

## Effectively address root problems in the garment sector

*Position paper Sommito Garments Sramik Federation (SGSF) and Mondiaal FNV  
Dutch bill on Responsible and Sustainable International Business Conduct*

This year will mark the 10<sup>th</sup> anniversary of the Rana Plaza collapse, killing 1134 people working in a garment factory in Dhaka, Bangladesh. Some improvements have been made<sup>1</sup>, however, the root causes that led to this unnecessary catastrophe have not been fixed. This paper will address several systemic flaws and focus on four main points to be addressed in legislation: living wages, purchasing practices, access to remedy and stakeholder involvement.

### **Make explicit reference to living wages**

In search of the lowest price, garment brands often source their clothing in countries with low wages. Being dependent on export and at risk of losing investments, governments are often apprehensive about wage increases. The bar should therefore be raised for all companies, making higher wages feasible throughout their supply chain and ensuring an equal level playfield for business. In Bangladesh for example, the textile sector is the main export sector (81.2%) with an export value of \$42,61 billion<sup>2</sup>. A garment worker in Bangladesh earns around €87<sup>3</sup> per month, while €172<sup>4</sup> per month is needed to cover basic costs such as for food, housing and clothing. Because of the low wages, workers have no savings for unforeseen circumstances, such as unpaid layoffs during the Covid-19 pandemic. A social protection scheme to fall back on often does not exist in production countries. Therefore:

- The right to a living wage should be clearly included in both the articles and explanatory memorandum of forthcoming legislation.
- Workers themselves should have a seat at the negotiating table when wages are set.
- Legislation should include social protection mechanisms to which companies have a responsibility to contribute.

### **Include an obligation of fair purchasing practices for all brands**

The garment industry is notorious for its unequal power relationships between brands and their suppliers<sup>5</sup>. Brands use this buying power to negotiate short lead times, make last minute cancellations and set unrealistically low purchasing prices. When factories are squeezed, they don't have the financial means to invest in safe working conditions, living wages and a more sustainable production. With an industry designed as a race to the bottom, it is difficult for individual brands that want to do good to break this cycle. The main actions needed:

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<sup>1</sup> Mainly because of active campaigning of international community and constructive collaboration between trade unions, factories and a small group of garment brands.

<sup>2</sup> In 2021/22

<sup>3</sup> Based on 48 hours/week. This is the lowest category out different job categories for this sector BDT 9,724

<sup>4</sup> BDT19,255. Source: [Updatereport -Bangladesh-and-Satellite-Cities -2022 30042022.pdf \(globallivingwage.org\)](#)

<sup>5</sup> <https://www.bbc.com/news/business-64204759>

- To create a level playing field, all companies should fall under legislation, including SMEs.<sup>6</sup>
- Legislation should include clear obligations for companies to share the costs of sustainable production and not be able to shift the burden to their suppliers.

### **Make sure victims have access to remedy**

An important aspect of due diligence is access to remedy. This can be through legal or non-legal means. A grievance mechanism is a non-legal method to resolve disputes between companies and those impacted by the companies' business activities. It is also a way to improve working conditions on a larger scale. NGOs and trade unions have used grievance mechanisms to address adverse social impacts caused by corporate misconduct, seek remedy for harms and stop harmful corporate activities from going forward. Access to remedy can also be sought through legal steps. Currently, several hurdles exist for workers seeking legal justice that should be removed by future legislation. Legislation should include:

- Stakeholders' involvement in the decision-making process on both the process and content of remediation.
- A good and safe grievance mechanism that is predictable, transparent, equitable, accessible and in line with international standards. Any stakeholder that can demonstrate an 'interest' (broadly defined) in the alleged violation should be able to file a complaint. Where possible, trade unions should be included in such a grievance mechanism.
- Improved civil liability through the reversal of the burden of proof, collective redress, and better position of the victim.

### **Stakeholder engagement**

Stakeholder engagement serves several purposes: it helps identifying and avoiding adverse impacts, appropriately mitigating and remedying impacts when they do occur, and ensuring that positive impacts are optimised for all stakeholders. Trade unions play an essential role. Through organising, workers are empowered and better able to address their working conditions. Social dialogue is an important instrument in industrial relations to improve labour rights and strengthen due diligence. Freedom of association, as an enabling right, is a cornerstone for compliance and has proven to increase productivity. Legislation should therefore make sure that:

- Stakeholder engagement is integrated into regular business operations through sharing of decision-making power with interested and affected parties such as worker representatives.
- Freedom of association and collective bargaining are included in both the articles and explanatory memorandum of forthcoming legislation.
- Trade unions / democratically elected workers' representatives have a place in every step of the due diligence process.

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<sup>6</sup> Several Dutch SMEs support this ambition and have indicated that it is important all companies, regardless their size, should comply.

Any legal framework that aims to set norms for the textile sector and improve the lives of garment workers worldwide should include living wages, purchasing practices for all companies, access to remedy and stakeholder involvement in order to be effective.



Sommito Garments Sramik Federation (SGSF) is a union federation in Bangladesh that works towards strengthening unions and achieving decent working conditions, freedom of association, collective bargaining agreements and trade union rights for every worker. SGSF represents over 100,000 workers in the ready-made garment sector in Bangladesh and has 73 registered union under its affiliation. SGSF is an affiliation of Industriall global union and Mondiaal FNV. Nazma Akter is the president of SGSF.



Mondiaal FNV is part of the FNV trade union confederation. Mondiaal FNV supports projects in over 100 countries located in Africa, Asia, Latin America and Eastern Europe through resources from the Ministry of Foreign Affairs of the Netherlands, of FNV and its affiliates.