

SOCIAL COMPLIANCE



round table
গোল টেবিল বৈঠক

Sixth Bangladesh Round Table on Social Compliance
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Ruposhi Bangla Hotel

Documentation



Sponsor



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BSCI is a leading system aiming at improving social compliance in the supply chain of companies sourcing globally. Created in 2003 and with headquarters in Brussels, Belgium, the BSCI provides its member companies a uniform methodology and tools to involve their suppliers in a continuous development oriented process. In addition to this, the dialogue with stakeholders on different levels plays an important role in BSCI's approach.

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LIFT Standards e.K. is a consultancy firm providing advisory service on social compliance with audit, remediation and enhanced productivity service to improve the working conditions. LIFT also facilitates social dialogue.

LIFT Standards has been established 2001 in Dhaka and has a proven record to intensively worked in Bangladesh with suppliers and buyers in the interest of improved working conditions.

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I. Participants List

| Name | Organisation | Position |
|---------------------------------|--|---|
| Eng. Khandker Mosharraf Hossain | Ministry of Labour and Employment | Minister |
| Sarah Begum Kabori | Parliament of Bangladesh | Member of Parliament |
| Md. Shahidullah Azim | BGMEA | Director |
| Vincent Ho | Hermes-OTTO International Dhaka | General Manager |
| Habibur Rahman | Hermes-OTTO International Dhaka | Compliance Auditor |
| Abdur Rahim | Wal-Mart, Global Procurement | Supplier Development Specialist |
| Payal Jain | H&M, Dhaka | Code of Conduct Manager |
| Prodip Gabriel Sku | H&M, Dhaka | CSR Program Developer |
| Zia Ahad | PVH | Sr. Regional Leader |
| Md. Nazrul Islam | MQ Retail AB, Dhaka | Country Manager |
| Zahangir Alam | Sainsbury's Asia | Supplier Compliance Manager |
| Firoz Mahmud | HEMA Far East Ltd. | Compliance Auditor |
| M.A. Mondol | Ha-meem Group | Executive Director |
| Sultanul Alam | Lindex Bangladesh Liaison Office | Compliance Officer |
| Debaish Kumar Saha | Fakir Apparels Ltd. | General Manager |
| Khairul Basher | Ha-meem Group | Director (Compliance) |
| Syed Anwarul Sabir | Palmal Group | General Manager (Admin & Compliance) |
| Shah Khondoker Aminul Islam | Monno Ceramic Industries Ltd. | Manager (Compliance) |
| Zillul Hye Razi | European Union Delegation to Bangladesh | Trade Advisor |
| Syed Sultan Uddin Ahmmed | BILS | Assistant Executive Director |
| Nur Khan | ASK | Director |
| Dr. Wajed-ul Islam Khan | Bangladesh Trade Union Kendra (BTUC) | General Secretary |
| Safia Pervin | National Garment Workers Federation (NGWF) | General Secretary |
| Zafrul Hasan | Bangladesh Jatiyatabadi Sramik Dal-BJSD | General Secretary |
| Farid Hossain | AFP Bureau Chief | Moderator |
| Christian von Mitzlaff | LIFT Standards e.K. BSCI | Organizer and Facilitator Representative Bangladesh |

II. Synopsis

This agenda of the 6th Round Table on Social Compliance, held on 10 August at Dhaka has been on “Social Security in the RMG Sector.”

In his key address the Hon'ble Minister for Labour & Employment Engr. Khandker Mosharraf Hossain said: “The issue of social security “can't be underestimated when food prices, housing costs are increasingly posing a challenge for the underprivileged population. For the garment workers many provisions are already included in the Bangladesh Labour Code 2006. However, improvements are necessary and my Ministry is active in preparing a new labour law. Government is seriously considering protecting the new minimum wage through other Safety Nets.”

The Round Table was attended by participants representing the government, Parliament of Bangladesh, trade official of diplomatic mission, suppliers, buyers, trade unions and labour groups.

During the discussion key issues were highlighted like: Food rations for workers; Provident Fund for all factories Housing/ Dormitories for factory workers; wages adjustment with inflation; health and the medical insurance provision.

The debate was also held on trade union rights and the Participation Committees (PC) in

factories. Commonly the view has been expressed, that PCs shall not be seen as an alternative to Trade Unions.

The opening session was presided over by Christian von Mitzlaff and was moderated by journalist Farid Hossain, Bureau Chief of The Associated Press in Dhaka. The Round Table is a regular social dialogue sponsored by BSCI and organized by LIFT Standards.

During the working session the participants brainstormed along their professional group namely Buyers, Suppliers and Trade Unions /Labour Activists. The groups discussed, which recommendations are suggested to the Labour & Employment Ministry to include in the upcoming new Labour Law with remarkable a good number of overlapping recommendations including the provision of provident fund in all factories.



III. Agenda

“Social Security in the RMG Sector”

held on Wednesday 10th August 2011, 10:30 –15:30 p.m.
at Bakul Room, Ruposhi Bangla Hotel, followed by a iftar.

Programme

- 10:30 Registration
- 11:00 Opening session with addresses by key participants,
Address by Chief Guest Hon'ble Minister of Labour & Employment,
Eng. Khandker Mosharraf Hossain
- 13:00 Prayer break
- 13:30 Working & Discussion Session:
- Provision of Social Security for the RMG industry
 - Ways of promotion and their implementation
 - Other issues raised by the participants
- 15:30 Closing
-

IV. Address during the opening session

For the opening session the press has been invited and participants from each stakeholder group has been asked to briefly address the Round Table on the question of implementation of Social Compliance in Bangladesh. Which relevance do they see in this initiative and how to contribute towards the objective of Social Compliance in Bangladesh.

On behalf of the stakeholder group the following person addressed the Round Table (in chronological order) after a brief welcome by the Organizer and introduction to the local moderator Mr. Farid Hossain:

1. Dr. Wajed-ul Islam Khan, BTUC
2. Mr. Zia Ahad, PVH
3. Mr. Md. Shahidullah Azim, BGMEA
4. Mr. Syed Sultan Uddin Ahmmed, BILS
5. Hon'ble Minister for Labour & Employment, Eng. Khandker Mosharraf Hossain
6. Ms. Sarah Begum Kabori, Member of Parliament
7. Question and Answering session with the Hon'ble Minister

Address by Dr. Wajed-ul Islam Khan (General Secretary, BTUC)



A welcome to LIFT Standards and BSCI and particularly to Mr. Mitzlaff for organizing this Round Table and I think, although he is coming from Germany, but still it helps us to have this Round Table meeting on social security for our social compliance in the RMG sector.

I want to start that in RMG sector nowadays we can say, it is a little bit quiet till today, but I do not know what will happen next. As you know the minimum wage, which has been fixed by the Minimum Wage Board one year back to 3.000 Tk., but comparably not more value, as prices of the commodity has gone up with the effect the of real wage have gone down to Tk. 2.000 or may be little bit more. So obviously the price is going up, the commodity price is going up but the wage is going down because of increase of price hike. This is a big problem that the real wages are not kept in a position that the worker can buy the goods even with their minimum wage. When the Tk. 3.000 minimum wage has been announced, we from SCOPE (Sramik Karmochary Parisad, a platform of 30 national centres) raised to protect the Tk. 3.000 in real wage. We made some suggestion that time and the government should take other social security measures to protect the real wage of Tk. 3.000.

The first suggestion we made has been the essential commodity like rice, dal, oil and edible oil, which should be purchasable at a fixed and fair price equally like for the police, BDR and the army. We raised the slogan of 'introducing the full rationing system', that essential commodity can be supplied at a very fair and cheap rate. Workers are the productive force and if protection cannot be given to the worker force – *how does this look like?*

Second, the living condition in Dhaka as you know, is very costly and we proposed a dormitory to be established by the government jointly with employers. This dormitory can be built and workers can avail the facilities at a lower price. Some remission as a social security and also some, like transportation, we proposed as transportation is a big problem for commuting workers at a time when transport cost with petrol and gas rate increases.

We feel Social Security protection is very important for the workers and can in one way protect the real wage, the wage, which is determined by the government with the minimum wage board. This will avail the living commodity in a free and fair price.

The other point we raised is to introduce a dearness system, like in our neighbouring country India. Dearness system means to raise the minimum wage according to a price index. Otherwise it's a burden to the employer and also to the workers due to the price increase. With a dearness system the salary would increase by 10%, 15%, 30% whatever the price index is. I think workers could live then with the wages whatever will be announced from time to time by the minimum wage board.

The social security safety network is very important to be introduced among the RMG sector, as this is the bulk of the workers in our country. This time, I hope, after Ramadan the Eid festival with no loopholes or gap created by the employers to pay in time the monthly wage, with the Eid festival, overtime and other benefits. I think the government has already taken initiative and talked with the RMG sector leaders. We will try to help also

from our side. This is the hunch every year is a problem during the Eid period. I do not see any significant employers over here from BGMEA, but I hope that BGMEA will take care to release this money before that Eid festival. Workers wait for long time and at Eid they will get some money go to their home to observe the festival. It is important that the benefits, wages, overtime and any arrear whatever pending in the factory level workers arrear that has to be paid in time. If paying in time, then there is no problem.

In relation to this I will raise the points of trade union rights. ILO Convention 87 & 98, which are important because some times workers razed and the president of BGMEA asked me: "Wajed bhai, there are thousands of people in the street, to whom will I talk?" Then I told him, for that reason we are always requesting to allow the trade union to go unchallenged or to work as its normal phenomena. Trade union should be allowed to implement C. 87 as government also ratified it. If C. 87 is functioning, then many of the problem can be dissolved across the table. I repeat this again, because I give a challenge to the employers that if you allow the trade union to run, then 90% problem can be solved across the table. If there is no door to the table to discuss, it goes to the minister. We are very honoured that our minister is very pro-worker and when we go to him and he takes initiative to solve the problem. But why not at the brands level? Why not at the enterprise level?

If the ILO Convention 87 is being implemented, then I think we can solve many issue over the table and that is very important and that is the only way to keep the industrial peace at industrial level. So I hope this message will ventilate to implement the ILO Convention having free and fair trade union, healthy trade union, we mean. We do not mean the destructive trade union, we are always for the healthy trade union and I believe in Bangladesh there are many private sectors like tannery, the leather industry, where the owner are very happy with the trade union and in many other places too. This is nothing to fear off.

So my humble suggestion to this table is, that if we want to mean to protect the social security, wages, and compliances, the basic content for the workers are trade union rights to be established and allowed. There has been a discussion at the previous meeting about participatory committee. I think this is not at all an alternative. Participatory committee is something different, workers cannot raise their demands through the participatory committee to the employers. Basic content is not subject for the participation committee, how can it solve the issue or unrest? I think this is not an alternative. There is a process for participation committee, but I think participation committee is not an alternative to trade union, ILO Convention 87, Freedom of Association.

So thank you very much for giving me the opportunity.

Mr. Zia Ahad (Sr. Regional Leader, PVH)

Honourable Minister, my friend Christian v. Mitzlaff who always puts me on the spot without warning making me a presentation, so I am not prepared for it in other words. But nevertheless since I have been asked to say few words, I guess I will. This will not necessarily be the official PVH position and I want to emphasize that because for those of us sit around the table here today as we all represent, we are seem to represent the organizations that we are working. I think this is important that we should emphasize that.

The important thing that I perceive in the Bangladesh garment sector is the fact that it is entirely price driven as far as buyers are concerned. All the buyers that you see sited around here as well as outside, have all conversion Bangladesh primarily because of the lure of low prices. And so there are in fact contradictory forces that work here. There is a

need to maintain wages at a level that will be sufficient to meet the requirements of the workers and at the same time there is the business that has to be also procured by different buyers. So these conflicting trends often position us in a difficult spot. We do see of course the flourishing of Bangladesh garment industry and we have seen for the last over twenty five years how it was grown phenomenally. But one of the things that we need to understand is that regardless of how we look at the industry today the comparative advantage continues to be the low wages. And this is the most unfortunate part about the industry itself. Could we have done anything differently you know to compensate for low wages? Could we have raised wages of workers and raise the efficiency at the same time to compensate for higher cost? I do not know these are the things we should have been able to work out.

But in twenty five years one truth that faces us is that the industry has subsidized inefficiency and inefficiency has been subsidized through lowering of wages. So it would seem in the words Dr. Wajed in some ways, that the workers were actually subsidizing the management and this is really an unfortunate part of the reality in Bangladesh. What we consider social security we cannot just think about wages.

Bangladesh does not unfortunately have much of the social security to begin with. When it comes to workers having a job and not having a job is the difference between living and not living. A job means survival, not having a job is really taking over the brink.

One of the other things that was also touched upon by Dr. Wajed and I think this is particularly important. It is the fact that we tend to discuss about workers without really engaging in any discussion with them. We sort of isolate ourselves think we know what is good for workers. This operates at every level, at the management level as well. I can give you a number of examples where enlightened management have been surprised by the negative reaction from workers, simply because there has been a polarization of views, disconnect between workers and management. So it is critically important when we discuss about workers to make sure that we are engaging with them, to form an understanding about what it is that really is needed by workers themselves rather than decide things for them ourselves. Now we can look into neighbouring countries and we can see the kind of social security that other countries have also put in place for workers.



One of the obvious ones that we have glaring example if you like, seek looking at the face here in Bangladesh is the difference between the EPZ and outside the EPZ. Within the EPZ you have mandatory provident fund, outside EPZ you don't and there is a discrimination right there. *Why was it not corrected?* Why is it something that needs so much discussion? Isn't it obvious? Doesn't it stare us in the face?

Going back to Dr. Wajed's discussion about participatory committee. I do not think any of us sited here, have the illusion that participatory committees are meant to be a substitute for trade unions. The whole idea is engaging with workers and if participatory committees provide a platform for at least entering into a discussion, a dialogue between the management and workers, then we should welcome it. If it eventually graduates into a trade union, well and good, but if it does not at least there is a platform in place. Now this is mandatory, unfortunate part of-course in Bangladesh is, in the majority of factories that we know off, the participatory committee exists in form not in substance.

We do have the mandatory requirements being fulfilled simply because it is required by law or because there is brand pressure in order to comply with the law. Not because suppliers themselves are welcoming. Because suppliers themselves are not seen the benefit they can get engaging workers themselves. And I think these are all inter-related concepts. If we understand them, we internalize them, if we institutionalize them, then we will be able to read the benefits from them. But as long as we see this is a kind of requirement, we do not take ownership for them. That is what actually is ailing the industry right now. The fact that we tend to treat workers as somehow external to the management process and I think this is a gap that is to be filled up. Once we are able to do that, then we will be in a better position to understand what it is that workers will need in terms of social security and I think the discussion will then much more fruitful. I do not want to take up too much of your time as I said I did not coming prepared and my friend always ambushes me at the last instances as he did this time. Thank you.

Mr. Md. Shahidullah Azim (Director, BGMEA)



Thank you. Hon'ble chief guest Minister of Labour & Employment, Mr. Khandker Mosharrof Hossain, moderators, Mr. Christian von Mitzlaff, participants, very Good Morning. I patiently heard the speeches from Dr. Wajed and Mr. Zia. BGMEA has taken different steps for social security, as the group insurance is mandatory for the factory for every worker who are eventually ensured. We are also running twelve health care centres and we have already started a hospital in Chittagong and another hospital already under construction in Dhaka. BGMEA runs jointly a project with UNFPA for awareness of TB, AIDS and reproductive health, which we are gradually running the clinics for factories. We have educational training centres, three institutes, four BGMEA schools are running in which primary education is providing and also offer

stipend to the talented students. We have started a dormitory in Chittagong. I very much agree with Dr. Wajed and Mr. Zia, we have to have dormitories for the workers, which is the main part of the social security. We already approached government to come up with a 1% interest as I hope of the fund with the Bangladesh Bank. If we get the loan with a minimum interest, we can come up with the dormitories for our workers. Government already assured us, I think they will still be aligned with us for the dormitories.

We have a labour arbitration cell at BGMEA, in which we are giving free service for the labours to settle their demand in shortest time. If workers run after the court, it would take a long time and even the court cannot fulfil their demand. To take care for our labours, we are always looking after them. We already increased 80% of wages, although it is not enough in the recent context of the market. But we hope our buyers will also come up to extend their hands for the price increase, everything depends on the price.

With the help of our government, the industrial police is already introduced, which might be seen as contradiction against the workers, but actually it is not. In the awareness, it is the employers and employees, industrial police is very helpful, zone wise. We have to thank the government for their initiative. We have also developed the livelihood in the vulnerable areas like the Rangpur and others and giving employment for the population in those areas.

Efficiency of the workers is very important. We are only talking about the wages increase and trade union, but we never talk about the efficiency of the workers. We have to look at

the time efficiency and what we are getting from workers is absolutely half compared to other countries like our neighbouring The average efficiency is only 35% in our country, compared to 65-70% giving efficiency in Vietnam, Cambodia and China. I also hope, especially to Dr. Wajed and our other labour leaders, that they will also come up to extend their hand to increasing the efficiency of workers we can work together. If the workers are efficient, of-course they will get the better salary and for the unskilled workers we are running out some training centre in Dhaka and in around Dhaka. It helps the workers to get easy employment and for develop their skillness. As for the salary and bonus, I request Dr. Wajed not to generalize, because we are of course providing salary for the last month and we are providing the workers within the 10th of this month as per our rules and for bonus although it is not mandatory. The factories, who are providing the bonus, I think they will also follow. But the salary for the next month, you know the present market position, I think it is going more worse than the earlier recession. Actually 70% factories are not working, the have no work right now, they are depending on sub-contract but sub-contract factories are very weak. Factories having work is only 30%, so we cannot provide feedback to all the factories. In this context we should not generalize about the salary. Of course, we will pay the salary partially before Eid and partially after Eid, as these are the technical things. When workers get the full salary before starting the month, they will be again a problem after 7 or 10 days. To keep their interest, we will provide the workers salary partially before Eid and partially after Eid. So, Thank you very much for patience hearing and giving me the time.

Mr. Syed Sultan Uddin Ahmmed (Asst. Executive Director, BILS)



Sorry for the disturbance and thank you for the permission. Actually I just refer to brother Zia's speech deliver when he said that actually there is a difference between EPZ and Non EPZ over the provident fund, the most segment and factor of the social security. One thing we need to be very clear actually that social security is not a charity, social security is legal rights of the workers and legal obligation of the employer and state. Bangladesh constitution is one of the very few constitution of the world where very clearly says that state should take care of the social security for their citizens and especially for workers.

Why I take the microphone, number one; because the labour law is now in the amendment process and Hon'ble Minister is very much interested to have the amendment within very soon, so far as I know. So this is actually the time to tell him with my request, to see this matter. In our

labour law social security is with no single word mentioned, that is the legal rights of the workers.

Number two; we have some social security like Gratuity, but the Provident Fund is not obligatory. In modern age, it should be obligatory for everywhere.

Third point, the group insurance: if you have two hundred workers, then only the group insurance is obligatory. But actually it is equally needed with less number of workers and should be obligatory as well. There are a lot of loopholes in the labour law, where actually we cannot make social security as rights of the workers. I think our Hon'ble Minister will take care and in this labour law process we need to include it. Thank you very much.

Engr. Khandker Mosharraf Hossain (Hon'ble Minister for Labour & Employment)

Thank you honourable chairperson, moderator and participants, Assalamualikum.

I am really happy to be here this morning addressing the Round Table on social security. You know, as I understand we are talking about mainly garment industry, the biggest employment sector in our country. Around 3,5 - 4 million workers are working in this sector out of which 80% are women and all are young girls, so to say. When you go to a factory, look at them, somebody might misunderstand them as a child labour. These are the composition of the labour force and their concentration within very specific areas. This sector you know is a backbone of our industry and economy. Although everybody claims that is the highest foreign currency earner but I must say, that our remittances from the expatriate worker is three to four times higher than the foreign currency earning of this sector.

Nonetheless, this sector is a very important for our economy and beside this importance, the employment factors means, the composition of this sector is very unique. You know when you talk about 80% women and girls workers and most of them are coming from remotest part of the country. By providing employment to this section of the community and the very fact that providing employment opportunities to this section is in one way a social security or otherwise these girls would never have taken an employment. This is one aspect of employment features of this industry, the nature of the job demands high concentration and diligent work. Most of the time these girls are very suitable for this jobs.

Dr. Wajed talked about social security and Mr. Zia Ahad raised a very pertinent point and I am happy he is representing a buyer. Mr. Zia raised that Bangladesh is very important for the buyers because of the low wage rate and this is true. Because it's low wage rate they can get it cheaper. But, low wage rate and efficiency it goes hand in hand and we should



not forget that this industry, although it has expanded very much, has a history of twenty five years and has been effectively competing with other competitors like: China, India. Bangladeshi entrepreneurs are not doing bad, they are doing very well. Still these types of factories are at a primary stage of development.

Let me be very frank about them, most of them are the 1st generation of entrepreneurs and they have to go through a learning process. May I now request BGMEA and others like LIFT and BSCI, those are involved in this sector to think very seriously about the orientation of our entrepreneurs. Also to realize the total implication of this production sector, as our entrepreneurs are learning through very hard way of experience, going through different stages of stoppages and brick-back throwing and many other things, as you know. Those many other unfortunate things can be very well protected, if it is properly oriented and as I discussed with them, I am not

making any statement or speech, I am just discussing the whole issue in this sector, as I discussed with them. The main problem lies not with the owners but with the

management at mid level and lower level and most of them are not very well trained. The workers largely have complains with their immediate supervisors, who might lack some basic knowledge of human relationship. This has to be properly oriented, besides going into their wage level and others. I have talked to management and I have been talking at different levels and at international levels.

In Washington I talked to my counterpart, the Labour Secretary in America and talked with ILO. I also had a very big meeting with the representative of buyers in Washington. Let me be frank about it, in the garment sector or RMG sector, as you say: if I go to a shop, a supermarket, I have to buy a shirt for perhaps two hundred and fifty dollars or hundred and fifty dollars and look at this production site, sometimes it is a very high end product.

I tried to talk to these buyers, *'whether you think that increase of workers wage level may distort the whole market globally? Let us then do something as a social compliance. You can contribute something from your profit to the welfare of these workers'*. I hope somebody is responding to that. I am planning a meeting with the buyers may be globally in Europe, America and Canada sometime to discuss the whole spectrum of the social compliances. One should not forget that this industry is some more different from the other traditional industries:

The job, the work situation, the whole management and organization is completely different and with the age of automation in comparison of the other traditional industries, the work nature has become more or less mechanical. Even if you change a line, you are doing the same thing - may be when you go home you are doing the same thing at your home, because you are so much conditioned to that. But in this industry here, every order is a new one. Mr. Ahad - you understand this - every work order is a new one. The design is different, the way you approach it, is different, work approach should be different and here the training element of the worker is a very essential item.

As a labour minister, I have been putting serious consideration to train the worker in this sector. As I understand, although it's a biggest employment in this country there is still a shortage of 25% workers in the sector. We have Technical Training Centres (TTC) in 36 district headquarters, extending to all district headquarters and I have put a special section for garment sector. There is not only high demand for the sector in this country, there is also a growing demand in other countries. We are getting very high demand from other countries for these garment workers and we are going very cautiously on this. If we send people in good numbers abroad, may be our home industry might suffer. So we have to take away balances, which I am trying to do. But nonetheless we need to train these people and I would request BGMEA to put serious emphasis for this training to the workers.

Dr. Wajed has raised a very pertinent point, which also reach very close to my heart. If there is an issue, unrest or any uneasiness in a factory, we can very easily reach the entrepreneurs, we know whom to talk to. But we have no idea about the people at the receiving end, whom should we talk to?

In absence of trade unions, things have become really, really difficult and especially in a sector where you are employing millions and millions of people and millions of untrained people it is possible to reach and very easily to emotionally swept them away. If some external agents give them some false hopes, they will immediately jumping to it. But with a trade union in place, they know that they have to pass through a certain process to bring whom their need to pass a demand. Even if they are putting forward some demand,

whether this is legitimate or not legitimate this can be screened out at their own level before they comes to a point of discussion.

You know at some moment of time we are talking about co-operatives and they have been considered to be a major wheel for development. In my country, co-operatives are not very well accepted because of mismanagement. Our factory owners have probably a hidden fear that if there is a trade union, we would looking for trouble. I think this is not the case. By creating a trade union in his own factory, they are putting would bring their whole labour force under the frame work of the law, regulations under the framework of a very strict discipline. It has never been meant to disturb any industrial process and there should be in each factory CBAs (Collective Bargaining Agents), who should not be an external organization. They should be elected or developed within the factory among the participants of those four walls. No external agent should come and create those agents. This should be created out of workers own demand. Probably this Participatory Committee could be an initial or stepping stone to organize the trade unions and I would like to bring this message to this Round Table. Let us openly talk about trade unions. Let us understand it properly and talk it very frankly. The constituency of a trade union and to



understand it thouroughly. Especially the entrepreneurs as a first reaction, that if trade union are established, they would look for trouble. People will always go for demands and why not - let them very well understand. Workers also should understand that by organizing trade union, they are not free to do anything they want, rather they are under a very strict procedures and regulations.

It's a tripartite system and government side as member of the ILO, who has developed Convention 87 & 98 with the Freedom of Association, which has not been created in only one day. This was created over a very long period of discussions and at a time when there were a real regimentations. You know, the world was divided in to two categories: free economy and the organized economy and this convention has been formulated with full consensus of all the constituents of this production sector. So it can not be sweep away like this.

In Bangladesh this garment sector being the highest employer, I think it's about time that we should talk very seriously about it. So far, Government is concerned, I am the minister for Labour and responsible for this and I always own my responsibility. Let us talk very frankly. I have talked with ILO and I have brought their Executive Director to Bangladesh on this issue of trade unions. Unfortunately, on the day he was coming I had to leave the country and I could not defer my trip because it was a state to state visit and to defer would have created more problem than solving them.

I am also responsible for another big sector, which is the overseas employment. About eight million people are working outside Bangladesh. Even Switzerland, has workers from Bangladesh in a big number. I have to deal with their welfare and employment and many

other things. The ILO Executive Director talked to all constituents and is doing something. I recently received some information and we will have a serious participation of ILO in organizing trade unions in this sector and with full participation from our entrepreneurs "Better Work Program". Although, there are some difficulty in Better Work also. When I went to Washington, I was not meant to go there for this, I was attending the breakfast prayer of the President, organized every year. This year I was invited and I thought that I would take this opportunity to meet my counterpart. Initially the meeting was scheduled for 15 minutes and we ended up discussing for two and half hours. I was amazed to note that she knows the situation and the participants in our chaotic situation even by name.

Secretary of Labor, Ms. Hilda L. Solis was naming persons who *were subdued by your government and what not*. That's why the discussion was so deep and prolonged. She then realized that by not involving trade unions, but involving the NGO's instead in the affair of trade union, it has damaged the whole thing. I mention to her that by raising very easy slogans like *come and join us, your salary will be raised to ten thousand Taka* and agitating, people will be brought on roads which are the lifeline of Bangladesh and connecting the south and north of our country. In Ashulia and other areas the people comes out in numbers on the street and has implications to Sylhet, Comilla, Kanchpur with big disturbance with a total stoppage of vehicles and even an expectant mother delivered its child on a bus. Don't *you* consider this as a human right violation by doing that? In absence of trade unions, other external agencies and forces coming into and play, which are not authorized. They will not understand what trade unions are with their guidelines and obligations? By raising easy slogans, we are not serving their social issues, rather making things difficult. This is an issue, which we, from the government side, provide some back-stoppages and provide all support to progress organizing trade unions at some point of time.



We are talking about minimum wages and which Dr. Wajed has rightly mention that minimum wage is an indication, nothing more than that. It's an indication that this is the wage - it has to be ensured. No one will be employed below that level. Nobody is preventing any body to pay higher than what is prescribed as a minimum wage. So, it's an indication that this level should always be maintained and I am happy to note that all the industries are paying more than what has been prescribed as minimum wages and nobody should pick up that three thousand is the wage level of those workers.

No, it's not - may be it's an entry point within three months, six months or one year they just go up in the ladder. It does not necessarily mean that we will not revise this minimum wage. But this should not be a stumbling block for any wage increase. Production is a function of efficiency and efficiency is a direct function of the compensation, nobody can deny it. If a worker is happy, you can get more output from them and I am sorry to take notice that BKMEA and BGMEA are most of the time complain about their productivity. But believe in me, I have seen many factories outside Bangladesh, where our Bangladeshi workers are working side by side with Chinese, Indian, Vietnamese and other workers. I have them the entrepreneurs, how do you compare our worker with the others? They have said that Bangladeshis are quite efficient and I am happy to mention at this Round Table that nobody has ever complained about the productivity of our workers other than inside Bangladesh.

Recently I visited Mauritius and I have seen our girls working with Chinese girls and this has been a very beautiful combination of the different nationalities, working in the factory and Bangladeshi worker stick out, very much they stick out of other workers so far productivity concerns. When we mention that productivity is a function of a compensation package, it's true and we would be very much short sighted, if we would leave aside the compensation package and talk about productivity only. Compensate them amply, make them happy, you will get much more production and let us be very frank about it. We in the government, we were always considered to be very big, don't work, very lazy and if we consider our counterparts in the private sector, they are much more efficient, very smart people like Mr. Zia, who can speak very well and you know why is this. If you look at his compensation package, difference with his counter-part in the government sector, you will see that our government sector workers are getting probably one-fourth or less than of the compensation he is getting and let me very frank about it: Productivity is directly related to a compensation package and if we are not looking into this aspect, our entrepreneurs will loose by their own, they are falling by their own width. Here I think, we need a serious orientation for both the sides that what compensation means, how it increases the efficiency?

Ok, so far I am rather beating about the bush, but the subject I am talking about, is more or less relevant to this social compliances and you see those 3.5 to 4 million workers working around Dhaka, Chittagong, Narayanganj and Gazipur is quite a good number.

We can not always increase their salary, which may squed the whole market, not only internal market also external. And it is related, it's a very complex one you know, it's not easy that there is an easy solution to this. But there is one solution, which is very easy: provide them with some security arrangements for example the dormitories, which are not only a requirement, it's a must. Imagine a young girl of eighteen years or twenty years coming from a remotest place, village of this country having no acquaintance in Dhaka and around, she comes all alone. She needs at least some recession period to adjust to the urban situation. I have even seen highly educated people with very strong educational background going to a different country and have a severe cultural shock, which takes lot of time to overcome. This is especially true for our workers, who are working in this garments sector, who even have not even visited their own district town. Before ever getting an employment, they are in a very wide place. There is a serious cultural shock, which all of us should try to understand and create conditions to overcome is one of the main social issues and social security for these workers.

Government has provided some seed fund for these dormitories. Factories can also organize training facilities, social facilities, some entertaining situations to ease their this serious cultural shock and with this easement of their cultural situation, their productivity will definitely go high. I would request BGMEA, BKMEA and other entrepreneurs to take full advantage of this money we have provided for and it's only for 1% interest, so please take the advantage it will work in the long run. You have not created a factory to run for 5 or 6 years, it will run for years to come, generations to come. Consider this is an investment, long-term investments so that it will pay by itself. Through the efficiency you will get more and by doing so, many other social situation can be avoided. You can easily reach the workers with their health facilities, very good food and everything can do to organize. Even government is seriously thinking of creating a garment village. For example we will looking for the land and I am also requesting BGMEA and BKMEA let us find some land, where we can concentrate all these garment factories in one place. Government will be in a very good position to give you all the infrastructural support, gas, electricity, education for the children of these workers, their health facilities, transport facilities all can

be accommodated. I tell you that it cannot be done only by the government as you know. We have to participate all of us together to create that kind of facilities.

The salary and the market prices can never be matched. It can be matched in case of Mr. Zia, not for all the workers. They are always at a subsistence level. It's a good idea at present to provide some additional support to these workers as well as to the factory owners and government have decided to give them rations. The market food price will not work at least for the price of rice. Government will provide rice at the subsidized price. I would request the entrepreneurs to take this advantage. Go and approach the Food Ministry. At least I have personally distributed ration packages in one or two industries in and around Tejgaon. It's possible, we have to work a bit, go a bit extra, work a bit extra to get these advantages.

And you know for timely wage payment there cannot be any excuse for not paying timely wages. It is a right, they have given their toil and they are entitled to their salary. If there is any punishment you have imposed, that is a different issue. But they should be regularly paid and as I always try to bring home one issue: *workers, government and entrepreneurs*, although it's very easy to speak of those three parties. *We are never a party*, let us consider ourselves as *partners*. Imagine a factory with modern amenities and wouldn't have workers, no matter what the level of automation would be. If there are no workers, there would be is factory and if there are thousands of worker but no factory, so nothing will happen. So let us consider it as a partnership and if we can bring home the message, that we are partners, then the locker heed situation can easily be avoided. We shall talk as partners for any kind of problem and government will provide necessary stimulus for this.

Mr. Azim, has talked about the industrial police. The Industrial police was never designed for any repression measure. It's rather established to protect the interest of workers as well as the factory owners. From our past experience we have seen that all the breakages and the fires were never done by the workers, by some external agents, who came and did all this havocs. Industrial police will prevent this.



I am really sorry to note that there is no provision of Provident Fund in the labour law. We are in the process of revising the whole law and the 1st draft is on my table now and I will be sitting tomorrow. I have gone half way through and I will ask my people to remind me that this point has to be included in the labour law.

I would like to express my feelings that this year, factory owners and entrepreneurs are passing through a difficult time definitely. They have to pay their last month salary, this current month salary and also there is a very strong

demand to pay festival allowances or bonuses, which for a factory owner is a definitely be pressure on them but is not coming out of the blue. I think they had one year time to think about it, that this year Eid is coming on such and such date. There may be a variation of one or two days, not weeks or months. I hope the factory owners have taken ample preparation to face this situation. From the government side, we have all meeting with different participants and different constituents and I am very seriously talking with

the financial institutions to be little more generous so that they don't raise the issue of liquidity, rather be generous to pay the entrepreneurs so that they can face this very difficult situation, especially this year.

Let me conclude by saying that buyers' social compliances is a necessary element of employment. This group insurance, if it is for two hundred workers or less, than there should not be any limit. If there is group insurance for worker in two hundred groups, what is the harm of getting group insurance in twenty-five groups? It should be universal; I feel it very strongly and will do necessary corrections in the procedure. Those are the workers, working with you and I would request also our labour leaders to educate our people and especially during this difficult time. We have six Zonal Crisis Management Committees. If there is any difficult situation somewhere, please participate with this crisis management group and talk to the factories workers as well as the factory management to overcome the issues. If there is a point of taking a side, I am giving you the guarantee or assurance, this committee should provide with an OK agreement, although I have some financial difficulties and cannot give you 100 %, but since we are partners, you just have something at present. This committee will look, that I will fulfil my commitment at a certain point of time and I believe that, if this dialogue continues, many of the unwarranted situation can easily be avoided.

I think this is the time, I should rather stop and I might take three or four questions before I go for another assignment. Thank you again for inviting me to this very important Round Table.

Ms. Sarah Begum Kabori (Member of Parliament)

Thank you very much. Hon'ble Minister, I must thank you. Also I would like to thank the organizer of this social round table. Every time I come here and listen, but out of all other meetings, today I find his speech very interesting and he talked about the right issues on the right time as well. I hope that those who are involved with RMG sector and are present here like BGMEA, BKMEA will agree on this. Earlier we noticed that every time we want to speak only for ours, but today it was exceptional and it was a new arena for me being part of this exception. I have to work within the political environment in my area and what I planned to speak, brother Mosharrof Hossain has already covered those topics in his speech.



This discussion covers many issues like: food rationing, social security, etc. I think security for young girls as well as for male workers is also important. This sector is very sensitive, if we do think that this sector is only for export, for the business and earning money - it is not that. This industry employs 3.5 million workers and 80% of them are female, this sector survives with joint effort by workers, owners and mid level management. Mr. Sultan spoke about mid level management, here I literally deny with him

because everyone cannot be considered on a common platform. But I have seen worsened situations in my area due to mid level management as well. Brother Mosharrof Hossain ensured us about his monitoring and involvement. We experienced many incidents like: fire, clash in between the management & workers, etc. I think, a co-ordination needs to be established among the local Parliament Members, administration, factory owners and workers, that can help to mitigate the issues.

Moreover brother Mosharraf also told about 1st generation entrepreneurs and I think sometimes they are also making the situation bad exposing their stern position and body language as well. Training is very important. For the first time I became a Member of Parliament and in my area the problem is severe (Narayanganj). I think the orientation is really very important and we also talked here about the cultural shock, which is absolutely true. People come to work from remote villages and they find work in a different environment, so cultural shock has to be here.

Hon'ble Minister talked about the false hope and this fact is also very important. Some outsiders in disguise of mid level management give false hopes to the workers and I believe maximum workers are very simple and naive to be easily misunderstood and gradually creates seed for unrest. I talked with other sector businessmen and they told me that we could arrange an amicable gathering in combination of owners and workers during any festival like: Eid festival time, which also can involve local Member of Parliament as well. If any owner in my area involves me and invite us to see, how the workers work and enjoy the work as well, I would really enjoy it. - We need to treat workers as partners not as parties. -

I also want to draw kind attention of Hon'ble Minister that in the Narayanganj area we are facing a severe crisis of fire brigade, the areas are very congested and during fire, innumerable damages occurs and the low land also gradually with the ponds filled up. I do request Hon'ble Minister to take immediate steps about this fire brigade issue in the area of Narayanganj.

Thank again to the Hon'ble Minister and participants, it is the time to create co-ordination between the owner and all other interested parties and I really hope that by our combined effort, Bangladesh will move ahead and progress further. Eid Greetings to all.

Question and Answering Session with Hon'ble Minister

Mr. von Mitzlaff (Organizer, Round Table on Social Compliance):

Hon'ble Minister thank you for raising those numerous points. We will have a prayer break in twenty minutes, which allow us to take few questions.

Beforehand, may I step out of my role here at the head table and mentioned and observation from my experiences working with the factories: When visiting factories inside and outside EPZ's, it struggled me, why the contribution of provident fund inside the EPZ is only a voluntary contribution. When many workers came to know about this voluntary provision, they largely opted to contribute to the Provident Fund. Outside the EPZ this provision doesn't yet exists and it is often said that workers are moving for one factory to another factory and administration of the provident fund, managed by each single factory account is not really practically. What if the provident fund would be organised centrally? When the worker would change from one factory to another factory, there would not face the difficulty of transferring her share from one account to another factory account. Something publicly centrally like PKSF for example.

Mr. Farid Hossain (Moderator)

Thank you. As the minister said he has some time to take some reactions. If any of you has anything to react, comment or ask any direct questions to him, so you are most welcome.



Mr. Zia Ahad (Sr. Regional Leader, PVH)

I have a quick comment here. Thank you Hon'ble Minister for actually raising some very interesting issues with also clarifying the status of the not only the industry, but also the government with regard to this industry. And I think one of the things that you pointed out was with regard to the fact that this is actually the 1st generation of entrepreneurs who really are not necessarily schooled in the art of being an industrialist. So, it's driven by short term thinking ad-hoc management, if you like and may be this is what goes to the issue why the mid-level management is also caught in a sandwiched kind situation. My question to you would be, knowing this situation, what would your government be doing about the widening orientation of entrepreneurs, that you have spoken off?

Engr. Khanadker Mosharraf Hossain (Hon'ble Minister)

Thank you very much. This is an issue, which has been bothering me for last two years you know and I have been talking about this issues very loudly. As you know, Bangladesh is a governing body member of ILO and we have been the distinction of being a president of the international labour conference, which is considered to be a labour assembly, labour parliament every year. I personally presided over that meeting and gave me an advantage of a very high voice. You know being a member of governing body, you really have a cloud and I have been forcing ILO to participate with us. I am a party to this, as labour ministry is a party. If we try to do something, they will say that government may have some interest in it. So, there is every possibility of misunderstanding.

I could immediately issue a directive, if you don't create a trade union or this or that, I would according this rules take that action. But that does not lead us to anywhere. It has to be a participatory program, therefore I have asked the ILO to create two sets of program. One for the workers implementing at grass root level and another for the entrepreneurs. They should be properly brought into an umbrella and discuss very frank about the managerial issues. The factory has specially become so complex which one is more important to an owner? Is it marketing or the production? So now with this high level of international composition, marketing has taken most of the time from the entrepreneurs. They have left the management to the unfriendly, unregulated managers, whose at many times create problems. Thank you Mr. Zia, we are working towards that and I have received a proposal from ILO, which we have considering and we will very quickly implement that project. Thank You.

Mr. Syed Sultan Uddin Ahmmed (Asst. Executive Director, BILS)

Actually one thing I need to clarify, which I haven't mentioned: There is a provision for provident fund, but not obligatory for the private sector. If only $\frac{3}{4}$ of the workers raise the support or demand for the provident fund, then only it is obligatory. So, that need to be amended and I am really impressed with this today's speech of our Hon'ble Minister and I would like to say, he is very directive in many ways. Especially the composition of the workers that actually needs to consider in our case and that remind us to consider that we need a strong legal social security system. These workers are coming from the rural background with no capacity to bargain for themselves and to allow the trade union, like our Hon'ble Minister has said. But then it's not a question only be considered by Hon'ble Minister. Later on, does our Labour Department act like in line of your today's speech or your earlier address in this house regarding, recognizing the *real* trade union?

Second, you mentioned very nicely, which I think need to be differentiate again regarding the external agents and the human rights approach. There are NGO's, human right

organizations and there are national trade union centres, missionary and trade unionists. You know, as an ILO personnel and very internationally perspective person, that traditionally everywhere in the world trade union starts by the national trade union centres, not by the workers instantly to organize themselves and raise their voice. When a real trade union starts working in a new industry, it has always been blamed they would be external agents and want to disturb, which actually disturbed the building of the real trade union. Actually that needs to be considered, we should not branded everybody as external, we should not allow our opposition, those who do not want trade union in the industry and don't want sound industrial relation and a participatory system, to brand everybody as a external agent and a disturbing agent. That was not a question to you.

Third and last regarding dormitory and rationing system: We actually know that everybody agrees with this issue, government agrees, employers always said. I think two years back BKMEA started supplying rationing. Where is the problem behind this? We found this 1% interest rate is very low but I think there is a clause linked to it, only organizations can apply, not a person. We know that in the area of Ashulia and Kanchpur huge land by private owners lies abundant. If we could allow those owners to build dormitory with this interest, I think that problem would be solved. We cannot say, only organizations or association can avail this facility.

In regard of the rationing, why don't we oblige our entrepreneurs to be part of this rationing system? Government will be the subsidy and they have to manage it by transportation and others. I do not understand, because everybody agrees on this. Last, when we agree with these issues with your today's masterpiece speech, I would like to say, let us have a follow up so that we all party may have some opportunity to meet you, Perhaps after one month or two months, to see the development according to your direction.

Thank you Hon'ble Minister.

Engr. Khandker Mosharraf Hossain (Hon'ble Minister for Labour & Employment)



Thank you Mr. Sultan for raising this. This is the reason we are talking about federations. If you have very strong federation you can always supervise the factory trade unions. I am always advocating for a federation. Please let us work towards that. I am talking about federation first, then the basic union might be seen as going all way around, but in this Bangladeshi situation specially, let us start with the federation and then go down. Please, lets try to organize it.

As far as the dormitories are concerned, each and everybody knows the 1% percent facility and it has to be pressure and believing me, I will start putting pressure on this from different aspects. I have already condemned a meeting with my factory Chief Inspector and our Director of Labour. By law they have enormous capacity and power to make things right. I will motivate them to work towards that, I will organize them. There were some difficulties as you know like shortage of manpower and sort of incentives. We will do work towards that because this is about time that we should not defer this issue anymore.

Social compliance must be taking place right up front. I am also trying to put moral pressure on our entrepreneurs, you know I have already talked with World Bank and generated some fund from the World Bank especially for EPZ's, where by the end of this year with World Bank assistance, we are building dormitories as a pilot case and then will institute some training, we provide temporary accommodation for nine months, train these young girls and then asked them to go and find their own accommodations. We are trying to experiment something so that we can create a model and create definite conditions that if you have to run this factory, you will have to have this. We shall know the result very successfully first and are working towards that. Thank you very much.

Debasish Kumar Saha (General Manager, Fakir Apparels Ltd.)

Thank you very much. I would like to thank Hon'ble Minister for his positiveness and frankness through out the speech and waht he has told us, make us very happy to have expresses the government view and intentions, what to do for the workers all over Bangladesh. Thank you very much.

What actually is my little concern: Government has taken throughout the time very good initiatives as far as labour sector is concerned, especially in the garment. Most of the time we have seen in the newspaper the implementation delay. I don't know whether it is a communication gap by our regulatory and monitoring body? These are news we read.

One thing we have always seen in the newspaper is *that government has taken and initiative*. In time of disaster or one incident, there is an incentive or the disbursement of a compensation by the government. But not right on time, or at the right place or to the person. Is it actually happen, what we have seen in the newspapers? If not, what from your side are you going to prevent this?

Thank you very much.

Engr. Khanadker Mosharraf Hossain (Hon'ble Minister for Labour & Employment)

This is a question of attitude as you know. Let me tell you from my own experience: I started my career as a civil servant, I worked with the government. Then I worked with the International Organization in United Nations and one of my colleague in ILO has very frankly asked me: "Mr. Hossain, how des it come, when you are working here you have excelled all of us. We cannot reach you. You have gone so far in your work. But why back home with the same questions you are not able to deliver." This is perhaps a legacy, you know the whole system is inheriting, it will take a little longer time. But I am not disappointed, you know. I am really hopeful that we will be able to overcome all these shortcomings and we will have to. If somebody rightly mentions that this machinery is not working - but when the minister is trying to push, I think you will get the result sometime. It will take a longer time, but you will get it, that I can promise. Thank you.

End of Morning Session

- Prayer break -



V. Working Session - Debate

Comment from Participants on statement from opening session

Mr. Vincent Ho (General Manager, OTTO International)

I am Vincent Ho from OTTO International. I just want to make some comments basing on what I heard earlier in the 1st session. I am not necessarily speaking on behalf of the company OTTO, but rather from my own experience. A Couple of points:



I am coming to Bangladesh to buy since 1984 and see a lot of changes in this market. One reasons for the buyer to come to any market or country is that you have to be competitive enough. Because we are no longer looking at comparing prices of China versus Bangladesh or whatever. We are looking at prices on a global arena. You like it or not, this is the case. Even the buyers sitting in our home office or head office are also looking at this the same. If we look back a few months or even at the beginning of this year, when the cotton yarn prices have been shooting through the roof, the prices we had got from Bangladesh have been refused back by our German customer. Countries, traditionally being considered as expensive, are all of a sudden very competitive and those countries are somewhere between Bangladesh and Europe. These countries are Tunisia, Morocco and Turkey. Yes, you can say that Turkey also buy lot from Bangladesh, however - look at it. We all are looking at a very competitive market, hoping the buyer would pay more money is a hope - and you can keep wishing.

The buyer also needs to survive and if that company will not make enough profit, this company will close the door and go away with his business. That's a reality. No matter how much our company insists in Bangladesh that our working partners need to meet our compliance requirement, we surely will not give them too much chance to increase the price. We are not necessarily buying the cheapest price in the market. However, we are not going to pay for whatever price the vendor is asking for. That is a reality.

The second point is on dormitory. First of all, I have nothing against dormitories. Individually or our company isn't against any vendor having a dormitory. I just like to speech from my own personal experience being in the trade long enough. If you look back in the history, dormitory is also awake huge compliance issue. Sai Phan is a major problem. If you don't know the story, you can talk to the compliance officer or go to internet and key the word 'Sai Phan_dormitory' and you will understand. I want to express a statement of caution, in case *we* want to push forward in Bangladesh. I say *we*, as I work in Bangladesh and don't come for one day and go out on the next six or seven days. I live in Bangladesh.

If *we* want to implement dormitories in Bangladesh, I think we need to do much more home work to understand what the western world defines as acceptable living condition for a worker in the dormitory. If you just apply Bangladesh local standard, already a very nice local living condition, we may not be good enough towards the brand or buyers. Western world see a couple of things as very important: Number one: Privacy - how much privacy the worker has inside the dormitory? Because dormitory in most cases is put a number of people in a room and in this case it does not give sufficient preference to 'individual privacy' in the eye of a 'Westerner' unfortunately.

Secondly, the size of the room is another one. In addition you get into other issues like possible 'repayables', the so called 'rules of a dormitory'. Which time the worker can go out and at what time the person must come back to the dormitory? The westerner likes to believe, this is a free society, where people can go in and out according to their will. If you telling them, "yes workers can stay few hours but if exceeding, they can not return to their room," you get into problems. The other issue is always cooking inside the dormitory. I think in some cases dormitories don't serve lunch and allow people only to cook for dinner. That's going to be a big grey area, when compliance auditors would come. In case a worker does not feel well one day and isn't going to work but stay in bed. No food is in the dormitory and s/he is not allowed to cook inside the dormitory. In the end you are depriving this person from basic human right by forcing to go back work at the factory in order to get food and lunch. I just mention the category of 'forced labour' here.

You will understand the lot of nitty-gritty things that can be a real storm on the side when we would roll out this ambitious project. I have to call it *ambitious* project, because it costs money to set up a dormitory, you try to do this on a very good cause for the benefit of the workers. But when you flip the other side of the coin, you don't necessarily get the right back initiations. That's my just true sense of opinion on this dormitory situation. Thank you.

Mr. Zia Ahad (Sr. Regional Leader, PVH)

Well, in addition Vincent, I think to what you have said, there are other aspects also. When we consider brands looking at dorms, they looking to see these are exclusive to the factory. If shared at multiple factories, would throw another kind of worms with multiple size to this issue. I think the term 'dormitory' has been sort of thrown out there to substitute for may be a hostel. And the idea was basically that you need to respond to a need here and the need is of course for as the minister himself defined, of very vulnerable workers in this cases, coming to cities for the first time and looking for accommodation and falling prey to all kinds of situation. The problem is, there is a need for housing and there is no question about that. Whether this needs to be a dormitory as we understand it, is a separate matter. But you know we probably could consider it in the larger aspect of providing accommodation through hostels may be, which may not be linked necessarily to the factory. Those are things we have to define at the outset, before we go on. But I am glad that you have surfaced these questions, because this is an issue that will become a major problem for Bangladesh, if we do really take it on the way that the government seems committed to. Giving out 1% interest is an inducement, incentive to set up dormitories. But really if you look up at the history of dormitories even in places like China, perhaps one of the most regulated countries you can find it anywhere, the situation is really horrible. So, we have to be very conscious about those things, when we consider extending some level of social support to workers who need it. That's my true sense.

Mr. Anwarul Sabir Chowdhury (General Manager, Palmal Group)

Sir, I am Sabir from Palmal Group. The issue of dormitories as Mr. Zia has very correctly pointed out and the conditions deliberated expressed by Mr. Vincent is a question either to come forward with or not. Keeping in mind the need for accommodation for those workers coming from the rural area and as the Hon'ble Minister has pointed out regarding the cultural shock and keeping in mind the remoteness of their originate places. Keeping those in view, it is very much needed that dorms are provided, whether we call it dorm or in the form of a hostel - whatever, but some kind of a shelter or a roof to the workers, this

become very much, very, very much essential. Considering the security part, whenever you cross or enter the industrial belt, you will see at the hour of darkness these women workers walking back to their homes, walking miles & miles before they reached their home. I don't call it home, but 'their place', they have putting up. As far as the law and order situation is concerned, we need to take that into consideration although I will say, they are always at a risk.

What Mr. Vincent has just said, that one side of the coin is the compliance or the buyers requirement for the dormitories and if we provide dormitories, then if those certain things are not met or adhere to, then the business of some company will be at risk. But at the same time, keeping this problem as a national or social issue, we could consider some kind of a hostel. It might not be within the premises of the factory but a couple of factories together could make up outside a kind of shelter. I think that is appropriate and meets the need.



Mr. Vincent Ho (General Manager, OTTO Intl., Dhaka)

First of all, I want to repeat: I am not against dormitory, I just want to highlight that there is a different side to the coin. We would do this for lot of good reasons but on the other hand, it can be the *view* be quite differently, unfortunately.

What I try to spell out is to highlight, we have to be cautious instead of repeat to make same experience again. Rather than learning through experience in Bangladesh, we should really try to pull out cases that happened in other countries and learn from those experience, instead of we have to go through with here. The minister also mention earlier, that most of the factory owners of the factories are 1st generation entrepreneur. What I am suggesting is, that you do not have to learn everything in a bitter way, you can learn some other things enough smarter way avoiding to fall into the same situation. This is a catch 22 call: you do *this* - you get caught; you do *the other way* - you also get caught.

What we are doing to do? I fully understand the need and really appreciate the gesture of the owner to set up this shelter or living environment for the female workers. But on the other hand, we have to be careful because the owner spends the money and are happy to be managed by some other people. If you have unscrupulous people who manage it and take advantage of it, it can be a real big scandal of a sudden. Then all the good work turned out to be a real another big challenge for us. I just want to spell it out that we collectively take the two sides of the coin into consideration and try to come up with a way, other countries have already figured out and we have a better position and short cut to make it a success. Bangladesh could then have something to prove to the rest of the world, that if we want to do, we can do it equally well. That's what I try to bring up at this moment. Thank you.

Mr. Syed Sultan Uddin Ahmed (Asst. Executive Director, BILS)

It's not good that I am coming again & again. But I agree with brother Zia to start and providing shelter, is human rights nowadays as these people have nowhere to live, literally they have nowhere to live. The way, they are living, the place they are living, is not a living place at all. If we start to see the other side of the coin, I am agree with him, it's good that he put the question and our target should be a decent living for our workers, all citizens of course. But we cannot wait and only make lot of home work and I tell you that

this fund is lying last 5 years. The minister didn't tell it the first time today and actually only for one clause, this fund is not utilised.

According to the Bangladesh Bank clause, the fund should be utilised by an *organization*, not by a *private person*. If it is disbursed to the private land owner, those who have abundant land in these areas, I am sure it will be utilised and many people will shelter in the mean time. It is good to set the benchmark, the goal, that we want decent work and living. But we need not to put it on someone else shoulder. It's not an entrepreneurs responsibility nor liability only. Everybody shall take part, government will give the loan, may be BGMEA or some of group of entrepreneurs will come, some private land owners also can come. We need shelter for the workers. It's a good that discussion we have, but if we are halting for more analysis, then some people will take this as alarm and will stop the discussion. Thank you.

Mr. Zafrul Hasan Khan (General Secretary, BJSD)



I am sorry that I couldn't make myself available as I was busy with other program as I informed. I am the General Secretary of Bangladesh Jatiyatabadi Sramik Dal, one of the national centres operating in Bangladesh. My name is Zafurl Hasan. I was actually waiting as I haven't present during the morning session and don't know what has been told and the interactions.

Right now we heard about the *living* aspect as a social compliance issue, the housing of workers coming in front. I agree with him, regardless by which name we call 'dormitory' or 'hostel' or 'house', the most important is that the workers need a shelter to live which is at least better of where they are now living. I fully agree with him, that there is a risk that this pro workers inter-initiative might either be stopped or may linger, which is born out of good intention on the part of the employers as well as on the part of the government. As a representative of the workers, I actually know how they are living. There is no standard. When I was a student, I had been some time for Europe, I have seen in many of the European countries, how the migrant workers but also the local workers live. If we put too much emphasis on the compliance aspect, although I appreciate what Mr. Vincent suggests and we can consider as our target and ultimately might reach there, but we should start from somewhere. It is getting delayed. The whole housing problem for the workers is not being materialized and continues to get delayed. As a workers representative, I want to suggest that the work should start since the government is willing and the employers are also acknowledging that they should.

I have worked in many of the jute mills and if we look back at the time when our jute industry started, many of you who might not have seen those times, but when a jute mill have been established, inevitably there had housing been in place. Inevitably all the jute mills had their own colonies within the jute mill areas. Since that was not a problem, then why we think that it should be? Rather it depends on how we design them. If we think we will hire a house, multi-storeyed building and establish an industry there and don't consider other issues, then it might work in many cases. We shall look that better housing for workers will satisfy them and be of benefit for the workers and in the interest of the entrepreneurs or owners. Forget, whether we have fulfil the compliance issues or not, we need satisfied workers to have more productivity and that will help both the owner of the industries as well as the workers.

From the trade union position, I want to emphasize that we will keep in mind those things, whether it fulfils all the compliance issues, but we should put more collective emphasis so that actually the housing, either it is a hostel or dormitory or anything else, but is at least better than now. Thank you very much.

Mr. Zia Ahad (Sr. Regional Leader, PVH)

I think the points are well taken I mean from both sides. I mean Mr. Zafrul Hasan has raised the similar issues that Vincent has actually, because Vincent has really surfacing some of the concerns we should be looking at that we should be aware of the challenges the industry will face, if it takes it on, as a responsibility. It is a slightly different thing if the government wants to do it by itself, because then it becomes a housing scheme, managed by the government. But Vincent has been talking about from the perspective of a brand looking at a factory, that has a dorm. There is slight difference here. There is no question, in my mind anyway, that Vincent is also advocating for good housing for workers. We all are in favour of it. But who manages it, how it gets managed, what are the challenges we likely to face, what alternatives, what options we have? Those are things we need to bare in mind before we go whole steam into the whole process.

Mr. Vincent Ho (General Manager, OTTO International)



I just want to say, the idea is very good. But you need to look at it from a strategic angle, so that you set it up on the right track from the very beginning to take away the heat. That's what I try to explain my experience after seeing so many different places, where they have a dormitory and the kind of work that we need to go through to clean it up afterwards. This is not so easy. Once you are on the wrong track, it takes a long time to finish a problem. That's basically I speak from experience.

Mr. von Mitzlaff

In the following I like to propose a brain-storming to reflect within the professional group (suppliers, buyers, labour sector) on two questions:

1. What shall in your view the Ministry consider to include Social Security respectively the Safety Net into the new labour law?
2. In addition to a legal requirement, what shall be promoted as good and voluntary practise in a first step and eventually in a second step incorporated into the law?

Working Group Results

Buyers

- Extension to mandatory Provident Fund in factories outside Export Processing Zones
- Provision of Health and Medical Insurance to include in labour law
- Dearness Allowance in every year
- Inflation Adjustment

Suppliers

- Introduction of Provident Fund in all factories
- Increase deceased compensation amount
- 4-hour Overtime
- Strong Participatory Committee
- Establishment of Welfare Centre
- Housing scheme by government
- Revised pay scale after specified period
- Birth control incentives
- Education facility & scholarship for workers children



Trade Union/Labour Activists

- Compulsory Contributory Provident Fund
- Establish Central PF Cell
- Two months Gratuity
- Workers notice pay for resignation should be withdrawn
- Gratuity & job loss compensation should be separated
- Amount of compensation for accidents should be increased and reviewed periodically
- Requirement of minimum number of workers for group insurance should be waived
- Full Treatment for occupational diseases and accidents
- Full compensation in pay for shifting factories
- Festival Bonuses
- Regular Wage adjustment
- Housing/ Accommodation
- Food Ration/ basic commodities at fair price
- Training of workers for alternative skills to cope the new design and technology

Trade Union

Mr. Syed Sultan Uddin Ahmmed (Asst. Executive Director, BILS)

Good afternoon. I am from workers group, We found that in course of social security, everybody is on the side of workers - as a partners. We propose that there shall be a separate chapter in the upcoming labour law on Social Security, which I mentioned to the minister already with some amendments and inclusion to that chapter.

- Compulsory contributory provident fund & establish central PF cell:

One amendment would be the compulsory provident fund. At present, it is not obligatory but voluntary and to establish a Central Provident Fund for the garments industry. We have discussed in the morning and many times earlier, that our industry is of size and character where workers are mobile and occasionally the industry also shift from one place to another site. A central provident fund will be more secured for the workers and more supportive.



- Two months gratuity:

Concerning public sector with two months gratuity, the private sector only has one month gratuity. Therefore we are proposing same as the public sector for the private sector: a two months gratuity.

- The workers notice pay for resignation should be withdrawn:

It's a big problem for the garment workers now. Because workers need to pay two months as notice pay for resignation and that means workers have no choice actually to leave his/her factory with his or her payment. That provision should be withdrawn from the labour law.

- Gratuity and Job Loss Compensation should be separated:

In the definition of the labour law is the compensation separate for 'job loss' and 'gratuity'. But when looking into the article, the 'termination', the 'discharge' and 'retrenchment' one month salary for each year or gratuity shall be paid, which ever is higher. Worded like this, it would become an *alternate*. But actually it should not be alternate. Gratuity is *my earning*, for each and every year I earn the gratuity, it's my money, it is workers' money.

- Full compensation for factory shifting:

Now it's becoming a problem actually factory shifts from Dhaka to Ashulia or Gazipur or other places, but workers are sometime helpless with possible unrest and others. No provision exists for the workers compensation or employers' responsibility in the labour law when shifting the factory to be included.

- The requirement for minimum number of workers for group insurance should be waived.
- The Amount of compensation for accidents should be increased & review periodically:

Presently it is only one hundred thousand Taka (100,000 Tk) and only last week the High Court declares it shall be ten lakh Taka (1,000,000 Tk = €10.000). Consequently we should go for with the High Court decision.

- Full treatment for occupational disease and accident:

The provision of medical support beside others is included in the present labour law, but without an obligation, in case of job related disease or accident diagnosed. Employer shall have the obligation for the full service treatment. This needs to be clarified.

- Training and alternative skill training to cope the new design and technology:

We regard skill development as a part of social security. If a workers skill is required to cope with the changing situation, then automatically she or he can secure his/ her livelihood. But other than the apprentice system, there is no provision in the labour law for skill training. It should be included in the labour law, especially when the factories are upgraded with new technology. When changing the style and changing the machines, old workers might automatically lose their job. It should be the employer's obligation too and government should support them for training.

- Festival Bonus to be include in the labour law:

Each and every year we observe the same problem. Somebody says, festival bonus is not in the labour law and somebody claims, that as it is practice to pay bonus of one month salary, it does not need to get included. But it is better to put in the labour law.

- Regular wage adjustment
- Housing and accommodation:

Housing and accommodation, these two things may sound complicated, but if they are included in the law, we can find out a way of implementation. In earlier age it was in the EPID system, that if we have an industry, at least 50% accommodation should be made available.

- Rationing or supply of the basic commodity at fair and fixed price.

Thank you very much.

Buyers Group

Mr. Abdur Rahim (Supplier Development Specialist, Wal-Mart)

Good afternoon. I am Rahim from Wal-Mart on behalf of buyers. From the buyers side we have very few points as you have seen.

- Extension of mandatory provident fund to all employees:



Buyers do consider that the provident fund should be mandatory to all workers.

- Provision of health insurance should be in labour law:

This could be also termed as 'medical insurance', especially for the occupational health hazards or the long-term diseases related to the occupational environment. This could be included, as most often workers get sick and leave their job and even die at their country home. Most often this is even not been tracked and not identified where the worker is. Health insurance or the medical insurance can help them to come back to the industry.

- Dearness allowances in the every year or the inflation adjustment:

Every year we see the price hikes and other complications, which makes workers to suffer and bring many complications. Workers migrate from one factory to another factory for higher wages. An inflation adjustment in place would minimise the migration, I think. These are our few points any questions? Thank you.

Supplier group

Mr. Khairul Basher (Director Compliance, Ha-meem Group)

I am Mr. Khairul Basher from Ha-meem Group with the following points:

- Provident fund to be mandatory.

We do agree with the other two groups on this.

- Deceased Compensation amount to be increased:

The deceased compensation amount in the labour law 2006 is only 1 lakh (100,000 Tk.= € 1.000), I think it should be increased.

- Education scholarship for worker's children

We have actually already started this within our group. If this can be included, it would be good for the children of workers.

- Education facilities for worker's children:

The education facility for worker's children can be up to primary level or may be at higher level. This would also put those children in a safe place, in schools preferably nearby the working area.



- Strong Participation Committees:

The Participation Committee should be very strong at the factories. This is what we feel, because this is the only link between workers, owners and the management. We have done it and find the PC very effective in our factories.

- Birth control incentive:

To give workers a birth control incentive for not getting more than 2 children, we have included in light of so much population in our country and in line with government policy.

- Overtime Hours:

Factories are very tight with the working hours when the work pressure is very high. Not every day they will be require overtime of two to four hours. If up to four hours could be permitted, the factories would be much more comfortable to face the unfortunate situation of the factories.

- Revised pay scale after specified period:

May be after five years or four years or three years workers pay scale is going to be revised and when workers also know, there will not be chaos or something like that.

- Housing scheme by the government:

Housing scheme from the government side in the industrial areas where the garment factories are. We are not in favour of the dormitory.

- Establishment of welfare centre:

A welfare centre could be a training centre for workers, maybe at evening hours or on holidays. Particular worker operators in the woven garments cannot make the full garment. This is a chain process. Maybe some worker is very efficient in certain process: e.g. making collar or making armhole, waistband or certain process, but very few workers can make a complete garment. If they would have training for making the complete garments, sort of tailoring, they could after their retirement make complete garments to earn something. Also training helpful in other sectors to work in times of job cut or if the business is very dull. If they would already be trained in income generating skills, they could earn. Any training like handicraft could help them. In our suggestion that would become a welfare centre, where training with the help of NGO's could be given and also by the entrepreneurs. Workers would benefit a lot. Thank you very much.



Comments from Buyers, Suppliers and Trade Unions:

Mr. von Mitzlaff

Mr. Basher can you please point out which of your proposals you want to see mandatory and advised to be considered in the labour law?

Mr. Khairul Basher (Director Compliance, Ha-meem Group)

Actually everything may be to included in the labour law.

Mr. von Mitzlaff (Organizer, Round Table on Social Compliance)

Can I add one question to the buyers, regarding your proposal of social insurance? Would there be a readiness to share the cost for it? If I take the of my country, Germany has quite a strong social security legislation and as general principle, those cost are shared between employees and the employers on a more or less 50-50% like the provident fund, health insurance, invalidity insurance among other insurances. Is it common understanding here, that someone has to bear the cost respectively to share those insurance cost? I have this question to the suppliers and the buyers. Both of you made proposals in this regard.

Mr. Khairul Basher (Director Compliance, Ha-meem Group)

Actually this provident fund is there in EPZ and what I know, it is shared by the workers and also by the owners, same in Bangladesh. Insurance premium is given by the factories at the moment, group insurance is through BGMEA.

Mr. von Mitzlaff

I understood that your proposals are going beyond.

Mr. Khairul Basher (Director Compliance, Ha-meem Group)

Actually my proposal was to increase the amount, because now it is only 1 lakh (100,000) Tk., this is such a less amount. Maybe the premium amount can be increased as 1 lakh

(100,000 Tk.) is actually not *a money*. A deceased worker's family or the disabled worker should get a good amount to do something else and his or her family can survive with that amount. That was actually the proposal.

Mr. Zafrul Hasan Khan (General Secretary, BJSD)

In actually practice, we have two types of provident fund. One is a contributory provident fund and to the other type only the workers contributes and to be collected with interest at the end of service. In many industries the provident fund scheme is only self contributory, where employer or government doesn't contribute. When we talk about provident fund, I think we should make it clear that we talk about the contributory provident fund, since we have two categories of provident fund in our country at the moment.

The other point I want to raise is about the overtime, suggested by the supplier group. Actually, if we make four hours compulsory overtime, it would be too much for the workers.

Mr. Khairul Basher (Director Compliance, Ha-meem Group)

Overtime is actually not compulsory. Even if you work two hours, it's absolutely voluntary. No way, it is compulsory. Actually this proposal is given only to meet the emergency period, because at times due for shipment or something like that, the factory needs to keep the workers for maybe three to four hours at times.

Mr. Zafrul Hasan Khan (General Secretary, BJSD)

Let us look at the existing legal provision of overtime. According to the legal provision an employer can make a worker not more than two hours work in a day with a weekly and a yearly average. At the same time, there is another provision, whereby through gazette notification, to meet some of the exceeding, the government may for a particular period or event, make an exemption to this rule. As this exists, I oppose the idea of increasing the daily working hour. Instead, if there a particular occasion arises and there is already a provision in the law, the employers in need can ask the government to make a gazette notification for a certain period of time or just for this incidence. The rule will be exempted from the application.

But that what is happening now? The workers are compelled to do overtime more than two hours in many cases as we get the report and we believe, they are true. And there is a provision two hours, it is sure that they have to work two hours. Eight hours is their regular work and with another four hours, they would have to work overtime, they would lose their productivity and vitality. I think this aspect should be considered.

Mr. Abdur Rahim (Supplier Development Specialist, Wal-Mart)

Yes, it will also impact the quality of the product.

Mr. Syed Sultan Uddin Ahmmed (Asst. Executive Director, BILS)

Actually it's not a proposal of discussion or debate. It's a fundamental principle! Universal fundamental right is eight hours and you can allow another two hours. Consequently we cannot make an amendment proposal from this house to amend the fundamental rights, which is decided and recognized by ILO convention, Bangladesh constitution and labour law. Universally it is accepted, so we cannot make it. Therefore it's not the matter, whether will it hampers the productivity, need to be compensated or not? We are sitting

here to make the labour law more rationale, in line with internationally recognized rights for the both side. I am not saying for the workers, for the workers and the industry. But this is the settled matter for hundred years; the 1st ILO convention is on that. So we cannot discuss and debate on that - sorry.

M.A. Mondol (Executive Director, Ha-meem Group)



I will request you all to visit the factories and talk to workers and asked them, whether they are interested for two hours or four hours? We always mislead one thing - there are two types of garments existing in Bangladesh, you know:

One are the compliant type of garments and another are the sub-contractor type/non compliant type garments. All the time the non-compliant problem starts with the category of a sub-contractor and it affects the compliant factories, giant big garments.

Overtime is done of more than eight hours, ten hours or twelve hours and payment is not given, that is done with all *those* factories, not with the compliant factory. The irony of Bangladesh and the ferrate is, all the time the crisis in our country in the garment sector starts with the sick industry and ended at the large compliant oriented industry with an salary increase, pay scale or festival allowances.

By saying that, I would like to say that our proposed 'four hours' we have not proposed as compulsory for every. It is at the time of need, especially at the garment sector, the finishing and the cutting floor remains busy round the clock. If that provision is kept, may be 10-20 people in the garment factory are working. With eight hours duty: if let the workers of the garment industry to opt, I can tell you, they will just get out from the garment industry because without the overtime, they cannot maintain their family. But if I give them little more OT, after doing two hours I think that will also ensure their social security. Thank you very much.

Mr. Syed Sultan Uddin Ahmmed (Asst. Executive Director, BILS)

Number one: These are the questions why are workers are willing to work four hours? Because of low wages.

Number two: The logic we are saying is, when you need more overtime, there is a provision. This has been said by brother Zafrul Hasan and we have made this provision for the garment industry. Even the Bangladesh Trade Union Movement and government sat together two/three times and exempted garment industry from that provision. I don't know whether you know or not. In 1998 when this flood affected us, two to three times we allowed garment industry to exempt for six months each. But we cannot put it in the law. You have the provision. Like during the Eid time, shops employee, shops employer are exempted for this Ramadan time, shops and establishment are exempted from this law and their workers can work even twelve hours, eighteen hours, they are exempted. That's the matter, we cannot put it in the law, which is fundamentally not allowed.

Mr. Abdur Rahim (Supplier Development Specialist, Wal-Mart)

Can I please add: if it is required to work twelve hours or fourteen hours, couldn't you in that case go for workers shifting, as cause you are telling us of the need only 10 or 15 workers about for overtime?

Mr. Khairul Basher (Director Compliance, Ha-meem Group)

Shifting is not a temporary issue. Suppose our washing plant, it works in two shifts. But if you set up shift work, you have to give the work for two shifts. Here it is only to meet the unforeseen situation. It's an exceptional cases, it's not routine-wise, they have to work for twelve hours every day.

As it has said, the yearly average should not exceed fifty-six hours as per law. This provision can be kept and the yearly average will not exceed fifty six hours. But in certain cases, if factory is in trouble, they can work up to twelve hours.

Mr. von Mitzlaff

Can we wrap up this discussion if not something very substantial is missing? We are coming to our close and I have one remark. The buyers proposed health insurance for example. As it's a cost sharing and came from the buyers, it is my question how to finance? I assume the question will then come up, to which extent are buyers also favouring this implementation in the viewpoint of funding. Wanted just to put it on the floor in case anyone would have already a spontaneous idea to this?

Ms. Payal Jain (Code of Conduct Manager, H&M)



There are two kinds of cost: one is the premium cost for you to ensure to taken health insurance or life insurance or provident fund, which I think should be shared by the employer and employee. The question, how the buyer would compensate this, is through the price of the product. If this would will go into price of the product, then for H&M, I can strongly say, that the buyer is ready to accept an increased in price due to the fact the employer would provide the provide provident fund

and health insurance to their workers.

Mr. Zia Ahad (Sr. Regional Leader, PVH)

In addition to that and related what the minister had talked earlier today was, that the industry has a aged I think, but it is not really matured. The entrepreneurs, the suppliers we have, did not done a good enough job of costing their product. If they would have done it, you know, they would have added these components. Health care insurance and if you like group insurance, you name it, all these extended facilities, we are proposing. The extended services to workers, will made a sway to the cost for the suppliers. The only thing left for buyers at this point is to decide, whether or not to source from that factory that offering us those cost.

We could make a principle position; yes, we are willing to pick up whatever goes into the cost but we cannot commit ourselves to numbers and figures. Simply as we cannot support inefficiency in factories and to support welfare efforts. In other words, we cannot subsidize philanthropy. So in many ways, buyers are there to source from the most

competitive sources. It is up to the suppliers to decide how they can offer it. I don't think any buyer should be put in a position being asked, whether or not paying a price, simply because a certain social security has been extended to the factory workers. Go on Vincent ...

Mr. Vincent Ho (General Manager, OTTO International)

Well, I want to add one point here. Our company paid actually even before the implemented minimum wages last year a quite difficult and high price increase, anticipated the new minimum wage will be imposed in 2010. But that has been a one time situation. When we come back to the social security benefits, extended to the workers, I agree with Zia and Payal that we generally say as a company, we will accept the cost. But look also at it the other way and refer to what I have said earlier: We are looking at sourcing on a global scale - no matter whether I buy from Bangladesh or India, Pakistan, Vietnam, China, Morocco, anywhere. We are expecting the same condition, vendors are offering to their employees. If Bangladesh is doing today in a sub-standard only, there is not much flexibility for the buyer to consider another 1% increase for extended benefits to your workers. We will still have to look how competitive you are in at a global arena.



I lost order to people in Morocco beginning this year, because Bangladesh prices are even more expensive than from Morocco. The whole world is a very practical world when it comes to business. At the end of the day we all need to survive, including the buyer. It is not that we just giving out money to the workers because we say, *we want to be compliant*. Everyone needs to figure a way to survive and be competitive. That's the end of my statement:

The position is, we will not give you more because buying from a compliant factory is more costly than buying from a non-compliant factory. We have to stay competitive in the world and all factories are facing non-compliance requirements.

Mr. Zia Ahad (Sr. Regional Leader, PVH)

Also I think, if you have social security in the provision of law, then this is something brands will also seeking from the suppliers. The rule of the game will then changes a little bit. Right now, it's not mandatory, at the moment you have it in the law it becomes mandatory. Beyond looking into the legal aspect, I think it needs to understand, that these are investments, the suppliers are making in their own workers and would be expecting some returns from the workers. - It's not a zero-sum game:

It's not like the suppliers are continuing to make investments to extend support, like social security to the workers - it does not work in a vacuum - the workers are also giving back. I think we tend to lose side of that, when we generally talk about extending social welfare or social security to our workers. If your workers feel good about you, they will stay with you, if nothing else.

The efficiency level may improve with time or with training. Those elements we shall not require suppliers to do, suppliers should be doing on their own. If you enhance the skill level of your workers - you gain.

Ms. Payal Jain (Code of Conduct Manager, H&M)

I think it's a general expectation from our supplier to ask for productivity when you fulfil their all demands. I mean, that's a genuine expectation on targets, on productivity for which we support you always.

Mr. von Mitzlaff (Organizer, Round Table on Social Compliance)

I guess these are good closing comments, showing us what the industry and the factory role is, when it comes to invest in social security benefits. Not necessarily waiting for the labour law to be amended, moreover be pro-active.

We had a very interesting morning session and I like to come to the end. We will document today's sessions and may also provide the minister's speech in an audio format. Experienced with audio visual documentation possibilities, we edited a short video from the last Round Table, which could be downloaded.

Please save the date for the 7th Round Table on 24th November 2011 with Prof. Kholiquzzaman participating.

I hope you found the session productive and will welcome any comments.

We are also looking forward to start our pilot project we have discussed at the last Round Table, which is on the agenda and is open to receive expression of interest to participate.

With the overall thanking to the participants the Organizer closed the 6th Round Table the and requested participants to collect their iftar box from the lobby.



VI. Pictorials





VII. Media coverage

Newspaper Clippings

The Financial Express (METRO/NEWS)



11 August 2011

OBLIGATORY PROVIDENT FUND FOR GARMENT WORKERS

Labour Minister Khandaker Mosharraf Hossain said Wednesday the government will bring necessary amendments to the country's labour law to make provident fund obligatory for the garments workers. "We are revising the labour law where there are loopholes and the first draft is ready. It's very unfortunate that the provident fund for the garments workers is not obligatory in the law," said the minister at a discussion in the city.

The minister announced this following an observation by the labour leaders and experts that various social compliance issues are not covered by the RMG factory owners in a same manner. For example, provident fund is mandatory for Export Processing Zone (EPZ) workers but outside the EPZs, the factory owners do not follow it as it is not mentioned as the legal right of a worker in the law.

Mr Mosharraf also urged the garment factory owners to pay the last month and current month salaries and festival allowance to the workers as it was decided earlier. "There should not be any excuse about the timely payment of the salary to the workers as it is their legal right. And the decision to pay the salary and festival allowance during Eid did not come all on a sudden as the owners got one year time for preparation," the minister added.

He was speaking as the chief guest of the Bangladesh Roundtable on Social Compliance. The agenda of the sixth session was 'Social Security in the RMG Sector' held at Ruposhi Bangla Hotel. The discussion was organised by LIFT Standards e.k., a consultancy firm providing advisory service on social compliance with audit, remediation and enhanced productivity service to improve the working condition. It was sponsored by Business Social Compliance Initiative (BSCI), a system aiming at improving social compliance in the supply chain of companies sourcing globally.

The objective of the discussion was to hold dialogue with the various stakeholders of the garments industry including business associations, suppliers, trade unions, European and American buyers, academia, labour activists, NGOs, government and diplomatic missions and members of the Parliament, to create a healthy environment.



11 August 2011

RMG OWNERS WOULD CLEAR DUE SALARIES IN PARTS BEFORE EID

A garment industry leader on Wednesday said that the owners would pay the workers a part of the dues of the wages before Eid-ul-Fitr. Addressing a discussion on 'Social Security in the RMG Sector', jointly organised by LIFT Standards and Business Social Compliance Initiative at Ruposhi Bangla Hotel, Bangladesh Garments Manufacturers and Exporters Association director Md Shahidullah Azim also said that the owners were not legally bound to pay festival allowance to the workers.

He said that the owners would pay wages for July and August in parts, one before the Eid and another after the festival. He also said that the payment of wages for two months along with festival allowance at a time would be a burden on the owners.

Labour leaders, however, said the workers deserved the payment of the wages for July and August along with the festival allowance before the Eid and the payment should be made by Ramadan 20. Labour minister Khandaker Mosharraf Hossain, addressing as chief guest, said that payment of two months' wages and festival allowance would definitely burden the owners, but they had got a year to get prepared for it.

He said the owners should have a plan for this kind of situation as they knew about the situation beforehand. The minister urged the trade union leaders, collective bargaining agents and factory owners to sit in a dialogue to prevent any unwanted situation in the sector just before the biggest festival.

He said that government has provided funds to make infrastructural development including dormitories for the workers, hospitals for ensuring health security, and contemplating introduction of ration for the workers.

Lawmaker Sarah Begum Kabori, Bangladesh Trade Union Kendra general secretary Wajed UI Islam Khan, different RMG owners, labour leaders and trade union leaders also attended the discussion.

TRADE UNION TO BE ESTABLISHED IN RMG SECTOR

Samakal Staff Reporter

Labour & Employment Minister Engr. Khandker Mosharraf Hossain has told that trade union would be established in the garment sector. He also advised the related bodies to take initiative on this. Also he informed that measures would be taken for rationing system of garment workers, seed money to establish dormitories, establishment of garment village and also orientation program for both workers & owners. He was speaking as a chief guest on a roundtable on social security for the RMG workers. He also warned about feasible closure of the factories did not establish ETP (Effluent Treatment Plant) yet. The roundtable was held on yesterday at Ruposhi Bangla Hotel organized jointly by LIFT Standards & Brussels based BSCI (Business Social Compliance Initiative). Ms. Sarah Begum Kabori M.P, managing director of the organizing company Christian von, BGMEA Director

Shahidullah Azim, representatives from different buyers and compliance officers from several factories took part on the roundtable. Speakers at the roundtable told that though the country had been significantly improved in the garment sector over the last 25 years, workers had not been benefitted to that extends. They are depriving of many basic needs like: food, medical treatment, etc. In absence of trade union in the factory, some NGO's and external agents are creating havoc in this sector by alluring the workers. They opinioned that establishment of trade union could solve away 80% of the problem. They also criticized the discrimination on the benefits for the EPZ and outside EPZ workers.

Marking the garment sector as the backbone of country economy labour minister was telling that it is the biggest employment sector and it created opportunities for rural women to work. The minister also pointed these employments as social security. Marking the entrepreneurs in this sector as 1st generation businessmen, Labour minister urged the necessity for skill & development orientation for both the workers & entrepreneurs as well. District technical training centers will also provide training for garment workers. The

পোশাক খাতে ট্রেড ইউনিয়ন চালু করা হবে

■ সমকাল প্রতিবেদক

পোশাক খাতে ট্রেড ইউনিয়ন চালু করা হবে বলে জানিয়েছেন শ্রম ও কর্মসংস্থানমন্ত্রী ইঞ্জিনিয়ার মোশাররফ হোসেন। এ জন্য সংশ্লিষ্টদের উদ্যোগ নেওয়ার পরামর্শ দিয়েছেন তিনি। এ ছাড়া পোশাক শ্রমিকদের জন্য রেশন সুবিধা চালু, ডরমেটরি নির্মাণের জন্য সিড মানি, নিরবচ্ছিন্ন উৎপাদনের স্বার্থে গার্মেন্ট পল্লী প্রতিষ্ঠা এবং উদ্যোক্তা ও শ্রমিক-দু'পক্ষের জন্যই প্রশিক্ষণের ব্যবস্থা করা হবে। পোশাক খাতের সামাজিক নিরাপত্তা বিষয়ক এক কর্মশালায় প্রধান অতিথির বক্তব্যে এ কথা বলেন তিনি। এখনও ইটিপি (ইপলুয়েন্ট ট্রিটমেন্ট প্লান্ট) স্থাপন করেনি এমন কারখানা প্রয়োজনে বন্ধ করে দেওয়া হবে বলে সতর্ক করেন তিনি। গতকাল বুধবার রাজধানীর হোটেল রূপসী বাংলায় যৌথভাবে এ কর্মশালার আয়োজন করে এলআইএফটি স্ট্রাজার্ভ ই কে ও ব্রাসেলসভিত্তিক বিজনেস সোস্যাল কমপ্লায়েন্স ইনিসিয়েটিভ (বিএসসিআই)। সংসদ সদস্য সারাহ বেগম কবরী, আয়োজক দুই প্রতিষ্ঠানের এমডি লোরনেজ বারজাউ, ক্রিস্টিয়ান ভন, বিজিএমইএ পরিচালক শহীদুল্লাহ আজিম, পোশাক খাতের বিভিন্ন ক্রেতা প্রতিষ্ঠানের প্রতিনিধি, ট্রেড ইউনিয়ন প্রতিনিধি এবং বিভিন্ন পোশাক কারখানার কমপ্লায়েন্স অফিসার কর্মশালায় অংশ

সামাজিক নিরাপত্তা বিষয়ক কর্মশালায় শ্রমমন্ত্রী

শতাংশ সমস্যা কেটে যাবে বলে মত দেন তারা। ইপিজেড ও ইপিজেডের বাইরে শ্রমিকদের সুযোগ-সুবিধার ক্ষেত্রে বৈষম্যের সমালোচনা করেন তারা।

শ্রমমন্ত্রী বলেন, কর্মসংস্থানের সবচেয়ে বড় খাত হিসেবে পোশাক খাত দেশের অর্থনীতির মেরুদণ্ড। বিশেষ করে গ্রামের সাধারণ মেয়েরা এ খাতে সুযোগ না পেলে কর্মসংস্থানের সুযোগ পেল না। এ বিবেচনায় এসব কর্মসংস্থানও এক ধরনের সামাজিক নিরাপত্তা। এ খাতের উদ্যোক্তাদের প্রথম প্রজন্মের ব্যবসায়ী উল্লেখ করে মন্ত্রী বলেন, এসব উদ্যোক্তা ও শ্রমিক দু'পক্ষেরই দক্ষতা ও উন্নয়ন প্রশিক্ষণ প্রয়োজন। এ লক্ষ্যে জেলা পর্যায়ে সাধারণ প্রশিক্ষণ কেন্দ্রগুলোর সঙ্গে আলাদা করে পোশাক শ্রমিকদের প্রশিক্ষণ দেওয়া হবে। এবারের ঈদে একই সঙ্গে শ্রমিকের বেতন-বোনাস দেওয়া হবে বলে জানিয়ে মন্ত্রী বলেন, মাসের শুরুতেই দুটি পেমেন্ট এক সঙ্গে দিতে অসুবিধা বিবেচনায় ব্যাংক ও আর্থিক প্রতিষ্ঠানের সহযোগিতার জন্য তাদের সঙ্গে কথা বলবেন বলে জানান তিনি। কারখানা ভাঙুরের প্রসঙ্গে মন্ত্রী বলেন, অভিজ্ঞতায় দেখা গেছে, কিছু এনজিও ও বাইরের শক্তি পোশাক কারখানার শ্রমিক অসন্তোষের জন্য দায়ী। কোনো শ্রমিক এ জন্য দায়ী নয়। সরকার শিল্প পুলিশের মাধ্যমে এ সমস্যার সমাধান করছে। তবে গুণগত মানসম্পন্ন কাজ পেতে শ্রমিকদের বেতনভাতা সুবিধার কথাই মোশাররফ বলেন, সরকার ন্যূনতম মজুরি নির্ধারণ করে দিয়েছে। এর অর্থ এ নয়, এর বেশি বেতন দেওয়া যাবে না। সার্বিক পরিস্থিতি বিবেচনায় ভালো কাজ পেতে শ্রমিককে উপযুক্ত বেতন দিতে হবে।

নেন। কর্মশালায় বক্তারা বলেন, ২৫ বছর ধরে দেশে পোশাক খাতের উন্নতি হলে শ্রমিকদের উল্লেখযোগ্য কোনো উন্নতি হয়নি। খাদ্য চিকিৎসাসহ অনেক মৌলিক প্রয়োজন থেকে বঞ্চিত হচ্ছে তারা। কারখানায় ট্রেড ইউনিয়ন না থাকায় কিছু এনজিও ও তৃতীয় পক্ষ সাধারণ শ্রমিকদের প্রলোভন দেখিয়ে প্রায়ই এ খাতে অসন্তোষ সৃষ্টি করার সুযোগ পাচ্ছে। ট্রেড ইউনিয়ন চালু হলে এ খাতের ৮০

minister also informed that salary and bonus would be paid on this Eid and he would be talking with the banks and financial institutions on this. About the anarchy in the garments sector, the minister told that analyzing earlier history it was noted that some NGO's and external agents working behind this vandalism and workers were not responsible for that and the government is trying to solve the problem through industrial police. He also told that the government has fixed minimum wage and it does not mean that you cannot pay more than that. Workers need to pay good salary in order to receive good output from them.

This was the 6th roundtable on social standards and security in the Bangladesh garment sector.

The Kaler Kantho (শিল্প বাণিজ্য)

11th August 2011

কালের কণ্ঠ

TRADE UNION IS NECESSARY TO PROTECT UNREST IN THE GARMENT SECTOR:

LABOUR MINISTER

Staff Reporter

Labour & Employment Minister Engr. Khandker Mosharraf Hossain have said that absence of trade union in the ready-made garment sector scaped external agents to create anarchy in the garment factories. He also told that trade union has become necessary to protect turmoil in the garment industries. Without trade union it is difficult to work with garment sector as the workers are not organized and also there is no specific representative from workers to discuss on any issue. Thus external peoples find the opportunity, if there was trade union there was a systematic procedure to follow up. The minister was speaking yesterday on a roundtable meeting on social compliance. LIFT Standards organized this roundtable and it was also supported by BSCI.

The minister said that workers of the garment industry could easily be emotionally convinced to unrest. But when there will be trade union, then they will be raising their demand through a systematic process and the legality of demand will be

পোশাক শিল্পে অস্থিতিশীলতা রুখতে ট্রেড ইউনিয়ন জরুরি : শ্রমমন্ত্রী

নিজস্ব প্রতিবেদক ▶

তৈরি পোশাক শিল্পে ট্রেড ইউনিয়নের ব্যবস্থা নেই বলেই বাইরের বিভিন্ন সংস্থা ও শক্তি পোশাক কারখানায় অস্থিতিশীলতা তৈরির সুযোগ পায় বলে মন্তব্য করেছেন শ্রম ও কর্মসংস্থানমন্ত্রী ইঞ্জিনিয়ার খন্দকার মোশারফ হোসেন। তিনি বলেছেন, পোশাক কারখানায় অস্থিতিশীলতা রুখতে ট্রেড ইউনিয়ন জরুরি হয়ে পড়েছে। পোশাক খাতে ট্রেড ইউনিয়ন ছাড়া কাজ করা কঠিন। এ খাতের শ্রমিকরা অসংগঠিত। কোনো বিষয়ে আলোচনার জন্য শ্রমিকদের নির্দিষ্ট প্রতিনিধি নেই। এ জন্য এতে বাইরের লোকেরা সুযোগ পায়। ট্রেড ইউনিয়ন চালু হলে একটি প্রক্রিয়ার মধ্য দিয়ে যাওয়া সম্ভব হতো। গতকাল বুধবার পোশাক শিল্পের কমপ্লায়েন্স নিয়ে এক আলোচনা সভায় তিনি এসব কথা বলেন। এলআইএফটি স্ট্যান্ডার্ড নামের একটি প্রতিষ্ঠান এই আলোচনার আয়োজন করে। এতে সহায়তা করে বাংলাদেশ সোস্যাল কমপ্লায়েন্স ইনিশিয়েটিভ নামের একটি সংস্থা। মন্ত্রী বলেন, পোশাক খাতের শ্রমিকদের সহজে আবেগভাজিত করে আন্দোলনে নেওয়া যায়। কিন্তু যখন ট্রেড ইউনিয়ন চালু থাকবে, তখন তারা একটি প্রক্রিয়ার মাধ্যমে তাদের দাবি নিয়ে কথা বলবে। তাদের দাবি সঠিক কি না, তা আলোচনার মাধ্যমে নির্ধারিত হবে। ফলে কথায় কথায় আন্দোলনের প্রয়োজন হবে না। মালিকদের ট্রেড ইউনিয়ন নিয়ে গোপন ভয় আছে। তারা মনে করে, এটা চালু হলে শ্রমিকরা বিভিন্ন দাবিতে সবসময় আন্দোলন করতে থাকবে। কিন্তু এটা সঠিক না। কারণ ট্রেড ইউনিয়ন চালু হলে তারা একটি আইনের আওতায় আসবে, শৃঙ্খলার মধ্যে আসবে। এটা শিল্প উৎপাদন ব্যাহত করার জন্য করা হবে না।

তিনি বলেন, প্রত্যেক কারখানায় কালেকটিভ বার্গেনিং এজেন্ট থাকা উচিত এবং এটা হওয়া উচিত কারখানার ডেভেলপার লোকদের নিয়ে। যাতে বাইরের লোকেরা সুযোগ না পায়। শ্রম আইন সংশোধনের কথা উল্লেখ করে তিনি জানান, এবারের আইনে সব পোশাক কারখানার জন্য প্রভিডেন্ট ফান্ড থাকা বাধ্যতামূলক করা হবে। বর্তমানে শ্রম আইনে প্রভিডেন্ট ফান্ডের কথা বলা আছে। তবে তা বাধ্যতামূলক নয়। তিনি শ্রমিকদের কল্যাণের জন্য আবাসন নির্মাণে ১ শতাংশ সুদে ঋণ দেওয়া ও রেশন দেওয়ার উদ্যোগের কথা উল্লেখ করেন। বাংলাদেশ ট্রেড ইউনিয়ন কেন্দ্রের সাধারণ সম্পাদক ওয়াজেদ উল ইসলাম খান বলেন, ট্রেড ইউনিয়ন চালু হলে পোশাক খাতের ৯০ ভাগ সমস্যার সমাধান আলোচনার টেবিলেই হয়ে যাবে। এখন পোশাক শ্রমিকদের অনেক সংগঠন। কিন্তু ট্রেড ইউনিয়ন চালু হলে সংগঠন হবে একটি। এখন অনেক খাতে ট্রেড ইউনিয়ন আছে, সেখানে বেশি সমস্যা হচ্ছে না। তাই এ নিয়ে ভয়ের কিছু নেই। শ্রমিকদের কল্যাণে নেওয়া বিজিএমইএর উদ্যোগগুলোর কথা তুলে ধরেন সংগঠনটির কমপ্লায়েন্স সেলের পরিচালক মো. শহীদুল্লাহ আজীম। তিনি বলেন, পোশাক শ্রমিকদের বেতন ৮০ শতাংশ বৃদ্ধি করা হয়েছে। তাদের জন্য গোষ্ঠী বীমার ব্যবস্থা করা হয়েছে। চট্টগ্রামে একটি হাসপাতাল চালু করা হয়েছে। ঢাকায় আরো একটি হাসপাতাল চালু করা হবে। শ্রমিকদের সন্তানদের পড়াশোনার জন্য বিদ্যালয় প্রতিষ্ঠা ও বৃত্তি দেওয়ার কথাও উল্লেখ করেন তিনি। তিনি জানান, পোশাক কারখানার মালিকরা ঈদের আগে আংশিক বেতন পরিশোধ করবেন। বাকি বেতন ঈদের পর পরিশোধ করা হবে।

verified by discussion. As result, it will not require movement quite oftenly. Entrepreneurs have hidden fear with trade union as they think that if trade union is formed, workers will be raising demands frequently, but it is not true. Cause by forming trade union, they will come under a systematic, legal procedure, which will not hamper industrial production. He also told that every factory should have collective bargaining agent, so that external agency cannot play any trick.

Informing the roundtable about the labour law amendment, he told that in the new law, provident fund would be mandatory for all garment factories. The present law has provision for provident fund, but it is not mandatory. He also mentioned about 1% interest loan for housing scheme of workers and food rationing system also.

General secretary of BTUC (Bangladesh Trade Union Centre) Wajed ul Islam Khan told that if trade union would be established, 90% problem would get solved through discussion table. At present there are many worker associations, but when trade union would be formed, there would be one association. Many industrial sectors have trade union at present and they are not facing difficulties. So, there is nothing to be feared with the formation of trade union. Shahidullah Azim, BGMEA compliance cell director also told about several welfare initiatives taken by BGMEA for the workers. He told that workers salary had been increased nearly 80% and also group insurance for workers was established. A hospital had been established in Chittagong and soon there would be another hospital in Dhaka. He also mentioned about establishing schools and scholarship schemes for the workers children. He informed that entrepreneurs would be paying partially before Eid and partially after Eid.

Organization and Documentation: LIFT Standards e.K.