticles/sfp/SFP292Amin.pdf> 29 March 2016

The hiring of children for these labor-intensive jobs did not sit well with the international community. Pressure from those abroad led Bangladesh to legislate the Labor Act of 2006. The document addressed the different industries of Bangladesh and several topics within, including minimum wages, code of conduct, and export-processing zones. This legislation surfaced primarily to focus on setting a minimum age employment requirement to address the issues of children in the workforce. This age limit was set at 14 years old.<sup>20</sup> The legislation came after the Harkin Bill or the Child Labor Deterrence Act of the 1990s by U.S. Senator Tom Harkin, which banned U.S. imports of products made by children. Because the U.S. expressed disapproval of child labor through a trade measure, Bangladesh was forced to react accordingly to continue trading with the economic powerhouse. Issues around children's employment were addressed, but the problems around women's employment still lingered.

The garment industry attracted mostly unmarried and young women for employment to boost productivity by avoiding the burdens of family and aged women. MNCs wanted to make as much profit as possible. In the process, there was no accommodation for particular women's health needs such as family planning and reproductive health services in the workplace, as these were not the needs of unmarried and young women. Additionally, these practices did not parallel laws legislated in the 2006 Labor Act. Women, therefore, faced the denial of maternity leave and firing if pregnant, for

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<sup>20</sup> "Bangladesh Labour Law 2006 – RMG Sector," Government of Bangladesh, Ministry of Labour and Employment, Dhaka Bangladesh, 2006, p. 12, <http://shimuluiu.blog.com/files/2011/06/BANGLADESH-LABOUR-LAW-2006.pdf> 15 March 2016

example.<sup>21</sup> And as very single women working in the garment industry, these women were found more exposed to the risk of sexual activity because of the long amounts of time they spent with their male counterparts without family supervision.<sup>22</sup> Risks around this kind of activity include unknown pregnancies that would require women to take maternity leave, for example. However, due to the lack of health and rights knowledge, these women remained oblivious to what constituted as their rights. What they did know is that they wanted higher wages.

The Government of Bangladesh (GoB) attempted to make improvements in reaction to the demands of workers by declaring a better minimum wage structure in July 2001. Employers rejected this proposal, taking the matter to the High Court who declared that fixing minimum wages at TK1,350 a month was illegal on technical grounds.<sup>23</sup> In 2006, after many wage protests and much pressure from the global community, minimum wages were finally increased to \$24.80 or TK 1,662 per month.<sup>24</sup> Capitalizing on these industry low wages even after the phase out of the MFA caused Bangladesh's exports to rise by \$500 million in 2006.<sup>25</sup>

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<sup>21</sup> Raveena Aulakh, "Factory in Bangladesh accused of Shocking abuse of Pregnant Workers in New Labour Report," The Star, Bangladesh, 3 October 2013, [http://www.thestar.com/news/world/2013/10/03/gap\\_makes\\_work\\_a\\_living\\_hell\\_for\\_pregnant\\_women\\_in\\_bangladesh\\_factory.html](http://www.thestar.com/news/world/2013/10/03/gap_makes_work_a_living_hell_for_pregnant_women_in_bangladesh_factory.html) 2 April 2016

<sup>22</sup> Sajed Amin, Ian Diamond, Ruchira T. Naved, Margaret Newby, "Transition to Adulthood of Female Garment-Factory Workers in Bangladesh," p. 199

<sup>23</sup> Mustafa Kamal, Mohammed Masum Billah, Sanjida Hossain, "Labor Unrest and Bangladesh Labor Act 2006," Journal of Business and Technology; Dhaka, Bangladesh, Volume –V, Issue- 02, July – December 2010, p. 4

<sup>24</sup> Nazneen Ahmed, Dev Nathan, "Improving Wages and Working Conditions in the Bangladeshi Garment Sector: The Role of Horizontal and Vertical Relations," Capturing the Gains, May 2014, p. 6 <http://www.capturingthegains.org/pdf/ctg-wp-2014-40.pdf> February 18 2016

<sup>25</sup> Bangladesh Textile Industry, "The Export-Oriented Readymade Garment (RMG) Industry"

Eventually, wages increased for workers while Bangladesh's exports and economy continued to rise. Between 2005 and 2006, the U.S. and the E.U. had an 83.43% share of garment exports from Bangladesh while other countries had 16.57%.<sup>26</sup> This industry and ultimately the Bangladeshi economy became heavily dependent on its product exports to Western economies. Bangladesh ranked fourth as a major apparel exporter to the U.S. from 2005 to 2010.<sup>27</sup> According to the Embassy of Bangladesh in Washington, D.C., "if the growth trend continues [from 2010], Bangladesh might overtake Vietnam and Indonesia in the future [who were in second and third place respectively after China in first]."<sup>28</sup> The industry was booming, but workers' conditions remained concerning to the U.S.

In the U.S., several Bangladesh exports benefitted from the Generalized System of Preferences (GSP) program, gaining duty-free access to U.S. markets. The garment industry, as you recall, has never been a part of this program because it was listed as an "import-sensitive" product. Despite being a part of the trade program, garment trading continued to occur between the two nations and Bangladesh's economy developed without the GSP. Hence, the cheap labor and low-cost business model was still being operated.

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<sup>26</sup> Jahid Hasan, "The Competitiveness of Ready Made Garments Industry of Bangladesh in Post MFA Era: How Does the Industry Behave to Face the Competitive Challenge?" *British Journal of Economics, Management & Trade*, 17 July 2013, p.300 <https://zenodo.org/record/8367/files/1374390219-Hasan332013BJEMT4321.pdf> February 18 2016

<sup>27</sup> "US – Bangladesh Trade Facts," Embassy of Bangladesh in Washington, D.C. <http://www.bdembassyusa.org/uploads/US%20-%20BD%20trade.pdf> February 20 2016

<sup>28</sup> "US – Bangladesh Trade Facts"

The U.S. expressed its concerns on labor issues regarding the continuation of this apparel trade partnership by taking action. In 2007, the USTR accepted the GSP Practice Petition submitted by the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) regarding workers' rights in Bangladesh.<sup>29</sup> This was AFL-CIO's first attempt to remove Bangladesh from the GSP program due to insensitive conduct in the garment industry, even though the garment industry was not a GSP beneficiary. Bangladesh was placed under review, which forced the Government of Bangladesh (GoB), out of fear, to take some initiative and improve the RMG industry by increasing wages to TK3,000 – an amount still below the expected TK5,000.<sup>30</sup> AFL-CIO was unimpressed by the progress made, stating that things only worsened, so they filed another petition in 2011. This petition in addition to the first placed Bangladesh under “continued” review status.<sup>31</sup> Operations in the garment industry continued as they were.

In November 2012, a fire broke out at the nine-story Tazreen Fashion factory that produced clothes for Wal-Mart and other big brand names in Dhaka. Workers, including the majority women, were trapped in the building, not only apprehensive for their lives but also fearful that circulating smoke would affect their health and the building's weak

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<sup>29</sup> “Bangladesh,” Office of the United States Trade Representative, May 8, 2014, <https://ustr.gov/countries-regions/south-central-asia/bangladesh> February 20 2016

<sup>30</sup> “2011 Update of the AFL-CIO’s 2007 Petition to Remove Bangladesh From the List of Eligible Beneficiary Developing Countries Under the Generalized System of Preferences (GSP),” American Federation of Labor and Congress of Industrial Organizations, April 2011, p. 2, <http://www.aflcio.org/content/download/720/6567/2011+update+to+the+AFL-CIO+Worker+Rights+petition+on+Bangladesh.pdf> 31 March 2016

<sup>31</sup> “GSP 2011 Annual Review: Country Practice Petitions under Review,” Office of the United States Trade Representative, Washington, D.C., 2011, [https://ustr.gov/sites/default/files/GSP%202011%20Annual%20Review\\_0.pdf](https://ustr.gov/sites/default/files/GSP%202011%20Annual%20Review_0.pdf) 31 March 2016

stature would affect their safety. The death toll was 112 people on this occasion.<sup>32</sup> The ILO reacted by developing the National Tripartite Plan of Action on fire safety and structural integrity.<sup>33</sup> Less than six months later followed the most historic disaster in the RMG industry, making headlines across the world. This was the collapse of the Rana Plaza factory on April 24, 2013 that killed 1,127 people.<sup>34</sup> These events emphasized the initial concerns to the global community that working conditions were unsafe and unaccommodating, which pressured for a series of domestic actions to be implemented by the GoB that year.

Labor unions became recognized by the GoB and wages were increased. Laws required at least 30% of workers at a factory to form a union for the government to grant recognition, but workers did not know this, getting denied these rights before the collapse happened.<sup>35</sup> But post-these tragic events, the Bangladeshi government registered 160 new garment unions in the first half of 2013 compared to only two between 2010 and 2012.<sup>36</sup> Later that year, after many protests and the shut down of several factories from labor disputes, the government raised wages for workers from \$38 to \$68 or TK5,300 – a record 77%

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<sup>32</sup> Esther Bintliff, “On Bangladesh, and some of the worst factory disasters in history,” Financial Times, April 25, 2013 <http://blogs.ft.com/the-world/2013/04/on-bangladesh-and-some-of-the-worst-factory-disasters-in-history/> February 20 2016

<sup>33</sup> “Bangladesh: Improving Working Conditions in the Readymade Garment Industry: Progress and Achievements,” International Labor Organization, January 2016 [http://www.ilo.org/dhaka/Whatwedo/Projects/WCMS\\_240343/lang--en/index.htm](http://www.ilo.org/dhaka/Whatwedo/Projects/WCMS_240343/lang--en/index.htm) February 20 2016

<sup>34</sup> Jim Yardley, “Report on Deadly Factory Collapse in Bangladesh Finds Widespread Blame,” The New York Times, May 22 2013 <http://www.nytimes.com/2013/05/23/world/asia/report-on-bangladesh-building-collapse-finds-widespread-blame.html> February 20 2016

<sup>35</sup> “Bangladesh: Protect Garment Workers’ Rights,” Human Rights Watch, New York, NY, February 6 2014 <https://www.hrw.org/news/2014/02/06/bangladesh-protect-garment-workers-rights> February 12 2016

<sup>36</sup> John Miller, “After Horror, Change? Taking Stock of Conditions in Bangladesh’s Garment Sector,” TruthOut, October 29 2014 <http://www.truth-out.org/news/item/27120-after-horror-change> February 20 2016

increase.<sup>37</sup> But while these domestic policy changes were ongoing and seeming positive, the international community was slowly turning its back on Bangladesh, hurting the good reputation of the export-oriented industry.

As you recall, on June 27 2013, you issued an executive decision that suspended Bangladesh's trade benefits under the GSP program because of the GoB's insufficient progress to afford Bangladeshi workers of internationally recognized worker rights.<sup>38</sup> The U.S. Government issued an action plan supplemental to this suspension for the Bangladeshi government to follow in order to regain eligibility to these trade benefits. This came with the Trade and Investment Cooperation Forum Agreement (TICFA) that served to track progress made by Bangladesh as a result of a series of inspections.<sup>39</sup> Additional efforts were also made by the international community to bring change to these poor working conditions in Bangladesh. Partnerships between international stakeholders formed, including the U.S. joining the E.U.-Bangladesh-ILO Sustainability Compact for Continuous Improvements in Labor Rights and Factory Safety in the RMG and Knitwear Industry in Bangladesh a.k.a. The Compact.<sup>40</sup> The ILO also partnered with the GoB during this period of changes to launch the Improving Working Conditions in

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<sup>37</sup> Arun Devnath, "Bangladesh Raises Minimum Wage for Garment Workers After Unrest," Bloomberg Business, November 14 2013 <http://www.bloomberg.com/news/articles/2013-11-13/bangladesh-garment-factories-to-stay-shut-amid-worker-protests> February 20 2016

<sup>38</sup> Office of the Spokesperson, "Statement by the U.S. Government on Labor Rights and Factory Safety in Bangladesh," U.S. Department of State, Washington, D.C., July 19 2013 <http://www.state.gov/r/pa/prs/ps/2013/07/212209.htm> February 20 2016

<sup>39</sup> "United States, Bangladesh Sign Trade and Investment Cooperation Forum Agreement (TICFA)," Office of the United States Trade Representative, Washington, D.C., November 2013, <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2013/November/US-Bangladesh-TICFA-Signing> 31 March 2016

<sup>40</sup> Office of the Spokesperson, "Statement by the U.S. Government on Labor Rights and Factory Safety in Bangladesh"



the RMG Sector Programme, which was funded by Canada, the Netherlands and the United Kingdom.

However, alarming the world of women's health and rights issues was the "Gap and Old Navy in Bangladesh: Cheating the Poorest Workers in the World" report that was released by the Institute for Global Labour and Human Rights.<sup>41</sup> The report highlighted the treatment of women workers, indicating how some were denied maternity leave and forced to work harder while pregnant. Others lost their pregnancies due to the intensity of their work or were fired illegally or humiliated in front of colleagues.<sup>42</sup> No policy-action was taken to follow up on this.

Two years after the collapse, on 31 December 2015, a total of 3,362 inspections had been conducted.<sup>43</sup> These inspections also found non-compliance in many areas including in workers' rights. Outlined in the 2015 HRW report were violations of workers' rights still relating to denial of maternity leave, for example.<sup>44</sup> These women workers to date, however, have not spoken against their maltreatment, but their poor circumstances remains reflected in their health. Charles Kernaghan, director of the Institute for Global Labour and Human Rights, expressed shock, stating that in 30 years of interviewing labor

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<sup>41</sup> "Gap and Old Navy in Bangladesh," The Institute for Global Labour and Human Rights, 3 October 2013, <http://www.globallabourrights.org/reports/gap-and-old-navy-in-bangladesh-cheating-the-poorest-workers-in-the-world> 2 April 2016

<sup>42</sup> Raveena Aulakh, "Factory in Bangladesh accused of Shocking abuse of Pregnant Workers in New Labour Report," The Star, Bangladesh, 3 October 2013, [http://www.thestar.com/news/world/2013/10/03/gap\\_makes\\_work\\_a\\_living\\_hell\\_for\\_pregnant\\_women\\_in\\_bangladesh\\_factory.html](http://www.thestar.com/news/world/2013/10/03/gap_makes_work_a_living_hell_for_pregnant_women_in_bangladesh_factory.html) 2 April 2016

<sup>43</sup> "Bangladesh: Improving Working Conditions in the Readymade Garment Industry: Progress and Achievements"

<sup>44</sup> Meenakshi Ganguly, Phil Robertson, Arvind Ganesan, "Whoever Raises their Head Suffers the Most"

forces in the developing world, he had never seen workers so “exhausted, skinny, dazed and with deep shadows under their bloodshot eyes.”<sup>45</sup>

## **BACKGROUND**

3.2 million women employees remain subject to these poor working conditions. The above policies and standards have made progress in trying to mitigate risks and burdens. However, these initiatives remain embedded in traditional OHS frameworks that focus on building and infrastructural safety rather than the profiles of workers, especially women. Companies have failed to comply and enact solutions that address the issues workers face. This has further kept management systems traditional. Little enforcement leaves the standards and policies in which companies are to comply by incomprehensive to the needs of the workers whom they are designed for.

Bangladesh’s suspension from the GSP by the U.S., for example, was aimed to be a stick that improved workers’ conditions. However, the move did not directly target the booming garment industry’s low-cost business model that led to these tragic events. The suspension rather directly affected other Bangladeshi industries. Hence, the issues surrounding cheap labor provided by these women workers have not been addressed. On January 28, 2016, for example, out of 229 H&M factories, 205 were behind on renovations and only 10 were on track. This comes as evidence of one of many poor

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<sup>45</sup> Raveena Aulakh

results that came after the GSP suspension and the Action Plan issued by the U.S.<sup>46</sup>

Almost three years later, not much has been done to improve workers' conditions.

Management's exploitations remain ongoing.

Because these policies do not address the garment industry and its investments in cheap labor, women still face horrible extremities at the workplace. One such extremity is the amount of overtime worked that drives the bottom lines of companies. To compare overtime computations with other nations, for example, overtime is computed by basis of person-minutes required per product. In the U.S., this metric stands at 14.0 person-minutes, 19.7 in Hong Kong, 20.7 in the Republic of Korea, 24.0 in Sri Lanka and 25.0 in Bangladesh.<sup>47</sup> Bangladesh's metric is to the advantage of companies who use the available time per worker to maximize their profits. This number is the highest due to Bangladeshi women having low skilled and uneducated backgrounds.

Furthermore, these women have been unable to escape society's constructs in the workplace. Living in a patriarchic system has also caused these women to forcefully obey their male bosses without challenging them. Their male counterparts are mostly put into skilled management and supervisory roles where the management's structure in factories

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<sup>46</sup> "Ongoing Safety Delays at H&M Suppliers in Bangladesh," Clean Clothes Campaign, 28 January 2016, <https://www.cleanclothes.org/resources/publications/ongoing-safety-delays-at-h-m-suppliers-in-bangladesh> 21 February 2016

<sup>47</sup> Mohammad Yunus and Tatsufumi Yamagata, "Chapter 6: The Garment Industry in Bangladesh," Institute of Developing Economies, 2012, p.16 [http://www.ide.go.jp/English/Publish/Download/Report/2011/pdf/410\\_ch6.pdf](http://www.ide.go.jp/English/Publish/Download/Report/2011/pdf/410_ch6.pdf) 26 February 2016

has come to embody Bangladesh's patriarchal system.<sup>48</sup> Women report to their male bosses and are instructed on how to work - very similar to daily cultural practices.<sup>49</sup> These instructions create the poor working conditions, which include working overtime, denial of maternity leave, refusal of bathroom breaks and more, as outlined in the HRW report. Particularly, men do not fully understand the needs of women.<sup>50</sup> Therefore, management demonstrates no accommodation to these needs and under stricter supervision, to enforce these terrible instructions, these women face abuse and gender-based violence. This leaves women with health risks in contracting STDs as severe as HIV/AIDS, for example.

Beyond STDs, however, women's general wellbeing in management systems continues to be ignored. These women have unaddressed health complications because of their inaccessibility to healthcare. This is because 1) the government has provided weak publicly available health services and 2) even though government is dependent on companies, they have demonstrated noncompliance by either providing none to poor quality health services. Nike is one such company who has been spotlighted for trading off quality worker wellbeing to keep costs low and generate profits.<sup>51</sup> Worker wellbeing is not a priority for companies. In 2013, the Bangladeshi Labor Law was amended. It

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<sup>48</sup> Sanchita Saxena, "A Glimmer of Hope: Women Leading Change in Bangladesh's Garment Industry," The Asia Foundation, September 24 2014, <http://asiafoundation.org/in-asia/2014/09/24/a-glimmer-of-hope-women-leading-change-in-bangladeshs-garment-industry/> 24 February 2016

<sup>49</sup> Abul Kalam, "Social Norms and Impediments of Women Development in Bangladesh," International Journal of Social Science Studies, Volume 2 No. 2, April 2014, p. 100  
<http://redfame.com/journal/index.php/ijsss/article/viewFile/365/304> 26 February 2016

<sup>50</sup> Meenakshi Ganguly, Phil Robertson, Arvind Ganesan

<sup>51</sup> Shelly Banjo, "Inside Nike's Struggle to Balance Cost and Worker Safety in Bangladesh," The Wall Street Journal, Dhaka Bangladesh, 21 April 2014,  
<http://www.wsj.com/articles/SB10001424052702303873604579493502231397942> 2 April 2016

required “an ambulance and well-equipped dispensary for every 300 workers employed in a factory,” including an available doctor for workers.<sup>52</sup> However, industry experts believe that this standard has not been applied in export processing zones (EPZs) like the garment industry because many factories remain authorized to operate even after failure to comply.<sup>53</sup>

This low priority to have OHS frameworks reflect women workers’ issues has left these women alone to burdensomely deal with their health issues. These health issues include menstrual and general hygiene, nutrition, and family planning and reproductive health. Women’s absenteeism at work is health-related, which managers are aware of, for example. But industry requirements provide no details on how women can strengthen their health for increased attendance at work. In OHS trainings available, as reported in a Levi Strauss survey, there was no record of sexual and reproductive health, menstrual hygiene, or female health-related trainings made available for women workers. The survey also showed that less than one third of women use sanitary pads during their menstrual cycle, for example.<sup>54</sup> That accounts for the majority of women i.e. 66% +/- using ripped cloth from old “saris” to absorb menstrual blood. As a result, menstrual-

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<sup>52</sup> “Salient Features of the Bangladesh Labour Law 2006 Related to RMG Sector,” Bangladesh-German Development Cooperation, Dhaka Bangladesh, p. 22

[http://www.ilo.org/dyn/eplex/docs/12/Working\\_Paper\\_-\\_Labour\\_Law\\_2006-1.pdf](http://www.ilo.org/dyn/eplex/docs/12/Working_Paper_-_Labour_Law_2006-1.pdf) 21 February 2016

<sup>53</sup> Sarah Labowitz and Dorothee Baumann-Pauly, “Business as Usual is Not an Option,” New York University Leonard N. Stern School of Business, Center for Business and Human Rights, New York, April 2014, p. 31 [http://www.stern.nyu.edu/sites/default/files/assets/documents/con\\_047408.pdf](http://www.stern.nyu.edu/sites/default/files/assets/documents/con_047408.pdf) 21 February 2016

<sup>54</sup> “The Bangladesh Report,” p. 4

related absenteeism is high.<sup>55</sup> In the case of HIV/AIDS, most of these women workers are aware of HIV/AIDS, but very few know how it is transmitted and remain uninformed of STIs. 89% of the women surveyed had not been tested for HIV, for example.<sup>56</sup> These results illustrate the vulnerabilities and needs within these working environments.

Even though some of laws exist to protect these women from these vulnerabilities such as Bangladesh's Labor Law and the ILO's Conventions on freedom of association and collective bargaining, unfortunately, these women remain oblivious to these protections. 1 out of 91 women said she had participated in a training program related to labor laws under available OHS trainings, showing a disparity in consumable knowledge by these women.<sup>57</sup> And when frustrated employees try to exercise their rights in protests against what they perceive to be poor labor practices, managers attack workers, further suppressing their voices and leaving these women to work in fear.<sup>58</sup>

Inaccessibility to healthcare is not only attributable to unavailable services on-site. Because factories are tied to this low-cost structure of operating, wages remain low for these workers, which, paying for personal medical costs is extremely expensive for them. 20% of the survey respondents were in debt due to medical emergencies, for example.<sup>59</sup> These statistics also support Clean Clothes Campaign's findings who state that debts of

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<sup>55</sup> "Female Factory Workers' Health Needs Assessment: Bangladesh," HERproject Bangladesh, Primark, July 2010, [http://herproject.org/downloads/country-resources/her\\_health\\_needs\\_bangladesh.pdf](http://herproject.org/downloads/country-resources/her_health_needs_bangladesh.pdf) 21 February 2016

<sup>56</sup> "The Bangladesh Report," p. 18

<sup>57</sup> "The Bangladesh Report," Levi Strauss & Co., December 2013, <http://levistrauss.com/wp-content/uploads/2014/01/Workers-Well-Being-Study-Bangladesh-.pdf> 20 February 2016

<sup>58</sup> "Bangladesh: Protect Garment Workers' Rights," Human Rights Watch, New York, 6 February 2014 <https://www.hrw.org/news/2014/02/06/bangladesh-protect-garment-workers-rights> 18 February 2016

<sup>59</sup> "The Bangladesh Report," p. 4

workers and their families build up especially after tragedies from medical costs and job losses.<sup>60</sup> Not only are these women struggling with their daily wellbeing, but during infrastructural tragedies like the Rana Plaza collapse, they are financially burdened to take loans. This was a major concern of Sharmin Huq a sector specialist and former professor at the Dhaka University. He believes that it should not be the fault of these women to be put in such a position in the first place.<sup>61</sup> But unfortunately, these women are needed to sustain the low-cost business model by MNCs, sacrificing their health and rights – unsustainable for future women workers that join this industry.

### Key Actors

The following key actors have played a major role in shaping the current activities of the industry:

#### *Public Sector Governance*

The **Government of Bangladesh (GoB)** establishes policies in favor of Bangladesh's economic activity. This includes industry regulations, industry enforcement and foreign investments from nations like the U.S. Particular government bodies involved in this arena include the Ministry of Labor and Employment, the Ministry of Health and Family Welfare and the Ministry of Commerce. While the GoB has made some progressions, enforcement and representation of workers' rights are still poor. The GoB provides health services by financing and employing health staff. Even though services for women such as family planning and reproductive health services are available, the quality of these

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<sup>60</sup> "Multi-million Compensation Demand to C&A and Kik for Tazreen Fire Victims," Clean Clothes Campaign, January 24 2013, <http://www.cleanclothes.org/news/press-releases/2013/01/24/multi-million-compensation-demand-to-c-a-and-kik-for-tazreen-fire-victims> 23 February 2016

<sup>61</sup> Suvendrini Kakuchi

services is very low, as reported by the World Health Organization (WHO).<sup>62</sup> The GoB is, therefore, heavily dependent on the private sector and non-governmental organizations (NGOs) to provide health services and programs, respectively, to citizens.

### *Private Actors*

**Multinational Corporations (MNCs)** are the companies that receive supplies from these industries to sell in U.S. and E.U. markets. Some of these include H&M, J.C. Penney and Wal-Mart among others. MNCs' interests are in the efficient production by factories i.e. fast and cheap production. Therefore, they have a low-cost structured business model that has served as a competitive advantage, boosting productivity for the garment industry. MNCs partner with factory owners and provide jobs to a majority of women workers, who are sourced as cheap labor to support their productivity. Companies are expected to supply health services to workers in accordance with the Bangladesh Labor Law. However, very few do so and when done, services are low quality. Companies are not expected to account for the injuries of workers in building tragedies. Therefore, workers are to personally take care of sometimes large medical costs that are beyond the scope of health services provided by their employer.

### *Labor Actors*

The **International Labor Organization (ILO)** is a key body in deciding appropriate global labor laws for member states, including Bangladesh and the U.S. Nations ratify the use of these conventions in their countries, as Bangladesh did. The ILO, as part of the

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<sup>62</sup> Syed Masud Ahmed, Busra Binte Alam, Iqbal Anwar, Tahmina Begum, Rumana Huque, Jahangir AM Khan, Herfina Nababan, Ferdaus Arfina Osman



United Nations (UN), consults other bodies that contribute to the development of the conventions, including organizations like WHO, the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), the United Nations Conference on Trade and Development (UNCTAD) and the World Trade Organization (WTO). Currently, the ILO, in partnership with IFC, runs the Better Work program as well as the Decent Work program to support governments in improving workplaces and worker wellbeing.<sup>63, 64</sup> There are also agreements, including The Compact, that support the improvement of workplace health and safety for workers in Bangladesh.

**Trade/Labor unions in Bangladesh** are formed by workers to make negotiations that support and promote their interests in these industries. The law requires at least 30% of workers per factory to recognize a union. There are very few of these currently working and influencing changes in these industries. Hence, many protests occur by workers and the presence of advocacy groups to protect workers is strong.

#### *Donors*

The **United States Agency for International Development (USAID)** provides international development assistance to Bangladesh in accordance with its values. One such value is expressed in their Gender Equality Policy, stating that USAID's development vision is "a world in which women and girls are equally able to access

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<sup>63</sup> "Major ILO Programme Aims to Make Bangladesh Garment Industry Safer," International Labor Organization, 22 October 2013, [http://www.ilo.org/dhaka/Informationresources/Publicinformation/Pressreleases/WCMS\\_226720/lang-en/index.htm](http://www.ilo.org/dhaka/Informationresources/Publicinformation/Pressreleases/WCMS_226720/lang-en/index.htm) 23 February 2016

<sup>64</sup> "Decent Work in Bangladesh," International Labor Organization, <http://www.ilo.org/dhaka/country/lang-en/index.htm> 23 February 2016

quality healthcare. USAID seeks to improve the lives of citizens around the world by advancing equality between women and girls and men and boys, and empowering women and girls to participate fully in and benefit from the development of their societies.”<sup>65</sup>

USAID is currently involved in aid implementation of effective solutions in partnership with other organizations in Bangladesh. The Evidence Project is one such funded project where USAID has partnered with Population Council and other organizations to improve the conditions of women workers in these settings.<sup>66</sup> USAID also seeks to provide technical assistance, engage in further partnerships and support funding to witness improved health services for women workers in areas such as HIV/AIDS, reproductive health, and maternal and child health and nutrition in Bangladesh.

Other donors include governmental donors such as **the Netherlands, Australia and the United Kingdom’s Department for International Development (DFID)** who have also supported funding towards improving workplace health and safety for women workers.

These governments have taken initiative by partnering with the ILO on their Better Work program. Their interests lie in national imports into their respective countries through MNCs as well as the promotion of programs that aid development and economic growth in Bangladesh, which include worker wellbeing and women’s health in the workplace.

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<sup>65</sup> “Gender Equality and Female Empowerment Policy,” USAID, USAID Policy, Washington DC, March 2012, <https://www.usaid.gov/sites/default/files/documents/1870/GenderEqualityPolicy.pdf> 23 February 2016

<sup>66</sup> “Assessing the Effectiveness of a Workplace Program for Female Garment Workers in Bangladesh,” The Evidence Project, 2016, <http://evidenceproject.popcouncil.org/assessing-the-effectiveness-of-a-workplace-program-for-female-garment-workers-in-bangladesh/> 23 February 2016

### *Trade Actors*

The **U.S. Government**'s involvement is through international trade policies, such as the GSP program. The GSP program "provide[s] an opportunit[y] for many of the world's poorest countries to use trade to grow their economies and climb out of poverty."<sup>67</sup> It promotes sustainable development for developing countries. This trade policy also acts in the interests of economic growth for the U.S. through national imports and domestic consumption. Bangladesh's garment industry was never a part of this program, as these are "import-sensitive" products that have the potential to compete with U.S. domestic markets. There are three bodies in particular that bring about effective policy decision-making for the U.S.:

The first is the **United States Trade Representative (USTR)** who decides on international trade policies in accordance with U.S. laws, our economy and our compliance as a member state of the ILO. The USTR also works with other domestic agencies to bring about effective policies. The Trade Policy Staff Committee includes relevant agency representatives such as the Departments of State, Labor, Commerce, Agriculture, the Treasury and USAID, which these bodies contributed to the decision-making on Bangladesh's eligibility in the GSP program.<sup>68</sup>

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<sup>67</sup> "Administration to Review Whether to Continue Trade Benefits under the GSP Program," Office of the United States Trade Representative, Washington, D.C., <https://ustr.gov/issue-areas/trade-development/preference-programs/generalized-system-preference-gsp> 2 April 2016

<sup>68</sup> "GSP Review of Bangladesh Recognizes Progress, Urges that More be Done on Worker Safety and Rights," Office of the United States Trade Representative, Executive Office of the President, Washington DC, January 2015, <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2015/january/gsp-review-bangladesh-recognizes> February 18 2016

The second actor is **the President of the United States (POTUS)** who implements the recommendations given by the USTR. The POTUS' actions are done by "virtue of the authority vested in [him/her] by the Constitution and the laws of the United States of America" through an executive decision that decides whether a nation is eligible or not to participate in the GSP program.<sup>69</sup> Bangladesh's suspension after the Rana Plaza collapse due to poor workers' conditions is one example.

The third body is **Congress** who approves or disapproves of any legislation proposed to them, serving in the interests of the American people by way of the Constitution. Congress' decisions are based around the authorization of the GSP program, deciding whether to renew the program. Congress can also make legislative changes to the program, deciding on program criteria. Congress has refused for the garment industry to be a part of the GSP after several lobbies against this move by a few U.S. companies.

### *Industry Actors*

**Bangladesh Garment Manufacturers and Exporters Association (BGMEA)** represent and act in the interests of the Bangladeshi RMG industry and the economy. It is supported by the GoB and international organizations such as WTO, ILO and UNCTAD. It issues requirements on how the industry should operate, but these OHS requirements do not address the specific needs and interests of workers' daily operations. They are more holistic.

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<sup>69</sup> President Barack Obama, "President Proclamation – To Modify Duty-free Treatment Under the Generalized System of Preferences and for Other Purposes," The White House, Office of the Press Secretary, 26 March 2012, <https://www.whitehouse.gov/the-press-office/2012/03/26/presidential-proclamation-modify-duty-free-treatment-under-generalized-s> 23 February 2016

### *Advocacy/Implementing Organizations*

These are **health and human rights NGOs/foundations** that advocate and promote women's health and their rights, facilitate donor funds and implement aid programs that align with global policies established for women workers' health and rights. Some examples of organizations are Population Council and Meridian Group International who have partnered for USAID's The Evidence Project to research policy solutions that will improve women's health and rights in these workplaces for systems strengthening.

### **DESCRIPTION OF POLICY PROPOSAL**

Therefore, to improve women workers' health and workplace rights, this policy proposes specific working conditions that consider women workers in these export-processing zones. The proposal will also include an incentive for Bangladesh to demonstrate progress towards the Action Plan, which will include these new terms. To meet this goal, however, the policy will require certain authorizations and implementations, as followed:

#### *Policy Authorization*

The GSP program has served as a trade policy tool that has not only historically succeeded in supporting economic growth in developing nations, but has created 80,000 American jobs, cut tariffs for American companies, and spurred competition in domestic markets.<sup>70</sup> The GSP program was recently renewed in June 2015 after expiring for two

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<sup>70</sup> Keith Chu, "Wyden Floor Statement on the Importance of Trade Preference Programs," United States Senate Committee on Finance, 14 May 2015, <http://www.finance.senate.gov/ranking-members-news/wyden-floor-statement-on-the-importance-of-trade-preference-programs> 2 April 2016

years. The recent renewal extends the program until December 2017. Suspended from the program, Bangladesh currently faces a series of reviews where their progress towards the conditions listed in the Action Plan is tracked under TICFA and presented to the Trade Policy Committee. The Trade Policy Committee decides whether Bangladesh's progress is sufficient enough. The most significant review for Bangladesh will be in December 2017 when the Trade Policy Committee determines and announces whether Bangladesh's progress is sufficient for reinstatement into the GSP or not.

Based on these reviews for Bangladesh, the policy, firstly, proposes that additional, more-targeted conditions be included in the Action Plan to better improve workers' conditions in comparison to the 2013 Action Plan. These additional terms aim to be reflective of the workers in these industries rather than solely address building and infrastructural issues. These conditions will address key factors that allow these women to perform their daily jobs such as good health and realized rights. If Bangladesh demonstrates sufficient progress under these conditions in addition to the previously listed terms, then Bangladesh should be considered for reinstatement into the GSP.

The additional terms to be considered and adopted into the modified Action Plan are:

- Make medical personnel available with facilities on-site that provide basic health care and health education for workers. Basic access to health services include provision to some or, preferably, all of the following: preventative health education (including measures taken during building fires), health promotion activities, annual health screenings, maternity leave, reproductive health services, voluntary family planning

services, feminine hygiene products, gender equitable health services, referral systems, hotlines, mobile clinics, cooperative agreements with NGO providers, voucher systems, transportation to medical centers, and medical leave time. Hotlines, again, should provide workers with the freewill to report feelings of vulnerability evoked by management, buildings or their environment.<sup>71</sup>

- Develop workplace standards and provide comprehensive training and education materials (printed handouts, hanging posters, class sessions, etc.) on workers' health, safety *and* rights at the workplace. Content should include procedures on hand washing, nutrition, disease prevention, menstrual hygiene, reproductive health and family planning, how to report vulnerabilities, freedom of association, collective bargaining, sexual harassment, and gender-based violence. These materials should be available in English and local languages. These materials must use gender-inclusive language to distinguish and clearly depict the needs and situations of women workers in comparison to their male counterparts. Standardized discrimination language must also be included i.e. "no discrimination on the basis of race, color, gender, sexual orientation, pregnancy, disability, HIV status, marital status, age, religion..." with standards outlining procedures for enforcement and redress.
- Establish a management system that disaggregates data collected by sex to understand and measure workers' activities and performance in the workplace distinctly.
- Possible adjustment of workers' wages to cover reasonable healthcare for workers with assurance that leave time is available and taken for health and other personal reasons.

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<sup>71</sup> U.S. Department of Labor, Office of the United States Trade Representative, State Department, "Statement by the U.S. Government on Labor Rights and Factory Safety in Bangladesh"

The second component of the policy proposes an incentive for Bangladesh to demonstrate progress in these areas. The garment industry, its poor working conditions and its associated tragic events were the cause of Bangladesh's suspension from the GSP. The U.S. currently expects progress to be demonstrated in the Bangladeshi garment industry, as specifically stated in the 2013 Action Plan. However, it is important to recall that the garment industry never gained GSP trade benefits. Progress in the garment industry has, therefore, been slow for this reason.

To create an incentive that allows Bangladesh to fix this root problem and demonstrate progress, the policy proposes that Congress consider legislation that includes Bangladesh's garment industry in the GSP. This will require Congress to legislate the creation of a new typology of products imported by specific countries that are exempt from the "import-sensitive" category. Exemption will require the Trade Policy Committee to conduct an economic analysis on a case-by-case or country-by-country basis that demonstrates that inclusion in the GSP will be more beneficial to the U.S. than a loss. This analysis will be supplemental to a country's review. The USTR will present each case or country to Congress for approval that the specific country's product meets the new exemption criteria. If a country fails to maintain its status under the criteria provided for eligibility in this category, the country can face possible trade sanctions, which will jointly be decided between the USTR and the President given the President's authority. Hence, Bangladesh will be the first country case for this type of review.



If Congress legislates this “import-sensitive exemption” category, upon Congressional approval that Bangladesh’s garment industry can be included in the GSP, the USTR will inform the President of this change as well as the newly added conditions above. The President is to make a decision on the added conditions. If the President accepts the conditions, the modified Action Plan will be made public. The USTR will also communicate, shortly after, these new terms and potential consequences of failure to comply with Bangladesh’s Secretary of Commerce, Mr. Tofail Ahmed, M.P. After this meeting with Mr. Ahmed, the USTR and Mr. Ahmed will notify one another that internal procedures are complete and the changes are ready for implementation. These notifications will initiate the new Action Plan where progress will continue to be tracked under TICFA.

### *Policy Implementation*

To initiate the implementation of this executive decision, the USTR will present to Congress the economic analysis of including Bangladesh’s garment industry into the GSP. After the executive decision is made, the USTR and interagency members will coordinate with the GoB throughout 2017 to ensure compliance of the above conditions. The GoB with MNCs, the BGMEA and the ILO will continue to conduct regular inspections to report all progress under TICFA. The ILO will also oversee international law compliance. The deadline for progress reports will be December 1, 2017 – 30 days prior to Congress’ reauthorization of the GSP program.<sup>72</sup>

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<sup>72</sup> “H.R. 1295 – Trade Preferences Extension Act of 2015,” U.S. Congress, U.S. Government Publishing Office, Washington, DC, 6 January 2015, <https://www.congress.gov/114/bills/hr1295/BILLS-114hr1295enr.pdf> 4 March 2016

Global development programs that are already implementing the proposed requirements will continue to provide aid assistance. The U.S. government should, therefore, continue with its plans and efforts to collaborate with the ILO, the E.U. and other international partners under the Compact, Better Work program, and Decent Work program.<sup>73</sup>

Programs continuing their implementations include USAID, unless additional funding is appropriated for enhanced support.

During the one-year grace period between the end of 2016 and the end of 2017, the GoB is encouraged to adopt these newly included criteria into national laws with particular concentration on changing behavior in export processing zones. Laws and enforcement should be developed in consultation with WHO's Health Workplace Model Initiative, the Women's Empowerment Principles (WEP) Call to Action, CEDAW as well as the ILO – all international organizations who are standardizing global practices on women's health and rights in global supply chains.<sup>74, 75, 76</sup> This will require the work of the GoB's Ministry of Health, Ministry of Labor, and Ministry of Commerce to enhance the framework of the Bangladesh's economy as an industrializing nation. The BGMEA and

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<sup>73</sup> "GSP Review of Bangladesh Recognizes Progress, Urges That More be Done on Worker Safety and Rights," Office of the United States Trade Representative, Executive Office of the President, Press Office, Press Release, Washington, DC, January 2015, <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2015/january/gsp-review-bangladesh-recognizes> 4 March 2016

<sup>74</sup> Joan Burton, "WHO Healthy Workplace Framework and Model: Background and Supporting Literature and Practice," World Health Organization, Headquarters, Geneva Switzerland, February 2010, [http://www.who.int/occupational\\_health/healthy\\_workplace\\_framework.pdf](http://www.who.int/occupational_health/healthy_workplace_framework.pdf) 4 March 2016

<sup>75</sup> "Call to Action: Investing in Women's Right to Health," Women's Empowerment Principles, [http://weprinciples.org/files/attachments/WEPs\\_Call\\_to\\_Action\\_Investing\\_in\\_Women's\\_Health.pdf](http://weprinciples.org/files/attachments/WEPs_Call_to_Action_Investing_in_Women's_Health.pdf) 4 March 2016

<sup>76</sup> "Convention on the Elimination of All Forms of Discrimination against Women," United Nations Women, United Nations, New York, <http://www.un.org/womenwatch/daw/cedaw/> 4 March 2016

other industry representative organizations will be responsible for enforcement of these newly adopted national laws in their respective industries.

Results tracked and recorded per TICFA will be used in the eligibility review conducted on Bangladesh towards the end of 2017. This review will go through a USTR-led interagency public hearing that will solicit comments from interested key stakeholders. Public hearing sessions will occur shortly before the 2018 GSP program reauthorization. The final decision on Bangladesh's reinstatement will be announced as a result of good progress on the listed conditions where workers, especially women workers, have expressed improved health and better rights as well as more safety. If Bangladesh does not demonstrate progress, the USTR will report the results of the review to the President where they will both decide on the appropriate trade sanctions for Bangladesh thereafter.

## **POLICY ANALYSIS**

This policy proposal serves to provide an incentive for Bangladesh to improve workers' conditions specific to the profiles of employees rather than act as a punitive measure against the garment industry. Even though the policy is beneficial to both the U.S. and Bangladesh, these benefits are particularly contingent on the success of several other factors. These are the advantages and disadvantages of the proposal:

## Policy Pros

### *Women Workers' Health, Rights and Workplace Conditions Improve*

If successfully implemented, the proposed policy will effectively improve women's health and rights in the garment industry. Competitive trade in Bangladesh's garment industry has caused the poor working conditions that workers face because companies capitalize on their low-cost business model – a system also termed “the race to the bottom.”<sup>77</sup> This term refers to competition driving costs lower and lower, which results in poor working conditions that have no consideration for workers' wellbeing and rights. However, because trade is a key element in the success of these export-processing industries, Bangladesh remains heavily influenced by decisions made in the West. Therefore, this trade policy tool not only addresses specific workers' conditions pertaining to women's health and rights that the industry is encouraged to demonstrate, but also makes these demands aware that trade is crucial to improving workers' conditions in this export-processing zone.

As Bangladesh was pressured by the global community to enact laws against child labor as well as laws to increase the minimum wages of workers, this policy will similarly put further pressure on Bangladesh to improve workers' conditions. The policy is what the Organization for Economic Co-Operation and Development (OECD) calls a “conditionality-driven approach”. The OECD reported that conditions embedded in trade agreements are bound to increase workers' conditions such as increased wages, better

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<sup>77</sup> Richard Newfarmer, Monika Sztajerowska, “Chapter 1: Trade and Employment in a Fast-Changing World,” Organization for Economic Co-operation and Development, Policy Priorities for International Trade and Jobs, 2012, <http://www.oecd.org/site/tadicite/50286917.pdf> 2 April 2016

occupational health and safety, and reduced workplace injuries, among others. A significant example to illustrate the effectiveness of this policy is the trade agreement between the U.S. and Cambodia.

In 1999, the agreement provided an 18% annual increase in export entitlements for the Cambodian textile and apparel industry, only if workers' conditions were improved.<sup>78</sup> Progress was monitored by the ILO through its "Better Work Factories" program, which the ILO currently has similar efforts in Bangladesh and other countries under the Better Work Program. The ILO found varied results of compliance and noncompliance upon its first inspections in factories. Compliance results found little child labor and little gender discrimination. After making recommendations to factories in other areas, including for health and safety, the ILO found that 95% of firms remedied health and safety violations while 41% became compliant to legal hours of work or overtime requirements.<sup>79</sup>

Therefore, with successful implementation of this policy and continued efforts by the ILO to monitor Bangladeshi factories, women workers, similar to those in Cambodian factories, become more likely to work in environments with fewer risks to their health while enjoying better rights.<sup>80</sup> Translating these numbers to Bangladesh's scenario, if 95% of factories have improved health and rights for workers, this would equate to about 4,000 out of Bangladesh's 4,222 factories having potentially improved health and rights

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<sup>78</sup> Richard Newfarmer, Monika Sztajerowska, p. 37

<sup>79</sup> Sandra Polaski, "Combining Global and Local Forces: The Case of Labor Rights in Cambodia," Carnegie Endowment for International Peace, World Development, Volume 34, Number 5, Washington, D.C., May 2006, p. 10 <http://carnegieendowment.org/files/WDCambodia1.pdf>

<sup>80</sup> Sandra Polaski, p. 12

for workers. Furthermore, 80% of these workers are women. Although it is not guaranteed that all women would have improved health and rights, most of these women would, however, because they would be found in the potential 95% beneficiary factories with improved health and rights. Therefore, because the majority of women workers receive improved health and rights, this policy would deem effective.

*No Additional Costs Required, Productivity Increases*

This proposal is also efficient because to make these effective changes, little costs are borne by the majority of key players within a short period of time, especially for the U.S. The proposal extends the conditions of a previously existing policy where implementations are already underway. The USTR and the Trade Policy Committee currently review Bangladesh's case, which they would need to present to Congress and the President as part of their duties regardless of this proposal. Therefore, no additional funding is required to be allocated to these parties, as they are not assuming any additional responsibilities. This applies to implementing bodies like USAID, the ILO and other organizations as well. These bodies currently have programs supporting Bangladesh along these procedures - whether implementing health programs that have already been funded or conducting inspections that track Bangladesh's progress under TICFA.

The only costs borne would be by MNCs to implement the above suggested health facilities and services on-site that have been past avoided. These costs will especially be burdensome prior to Bangladesh gaining reinstatement into the GSP, but this is further discussed as a con. However, if the policy is successfully implemented, the trade policy

will allow MNCs to earn additional profits due to the tariff break when reinstated into the GSP. This should encourage MNCs to divert funds from the tariff break into investments in these health facilities and services. As reported by the OECD, trade liberalization has allowed exporting firms to become more efficient, as resources are reallocated and invested in capital and labor. The idea behind this is that these investments create a series of continuous resource reallocation by MNCs because increased productivity is a result of these investments.<sup>81</sup> Hence, the tariff break would support the low-cost business model used by MNCs, providing them additional funds to make key investments in labor.

In 2012, Bangladesh paid about \$749 million on duties under a 15.3% tariff on their \$5 billion-worth exports to the U.S.<sup>82</sup> By joining the GSP program, as proposed by this policy, total costs are reduced by \$749.7 million at a duty-free rate. This would amount to the associated tariff break that would become potential revenue for U.S. trading firms. Although the perception holds that including the garment industry in the U.S.-GSP will hurt domestic markets, several U.S. companies expressed frustration when the GSP itself expired because they lost \$2 million a day.<sup>83</sup> This tariff break also helps U.S. companies' sales in domestic markets because consumers shop for more at reduced prices due to cut taxes. This allows U.S. trading firms to generate more profits. Furthermore, MNCs would still make a profit even after investing in these health facilities and services because costs

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<sup>81</sup> Richard Newfarmer, Monika Sztajerowska, p. 47

<sup>82</sup> "Business Review: Review National Budget FY 2013 – 2014," IDLC Monthly, Volume 9, Issue 6, June 2013, [http://www.idlc.com/business\\_review/Monthly%20Business%20Review%20-%20June%202013.pdf](http://www.idlc.com/business_review/Monthly%20Business%20Review%20-%20June%202013.pdf) p. 15, 16 March 2016

<sup>83</sup> "Sustainable Development Goals," The United Nations, 2015, <https://sustainabledevelopment.un.org/?menu=1300> 13 February 2016

do not total the \$749 million made from the tariff break. The following is a break down of the projected costs to implement the health facilities and services:

- *The cost of implementing medical personnel on-site including their consultation costs:* Marie Stopes International allows factories to purchase a service that staffs a small clinic room in each factory, providing health services to workers. Workers also receive free medical services from any Marie Stopes' National Clinics with provision to this service. This service costs USD\$0.21 per worker per month.<sup>84</sup> Total costs for factories for the 3.2 million women workers annually = **USD\$8,064,000.**
- *The cost of educational materials:* It costs USD\$10 to produce a custom poster at Staples in the U.S., which this cost would be cheaper in Bangladesh because of the 50% lower cost of living and purchasing power parity than the U.S.<sup>85</sup> Using this price, to print 50,000 posters and brochures across the industry for 5,000 factories in one year would cost a total of **USD\$500,000.** This is not an annual cost; therefore, we can assume this to be a 5-year expense, as these materials will become outdated and worn and torn with time. Additionally, to reduce costs on training, management can appoint peer health educators among employees who are women workers that advise and teach fellow coworkers about health issues after they become certified from taking a number of courses. The benefits of peer health educators are outlined below.
- *The cost of programming condoms in the workplace:* Good quality condoms that come in 3 pieces per pack cost 70 Taka or about USD\$1 at retail price in Bangladesh. USAID has documented the ideal programming of condoms in the workplaces in

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<sup>84</sup> "NGOs Bring Healthcare to India Factory Workers," Catalysts for Change, The Rockefeller Foundation, June 2011, <http://www.searchlightcatalysts.org/node/600> 16 March 2016

<sup>85</sup> "Cost of Living in Bangladesh," Numbeo, [http://www.numbeo.com/cost-of-living/country\\_result.jsp?country=Bangladesh](http://www.numbeo.com/cost-of-living/country_result.jsp?country=Bangladesh) 21 March 2016



Vietnam. They suggest there to be three or more condoms per employee per month.<sup>86</sup>

Using this best practice, if companies purchased these high quality condoms in bulk from local Bangladeshi suppliers, total costs annually for basic family planning and reproductive health support would amount to **USD\$38,400,000**.

- *The cost of having hotlines on-site:* A USAID Field Study reported that total costs to implement a hotline, including salaries, equipment & supplies, and other direct costs was USD\$12,946 in 2003.<sup>87</sup> Using the U.S. inflation calculator, in 2016 this would cost USD\$16,753.<sup>88</sup> For 5,000 factories annually, this would amount to: **USD\$84,000,000**. This is another expense that will not be required annually and can be assumed to be required every 5 years with changing technology, if necessary.

Additionally, these costs should be cheaper because salaries in Bangladesh are lesser due to the stated 50% lower cost of living and purchasing power parity. Also, factories and farms would need less than 6 phone lines, as office space may be smaller.

- *The cost of allocating health allowances to wages:* Workers spend an average of TK200 or USD\$2.80 on themselves and their families for healthcare monthly.<sup>89</sup>

Allocating an additional TK200 or \$2.80 for the 3.2 million workers would total =

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<sup>86</sup> “Baseline Assessment: Summary of Key Findings and Recommendations for Workplace-Based HIV Policy and Prevention Interventions,” United States Agency for International Development, 2013, p. 4, [http://pdf.usaid.gov/pdf\\_docs/PA00JBXB.pdf](http://pdf.usaid.gov/pdf_docs/PA00JBXB.pdf) 21 March, 2016

<sup>87</sup> Kate Stratten, Robert Ainslie, “Field Guide: Setting Up a Hotline,” United States Agency for International Development, March 2003, p. 23, [http://pdf.usaid.gov/pdf\\_docs/Pnacu541.pdf](http://pdf.usaid.gov/pdf_docs/Pnacu541.pdf) 17 March, 2016

<sup>88</sup> “U.S. Inflation Calculator,” <http://www.usinflationcalculator.com> 19 March 2016

<sup>89</sup> “Community Projects: Improving Healthcare for Workers in Bangladesh,” H&M, <http://sustainability.hm.com/en/sustainability/commitments/strengthen-communities/community-projects.html> 17 March 2016

**USD\$107 million** annually. This amount still leaves Bangladesh at competitively low wages for workers globally.

Therefore, total costs borne aggregately by companies are approximately **USD\$238 million**. This leaves U.S. trading firms with an aggregate profit of \$511 million.

Furthermore, there are also qualitative benefits for MNCs that increase productivity when they invest in labor:

- *The benefit of providing leave to workers will result in productivity:* When companies provide maternity leave to workers, the economic benefits are that workers are likely to return to the workplace with improved morale and loyalty. Workers are also efficient and express job satisfaction.<sup>90</sup> This adds to better productivity, as these women are more content during their tasks.
- *The benefit of counseling provided by peer health educators:* The implementation of peer health educators conducted through Business for Social Responsibility's HERproject program saw raised awareness, changed health behavior, significant cultural changes, professionally developed leaders and improved worker-manager relations.<sup>91</sup> MNCs encouraging peer health educators would gain the same in their factories.
- *The benefit of disaggregated data by sex:* Disaggregating data by sex allows managers to allocate results and information to each employee and can surface

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<sup>90</sup> Shimonti Ahmed, "Maternity Benefits – Rights or Privilege?" The Daily Star, Bangladesh, 8 March 2015, <http://www.thedailystar.net/maternity-benefits-right-or-privilege-38659> 21 March 2016

<sup>91</sup> "HERproject: Investing in Women for a Better World," Business for Social Responsibility, March 2010, [http://www.bsr.org/reports/BSR\\_HERproject\\_Investing\\_In\\_Women.pdf](http://www.bsr.org/reports/BSR_HERproject_Investing_In_Women.pdf) 21 March 2016

detailed information about gender performance from the aggregated data collected.

Managers can use this system to track productivity and other indicators that can lead to improved management styles and implementations in the workplace.

- *The benefit of wages that cover healthcare:* Bangladeshi wages are still the lowest in global supply chains. An additional TK200 for healthcare is one way of providing access to healthcare for workers. Additionally, if workers are not spending this every month on health, they are able to save for critical and costly health needs such as seeking treatment if another building disaster occurred. This reduces the need for women to take loans they cannot afford. Employers are also guaranteed healthier workers for a longer-term basis who add productivity in the workplace and the economy.

Therefore, using this trade policy tool would not only deal with workers' conditions, but also increase productivity and boost both the U.S. and Bangladeshi economies because costs are minimally borne within a short period of time. This also increases the probability of Bangladesh graduating from the GSP program quicker, as it shifts from a developing nation to a middle-income economy. Finally, as U.S. jobs are created and taxes have been reduced this would align with the President's 2016 Trade Policy Agenda that aims to first serve the American people.<sup>92</sup>

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<sup>92</sup> "President Obama's 2016 Trade Policy Agenda: Trade that Serves the American People," The Office of the United States Trade Representative, Washington, D.C., March 2016 <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2016/march/president-obama's-2016-trade-policy> 2 April 2016

### *Sustainable Results*

This proposal is also sustainable, providing equality and liberty to several groups. The first group is the women workers of these industries. Gender equality is a major priority on the global agenda, as outlined in the recent Sustainable Development Goals (SDGs). This proposal would, firstly, satisfy SDG #4 on quality education because by 2030, women workers in these industries would have acquired health and rights knowledge through the suggested educational materials that “promote sustainable lifestyles, human rights, gender equality, a culture of peace and non-violence, and appreciation of cultural diversity,” as required for the SDG.<sup>93</sup> Additionally, the proposal satisfies SDG #5 on achieving gender equality and empowerment of women, as women’s health opportunities and rights become equal to their male counterparts.<sup>94</sup> The proposal reduces violations against women’s rights, therefore, allowing a majority of the 3.2 million women to gain accessibility to some form of healthcare. These women, like other women in prosperous nations across the world, become an equal part of their society.

This equality and liberty is particularly important to sustain the garment industry and Bangladesh’s economy for future generations to come. The International Monetary Fund (IMF) found that significant economic development in Bangladesh was partly due to the contributions of female labor participation, which this impact was because of the government’s Health and Community Services.<sup>95</sup> This impact would be greater realized

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<sup>93</sup> “Sustainable Development Goals”

<sup>94</sup> IBID

<sup>95</sup> Katrin Elborgh-Woytek, Monique Newiak, Kalpana Kochhar, Stefania Fabrizio, Kangni Kpodar, Philippe Wingender, Benedict Clements, Gerd Schwartz, “Women, Work, and the Economy:

because of the 3.2 million women employed in these industries. The policy caters to these women and their wellbeing in the productive garment industry, which would allow them and the generations of women to come to perform productively during employment for a longer-term basis rather than forgoing their work due to illness and abuse.

The policy, through trade, is also sustainable for Bangladesh as a nation. The trade liberalization factor of the policy that suggests Bangladesh's garment industry be included in the GSP allows Bangladesh to gain equity in global markets. This access to global markets, especially in the U.S., will lead Bangladesh on a quicker track to becoming a middle-income nation from a developing one. The policy satisfies SDG #10 on reduced inequalities specifically because it “[implements] the principle of special and differential treatment for developing countries, in particular least developed countries, in accordance with World Trade Organization (WTO) agreements.”<sup>96</sup> Therefore, granting trade liberties and equity to Bangladesh would lead to a boost in the Bangladeshi economy while improving trade in the U.S. as well.

#### *Administrative and Technological Feasibility*

Finally, this proposal is administratively and technologically feasible because implementation is currently ongoing and has, therefore, already been funded. The dates outlined in the proposal are dates Congress currently operates by, which the GoB and

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Macroeconomic Gains from Gender Equity,” International Monetary Fund, September 2013, <http://www.imf.org/external/pubs/ft/sdn/2013/sdn1310.pdf> 18 March 2016

<sup>96</sup> “Sustainable Development Goals”

other key players in this arena are fully aware of. Furthermore, the proposal does not require new technologies to be implemented beyond those in currently in use.

### Policy Cons

#### *Significant Outcomes Are Dependent on Key Procedures*

The policy has the capacity to effectively improve women's health and rights in the workplace, but this effectiveness is heavily dependent on two key factors. The first is Congress' final decision on whether to include the garment industry in the GSP or not. The inclusion does benefit the U.S. by creating jobs, reducing consumer prices, and cutting taxes for U.S. trading companies. However, there remain a select few of companies that continue to lobby against this inclusion. These companies fear that including Bangladesh's garment industry in the GSP will compete with their productivity in U.S. apparel markets. For example, even though the Chinese and Vietnamese garment industries have been included in Trans-Pacific Partnership (TPP) agreement, there are still companies lobbying against this.<sup>97</sup> Therefore, these lobbies may cause Congress to remain in its position and refuse the inclusion of the garment industry in the U.S.-GSP. If this is the case, Bangladesh will have no incentive to demonstrate progress according to the Action Plan, forcing health and rights conditions to remain poor for the targeted 3.2 million women workers. The policy will be as ineffective as the 2013 Action Plan.

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<sup>97</sup> "Kate Abnett, "Money Well Spent? Why Fashion Companies Spend Big on Lobbying Governments," Business of Fashion, 27 October 2015, <http://www.businessoffashion.com/articles/intelligence/money-well-spent-why-fashion-companies-spend-big-on-lobbying-governments> 19 March 2016

The second key factor is the corruption conducted by factory owners, the BGMEA and their ties to the GoB. The Tazreen and Rana Plaza factory tragedies occurred not only because MNCs failed to comply by laws established, but also because corruption by key players in these three groups blindsided how MNCs were illegally operating factories. There was little enforcement on factory conduct. Hence, it was inevitable for these tragedies to occur. Although the ILO is conducting inspections as an external body to these groups to mitigate the effects of corruption, this does not guarantee that corruption and its effects will be alleviated. This means that some women are bound to continue facing poor working conditions, leaving their state of health and violated rights the same, if not worse. It was a fortunate event that those responsible for the Rana Plaza collapse were held accountable and arrested. But it is important to keep in mind that this was the garment industry's most tragic event in history, making global headlines and drawing all kinds of attention. Beyond this event exist horrible incidences that occur regularly, but barely make the news. This allows culprits to escape with their corrupt acts. However, if the opportunity allows, this is an area of improvement for the policy where it should detail anti-corruption components.

#### *One-Year Turnaround Period*

Another concern about the policy is the available timing to demonstrate progress between policy authorizations and Bangladesh's final decision. This is a one-year turnaround period between the end of 2016 and the end of 2017 where changes are to be made. One year is too short a timeframe to achieve these conditions, considering that prior to Bangladesh's GSP status decision, MNCs will have to implement these changes out-of-

pocket. Additionally, it has been almost three years since Bangladesh was suspended from the GSP in 2013 and since then they have struggled to gain reinstatement because their progress on infrastructural development has not exceeded U.S. expectations. While it is easier to achieve workers' health and rights in comparison to infrastructural changes, it will still be difficult to achieve reinstatement into the GSP under these newly added conditions. However, this is an opportunity for key Bangladeshi actors to forgo corruption and leverage on the aid and assistance programs currently providing support in the nation, as Cambodia did.

### *Management Freedoms*

Companies will be concerned about the policy, as it will counteract their former freedoms that allowed them to exploit these women workers. Firstly, as mentioned, MNCs will lose the freedom to overlook poor workers' conditions. This policy particularly spotlights the issue not only in Bangladesh, but to the global community as well. Additionally, if the policy is enacted, MNCs will bear the most costs. They will have to allocate costs from profits to invest in the health facilities and services suggested. To prove they are worthy of reinstatement, MNCs will definitely have to surrender costs from profits, which may cause a decline in their bottom line throughout the implementation period in 2017. This may lead MNCs to lose motivation and even worse, they could potentially cut operations in Bangladesh due to the increase in oversight that would occur as a result of enacting this policy. If MNCs leave Bangladesh, this would worsen the situation for women workers. However, this only creates another opportunity for MNCs to work closely with



aid and assistance programs that are already implementing health programs and services in workplaces.

Secondly, male managers will no longer be able to exploit women workers whether for productivity or for their personal interests. Women are expected to have their rights improved, meaning they will become more knowledgeable. These women will become empowered and defend themselves against exploitative actions by management. They are likely to report gender-based violence or other abuses. Additionally, as women in the workplace become more aware of their rights, they tend to demand more benefits from management. This will put increased pressure on management to develop workers' conditions beyond health and rights, which can be costly, but can also cause tension in the workplace until ideal environments have been established. The silver lining is that this will put factories and Bangladesh on a path to development.

## **POLITICAL ANALYSIS**

While the policy has these pros and cons, there are also advantageous and disadvantageous political aspects that need to be taken into consideration:

### Political Pros

#### *Women's Health and Gender Equality is Wanted Globally*

Women in Bangladesh and in the global community have expressed their want for improved women's health and gender equity. These wants have included women who work at these harsh factories as well as women outside such work settings. For example,

in a survey done of 17,000 women between the ages of 15 – 49, who come from different provinces and backgrounds of Bangladesh, 74.4% of these women demanded family planning services.<sup>98</sup> Globally, there has been a shift towards accepting that women should have equal access to health and equal rights as men which has been expressed in several national policies and global initiatives such as Family Planning 2020/FP2020 and other accommodations. According to the Global Fund for Women, for example, there are 225 million women worldwide who want, but lack access to contraception.<sup>99</sup> The general popularity to improve women’s health and rights is high and this public popularity can be increased via media attention that the policy will bring.

The media plays a key role in the acceptance of newly adopted family planning and reproductive health services by the general public. In South Asia countries, for example, men and women have expressed their preference of mass media communication versus personal communication to solve the issue in the lack of contraceptive information.<sup>100</sup> Additionally, major events around Bangladesh’s garment industry make national Bangladeshi headlines, as seen with past U.S. trade decisions towards the country. However, even beyond the garment industry, projects have taken advantage of the media’s effect on citizens. For example, a micro-credit program that aimed to raise health among Bangladeshi women strategically used the media to increase women’s knowledge

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<sup>98</sup> “Bangladesh: Demographic and Health Survey, 2014 Key Indicators,” National Institute of Population Research and Training, Ministry of Health and Family Welfare, Dhaka, Bangladesh, April 2015, p. 22 [https://www.k4health.org/sites/default/files/bdhs\\_2014.pdf](https://www.k4health.org/sites/default/files/bdhs_2014.pdf) 25 March 2016

<sup>99</sup> “Sexual & Reproductive Health & Rights,” Global Fund for Women, San Francisco, CA, <http://www.globalfundforwomen.org/sexual-reproductive-health-rights/> 29 March 2016

<sup>100</sup> Debra Efroymson, Sian FitzGerald, Lori Jones, “Promoting Male Responsibility for Gender Equality: Summary Report of Research from Bangladesh, India and Vietnam,” HealthBridge, August 2006, <http://healthbridge.ca/gender%20summary.pdf> 26 March 2016

in health.<sup>101</sup> Therefore, in a similar strategy, this policy can leverage media attention as an opportunity to communicate to the public the importance of women's health and gender equality, especially in the workplace. As seen with the micro-credit program, this kind of mainstream publicity would increase the chances of women's health and gender equality being adopted into cultural practices. Even further, the policy would gain popularity internationally as a key trade policy that acts on key social issues that women across the world hope to see.

*Reasonable Accommodations for Congress to Include the Garment Industry for U.S.*

*Benefits*

The policy's goal also aligns with some political activity and interests that have been expressed in the past. Improving workers' conditions in Bangladesh is primarily subject to U.S. politics and whether Congress will agree to include Bangladesh's garment industry in the GSP upon reinstatement. When Bangladesh was suspended, those involved on the U.S. Senate's Committee of Foreign Relations panel revealed their hopes of Bangladesh's suspension to improve workers' conditions, especially for the majority women, as stated by Eric Biel, Celeste Drake and colleagues.<sup>102</sup> Bangladesh has since failed to gain reinstatement into the GSP because the nation has demonstrated minimal progress in improving workers' conditions. As mentioned above, trade experts believe it is because of the garment industry's exclusion from the GSP that the suspension remains

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<sup>101</sup> Hadi A, "Promoting Health Knowledge Through Micro-Credit Programmes," Bangladesh Rural Advancement Committee (BRAC), Dhaka Bangladesh, September 2001, <http://www.ncbi.nlm.nih.gov/pubmed/11509457> 13 April 2016

<sup>102</sup> "Labor Issues in Bangladesh," Committee on Foreign Relations, Senate Hearing 113-147, One Hundred Thirteenth Congress, 6 June 2013, <https://www.gpo.gov/fdsys/pkg/CHRG-113shrg86346/html/CHRG-113shrg86346.htm> 24 March 2016

ineffective. Therefore, the policy's suggestion to Congress to include the garment industry in the GSP is crucial in meeting the goals to improve workers' conditions, as expressed by Biel, Drake and colleagues.

In 2009, Representative Jim McDermott and Senator Dianne Feinstein initiated the "New Partnership for Trade Development Act (NPTDA 2009). NPTDA aimed at giving duty-free access to products from least-developed beneficiary countries (LDCs).<sup>103</sup> This would have included Bangladesh's garment industry if NPTDA passed. However, it did not because the Bill expired with opposition that it would negatively impact other preference programs like AGOA, making African countries lose from competition, as well as bring in competition for U.S. domestic garment markets.<sup>104</sup>

Building on the advantages of this Bill rather than reviving it, had further analyses been taken by Congress, members would have found otherwise. Firstly, apparel under AGOA only accounts for 2% versus the 92% of petroleum products imported to the U.S.<sup>105</sup> Secondly, the U.S. has expressed extreme protectionism towards the U.S. textile industry over the last 200 years without making distinctions between textiles and apparel, which is crucial when considering preference programs and protectionist actions. Textiles,

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<sup>103</sup> "New Partnership for Trade Development Act of 2009," Representative Jim McDermott [D-WA], 111<sup>th</sup> Congress, 18 November 2009, <https://www.congress.gov/bill/111th-congress/house-bill/4101> 25 March 2016

<sup>104</sup> Paul Ryberg, "House Ways and Means Committee Holds Preference Reform Hearing, Rep. McDermott Introduces New DFQF Bill," Mauritius-U.S. Trade Bulletin, Volume 15, Number 11, Mauritius-U.S. Trade Association, Washington, D.C., 30 November 2009, p. 2  
<http://www.musba.org/bulletins/November2009TradeBulletin.pdf> 25 March 2016

<sup>105</sup> Jas Bedi, "AGOA Civil Society Forum: Textiles and Beyond," African Cotton & Textiles Industries Federation, Washington, D.C., Wilson Center, 30 July 2010, p. 12  
<https://www.wilsoncenter.org/sites/default/files/Panel%20V%20Bedi.pdf> 26 March 2016

produced by U.S. domestic markets that are against in the inclusion into the GSP, are more capital-intensive and require advanced technology in order to put final products together for sale.<sup>106</sup> LDCs do not compete with these domestic markets, as their technology is not that advanced.<sup>107</sup> Contrary to textiles is apparel that is rather produced in Bangladesh and other LDCs, which the majority of U.S. companies like GAP, Target, H&M, Wal-Mart and more have outsourced to for cheaper costs. Production here is more labor-intensive.<sup>108</sup> Apparel also requires exporting before final products are complete for sale, which creates U.S. jobs.<sup>109</sup> The total contributions of apparel producers to the U.S. textile industry's revenues amounts to only 16%, comprising of mostly furnishings, carpeting, conveyer belts, tires, medical devices and aerospace parts – *not* clothes that go into retail.<sup>110</sup> Therefore, the thought that Bangladesh is threatening U.S. textile industries, which has made Congress apprehensive to include the garment industry over the years, actually has minimal effects on the U.S. These insights should add value to the considerations taken for Bangladesh's final decision.

The following reasons further validate Congress legislating Bangladesh's garment industry into the GSP. The very conservative think-tank, Heritage Foundation, has

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<sup>106</sup> "Textile & Garment Industry," Australia & New Zealand (ANZ) Insights, Commercial Banking Asia, July 2012, p. 2 <http://www.anzbusiness.com/content/dam/anz-superregional/Textiles%26GarmentIndustryUpdate.pdf> 29 March 2016

<sup>107</sup> Sanchita Banerjee Saxena, "Made in Bangladesh, Cambodia, and Sri Lanka: The Labor Behind the Global Garments and Textiles Industries," Cambria Press, Amherst New York, 2014, p. 16

<sup>108</sup> Kimberly Ann Elliot, "Trade is Not 'Us against Them'," Center for Global Development, Washington, D.C., 29 March 2016, <http://www.cgdev.org/blog/trade-not-us-against-them> 30 March 2016

<sup>109</sup> "Foster Development through Trade and Aid," U.S. Chamber of Commerce, Washington, D.C., 14 August 2015, <https://www.uschamber.com/issue-brief/foster-development-through-trade-and-aid> 21 March 2016

<sup>110</sup> Dan Ikenson, "Washington's Coddling of U.S. Textile Industry Is Hurting Shoppers," Forbes Magazine, Washington, D.C., 23 July 2013, <http://www.forbes.com/sites/danikenson/2013/07/23/textile-protectionism-in-the-trans-pacific-partnership/#71cfa9f3593a> 28 March 2016

continuously encouraged members to include the garment industry in the GSP for effective changes in workers' conditions. Heritage has conducted economic research to support these claims and proven that such legislation is more effective for trade.<sup>111</sup> Secondly, Congress has passed similar treatments in the past such as AGOA, NAFTA, and CBI as well as the most recent TPP. These preference programs provide duty-free access to garments imported from Africa, Canada, Mexico, Haiti, Dominican Republic, Honduras, China and Vietnam.<sup>112</sup> Finally, the American people benefit from these preferences because retail prices are reduced, benefiting American consumers especially the poor. Jobs are also created while American companies' costs reduce from the tariff breaks.

Bangladesh can also solicit support from international bodies to put pressure on Congress to act along these lines. These international bodies include the U.S.'s counterpart – the E.U. as well as the ILO, IFC, American companies and several assisting U.S. government agencies. In the past, Bangladesh has been weak at influencing U.S. policies, causing the U.S. to have very little accommodations towards Bangladesh. This is an opportunity for the GoB to demonstrate sustainable initiatives that counteract its current negative reputation. Leveraging on these powerhouses that also aim to improve workers' conditions in Bangladesh, the nation and its partners can exert pressure on Congress to

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<sup>111</sup> Ambassador Terry Miller, Ryan Olson, "Punitive Trade Sanctions on Bangladesh Not the Way to Improve Labor Conditions," The Heritage Foundation, Issue Brief #3985, Washington, D.C. 9 July 2013, <http://www.heritage.org/research/reports/2013/07/punitive-trade-sanctions-on-bangladesh-not-the-way-to-improve-labor-conditions> 26 March 2016

<sup>112</sup> Mustafizar Rahman, "Trade Benefits for Least Developed Countries: the Bangladesh Case," United Nations Department of Economic & Social Affairs, CDP Background Paper No. 18, July 2014, p. 18 [http://www.un.org/en/development/desa/policy/cdp/cdp\\_background\\_papers/bp2014\\_18.pdf](http://www.un.org/en/development/desa/policy/cdp/cdp_background_papers/bp2014_18.pdf) 25 March 2016

pass this proposal and contribute to global development. Lastly, Commerce Minister, Tofael Ahmed, would express gratitude, as he believed Bangladesh's suspension was for no other reason than political.<sup>113</sup> These actions by Congress would then serve to demonstrate effectiveness by the U.S. government in global affairs rather than demonstrating politics.

### Political Cons

#### *Cultural Challenges*

Bangladeshi men are the only issue regarding acceptance of this policy in the general public. While the Bangladeshi public desires the benefits of family planning and reproductive health services, not all the practices of these health initiatives are currently and commonly done in Bangladeshi culture. In a survey, 48% of Bangladeshi women said their husbands make decisions about their health.<sup>114</sup> The practices under family planning and reproductive health would challenge traditional cultural beliefs, requiring women to discuss more assertively what it means to engage in these initiatives with their husbands, which can be burdensome to women. Some men have felt that discussing contraception with their wives signifies a lack of trust that could negatively impact a marriage.<sup>115</sup> This cultural norm means implementing condom use will be highly unfavorable. Therefore, preferred services such as injectables are rather to be

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<sup>113</sup> "Restoration of US – GSP," RMG Bangladesh, Bangladesh, 17 August 2015, <http://rmgbd.net/restoration-of-us-gsp/> 24 March 2016

<sup>114</sup> "Women and girls in Bangladesh," UNICEF Bangladesh, June 2010, [http://www.unicef.org/bangladesh/Women\\_and\\_girls\\_in\\_Bangladesh.pdf](http://www.unicef.org/bangladesh/Women_and_girls_in_Bangladesh.pdf) 25 March 2016

<sup>115</sup> SI Khan, N Hudson-Rodd, S Sagers, MI Bhuiyan, A Bhuiya, "Safer Sex or Pleasurable Sex? Rethinking Condom Use in the AIDS Era," U.S. National Library of Medicine, National Institutes of Health, 2004, <http://www.ncbi.nlm.nih.gov/pubmed/16335753> 26 March 2016

implemented as family planning services.<sup>116</sup> However, this may be more expensive to enact.

### *Lobbyists and Their Big Bucks*

Congress may have accurate information and analyses that support its willingness to pass legislation that includes the garment industry into the GSP. However, a major obstacle against the passing of this legislation is the American companies that produce domestically who continue to lobby Congress. Their lobbying would feed into Congress' long-standing protectionist position that could result in another death of a bill. However, if the Bill does not pass, the groundwork for future attempts by Congress to include Bangladesh's garment industry into the GSP has been laid. This is significant, considering that the issue surrounding Bangladesh's garment industry in the GSP has been discussed over the past decade, but has gained increased focus in the past three years after the deadly disasters.

### *American Political Climate in 2016*

The 2016 U.S. elections may also halt this bill from passing, postponing any action until a more appropriate political climate allows. Democratic presidential candidates, Bernie Sanders and Hillary Clinton, have expressed disagreements with NAFTA and TPP – some of the examples that should be presented to Congress on behalf of Bangladesh's case.<sup>117</sup> Similarly, Donald Trump has expressed that such trade initiatives are "stupid."<sup>118</sup>

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<sup>116</sup> "Bangladesh: Demographic and Health Survey, 2014 Key Indicators," p. 15

<sup>117</sup> "Bernie Sanders on Free Trade," On The Issues, 11 October 2015,

[http://www.ontheissues.org/2016/Bernie\\_Sanders\\_Free\\_Trade.htm](http://www.ontheissues.org/2016/Bernie_Sanders_Free_Trade.htm) 28 March 2016



Although this proposal has the potential of getting passed under the Obama administration, Congress may be reluctant to make any progress on this topic during this year's race to the White House.

Finally, Republicans have not fared well regarding their support for women's health issues. Opposition by the GOP has been against issues on abortion, birth control and in-vitro fertilization, including the GOP disapproving of D.C.'s Reproductive Health Non-Discrimination Amendment Act – a law related to workplace discrimination.<sup>119</sup> Although these oppositions are beyond the basic reproductive health scope of the suggestions for Bangladeshi women workers, these considerations need to be accounted for. Unless this proposal is strategically worded around sustainable development, trade and the improvement of workers' conditions, a Republican majority Senate may cause Congress to refuse adding the garment industry into the GSP for women's reproductive health reasons.

## **RECOMMENDATION**

Because the policy would greatly improve women's health and rights if successfully implemented, it is recommended that the policy be enacted, but with caution. Not only is the improvement of almost 3.2 million women workers' health and rights tied to this policy, but so is the future of Bangladesh's garment industry and its economy. Changes in

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<sup>118</sup> "Donald Trump on Free Trade," On the Issues, 10 March 2016, [http://www.ontheissues.org/2016/Donald\\_Trump\\_Free\\_Trade.htm](http://www.ontheissues.org/2016/Donald_Trump_Free_Trade.htm) 28 March 2016

<sup>119</sup> Tierney Sneed, "House GOP Draws Next Battle Line on Religious Rights Debate," U.S. News, 21 April 2015, <http://www.usnews.com/news/articles/2015/04/21/house-gop-advances-opposition-to-dc-reproductive-health-non-discrimination-law> 30 March 2016

the U.S.'s economy would be slight, but this effort would demonstrate the U.S. as a leader in trade relations of developing nations while bettering a global economy.

It is important to know that the policy has two proposals to it: 1) that additional conditions be included in the Action Plan and 2) that Congress legislates the inclusion of the garment industry in the U.S.-GSP. If Congress legislates that the garment industry be included in the U.S.-GSP, this policy would parallel the effects seen in the Cambodia case in 1999 where 95% of factories saw improved health and rights for workers. Today, Cambodia is praised for its continued efforts in improving workers' conditions due to that U.S. trade relation and the efforts of the ILO. However, Congress is more likely not to pass this legislation with its U.S. protectionist stance for over 200 years. Furthermore, the political climate in the U.S. is tense and does not favor free trade initiatives – whether on the Democrat or Republican side. This means that this part of the policy will not make it through Congress during elections, as Congress will have other focuses, but also, this policy will be highly unfavorable by the President-elect. If Congress does not pass this legislation, the policy will be ineffective over the next few years. Still, attempts to enact the policy should proceed because this harsh political climate is only of concern regarding the second component of the policy proposal. This failure will rather lay the groundwork for future policy attempts in case Bangladesh's circumstances improve or if better policies develop to enhance this policy.

It is crucial to keep in mind that this is the first policy that addresses women's health and rights in relation to the problems of Bangladesh's garment industry. Because the second

component of the policy may not pass, this does not mean the first part of the policy that proposes additional conditions is insignificant. These additional conditions would raise awareness on the importance of investing in workers' health and rights to the global community. This is particular to women's health such as family planning and reproductive health because this constitutes for their wellbeing and significantly affects their productivity during employment. Global watch would put management in fear of continuing to exploit workers.

Therefore, the 2013 Action Plan currently exists, but it needs modification to reflect the profiles of workers – regardless of the garment industry's inclusion or not. In that case, it is recommended, to the President of the United States, that the additional conditions of the policy be approved and publicly announced to Bangladesh. The effectiveness of the proposal can later be determined contingent on Congress' legislative action. For now, it is important that a statement is made addressing these women's health and rights for the sustainability of future women that join this industry.

## **CURRICULUM VITA**

Nomzana Augustin resides in the Washington, D.C. metropolitan area after growing up in Tanzania, Nigeria, Zambia, Zimbabwe, and South Africa. She then moved to California where she attained a B.S. degree in business administration from California Lutheran University. While pursuing her academic studies, Nomzana has also spent her time developing her early professional career in the international development and policy arenas. She has supported projects at American Enterprise Institute (AEI), Ashoka Changemakers and International Medical Corps, which these experiences allowed for Nomzana to currently serve as a policy consultant on USAID's The Evidence Project.