Country Information & Practical Advice on Freedom of Association (FoA) & Collective Bargaining (CB)

BANGLADESH
## THE GARMENT SECTOR IN BANGLADESH

<table>
<thead>
<tr>
<th>Importance as sourcing country</th>
<th>Third largest exporter of garments after China and the European Union [2020]</th>
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</thead>
<tbody>
<tr>
<td>Importance of the Ready Made Garment (RMG) sector for the country</td>
<td>82% [Knitwear and woven garments] of total exports from Bangladesh in 2015-2016, $27.9 billion exports in 2019-2020 financial year</td>
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<tr>
<td>Main type of products</td>
<td>Trousers, T-shirts, jackets, and sweaters</td>
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<tr>
<td>Export markets</td>
<td>EU, US, value export to Netherlands (US$ 1.004,07 billion)</td>
</tr>
<tr>
<td>Number of people working in export RMG</td>
<td>4.2 million [ILO]</td>
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<tr>
<td>Women in the RMG sector</td>
<td>55/60% [ILO]</td>
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<tr>
<td>Participation rate in trade unions</td>
<td>12% [of total labour force], 7.2% in the RMG sector</td>
</tr>
<tr>
<td>Awareness of workers’ rights</td>
<td>Low awareness due to poor literacy level, discouragement, intimidation, poor capacity of some unions</td>
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<tr>
<td>Number of unions in the sector</td>
<td>The RMG sector had 54 industrial federations and 945 basic trade unions [see below Figure 1] before Covid-19. The number of factories and basic unions has now substantially decreased.</td>
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<td><strong>International Trade Union Confederation Index</strong></td>
<td>5, scoring as one of the world’s worst countries to work in</td>
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| Economic Processing Zones | 1. Chittagong EPZ  
2. Dhaka EP  
3. Mongla EPZ  
4. Ishwardi EPZ  
5. Comilla EPZ  
6. Uttara EPZ  
7. Adamjee EPZ  
8. Karnaphuli EPZ |

## INTERNATIONAL STANDARDS

C.87 [Freedom of Association and the Right to Organize]: ratified  
C.98 [Right to Organize and Collective Bargaining]: ratified
National law
National law allows freedom of association. The most important legislation in Bangladesh includes:
- Labour Act 2006, amended by Bangladesh Labour Amendment Act of 2013 and in 2018. The Act is going to be adapted a third time under pressure of the EU. One of the issues is to improve the success rate of union registration.
- Bangladesh EPZ/EZ Labour Law Ordinance No 01, 2019 guides legislations for employment in industrial sectors in economic zones.

Forming a Union
- A union needs to be registered
- A trade union can be formed in an enterprise when 20% of the total number of workers employed is a member (BLA amendments 2013 and 2018).
- No permission is needed from factory owners (BLA amendment 2013)

In practice, the threshold of 20 percent and the registration process itself create significant obstacles to forming a trade union. See also below at the main risks.

Economic Processing Zones
- The terms and conditions of service for EPZ workers are regulated by the Instructions of the Bangladesh Export Processing Zones Authority (BEPZA), essentially eliminating any room for collective bargaining.
- EPZ workers are prohibited from forming unions.
- Workers may only form Workers Welfare Associations (WWA), which do not have the same rights as trade unions.
- The new law forbids workers from associating with workers’ organizations outside the EPZ.

Although the new law has somewhat improved the rights of workers in EPZs, the unions consider the existence of two different types of law in a country discriminatory. EPZ workers should have the same right to form unions. See below at gaps with international standards.

Participation Committees
- Participation committees with equal representation from employers as well as workers should be established for companies with more than 50 workers (BLA 2006).
- When there is a trade union in the company, the workers representatives should be elected by the union. When there is no trade union, workers’ representatives should be elected by the workers.
- Until a trade union is formed, a participation committee should run activities related to workers’ interests.

A participation committee does not have bargaining power to negotiate a collective bargaining agreement. It cannot replace a trade union. See below at main risks.

Safety Committee
- Every factory with 50 or more workers has to form a safety committee. This is mandatory according to the Bangladesh Labour Act 2013 and Bangladesh Labour Rules 2015.
- A Safety Committee is a team composed of management and union / worker representatives that assists the employer in creating and maintaining a safe workplace.
- The Safety Committee supports the OSH/Safety Officer and top management to perform several OSH tasks, such as the regular monitoring of safety conditions and provision of training; the Committee also provides advice on OSH issues.
Collective Bargaining Agent (CBA)
- When more than one trade union is registered at a company, the unions should elect a collective bargaining agent among themselves (BLA Amendment 2013).
- The bargaining agent bargains on behalf of all workers in the company.
- Strikes are legal if they are the result of a failure of negotiations. Notice of a strike has to be given within 15 days of the failure of the conciliation procedure. A strike or lock-out can take place 7 to 14 days after notice has been given.
- A Collective Bargaining Agent represents workers in any disputes within a given establishment.
- An establishment can have only one CBA, which is essentially a trade union elected to be the CBA for that establishment. The tenure for each CBA is two years.

Protection against discrimination
- Employers do not have the right to dismiss or discriminate (in recruitment, retention, promotion, or working conditions) against trade union members, or to restrict workers in their right to join trade unions.
- Unions are still required to submit a list with all union founder names to their employer, who can terminate employment contracts with impunity.

Position of women
- In factories where more than 20% of the workforce is female, 10% of the executive committee of the union should be represented by women.

This does not happen in practice, while women face disproportionate discrimination (such as a lack of upward mobility opportunities and male-dominated leadership).
MAIN GAPS BETWEEN THE NATIONAL LAW AND THE INTERNATIONAL STANDARDS

The Committee of Experts on the application of Conventions (CEAC) (2020) of the ILO have observed that:

Sanctions for anti-union discrimination and violence
Although the BLA prohibits discrimination against trade union members, the government needs to increase the sanctions, in particular, the fines for acts of anti-union discrimination. Partners, to increase the amount of the fine imposable for acts of anti-union discrimination and the imprisonment. This would make it more dissuasive.

Unequal rights in EPZs
Workers do not receive the same anti-union protection in EPZs, especially:
- Some workers continue to be excluded from the new law for EPZs.
- The Executive Chairperson’s power is too broad power to rule on the legitimacy of a transfer or termination of a WWA representative (section 121(3)–(4)).
- There is a lack of specific measures to remedy acts of anti-union discrimination except in cases of WWA officials covered by section 121; insufficiently dissuasive fines for unfair labour practices.

Excessive restriction of FoA in EPZs
Several issues in EPZs still significantly restrict FoA. One of these is the requirement that more than 50% of WWAs in one zone need to be in agreement in order to establish a federation. Further, the fact that WWA federations are not permitted to associate with federations beyond their zone or from other zones, creates real obstacles.
The total number of basic unions varies according to different sources, and moreover, the sources are not fully up to date. 644 European Commission 2017. According to the Solidarity Centre, the number of registered trade unions in the RMG sector increased with 593 between 2010 and 2020.

**Union structure**

**Basic union**
Trade unions at the plant or enterprise level are referred to as basic unions. They are formed at the unit or enterprise level with the workers of the particular enterprise as their members. These unions know first hand the day-to-day problems the workers encounter. As a union, they too work within these circumstances and, if necessary, they step in to take appropriate measures to mitigate problems.

**Industrial federation of trade unions**
A federation of trade unions works within a particular industry. They consist of multiple unions (at least five basic unions and more than one administrative division), providing a common platform. They can form a joint endeavor of workers employed in different enterprises or units of the industry to formulate demands, convey workers’ grievances, and negotiate with the relevant authoritative body or the employers’ organization.

**National federation of trade unions**
A national federation is an organization of trade unions within the country (at least twenty trade unions should be registered in the case of more than one industry and the trade union organizations of more than one administrative division). All trade union organizations, including national unions and industrial federations, can be affiliated with any such federation of their choice. The federation units may take guidance from them for formulating demands, organizing strikes, and conducting negotiations with management. National federations in Bangladesh are often affiliated with political parties.

**Confederation**
A confederation consists of least ten nationally based trade union federations who join together.

**Regional committee**
This committee is alternatively known as a zonal committee and is formed in different regions at the initiative of the central executive committee of the federation. The central committee may also determine its composition. It is constituted to ensure effective communication between the central committee and the basic unions.

**Branch committee**
A branch committee is an organ of the central committees (connected to the federation at headquarters). This committee helps with the collection of subscription from units, which otherwise becomes a difficult risk.

**Global union federation**
Global union federations often represent industrial federations of trade unions in specific sectors. They defend trade union rights at global level and provide support and capacity building to their affiliates.

**IndustriALL Global Union**
There is one global union that covers textile and garment workers: IndustriALL Global Union (IGU). IGU represents 50 million workers in 140 countries. IndustriALL Global Union in Bangladesh is represented by national industrial federations of trade unions at the global level, including in the garment sector. IGU has 19 affiliates in Bangladesh. 16 of those are RMG related.
Sramik Karmachari Oikya Parishad (SKOP)
The SKOP is an alliance of the National Federation of Trade Unions. SKOP is a platform of joint action on national issues concerning the labour market and trade unions. At present, SKOP formally represents 16 national trade union centres, which constitute more than 90% of the organized workforce. However, SKOP is not very vocal and seldom do they take the lead in the labour movement at this time.

IndustriALL Bangladesh Council (IBC)
The IBC is an initiative of the IndustriALL Global Union (IGU) affiliates. IGU has been actively involved in registering new trade unions and developing their skills, in collaboration with the ILO.

National Coordination Committee for Workers’ Education
The National Coordination Committee for Workers’ Education is a united platform of 14 major national trade union federations in Bangladesh who represent the maximum number of workers and employees of the country.

Workers Resource Centre (WRC)
WRC (Launched in 2018) brings together federations from the National Coordination Committee for Workers Education (NCCWE) and IndustriALL Bangladesh Council (IBC) and provides capacity building and services for workers and unions.

BILS
The Bangladesh Institute of Labour Studies (BILS) is the only labour institute in the country. They provide support and capacity building to unions in the country. 12 major National Trade Union Federations are associated with BILS.

Accord on Fire and Building Safety in Bangladesh and RMG Sustainability Council (RSC).
The Accord is an independent, legally binding agreement between brands and trade unions to work towards a safe and healthy garment and textile industry in Bangladesh. The Accord covers factories producing Ready-Made Garments (RMG) and at the option of signatory companies, home textiles and fabric & knit accessories.

This agreement was signed in the immediate aftermath to the Rana Plaza building collapse on 24 April 2013, which killed 1,133 workers and critically injured thousands more. Over 220 companies signed the 5-year Accord, and by May 2018, the work of the Accord had contributed to significantly safer workplaces for millions of Bangladeshi garment workers. The Accord was created to enable a working environment in which no worker needs to fear fires, building collapses, or other accidents that could be prevented with reasonable health and safety measures.

To maintain and expand the progress achieved under the 2013 Accord, over 190 brands and retailers have signed the 2018 Transition Accord with the global unions, a renewed agreement which entered into effect on 1 June 2018.

On 1 June 2020, via a Memorandum of Understanding reached in May 2019 between the Accord Steering Committee and the garment and knitwear manufacturers associations in Bangladesh (BGMEA, BKMEA), the in-country operations of the Accord transitioned to the RMG Sustainability Council (RSC). The RSC is a Bangladeshi company created by the Accord signatory brands, Accord signatory unions, and the BGMEA and BKMEA.

From 1 June 2021 onwards, the Accord signatories’ obligations with respect to inspections, remediation, and workplace programmes at their supplier factories will be implemented through the RSC.

Better Work Bangladesh
Better Work is a collaboration between the United Nation’s International Labour Organization (ILO) and the International Finance Corporation (IFC) and a member of the World Bank Group. It is a comprehensive programme bringing together all levels of the garment industry to improve working conditions and respect for labour rights for workers, and to boost the competitiveness of the apparel businesses.

Awaj Foundation
The Awaj Foundation has 22 offices and community centres in Bangladesh and provides support to over 740,000 workers in 12 major industrial clusters in the Dhaka and Chittagong Divisions. Awaj Foundation raises
awareness on the issues facing garment workers, trains workers on their rights and responsibilities under national and international legal frameworks, builds their capacity to take leadership and negotiate for better working conditions. As a women-led organization, gender-equity and addressing gender-based violence is one of their main priorities and a cross-cutting theme in all their interventions.

**The Bangladesh Garment Manufacturers and Exporters Association (BGMEA)**
BGMEA, one of the largest trade associations, was established in 1983 to promote the apparel industry by working in the area of policy advocacy, member services, social compliance, and workers’ rights. BGMEA works to protect the interests of the industry and to ensure sustained growth in foreign exchange earnings. BGMEA has around 4,300 member factories, representing around 40% of knitwear and sweater manufacturers, 60% of which are woven garment manufactures. They work as an arbitrator to resolve disputes between unions and factory owners.

**Bangladesh Knitwear Manufacturers & Exporters Association (BKMEA)**
BKMEA is the apex trade body representing the knitwear sector of Bangladesh. It was established in 1996 as a trade association to facilitate and promote knitwear business. At present, it has around 2,000 knitwear manufacturers and exporters as its members.
Lack of independence
To be able to protect workers’ interests, it is important for trade unions to be able to act independently from employers. However, trade union leaders often act as agents for the employers and political governments. Moreover, unions are often financially dependent on donors, international unions, and other trade unions. Some unions get support from abroad. These are some of the reasons they are often not considered independent entities.

Registration
Although things have improved since the amendment of the Labour Act in 2018, the 20% threshold constitutes a hurdle for the workforce to organize in large companies. Trade unions formed in a group of establishments can only be registered if they have a membership of at least 20% of the total number of workers employed in all establishments. As mentioned under main gaps, the ILO still sees this as an excessive requirement that unduly restricts the right of workers to establish sectoral or industry unions. The registration process is also burdensome. Many trade union registration applications are rejected (the government only accepted 36% of registration applications in 2018). According to a report by the ITUC, 75% of union applications got rejected in 2015, including refusals to even consider some applications. Getting approval also takes a lot of time (55 days according to the Bangladesh government) and online registrations are not fully working. The ILO advises the government to simplify and speed up this process.

Repression and lack of job security
There are reports of the State and employers deliberately repressing and meddling with the formation of potential new unions. In December 2016, after workers took to the streets to protest the inadequate minimum wage in Ashulia, a manufacturing hub in Dhaka, 1,500 factory workers lost their jobs and many union leaders had to go into hiding following police arrests. Legally, trade union leaders are protected against discrimination. But those laws are not sufficiently enforced. This conflict continued up to 2019, when again many were terminated. Trade union leaders named on registration forms have been known to be fired or harassed prior to registration.

Lack of union capacity
Unions have limited financial capacity due to trade union competition and a low proportion of members who pay dues. The capacity for social dialogue is the highest at national level and the lowest at factory level, or the basic union level. Unions often have very little information and little experience with democratic practices. This is partly due to the lack of availability of trained union leaders. This lack of capacity contributes to the negative perception of unions and CBAs with many factory owners. Basic unions with good management and negotiation skills are often better partners for suppliers.

Lack of education and awareness of rights and benefits
According to some stakeholders, only about 30-50% of workers have awareness regarding trade unions and worker rights. Overall, the amount of education/schooling workers have received ranges from little to none at all. Although IndustriALL, NGOs, and ILO hold various awareness programmes, knowledge remains limited.

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3 Defined as more than one establishment in a particular area carrying out the same or identical industry.
5 Cornell University School of Industrial and Labor Relations & The Strategic Partnership for Garment Supply Chain Transformation, 2021.
6 Idem.
Many stakeholders in the industry have no common platform
According to some union representatives, other actors who are also working on workers’ rights in the industry, may be undermining the role of trade unions and taking scarce resources away from them. Everybody is focused on their own agenda. These kinds of uncoordinated efforts are hurting the relationship between employers and trade unions.

Little space for negotiation with garment producers
Garment producers often import materials and just do the cut-make-trim. Labour costs and workers’ productivity are the only things suppliers can change to impact their bottom line. This type of manufacturing limits the suppliers’ ability to engage in meaningful social dialogue or to change conditions on the ground. With little ability to change the cost of raw materials, suppliers can only change wages. Capital and technology changes are costly and take a long time.

Representation of women
More women are now participating in trade unions in the post-Rana Plaza context, but participation is still low, especially in leadership and decision-making positions. The mandate of 10% female representation in union executive committees is a very low figure. It should be at least 50%, as most workers in the industry are women. Also, leadership of trade unions is often male dominated.

Negative mindset towards unions
Many stakeholders mention the negative mindset with factory owners and senior managers, employers, of trade unions. Therefore, they want to avoid trade unions organizing in the factories. Due to the negative power balance, they can ensure trade unions do not have the opportunity to organize workers.

No effective dispute settlement
Labour disputes are settled through labour courts, BGMEA’s Conciliation-cum-Arbitration Committee, or through bilateral discussions by trade unions.

Despite provisions in the Labour Act, no real dispute resolution is present in Bangladesh. Currently the ILO, in collaboration with Swedish and Danish development organizations, is leading efforts for “Promoting Social Dialogue and Harmonious Industrial Relations in the Bangladesh Ready-Made Garment Industry”. Their aims include setting up a dispute settlement and mediation system within the Bangladeshi Department of Labour.

Lack of collective bargaining agreements
All stakeholders confirm that collective bargaining agreements in the RMG sector hardly exist.

EPZ is undermining FoA principles and labour standards
There are several EPZ zones in Bangladesh, as mentioned in the first chapter. As mentioned in the national legislation section, workers do not have the freedom to become a member of a union of their own choosing. Therefore, sourcing from factories in these zones should be discouraged.

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WHAT CAN BRANDS DO TO PROMOTE FOA AND CB IN BANGLADESH?

Several publications, including the general fact sheet on FoA, describe steps for brands to take to promote FoA and CB. Please read that overview. In addition to these more common steps, the following steps are specific to Bangladesh and require attention as they are entry points for promoting FoA and CB.

Analysis of the Bangladeshi context
- Try to understand the local union laws and structure and the context of unionization. This fact sheet can help. Establish contact with one of the organizations mentioned in this fact sheet.
- In your due diligence process, recognize the lack of FoA and CB in Bangladesh as a key risk, a salient issue, that needs to be prioritized and addressed.

Policy checks and compliance
- Compliance with the national labour law: In the law section, we can see that FoA and the right to CB is possible when there is a supportive environment for the workers. Brands need to exert pressure on factory owners and management authorities to comply with the provisions of the Bangladesh Labour Act related to FoA and CB.
- When there is a CBA, check the text. There are few CBAs in Bangladesh and many of them are also expired. Also check that the CBA is not just a copy of the law and that it covers working conditions, including wages.

Assess the unions and how well the social dialogue processes function
- Consult the CNV and FNV Checklist for companies on trade union freedom and social dialogue and the general fact sheet.
- Is there a collective bargaining agreement? Find out how this was negotiated and confirm that workers know about it and its provisions.
- Participation committees and safety committees in Bangladesh cannot fulfill the role of a trade union, as they cannot participate in the collective bargaining process. However, some suppliers establish the participation committee as an alternative. Where a trade union exists, there is no need to form a participation committee according to the law. Where there is no union, check if the participation committee and safety committee are functioning.
- When there is a union, make sure it is not a "yellow" union (one set up and controlled by the supplier).

Some suppliers feel so pressured to have a union that they establish one themselves. This is not freedom of association. Therefore, the brand or the auditor needs to check whether there is an elected workers' representative, that collective bargaining takes place, and that workers are aware of their rights to organize.
- As part of due diligence and monitoring, brands can collect alternative reports and feedback from National Trade Union Centers (NTUCs) regarding the functioning of FoA and CB in the suppliers’ factories. This can be done by contacting one of the stakeholders mentioned above.

Stakeholders
- Participate in sector agreements with trade unions that seek to ensure worker participation in identifying, addressing, and remediating issues related to the conditions of their work e.g.,
  - ACT
  - Global Framework Agreement with a global union
  - RMG Sustainability Council
  - Fair Wear Foundation
  - ETI
  - ILO Better Work
  - FLA
  - AMFORI Network Bangladesh
Help build capacity

- As part of their due diligence action plan, brands can support and finance workplace training for management and workers on social dialogue and labour rights. FWF and ETI have training programmes available. The Workers Resource Center (WRC), the Bangladesh Institute of Labour Studies (BILS), and Better Work also provide training.
- Brands can use their influences to remediate complaints. In addition to coordinating stakeholders, (Fair Wear/ ETI/ FNV, etc) brands can involve other brands (where needed), and if necessary, they can also coordinate with relevant unions/federation/national alliances.

Monitoring implementation

- Monitoring freedom of association. Brands needed to establish a complete monitoring mechanism, including unannounced factory visits, procedures for collecting evidence, and ways of communicating directly with workers and the trade union of the suppliers’ factory. Ensure that more than one party checks.
- Make sure suppliers are accountable for trade union members not being subjected to negative treatment: that no one is subjected to mistreatment for joining a trade union and/or participating in a collective bargaining process. Start conversation with the supplier about these topics and make them part of the prohibition of discrimination.

Lobbying

- Use the brand’s voice and influence to encourage the Bangladesh government to halt violations of international standards on freedom of association and collective bargaining (ILO Conventions 87 and 98). For example, Fair Wear and member brands collaborated with other brands and worker rights advocates to write targeted letters to the government of Cambodia regarding their restrictions on freedom of association and persecution of human rights defenders in 2017 and 2019.
- Work with local brand representatives or with MSIs and NGOs to identify key risk areas and find opportunities to influence national policies.
GOOD EXAMPLES OF FOA, CB, AND SOCIAL DIALOGUE IN BANGLADESH

1. **Donglian Fashion Sommilito Sramik Union** was able to sign a collective bargaining agreement (CBA), following the Donglian Fashion Company in January 2017. This landmark CBA includes provisions on wage increases, paid leave, union activities, protection against arbitrary salary cuts, and other benefits. The CBA was renewed in 2020.

2. **Hop Lun Apparels Ltd** signed an agreement with the Hop Lun Apparels Sommilito Sramik Union last year. The Sanmilito Sramik Union submitted a 24 points charter of demands to the employers. All the demands were discussed in bilateral meetings. After thorough discussion, the demands were settled. The settlement included a 10% wage increase, the establishment of a provident fund, agreements around medical facilities, and maternity benefits.

3. **H&M’s Participation Committee Programme** in Bangladesh has aimed to train workers and ensure democratic elections in participation committees. Collaborating with the Just Solutions Network, H&M has organized trainings in 227 factories that employ 450,000 workers.

4. **Natural Denims Ltd** employs approximately 3,500 people, two thirds of them women, at a plant in the Ashulia garment district of Dhaka. The company produces denim for H&M, Inditex (Zara), and a number of other brands, including Pull & Bear, K-Mart, Mango and Debenhams. Natural Denims Limited Sanmilito Sramik Union submitted a 10 points charter of demands in 2019 to the employers. These points were settled in early 2020 in a CBA, which includes a wage increase, maternity benefits, and welfare services.

5. **IndustriALL** has global framework agreements with H&M and Inditex, which include a provision for encouraging collective bargaining. The IndustriALL Global Union affiliate’s Sommili to Garments Sramik Federation (SGSF) was able to use this provision to establish the union at the factory and to negotiate the agreement. The comprehensive agreement includes a 7% annual wage increase and two festival bonuses equal to one month’s salary each, for workers who have been employed for a year or more. Workers with a shorter period of service receive the bonus pro rata. The agreement also includes provisions for time off, maternity leave, and medical care.

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10 [Link](http://admin.industriall-union.org/bangladesh-strife-ends-as-donglian-fashion-signs-collective-agreement-with-union)
11 idem
12 [Link](https://www.ethicaltrade.org/resources/case-studies/jeti-social-dialogue-programme-bangladesh-gender-sensitive-workplaces)
USEFUL CONTACTS

BILS
www.industriall-union.org/affiliates/bangladesh

Fair Wear Foundation
For Fair Wear members, please contact your brand liaison for more support.

Mondiaal FNV
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