

Assistant Secretary Blake's Testimony on Bangladesh Labor Before the
Senate Foreign Relations Committee
June 6, 2013

Good morning. Thank you Chairman Menendez, Ranking Member Corker, and all the members of the committee for this opportunity to speak with you today regarding labor issues in Bangladesh. Your interest and engagement will play a vital role as the Government of Bangladesh moves to address important labor rights issues.

The tragic collapse of the Rana Plaza building in April and the deadly fire at the Tazreen clothing factory last November have resulted in unprecedented public concern about labor conditions in Bangladesh. Since long before these tragedies, we have been working hard on the fundamental labor rights concerns that these events have highlighted. We are continuing and expanding our efforts.

Before delving into our efforts on the labor front, I would like to note that our engagement with the government and people of Bangladesh is broad – and it is growing still broader, reflecting the important strides that Bangladesh has made over the past decades. The policy choices Bangladesh has made have led it to a path of economic growth, impressive gains for women and children, successful work combating terrorist networks, and an increasingly prominent role in multilateral organizations.

Indeed, over the past two decades, Bangladesh has made remarkable development progress. Life expectancy has increased by ten years, infant mortality has declined by nearly two-thirds, female literacy has doubled, and economic growth has averaged over 5 percent annually. A vibrant democracy has taken root in the world's third largest Muslim-majority nation and seventh most populous country. Bangladesh offers a moderate, tolerant, secular, democratic alternative to violent extremism. As the largest contributor of forces to UN peacekeeping missions in some of the world's most dangerous conflicts, Bangladesh is committed to sharing its experiences with the world. Bangladesh also is a focus country for all of the President's signature development initiatives, including Global Health, Global Climate Change, and Feed the Future.

Over Memorial Day weekend, Under Secretary of State Sherman travelled to Dhaka to lead the U.S. delegation at the second annual U.S.-Bangladesh Partnership Dialogue. The dialogue highlighted the robust ties between the United States and Bangladesh and reaffirmed our commitment to further broaden, deepen, and strengthen the partnership. The discussions focused heavily on labor rights

and working conditions, but they also covered the full range of our relations, including our close cooperation on security issues, Bangladesh's leading role supporting regional integration, and our growing trade relationship. The United States and Bangladesh cooperate closely on security issues ranging from counterterrorism to counter-piracy and the mitigation of natural disasters. The Government of Bangladesh has also consistently prioritized improved relations with India and greater regional economic integration – a key U.S. interest in a region that remains among the least integrated in the world.

As Under Secretary Sherman said in Dhaka, “The success of the Bangladesh story has implications not just for Bangladeshis, but for the entire global community. Millions around the globe see Bangladesh as a powerful model for democratic and economic development and seek to replicate its success.”

Bangladesh's development gains have come in part because of the growth of its ready-made garment sector, now the second largest in the world behind China, a sector that employs between two and three million Bangladeshi women, helping to lift them out of poverty and empowering them socially and economically. Despite the benefits the industry has brought, however, the tragedies at Rana Plaza and the Tazreen Fashions have made clear that significant challenges remain to ensure that workers fully benefit from this growth.

In interactions with the Government of Bangladesh, with U.S. companies sourcing from Bangladesh, with factory owners in the country, with labor rights groups, and with our partners in Europe, our goal is to help Bangladesh continue to build on its economic achievements, but to do so in a way that ensures that the growth of its export sector does not come at the expense of safe and healthy working conditions and respect for worker rights. Success will depend on the will and commitment of Bangladeshis in government, in industry, and in the labor community to come together to change the culture of workplace safety and worker rights in Bangladesh.

We believe three key reforms are particularly important to improve workers' lives in the near term: guaranteeing workers' rights to organize, guaranteeing fire safety, and ensuring structural soundness of factories and other facilities. I would like to briefly highlight some of the actions the State Department, working closely with colleagues from the Department of Labor and the United States Trade Representative (USTR) have been taking to achieve these and other important goals in Bangladesh:

- Last month, during a meeting at the State Department, Secretary Kerry underscored to Bangladeshi Foreign Minister Dipu Moni that the recent

tragedies and weak progress on labor rights and working conditions are contrary to Bangladesh's own expressed goal of improving workers' lives, have undermined the Bangladesh brand, and have placed the country's future development at risk. Secretary Kerry encouraged the Bangladeshi government to respond to these tragedies by making transformative and sustainable improvements in workers' rights and working conditions.

- Secretary Kerry pressed for continued labor union registrations as well as enactment of amendments to the country's labor law that will allow for the creation of a "Better Work" program, backed by the International Labor Organization (ILO) and the International Finance Corporation. Proposed in 2010 and funded in part by the U.S. Department of Labor, this program would strive to achieve sustainable improvements in working conditions in the garment sector. The labor law amendments we seek, which have been negotiated by stakeholders with help from a related ILO project, would strengthen the rights of workers to organize and negotiate with their employers and would improve some aspects of workplace safety. Specifically, they would 1) abolish a requirement that the Ministry of Labor inform factory owners of the names of workers applying for union registrations; and 2) allow unions access to outside expertise during collective bargaining negotiations. These amendments have been approved by the Bangladeshi Cabinet, and we have been working to make sure they are adopted by Parliament by the end of the month.
- Under Secretary Sherman carried the same messages in her discussions in Dhaka as part of the Partnership Dialogue and in her meetings with Prime Minister Hasina and Foreign Minister Moni over the Memorial Day weekend.
- U.S. Ambassador to Bangladesh Dan Mozena has met repeatedly with industry leaders, including the Bangladesh Garment Manufacturers & Exporters Association, and with the Bangladeshi government to emphasize the need for concrete action following the Rana Plaza tragedy. Our Embassy worked with the ILO and industry, labor, and government representatives to secure a pledge to recruit 200 additional building safety inspectors within six months, with the eventual goal of adding another 800 inspectors. Separately Bangladesh manufacturers are also working with the German development organization GIZ and BRAC, a leading

Bangladeshi NGO, to create a 300-person inspectorate focused on fire safety

These engagements come after many months of efforts, predating the Rana Plaza collapse, in which we have sought to effect change on a range of labor rights and workplace safety concerns. We are seeing *some* results: our advocacy has been an important factor leading to the registration of 27 trade unions since September 2012 (compared to three in the previous five years); signing of a comprehensive fire safety plan; and a significant Bangladeshi commitment to dramatically increase the number of government labor inspectors. However, there are areas where we still need to see progress and we will continue to press the Government of Bangladesh to address our concerns in these areas. Some of these concerns could be resolved relatively quickly—such as registration of labor-related non-government organizations and court cases against labor activists, while others will require sustained, long-term investment—such as building the capacity of government inspectorates.

We have also engaged with U.S. manufacturers and retailers sourcing from Bangladesh. On a regular basis, our officers are briefed by major U.S. buyers so we have a good sense of their unfolding concerns. Over the past year, as our concerns about workplace safety and labor conditions continued, I and my colleagues in State and across the U.S. government began to convene larger conference calls open to all U.S. companies to share with them the steps we were taking, and hear from them about theirs. Most recently, on May 8, Special Representative for International Labor Affairs Barbara Shailor and I, along with colleagues from USTR and the Department of Labor, led a conference call with U.S. buyers that source from Bangladesh's garment industry. We urged them to coordinate efforts with each other, with the Government of Bangladesh and BGMEA, and with civil society and labor groups on factory safety and fire initiatives, including helping pay for independent safety and fire inspectors. We encouraged the buyers to communicate their concerns about labor conditions to the BGMEA and the Bangladeshi government, and to urge prompt passage of the labor law amendments I referenced earlier.

In calls with buyers in March and again in May we reviewed our expectations of U.S. companies' engagement and shared a "Best Practices for Companies Operating in Bangladesh" document (attached).

As many of you know, more than 40 brands, mostly from Europe but including U.S. companies PVH, Abercrombie & Fitch, and now Sean John, have coalesced around an accord developed in coordination with the global union

IndustriALL that is intended to improve working conditions and respect for worker rights in Bangladesh, while also making clear the brands' commitment to continue to source from Bangladesh. The accord involves worker organizations, brings multiple retailers together behind one initiative, fosters information sharing, and commits retailers to invest in improving workplace safety and other labor standards. We recognize that U.S. companies must make their own judgment about whether or not to sign the accord, but we have encouraged them to carefully examine what they can do to support improved working conditions in Bangladesh.

I should also note that at the same time we are engaging with the Government of Bangladesh, industry, and labor groups, USTR is leading the Administration's review of Bangladesh's Generalized System of Preferences (GSP) trade benefits. My colleague from USTR, Lewis Karesh, will discuss more about the GSP review in a moment.

Bangladesh is now at a critical moment in its history. Over a century ago, our country confronted a similar challenge. After the 1911 Triangle Shirtwaist Factory fire in New York killed 129 workers, political momentum was created from that tragedy to transform our approach to workplace safety and building codes. Within Bangladesh, the Tazreen and Rana Plaza tragedies may create a similar impetus for significant and lasting improvements in worker rights and working conditions.

Last week Ambassador Mozena met with leaders in a recently formed union in the garment industry, one of the 27 new unions which have been registered since last fall that I mentioned earlier. These workers highlighted to the Ambassador their successful efforts, since forming the union, to improve factory floor conditions, such as obtaining potable water, a clean lunchroom, the removal of electrical hazards, and the unblocking of exit stairwells. This one case shows the potential of a broader sea change in Bangladesh's approach to labor issues. Still, more work needs to be done, and more unions need to be registered.

Our hope is that Bangladesh will seize the current moment to strengthen its protection of labor rights and improve working conditions. We want to see Bangladesh succeed, and we will remain engaged with all the relevant actors to support those efforts.