

Can U.S. Trade Policy Help Safeguard Workers' Rights in Bangladesh?

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"Bangladesh's garment exports to the U.S. face almost \$500 million in duties every year. By current U.S. stance, reduction of duties will come when Bangladesh's labor standards improve to resemble those of Western countries. This is unrealistic. Instead, the U.S. should offer a system of gradual duty reduction with incremental improvements in labor conditions in Bangladesh. And Bangladeshi businesses should welcome it, for they can well afford to offer better rights for their workers."

Amidst all of Bangladesh's economic woes, the rise of the garment industry has made for a sunny economic story. After taking off in the 1980s, the industry now accounts for more than 75 percent of the country's export earnings, and provides jobs to over two million women. Trade barriers

The majority of Bangladesh's garment exports are destined towards the United States. But they do not receive particularly friendly treatment by U.S. trade policy. Foreign imports of textile and garments into the U.S. are slapped with duties ranging up to 20%. As a result, countries like Bangladesh and Cambodia, which send significant volumes of garments each year to the U.S., face almost \$500 million in duties, in spite of being among the Least Developed Countries (LDCs) of the world. Absent these duties, Bangladeshi garment exports would grow faster, and the industry could potentially hire a few more millions of women.

Bangladeshi officials, business owners and civil society leaders have long been proponents of duty free access to the U.S. market. In a letter dated March 15, 2007, Shirin Akhter, president of Karmajibi Nari (Association of Working Women) wrote to the United States Trade Representative: "We strongly believe that the U.S. [and other developed countries] should provide duty free and quota free market access for all products originating from LDCs... More than 2 million workers of this sector are women, whose livelihoods along with their family members are directly related with the export performance of this sector." Clash of interests

A few members of the United States Congress have stepped forward to respond to such calls. For example, Senators Max Baucus, John McCain, Diane Feinstein and Gordon Smith, as well as Representatives Joseph Crowley and Jim Kolbe have tried repeatedly to pass laws to allow Bangladesh and other poor countries to export garments and other products, free of duties. But such measures have had no success because American labor unions and garment and textile producers have lobbied intensely to hold on to these duties.

The American textile and garment makers constitute a tiny, almost invisible, fraction of the U.S. labor force, and the membership of labor unions has declined over the years, but each group retains enormous political influence. A popular argument of these groups has been that labor standards in Bangladesh and other poor countries are just too low to justify giving them duty free market access for their manufactured products. They contend that if duties are eliminated, U.S. companies will shift production to Bangladesh, attracted by the low costs associated with poor labor conditions.

Meanwhile, Congressman Jim McDermott aims to introduce legislation once again to eliminate duties for the poorest countries, including for most of Bangladesh's garment exports. This time, however, Bangladesh would be required to make significant improvements in its labor standards and pay better wages to its factory workers in order to receive duty free access to the U.S. As a first step, Bangladesh must pass laws that enshrine the five core labor rights as defined by the International Labor Organization and demonstrate that these laws are being enforced. Rights and duties

The core labor rights include: (i) freedom of association, (ii) the effective recognition of the right to collective bargaining, (iii) the elimination of all forms of compulsory or forced labor, (iv) the effective abolition of child labor including the worst forms of child labor, and (v) the elimination of discrimination with respect to employment and occupation.

This is a tall order for Bangladesh, but it is also reasonable demand, and should be seen as a strong incentive to improve. For years, we have been asking for the elimination of U.S. duties that penalize our strongest industry. There is now a golden opportunity to get what we want, but only if our government and corporate leaders step up to the challenge of improving labor conditions.

It is no secret that workers' rights in Bangladesh are continually threatened. In several instances, workers have been fired for trying to bargain for a fair wage. There is wide documentation, both by local and international NGOs, of abusive behavior and poor conditions in factories. The government's response has thus far been weak. Government officials have been largely oblivious to the issue of unfair wages, and penalties for abusive treatment of workers have been met with nominal fines that are not high enough to change behavior. There is rarely any prosecution of violators, and the judicial system is a quagmire as far as fair trials are concerned.

Progressive citizens expect that Bangladesh can do much better to safeguard the rights of its workers. The traditional response of our government officials and corporate leaders to Western demands for higher labor standards has been that Bangladesh's poverty situation prevents it from doing any better. It may be true that low labor standards are linked to poverty, but such a response is misguided.

Better enforcement of labor standards, such as the right of workers to bargain collectively, would in fact have a salutary effect on poverty. Workers will have the ability to demand better wages without fearing retaliation, and this will have an equalizing effect on the income distribution. . And better wages for a factory worker means better living standards for a family of six. The right incentives

Our corporate leaders—and not just the garment business owners—would be wrong to contend that they do not have the means to offer better wages and conditions. Over the years we have seen more and more BMWs emerging on Dhaka's streets. It behooves wealthy business owners, who often are owners of multiple houses and automobiles, to offer better conditions to the workers who are responsible for their success.

At the same time, the expectations of the U.S. policy makers must also be kept at a reasonable level. It would be a gargantuan, possibly impossible, task for Bangladesh with its 150 million people to establish and enforce the labor conditions of rich industrialized countries throughout its economy within a short time, given all its other economic trials as an LDC.

U.S. Congressman McDermott has rightly proposed that a portion of Bangladeshi garments should come in duty free. He proposes additional reduction of duties only when Bangladesh's labor standards resemble those of Western countries. This expectation is unrealistic considering that some of the most developed countries are yet to meet these standards. Instead, what the U.S. Congress should do is offer a system of gradually reducing duties on remaining exports from Bangladesh with incremental and demonstrable improvements in labor conditions. The efforts of the U.S. Congress here are a good start and should be welcomed by Bangladeshis. The government and corporate leaders should take the cue and start working for better labor rights in order to get what they have desired for long.

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