BRAC INSTITUTE OF GOVERNANCE & DEVELOPMENT

# Research Update

RAPID RESEARCH RESPONSE TO COVID-19 ■ SERIES: GENDER 08 ■ 23 JUNE 2020

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Phase IV | COVID-19 Crisis Impact on

# RMG Wages and Employment and Role of Trade Unions

## Media Tracking Report

## Introduction

The Ready Made Garment (RMG) sector is the largest export industry in Bangladesh and contributes 84.21% of the country's total export and 20% of the GDP. Exports dropped by 85.252% in April 2020 and 62% in May 2020 compared to the same period last year and GDP is projected to drop by 3% due to the COVID-19 pandemic. Some factories have been shut down permanently leaving thousands of workers jobless. Workers have continued their protests and demonstrations against job loss, retrenchment and for due wages throughout the reporting period, and these protestors have faced violent attacks from the police. After a month's closure, RMG factories started functioning from the end of April 2020 following health safety guidelines - but concerns remain about workers' health and safety. Meanwhile

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has been negotiating with international bodies to receive new orders and funds to compensate workers.

Brac Institute of Governance and Development (BIGD) has undertaken a media tracking exercise to understand the impact of the COVID-19 crisis on the readymade garments industry and the 4.1 million workers it employs, majority of whom are women. The study attempts to identify the roles of different actors including trade unions and workers' rights activists as they navigate the crisis, while dealing with international buyers, RMG owners, and the GoB. The report covers media reports on the current situation of RMG sector during COVID-19. The fourth installment covers the period 01 – 16 June 2020.

## Key Findings

1. Job cuts may lead to a greater worker unrest
2. Workers continued their protest for wages; TU activities were more visible in social media
3. Although health safety and protective measures for workers are being taken, owners' associations have tried to downplay the issue of workers' health safety
4. A new national platform to supervise workplace safety started functioning
5. BGMEA has continued international negotiations to recover orders and seek compensation
6. Economic aspects were more highlighted in the mainstream media and by employers' associations rather than workers health safety

## Discussion of Findings

### Job cuts may lead to a greater worker unrest

According to Directorate of Inspection of Factories and Establishment (DIFE), 17,579 workers were terminated until May 31 and till June 1, only 1.5 million workers joined workforce in apparel sector. Based on this data, around 2.6 million workers failed to join work till 1 June, as predicted by the Daily Observer. Trade Union leader Nazma Akhter of Sommilito Garments Sramik Federation (SGSF) addressed a letter to Ministry of Labour and Employment (MoLE) and alleged that a large number of garment factories have forced many workers to resign and terminated many more after Eid holidays. On June 4, the BGMEA President mentioned the possibility of a 55% job cut during the month of June due to lack of orders, and that sacked workers would be prioritized for re-employment when the situation improves. This statement immediately drew massive criticism from labour leaders and leftist political parties. The 'Bam Gonotantrik Dal' (বাম গণতান্ত্রিক দল) termed this as the manifestation of irresponsible attitude of owners and Communist Party termed it as 'seriously audacious' and 'a provocation'. According to leftist political parties and worker rights groups, this was a ploy to get benefits from the government. Labour rights groups such as SKOP, GTUC, and Krishak Shramik Mukti Andolon expressed their disappointment with the statement and held protest rallies against job cuts. Bangladesh Confederation of Labour (BCL) also held a protest human-chain; both BCL and Bangladesh Garments Workers Federation (BGWF) urged the BGMEA President to withdraw the 'anti-worker' statement as soon as possible.

As a result of labour leaders' protest and wide criticism in social and print media, BGMEA clarified on 6 June that there was no announcement on job cuts or layoff – rather, the President's statement was a speculative statement based on the turbulent situation. On 7 June DIFE published a circular urging BGMEA not to terminate any workers to avert labour unrest in the country. It mentioned that labour leaders had approached DIFE to lodge complaints against termination.

### Workers continued their protest for wages; TU activities were more visible in social media

Workers continued their protests against lay-offs and for due wages throughout the working period. It was reported that 18,000 workers of 46 factories were yet to receive their due wages for last few months and their festival bonus. Two Supreme Court advocates sent MoLE a legal notice to repeal the decision of 65% wage for workers who did not work in April during lockdown. However, news of protests, demonstrations and labour leaders' activities were reported less in print media. In response labour leaders used social media platforms effectively by publishing their demands, press releases and

activities with photographs. Their posts showed protests in several industrial areas and violent attacks on protesting workers. They also held several online webinars, discussions and published statements regarding the new budget and workers' rights. In the webinars, discussants praised governments' initiatives on loan and incentives for businesses but also expressed concern and frustration over there being no special measure for workers' health safety (including testing and treatment) and livelihood.

## Although some health safety and protective measures for workers are being taken, Employers' associations were trying to downplay the issue

According to Industrial Police Data, 293 RMG workers have been infected with COVID-19 till 16 June, but labour leaders claimed that the real number was higher. They also alleged that workers are not getting required support from their factories. However, BGMEA leaders claimed that factories are taking full responsibility of treatment of their infected workers as per health guidelines. The Modele Group, a leading exporter, set an example for other factories and instilled new standardized operating procedures after reopening. BGMEA inaugurated 3 PCR test labs for Corona testing, known as 'state-of-the-art labs' on 4 June in collaboration with Diabetic Association of Bangladesh (BADAS) and said that the association is taking full responsibility for the treatment of (infected workers who are COVID-19 patients.). At the virtual inauguration ceremony, the BGMEA president commented that the number of infected workers are relatively low because poor people have certain immunity to fight diseases, which was highly criticized as insensitive by civil society on social media. On 9 June, the MoLE gave final approval of the health safety guideline developed by DIFE.

## New national platform to supervise workplace safety started its function

RMG Sustainability Council (RSC), a tripartite platform with equal representation of owners, buyers and labour rights groups, took over functions of Accord on 1 June 2020. Accord (formed after Rana Plaza incident for workplace safety) and Nirapon (a North-America based platform of buyers) both stopped their activities in Bangladesh as RSC started functioning from this month aiming for safe resumption of working operations, particularly considering COVID-19 implications.

## BGMEA has continued international negotiations to recover orders and seek compensation

Due to the pandemic, exports within the apparel industry have witnessed a 62% drop in May 2020 and faced a negative growth of 55.7% during the period of 1-20 May 2020. It is predicted that exports will fall a further 30% between June to December. To tackle this, BGMEA and owners are continuing international negotiations to recover orders - even taking radical steps against buyers who are not paying dues. According to BGMEA, 26% of cancelled orders have been recovered till date. It is reported that new orders are being issued, but they are 45% lower in number compared to last year. Buyers are asking for deferred payment and discounts, and owners have no choice but to agree. Blacklisting deadline against Edinburgh Woollen Mill (EWM) was extended and a lawsuit was filed against Sears for not paying for orders already shipped. The EU will sanction a €90 million grant for 1 million Bangladeshi RMG workers who have been laid off which may increase up to €500 million. Financial Express published Office of Textiles and Apparel (OTEXA) data on 8 June that stated Bangladesh's apparel export to US grew by 2.13% during the first 4 months (January-April) of 2020 compared to last year. BKMEA said the data reflects export during December 2019 - March 2020 period and indicated that Bangladesh was doing well compared to its apparel sector competitors before lockdown. CPD also echoed with BKMEA and said that there was time gap with OTEXA data as Bangladeshi production in April was almost suspended.

## Economic aspects were more highlighted in the mainstream media and by owners' body as well rather than workers health safety

In a webinar by South Asia Institute of Harvard University held on 12 June 2020, a discussant stated that more emphasis was being given to the economic aspects rather than workers health safety issues during the pandemic. Discussants said the highest trade bodies focused on order losses leading to difficulties in paying workers' wages while negotiating with buyers and international bodies. They had ignored workers' health safety issues both inside and outside of workplace and their living condition. It was alleged that the associations had strategically side-lined the fundamental problems of workers in favour of profit maximization. During the reporting period we also noticed major attention given to national economy, the scale of orders

lost, reduction in revenue and export orders. In an interview with Dhaka Tribune, the BGMEA president Rubana Huq also emphasized negotiation with buyers for order recovery and for government incentives. Some academics however pointed out that the value of cancelled orders was only 10% of total annual income of RMG sector and hence, they could have taken more social responsibilities by sacrificing little amount of profit. Published op-eds from several experts also focused on economic measures by both buyers and government to support the manufacturers.

## Recommendations

- Publish regular data on corona infections among RMG workers (testing, treatment and recovery) and health safety maintenance at workplace.
- Strengthen the capacity of DIFE to enforce laws and government decisions such as no unlawful retrenchment or lay-off of workers, implementation of COVID-19 safety measures etc. through regular pre-emptive visits of its inspectors to factories and prompt redressal of complaints/grievances raised by workers and TUs. DIFE should be accountable and answerable for the enforcement of these laws and regulations.

## Methodology

Information sources include major national media sources such as – Daily Star, Prothom Alo, Dhaka Tribune, New Age, Financial Express, The Observer, Kaler Kantho and the Business Standard. We also took information from Facebook pages and Youtube channels.

Brac Institute of Governance and Development (BIGD), Brac University is a globally-recognized centre of excellence in rigorous research on policy and development interventions, with the aim of bringing together academics and practitioners to raise critical questions on development, providing lessons on good practices, and advocating for pro-poor policies.

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