
Sancroft

NHS Supply Chain Country Profile:
Bangladesh

May 2016

Bangladesh – Labour Standards and Ethical Trade Profile



Population	168,957,745 ¹
Main Religion	Muslim 89.1%, Hindu 10%, other 0.9% (includes Buddhist, Christian) ²
Minimum working age	14 years old ³
Minimum wage (per hour per month)	7.8 Per Hour US\$0.1 Per Hour 1500 Taka Per Month US\$19 Per Month Some sectors have an industry specific minimum wage. In the garment industry, minimum wage per month is 5300 taka Per Month ⁴
Maximum working hours	9 hours a day, 48 hours per week ⁵ May be extended to 60 hours subject to the payment of overtime
Working week	Sunday - Thursday ⁶ Factory workers are meant to receive a minimum of one day off a week
Main exports	Garments (69.3%), Textiles (10.0%), Jute products (2.4%), Petroleum products (8.3%), Fish & prawns (1.5%), Iron & steel (7.4%), Leather & hides (1.1%) ⁷

Context

Politics

Formerly East Pakistan, Bangladesh became independent in 1971 only for the founding President to be deposed in a military coup the same year. Bangladesh spent 15 years under military rule and, although democracy was restored in 1990, the political scene remains volatile⁸.

Antagonism between the main parties - the Awami League and Bangladesh Nationalist Party - to a large degree reflects personal animosity between their two female leaders as opposed to substantial ideological differences. Both women have been prime minister at various times since 1991.

Sheikh Hasina of the Awami League started a third term as prime minister in January 2014 after winning elections boycotted by the opposition amid an ongoing political crisis. The Bangladesh Nationalist Party is leading a campaign of civil disobedience to have the Awami League government step down in favour of a caretaker administration to hold fresh elections. Political tensions often spill over into violence, as was the case in 2015.

Economics

Bangladesh has maintained a robust growth and development path, averaging nearly 6% per year over the past decade⁹. Economic growth was resilient throughout 2015 despite political protests that hindered exports and private investment. Even in the current global economic climate, growth is expected to continue in the immediate future largely due to a steady expansion in garment exports. Whilst merchandise exports declined by 8.8% on average in 2015, with exports in US-dollar terms falling across South Korea, Taiwan, China, Singapore, Thailand and Indonesia, apparel exporters, including Bangladesh, performed positively, with exports rising by 6.5% on average in 2015¹⁰. This is reflected in projections around future economic growth; anticipated to be 6.7% in 2016 and 6.9% in 2017¹¹. Some economists consider Bangladesh as one of the "Next Eleven" tier of developing countries with potential for serious foreign-investment-led growth.¹²

Economic growth has been mirrored by improvements in human development; poverty has dropped by nearly a third (equating to 15 million Bangladeshis moving out of poverty since 1992), coupled with increased life expectancy, literacy, and per capita food intake. While poverty reduction in both urban and rural areas has been remarkable, the absolute number of people living below the poverty line, 47 million, remains significant.

Bangladesh aspires to be a middle-income country by 2021¹³. Central to achieving this will be regional cooperation and the diversification of exports. Other major challenges include maintaining macroeconomic stability; strengthening revenue mobilisation; tackling energy and infrastructure deficits and urban management; deepening financial-sector and trade reforms; improving labour skills and crucially, adapting to climate change.

Demographics

With nearly 150 million inhabitants on a landmass of 147,570 square kilometres, Bangladesh is among the most densely populated countries in the world¹⁴. It is also among the world's top ten most populous nations.

Contraceptive prevalence in Bangladesh in recent years has risen dramatically and fertility has fallen steadily as a result, in large part due to a high level of political commitment and involvement of civil society¹⁵. Whilst population growth rate has declined, Bangladesh's labour force is growing rapidly. This can be turned into a significant demographic dividend in the coming years, if more and better jobs can be created for the growing number of job-seekers. This is equally crucial for the avoidance of a social crisis owing to the potential of high unemployment among educated youths.

Bangladesh has a predominantly young population; the United Nations Population Fund’s (UNFPA) State of World Population Report (2014) estimated that some 47.6 million or 30 percent of Bangladesh’s population are young (10-24 years). It also estimated that this age-group would represent 10 and 19 percent by 2050, with population ageing underway. Bangladesh is among the Asian nations anticipated to have the largest increase in median age in the coming decades.¹⁶

Labour Market Profile

The labour market in Bangladesh is estimated to be 81.95 million¹⁷. There is an extensive export of labour to the Middle East.

Bangladesh’s labour force is currently expanding. It is estimated that Bangladesh will reach its maximum share of working age population in 2035 and its maximum number of working age population in 2045¹⁸.

Industry Summary:

Labour Force Occupation ¹⁹	
Agriculture	47%
Industry	13%
Services	40%

Bangladesh’s economy is dominated by services (53.6% GDP) and industry (30.4% GDP)²⁰, though this is not reflected in the labour force which is predominantly engaged in agriculture.

The garment industry is playing an increasingly important role and generates a significant proportion of the country’s foreign currency revenue. The garment manufacturing industry has a market value estimated at around £11.4billion (\$19billion), equating to roughly 29% of the Bangladeshi industry. The growing textile and garment manufacturing sector is fuelled by young, urbanising workers, many of whom are women. Bangladesh’s female labour force participation rate is approximately 61%²¹.

Other important industries include iron and steel, cement, petroleum products and pharmaceuticals²².

Medical Technologies

Bangladesh has virtually no domestic manufacturing industry and only produces a negligible number of low-tech medical items. Almost all medical goods have to be imported²³.

Key Risk Areas

Companies sourcing from Bangladesh will need to be aware that there is a risk of labour rights abuse within their supply chain. Moreover, since the Rana Plaza disaster in 2013, labour conditions in Bangladesh have been under increased scrutiny from civil society organisations internationally. No global supply chain will be categorically free of issue and buyers have a responsibility to ensure that they are doing all they can to mitigate the risk of occurrence within their realm of business and, where an issue is discovered, take steps towards remediation. The below outlines the key risk areas pertinent to Bangladesh and the areas in which a company sourcing from Bangladesh may want to be particularly vigilant.

Health and Safety

With rising ages and production costs prevalent across China, global buyers have been looking to move from China to any locations with cheap production capital. With minimum wage amongst the

lowest in the world, Bangladesh has been an attractive alternative for many companies. Consequently, the volume of orders in Bangladesh has significantly increased. However, production capacity of factory buildings has not been adequately adapted to deal with these changing circumstances. In combination with failing or absent government inspections and inadequate buyer policies, this has led to significant health and safety risks where factories are not capable of safely managing increased production demand or where factory expansion has been rushed to accommodate new client orders. With an estimated 90% of all factory buildings failing to meet any formal building code, the level of risk from a worker health and safety perspective, is extreme²⁴. Since 2005, nearly 2,000 workers have died in garment factory fires and collapses²⁵. Two disasters that have received global attention are the Tazreen fire (November 2012)²⁶ and the Rana Plaza factory collapse (April 2013)²⁷ in which over 1000 workers died.

Companies and brands sourcing from Bangladesh have been generally proactive in their response to these disasters, admitting some responsibility and taking steps towards mitigating the risk of recurrence. The Accord on Fire and Building Safety and its US counterpart, the Alliance for Bangladesh Worker Safety have been set up in order to begin systematically checking the structural safety of garment factories across the country. The Accord has now been signed by over 200 organisations²⁸ and has begun to undertake independent factory safety inspections, the results of which are publicly reported. The Accord and the Alliance, along with some independent brand inspections, hope to ensure the safety of Bangladeshi workers, but there are likely to be numerous challenges before this target is met. Further details of The Accord can be accessed here:

http://www.bangladeshaccord.org/wp-content/uploads/2013/10/the_accord.pdf

There are also concerns surrounding fire, electrical and personal safety in Bangladesh. Personal protective equipment (PPE) is often neither provided nor used. It is not uncommon for workers to be poorly trained in the risks their work poses and the potential consequence of not using PPE, or using inappropriate PPE. Organisations should be aware of this as a risk and engage with their suppliers to understand the type of work that is being undertaken and where the physical risk may lie and how this is being mitigated through effective use of PPE.

Working hours

Bangladesh's minimum wage is amongst the lowest in the world²⁹. There have been a number of efforts, particularly among those garment industry workers, to increase this wage. Following an industrial dispute in which a number of factories were closed in 2013, minimum wage in the garment sector was raised to 5,300 taka. This however, is still estimated to fall far below a living wage. As a result, it is common for labourers to work far in excess of legal maximum working hours.

Forced labour

Bangladesh experiences multiple forms of modern slavery including debt bondage, forced labour and commercial sexual exploitation. Bangladeshi nationals are subject to conditions of forced labour at home and abroad. Domestically, forced labour is pervasive in brick kilns and among street beggars. It does however implicate the supply chains of international companies, with garments and shrimp identified as products produced through modern slavery³⁰. A number of Bangladeshi migrant workers have been found on Thai fishing boats, and also enslaved as domestic workers in the Middle East. In 2014, the Global Slavery Index put Bangladesh 9th on the list of countries with the highest number of enslaved people³¹.

Labour rights

The law provides Bangladeshis with the right to join unions and, with government approval, the right to form a union. The formation of unions is moreover a right protected under the Freedom of Association and Collective Bargaining ILO Conventions, which Bangladesh ratified in 1972.

Despite this however, there are numerous reports of workers' rights in Bangladesh being significantly curtailed. There is much anecdotal evidence of factory management taking steps to prevent the formation of trade unions. Physical force, sexual intimidation and threats of physical assault and dismissal are often used to stop workers from organising. This has been particularly widely reported in the ready-made garment (RMG) industry³². Additionally, legal requirements for union registration are prohibitive, for example requiring a minimum of 30 percent of an enterprise's total workforce to agree to be members before the Ministry of Labour and Employment may grant approval. The ministry may also request a court to dissolve the union if membership falls below 30 percent³³. In 2014, the US Department of Labour observed there had been a reduction in the application rate for unions, and a significantly higher union registration rejection rate, sparking concerns over the suppression of workers' rights.

Child Labour

Though Bangladeshi law regulates child labour, due to societal norms and the harsh economic realities prevalent across Bangladesh, many children continue to work and are active in supply chains. Not all of these children are however defined as 'child labourers', some are classed as 'working children', a narrower concept as defined by the ILO. According to this definition³⁴, the ILO estimated around 3.7 million children worked in Bangladesh³⁵. According to the latest National Child Labour Survey report (2015) some 1.2 million children are still trapped in its worst forms. This reflected an earlier observation by the UN Committee on the Rights of the Child which expressed concern in 2009 that many Bangladeshi children continued to work in five of the worst forms of child labour: welding; auto workshops; road transport; battery recharging; and tobacco factories. Children are frequently engaged in hazardous activities in agriculture, and child labour is also prevalent in the informal sector and domestic work. The US Department of Labour's report on the Worst Forms of Child Labour additionally reported that some children in Bangladesh work under forced labour conditions in the dried fish sector and in brick kilns, often to help pay off family debts to local moneylenders³⁶.

While important achievements in the fight against child labour continue to be made, the enforcement mechanisms of Bangladesh's Ministry of Labour are insufficient for the large, urban informal sector, and tend to be industry focused. Agriculture and other informal sectors that have no government oversight frequently employ large numbers of children. Under the 2010 National Child Labour Policy and the National Plan of Action to implement the policy over the period 2012-2016, the National Child Labour Welfare Council is charged with monitoring child labour³⁷. The government mandated child protection networks at district and subdistrict levels to respond to a broad spectrum of violations against children, including child labour³⁸. A further step the government has taken towards the eradication of child labour is exemplified by the introduction of the Children's Act in 2013. According to the US Department of Labour, this will "criminalise any kind of cruelty inflicted on children while they are working in both the formal and informal sectors. In addition, the Act will prescribe punishments for using or exploiting children in begging; in brothels; and in carrying drugs, arms, or other illegal commodities"³⁹. Many of these punishments are considered insufficient to deter violations however.

Corruption

Corruption and transparency are major issues in Bangladesh. Bangladesh scored a very low 27 out of 100 in the Corruption Perceptions Index which ranks countries/territories based on how corrupt a country's public sector is perceived to be⁴⁰. According to the Global Corruption Barometer, the only worldwide public opinion survey on views and experiences of corruption, 70% of people reported to have paid a bribe.

According to the Anti-Corruption Resource Centre, the justice sector and law enforcement are consistently referred to as two of the most corrupt sectors in public administration in Bangladesh⁴¹. Corruption has severe detrimental consequences – it erodes the rule of law, denies citizens access to a fair trial, creates opportunities for unlawful detentions and other human rights violations, undermines

economic and social development and fosters an environment of impunity. The report also claims that a lack of resources is also found to be a major cause for corruption.

Inadequate salaries, poor working conditions, inadequate budgets, unreasonable workloads and lack of training opportunities are considered to serve as incentives for corrupt behaviour among Bangladesh's labour force⁴².

Governance

Following the Rana Plaza disaster, the Bangladeshi Government faced intense international pressure to improve working conditions for garment workers. This resulted initially in the amendment of the country's labour law⁴³.

Significant amendments were made to the 2006 Labour Act including the addition of a number of new sections on: compensation due to death; termination of employment ; resolving dispute over a child's age; dangerous work for children; emergency exits; access to gangways, stairs etc. for workers and the mandatory use of personal safety equipment⁴⁴.

Although Bangladesh has ratified most of the core International Labour Organisation's labour standards, including conventions on freedom of association and the right to organise and bargain collectively; sections of the amended Labour Act still do not meet these internationally recognised standards. The International Trade Union Confederation (ITUC)⁴⁵ believes that the amendments are merely cosmetic.

National Laws

Primary laws governing labour in Bangladesh include;

- Children's Act, 2013 (Act No. 24 of 2013)
- Factories Rules, 1979
- Bangladesh Labour (Amendment) Act, 2013 (Act No. 30 of 2013)
- National Labour Policy 2012
- Labour Act, 2006 (XLII of 2006)

International Trade Union Confederation (ITUC) Rights Index

The ITUC Rights Index uses a methodology that considers the standards of fundamental rights at work, in particular the right to freedom of association, the right to collective bargaining and the right to strike⁴⁶. Using this methodology, countries are ranked on a scale of 1-5, with a high score suggesting a government is failing to guarantee these rights. Bangladesh was awarded a score of 5 in 2014, situating it amongst the worst in the world for labour conditions with no guarantee of worker rights.⁴⁷

International Standards

Bangladesh has been a member of the ILO since June 1972 and has since ratified 33 ILO conventions including 7 of the fundamental conventions. Areas of work that the ILO are focussed on in Bangladesh are: child labour, equality and discrimination, green jobs, informal economy, international labour standards, labour migration, safety and health at work, skills and employability, workers and employer organisations⁴⁸.

Ratified fundamental conventions include; Forced Labour Convention (No. 29), the Freedom of Association and Protection of the Right to Organise Convention (No. 87), Right to Organise and Collective Bargaining Convention (No. 98), Equal Remuneration Convention (No. 100), Abolition of Forced Labour Convention (No. 105), Discrimination (Employment and Occupation) Convention (No. 111) and the Worst Forms of Child Labour Convention (No. 182). The convention Bangladesh has not yet signed is the Minimum Age Convention (No. 138)⁴⁹.

Other Useful Resources

Human Rights Watch provides a thorough critique of the amendments to the labour law:

<http://www.hrw.org/news/2013/07/15/bangladesh-amended-labour-law-falls-short>

The Bangladesh Decent Work Country Programme (DWCP)⁵⁰ was developed in close collaboration with the ILO's tripartite constituents: the Government, Bangladesh Employers' Federation and National Coordination Committee for Workers Education. It is being implemented for the period 2012-15, focusing on 12 key outcomes:

- Outcome 1 : Skills development reforms for employability and livelihoods implemented
- Outcome 2 : Inclusive growth and productive employment integrated into socio-economic policies
- Outcome 3 : Working conditions improved
- Outcome 4 : Country takes effective measures to respond and implement CEACR recommendation, including fulfilling its reporting obligations
- Outcome 5 : Capacities of labour administration and institutions improved
- Outcome 6 : Indigenous and tribal peoples' rights and access to services strengthened
- Outcome 7 : Coverage of social protection improved
- Outcome 8 : Worst forms of child labour eliminated
- Outcome 9 : Management system of migration strengthened
- Outcome 10 : Improved capacity of employers contributes to effective DWCP implementation
- Outcome 11 : Improved capacity of workers contributes to effective DWCP implementation
- Outcome 12 : Strengthened capacity of member states to ratify and apply international labour standard and to fulfil their reporting obligations

The Bangladesh DWCP contributes to the achievement of the United Nations Development Assistance Framework (UNDAF) 2006-2020, especially in the areas of Education and Pro-Poor Growth, Social Protection, and Gender Equality and Advancement of Women.

- ILO Labour Law Database -
http://www.ilo.org/dyn/natlex/natlex4.countrySubjects?p_lang=en&p_country=BGD
- Transparency International Corruptions Perception Index
<http://www.transparency.org/country/#BGD>
- US State Department Database on Forced and Child Labour per product
<http://www.dol.gov/ilab/reports/child-labour/list-of-goods/>

¹ <https://www.cia.gov/library/publications/the-world-factbook/geos/bg.html>

² <https://www.cia.gov/library/publications/the-world-factbook/geos/bg.html>

³ The Labour Code establishes 14 as the minimum age for work and 18 as the minimum age for hazardous work, although it permits children ages 12 and 13 to perform light work with certain restrictions. The Code also limits the hours children ages 14 to 18 can work. However, the Labour Code excludes many sectors of the economy in which children work, including small farms and domestic service. <http://www.dol.gov/ilab/reports/child-labour/bangladesh.htm>

⁴ <http://www.wageindicator.org/main/salary/minimum-wage/bangladesh>

⁵ <http://www.ilo.org/dyn/natlex/docs/WEBTEXT/47346/65073/E65BGDo1.htm#a050>

⁶ <http://dhaka.usembassy.gov/holidays.html>

⁷ <http://country.eiu.com/article.aspx?articleid=1684145152&Country=Bangladesh&topic=Summary&subtopic=Fact+sheet>

⁸ <http://www.bbc.co.uk/news/world-south-asia-12650940>

⁹ <http://www.worldbank.org/en/country/bangladesh/overview>

¹⁰ <http://country.eiu.com/article.aspx?articleid=563909640&Country=Bangladesh&topic=Economy>

¹¹ <http://www.adb.org/countries/bangladesh/main>

¹² <http://www.bbc.co.uk/news/world-south-asia-12650940>

¹³ <http://www.worldbank.org/en/country/bangladesh/overview>

¹⁴ <http://www.asia-pacific.undp.org/content/dam/rbap/docs/RHDR2016/RHDR2016-full-report-final-version1.pdf>

¹⁵ <http://www.asia-pacific.undp.org/content/dam/rbap/docs/RHDR2016/RHDR2016-full-report-final-version1.pdf>

¹⁶ <http://www.thedailystar.net/rise-of-youth-51048>

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- 17 <https://www.cia.gov/library/publications/the-world-factbook/geos/bg.html>
- 18 <http://www.asia-pacific.undp.org/content/dam/rbap/docs/RHDR2016/RHDR2016-full-report-final-version1.pdf>
- 19 <https://www.cia.gov/library/publications/the-world-factbook/geos/bg.html>
- 20 <https://www.cia.gov/library/publications/the-world-factbook/geos/bg.html>
- 21 <http://data.worldbank.org/indicator/SL.TLF.ACTI.FE.ZS/countries>
- 22 <https://www.cia.gov/library/publications/the-world-factbook/geos/bg.html>
- 23 <http://www.reuters.com/article/research-and-markets-idUSnBw115488a+100+BSW20150611>
- 24 <http://www.theguardian.com/world/2013/nov/11/bangladesh-rana-plaza-factory-collapse-ethical-certification-scheme>
- 25 <http://www.cleanclothes.org/resources/publications/fatal-fashion.pdf>
- 26 <http://www.bbc.co.uk/news/world-asia-20482273>
- 27 <http://www.bbc.co.uk/news/world-asia-22476774>
- 28 <http://bangladeshaccord.org/signatories/>
- 29 <http://www.bloomberg.com/news/articles/2013-11-13/bangladesh-garment-factories-to-stay-shut-amid-worker-protests>
- 30 <http://www.globallaveryindex.org/country/bangladesh/>
- 31 <http://www.globallaveryindex.org/findings/>
- 32 http://www.ituc-csi.org/IMG/pdf/survey_global_rights_index_2015_en.pdf
- 33 <http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm#wrapper>
- 34 http://www.ilo.org/global/about-the-ilo/newsroom/comment-analysis/WCMS_234854/lang--en/index.htm
- 35 <http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm#wrapper>
- 36 <https://www.dol.gov/agencies/ilab/resources/reports/child-labour/bangladesh>
- 37 <http://www.ilo.org/dhaka/Areasofwork/child-labour/lang--en/index.htm>
- 38 <http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm#wrapper>
- 39 http://www.dol.gov/ilab/reports/child-labour/bangladesh.htm#_ENREF_33
- 40 <https://www.transparency.org/cpi2013/results>
- 41 <http://www.u4.no/publications/overview-of-corruption-within-the-justice-sector-and-law-enforcement-agencies-in-bangladesh/>
- 42 <http://www.u4.no/publications/overview-of-corruption-within-the-justice-sector-and-law-enforcement-agencies-in-bangladesh/>
- 43 http://www.ilo.org/global/about-the-ilo/media-centre/statements-and-speeches/WCMS_218067/lang--en/index.htm
- 44 http://www.ilo.org/dyn/natlex/natlex4.detail?p_lang=en&p_isn=94286&p_country=BGD&p_classification=01.02
- 45 <http://www.ituc-csi.org/new-bangladesh-law-fails-again-to?lang=en>
- 46 <http://www.ituc-csi.org/new-ituc-global-rights-index-the>
- 47 http://www.ituc-csi.org/IMG/pdf/survey_global_rights_index_2015_en.pdf
- 48 <http://www.ilo.org/dhaka/Aboutus/lang--en/index.htm>
- 49 http://www.ilo.org/dyn/normlex/en/f?p=1000:11200:0::NO:11200:P11200_COUNTRY_ID:103500
- 50 <http://www.ilo.org/dhaka/Aboutus/lang--en/index.htm>