



TEXTS ADOPTED

P8_TA(2017)0265

State of play of the implementation of the Sustainability Compact in Bangladesh

European Parliament resolution of 14 June 2017 on the state of play of the implementation of the Sustainability Compact in Bangladesh (2017/2636(RSP))

The European Parliament,

- having regard to its resolution of 26 November 2015 on freedom of expression in Bangladesh¹,
- having regard to its resolution of 29 April 2015 on the second anniversary of the Rana Plaza building collapse and progress of the Bangladesh Sustainability Compact²,
- having regard to its resolution of 18 September 2014 on human rights violations in Bangladesh³,
- having regard to its resolution of 27 April 2017 on the EU flagship initiative on the garment sector⁴,
- having regard to its previous resolutions on Bangladesh, in particular those of 16 January 2014⁵, 21 November 2013⁶ and 14 March 2013⁷,
- having regard to its resolutions of 25 November 2010 on human rights and social and environmental standards in international trade agreements⁸ and on corporate social responsibility in international trade agreements⁹,
- having regard to its resolutions of 6 February 2013 on ‘Corporate Social Responsibility: accountable, transparent and responsible business behaviour and sustainable growth’¹⁰,

¹ Texts adopted, P8_TA(2015)0414.

² OJ C 346, 21.9.2016, p. 39.

³ OJ C 234, 28.6.2016, p. 10.

⁴ Texts adopted, P8_TA(2017)0196.

⁵ OJ C 482, 23.12.2016, p. 149.

⁶ OJ C 436, 24.11.2016, p. 39.

⁷ OJ C 36, 29.1.2016, p. 145.

⁸ OJ C 99 E, 3.4.2012, p. 31.

⁹ OJ C 99 E, 3.4.2012, p. 101.

¹⁰ OJ C 24, 22.1.2016, p. 28.

and on ‘Corporate Social Responsibility: promoting society’s interests and a route to sustainable and inclusive recovery’¹,

- having regard to the Commission staff working document of 24 April 2017 entitled ‘Sustainable garment value chains through EU development action’ (SWD(2017)0147),
- having regard to the Commission communication entitled ‘A renewed EU strategy 2011-2014 for Corporate Social Responsibility’ (COM(2011)0681) and to the results of the public consultation on the Commission’s work on the direction of its corporate social responsibility (CSR) policy after 2014,
- having regard to its resolution of 5 July 2016 on a new forward-looking and innovative future strategy for trade and investment²,
- having regard to the Commission communication of 14 October 2015 entitled ‘Trade for all - Towards a more responsible trade and investment policy’ (COM(2015)0497),
- having regard to the Cooperation Agreement between the European Community and the People’s Republic of Bangladesh on Partnership and Development,
- having regard to the Sustainability Compact for Continuous Improvements in Labour Rights and Factory Safety in the Ready-Made Garment and Knitwear Industry in Bangladesh,
- having regard to the Commission’s Bangladesh Sustainability Compact Technical Status Reports of July 2016 and of 24 April 2015,
- having regard to the mission report of 23 January 2017 by its Committee on International Trade following the ad hoc delegation visit to Bangladesh (Dhaka) of 15 to 17 November 2016,
- having regard to the ‘Better Work Bangladesh’ programme of the International Labour Organisation (ILO), launched in October 2013,
- having regard to the ILO High Level Tripartite Mission Report, and the 2017 observations of the ILO Committee of Experts on the Application of Conventions and Recommendations concerning Conventions 87 and 98,
- having regard to the special paragraph in the report of the ILO Committee on Application of Standards of the ILO Conference of 2016,
- having regard to the complaint filed in 2017 with the ILO Committee on Freedom of Association concerning the government’s crackdown on garment workers in Ashulia in December 2016 and the complaint filed with the UN Special Mandates, also concerning the crackdown in Ashulia,
- having regard to the UN’s Johannesburg Declaration on sustainable consumption and production to promote social and economic development,

¹ OJ C 24, 22.1.2016, p. 33.

² Texts adopted, P8_TA(2016)0299.

- having regard to the UNCTAD Investment Policy Framework for Sustainable Development (2015),
 - having regard to the UN Guiding Principles on Business and Human Rights, which lay down a framework for both governments and companies to protect and respect human rights, endorsed by the UN Human Rights Council in June 2011,
 - having regard to the UN Global Compact on human rights, labour, environment and anti-corruption,
 - having regard to the OECD’s Guidelines for Multinational Enterprises,
 - having regard to the Accord Quarterly Aggregate Report on remediation progress at RMG (ready-made garments) factories covered by the Accord of 31 October 2016,
 - having regard to the question to the Commission on the state of play of the implementation of the Sustainability Compact in Bangladesh (O-000037/2017 – B8-0217/2017),
 - having regard to the motion for a resolution of the Committee on International Trade,
 - having regard to Rules 128(5) and 123(2) of its Rules of Procedure,
- A. whereas Bangladesh has become the world’s second largest garment producer, with the textile sector providing almost 81 % of total exports; whereas 60 % of the clothing output of Bangladesh goes to the EU, which is the country’s major export market;
 - B. whereas the ready-made garment (RMG) industry currently employs 4,2 million people in as many as 5 000 factories and indirectly supports the livelihoods of as many as 40 million people – about a quarter of Bangladesh’s population; whereas the RMG industry has made an important contribution to poverty reduction and to the empowerment of women; whereas women, mostly from rural areas, represent 80 % of the RMG sector in Bangladesh; whereas, nonetheless, 80 % of workers are still employed in the informal sector; whereas the complex nature of the garment supply chain and its low level of transparency facilitate human rights violations and increase exploitation; whereas the minimum wage in the RMG sector has remained below the World Bank’s poverty line;
 - C. whereas gender equality is a driver of development; whereas women’s rights fall within the human rights spectrum; whereas it is clearly laid down in Article 8 of the Treaty of the Functioning of the European Union that ‘in all its activities, the Union shall aim to eliminate inequalities, and to promote equality, between men and women’, and, therefore, the EU has a duty to mainstream gender equality in all its policies, guaranteeing that men and women benefit equally from social change, economic growth and the creation of decent jobs, doing away with discrimination and promoting respect for women’s rights in the world;
 - D. whereas approximately 10 % of the workforce in the RMG sector is employed in Export Processing Zones (EPZs); whereas the EPZ Labour Act falls short of granting sufficient basic rights to workers in comparison to those elsewhere in Bangladesh; whereas a large expansion of EPZs is planned;
 - E. whereas the EU’s generous unilateral trade preferences under the ‘Everything but arms’

initiative for least-developed countries (LDCs), enshrined in the EU GSP regulation granting tariff-free access for Bangladesh textiles under flexible rules of origin, have significantly contributed to the success story of Bangladesh's sizeable garment exports and growth in employment;

- F. whereas these trade preferences are enshrined in the EU's principle of promoting fair and free trade, and, therefore, allow the EU to suspend GSP benefits in the most serious cases of human rights violations on the basis of Chapter V, Article 19(1)(a) of the GSP regulation, which stipulates that preferential treatment may be withdrawn temporarily on a number of grounds, including serious and systematic violation of the principles laid down in the conventions listed in Part A of Annex VIII, among them the ILO's eight fundamental conventions;
- G. whereas on the basis of these provisions, the Commission and the EEAS launched, at the beginning of 2017, an enhanced dialogue on labour and human rights with the aim of achieving better compliance with the principles of those conventions;
- H. whereas the ILO devoted a special paragraph to Bangladesh in the report of its Committee on Application of Standards from its conference in 2016, finding the country in serious breach of its obligations under Convention 87 (freedom of association); whereas in 2015 the ILO reported that 78 % of trade union registration applications were rejected, owing to a mixture of hostility to unions on the part of factory managers and certain politicians and an administrative incapacity to register them;
- I. whereas, according to various reports, hundreds of garment workers have died in various factory fires in Bangladesh since 2006, for which regrettably the numerous culpable factory owners and managers have never been brought to justice; whereas it is estimated that every year some 11 700 workers are killed in fatal accidents and another 24 500 die from work-related diseases, across all sectors;
- J. whereas the current minimum wage of 5 300 takas (BDT) or USD 67 per month has not been increased since 2013 and the minimum wage board has not been convened;
- K. whereas since 21 December 2016, following strikes and demonstrations by Bangladeshi garment workers seeking higher wages, the authorities arbitrarily arrested and detained at least 35 union leaders or advocates, shut down union and NGO offices or put them under police surveillance, and suspended or dismissed about 1 600 workers for protesting against low wages in the garment industry;
- L. whereas Bangladesh ranks 145th out of 177 countries on the Transparency Index; whereas corruption is endemic in the global garment supply chain and involves the political class as well as local administrations;
- M. whereas a number of promising initiatives led by the private sector such as the Bangladesh Accord on Fire and Building Safety ('the Accord') have contributed moderately positively to improving supply chain standards and workforce safety over the last 20 years in terms of increasing workers' rights in the garment supply chain;
- N. whereas the conclusions of the successive reviews of the Compact in 2014, 2015 and 2016 report tangible improvements achieved by the Bangladeshi authorities in some areas, and recognise the contribution of the Compact in moderately improving health

and safety in factories and working conditions in the RMG industry; whereas progress relating to workers' rights has been more challenging and no substantial evolution has been witnessed in the last few years in this area; whereas accordingly to the ILO, the shortcomings in amending and implementing the Bangladesh Labour Act of 2013 are resulting in severe obstacles to the exercise of the right of freedom of association and to registering trade unions, especially in the RMG sector in the EPZs; whereas workers in EPZs have been denied the right to join a trade union;

- O. whereas following the disaster, there has been unprecedented demand from European consumers for greater information on where products originate and the conditions in which they are produced; whereas European citizens have submitted countless petitions and have organised campaigns demanding greater accountability from garment brands, to ensure that their products are manufactured in an ethical way;

Responsible business in Bangladesh - primarily a domestic task

1. Stresses that despite its impressive track record on growth and development in recent years, Bangladesh needs to make sizeable efforts in the long run in order to achieve sustainable and more inclusive economic growth; underlines that structural reforms leading to increased productivity, further diversification of exports, social justice, workers' rights, environmental protection and fighting corruption would be essential in this sense;
2. Calls on the Government of Bangladesh to enhance its level of engagement as regards improving safety and working conditions and workers' rights in the garment sector as a matter of highest priority, and to enhance the implementation of the legislation on building and factory safety, to continue to increase government funding for the labour inspectorate, to continue to recruit and train more factory inspectors, to provide for conditions to lower the turnover of labour inspectors, to set up an annual work plan for follow-up inspections of factories subject to remediation, and to enlarge building and factory inspections to other sectors;
3. Calls on the Government of Bangladesh to amend the 2013 Labour Act so as to address freedom of association and collective bargaining in an effective fashion, to promote social dialogue, to ensure the speedy and non-arbitrary registration of trade unions, to ensure the effective investigation and prosecution of alleged anti-union discrimination and unfair labour practices, to guarantee a legislative framework for labour matters that is in full conformity with international standards, notably in full compliance with ILO Conventions 87 and 98 on freedom of association and collective bargaining, and that is effectively implemented; further urges the government to ensure that the law governing the EPZs allows for full freedom of association in line with the same international standards, and to actively investigate, as a matter of urgency, all acts of anti-union discrimination;
4. Urges the Government of Bangladesh, industry associations and factory owners to pursue remediation work for all export-oriented RMG factories and to ensure that repairs and other inspection follow-ups are undertaken and transparently monitored by the relevant public authorities, recognising the usefulness of the funds mobilised by donors and the importance of effective financial support;
5. Urges the Government of Bangladesh to immediately reconvene the minimum wage

board and institute a shorter frequency of wage review;

Private-sector initiatives - an effective and valuable contribution

6. Calls on the international brands and retailers and the Bangladeshi private sector to stay engaged in order to respect the labour laws and implement CSR measures, and to improve their record as regards responsible business practices, including ensuring decent working conditions for Bangladeshi garment workers, as well as facilitating the provision of transparent information on which factories are producing the goods and coordination mechanisms between relevant initiatives; encourages the continuation of the work of the global retailers and brands for the adoption of a unified code of conduct for factory audits in Bangladesh;
7. Stresses the achievements of the engagement of the private business sector in cooperation with the Government of Bangladesh and international organisations in the country, through the Accord on Fire and Building Safety; points out, however, that despite marking progress on fire and building safety, the Accord partners still remain concerned with the slow pace of completing remediation on critical safety issues; calls on the parties to the Accord to prolong their engagement by means of it for another period of five years, before the current agreement comes to an end on 12 May 2018; invites the government, as well as the Bangladeshi business sector, to acknowledge the usefulness of the commitment of retailers in Bangladesh through the Accord, and to support the extension of the mandate given to the Accord partners in Bangladesh;
8. Calls on the Government of Bangladesh and the private sector to continue their initiatives aimed at financial compensation and rehabilitation of victims, to develop an effective re-employment strategy and to offer support for entrepreneurship and livelihoods skills;

The EU and the international community - shared responsibility

9. Supports the follow-up activities to the Bangladesh Sustainability Compact and the enhanced dialogue of the Commission and the EEAS with Bangladesh on labour and human rights, aimed at achieving better compliance with the principles of the conventions listed in the GSP regulation;
10. Supports the Commission's examination of a possible EU-wide initiative on the garment sector, with voluntary initiatives and strict codes of conduct as its key principles; notes the Commission's working document of 24 April 2017 entitled 'Sustainable garment value chains through EU development action', and reiterates its demand not to limit itself only to that working document, but to include the possible consideration of binding legislation on due diligence; stresses furthermore that coordination, sharing of information and exchange of best practices and the commitment of governments to set the appropriate framework conditions can contribute to increasing the efficiency of private and public value chain initiatives and help achieve positive results on sustainable development; underlines the importance of raising awareness among consumers so as to increase transparency, as well as supporting the efforts for better labour and environmental standards, product safety and sustainable consumption;
11. Takes the view that the Bangladesh Sustainability Compact, in which the EU is a key

player, could serve as a paradigm for the establishment of similar partnerships with third countries; calls on the EU to continue and step up its cooperation at international level with organisations such as the ILO, the OECD and the UN in the area of sustainable development and CSR;

12. Supports the efforts of the UN open-ended working group set up with the aim of drawing up a binding UN treaty on business and human rights; calls on the Commission and the Member States to actively engage in the resulting negotiations;
13. Underlines that failure to improve the security situation and systematically confront the threats posed by extremists in Bangladesh will have a direct effect on investment in the country, which will ultimately hold back long-term development and the lives of ordinary people;

Conclusions

14. Stresses that the high-quality garment sector is essential for economic and social development in Bangladesh, and that its expansion has allowed large numbers of workers, especially women, to move from the informal to the formal economy; warns against initiatives that could lead to the disengagement of EU and other businesses from Bangladesh and would be damaging not only for the country's reputation but, most importantly, for its future development prospects;
15. Underlines that it is the shared duty of the Government of Bangladesh, the local private sector, the international community and business partners to contribute to achieving responsible business conduct as an overarching goal;

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16. Instructs its President to forward this resolution to the Council, the European External Action Service, the Vice-President of the Commission / High Representative of the Union for Foreign Affairs and Security Policy, the EU Special Representative for Human Rights, the governments and parliaments of the Member States, the UN Human Rights Council, the Government and Parliament of Bangladesh, and the Director-General of the ILO.