

Summary: Heather Mak and Erik Autor were asked to represent the Employer view during the 2014 Tripartite Roundtable on International Labour Issues on April 9, 2014. Dan Rees from the ILO, Mr. Peter McArthur and Mr. Jeff Nankivell of the Department of Foreign Affairs, Trade and Development Canada (government), as well as Mr. Bob Linton of the United Food and Commercial Workers Union (workers), were also asked to present their views.

Employer Statement:

Heather Mak: We're very honoured to be given the opportunity to represent the employer perspective at today's Tripartite Roundtable on International Labour Issues focusing on the RMG sector in Bangladesh.

I'm Heather Mak, Sustainability Manager at Retail Council of Canada, and this is my colleague Erik Autor, International Counsel for Retail Council of Canada, and we'll use this time to give you a brief overview of the approach that RCC and its members have taken on Bangladesh.

At the outset, we want to be clear that RCC supports both the Accord on Fire and Building Safety in Bangladesh and the Alliance for Bangladesh Worker Safety in equal measure. Externally, there is an incorrect perception that we favour the Alliance over the Accord. We believe this stems from the fact that we were involved in the formation of the Alliance, where we were at the table representing Canadian retailers and small and medium enterprises. At that time, the Accord had already been formed, but if it hadn't been, we certainly would have been at the table to represent the Canadian retailer perspective.

As well, given the range of attacks on the Alliance and its muted response, we have sometimes felt the need to defend it as a viable and committed effort to address the fire and building safety issue in Bangladesh no less so than the Accord. The Accord has put in more time and effort in promoting positive messaging on its activities than the Alliance, and hasn't needed that kind of assistance from RCC.

That aside, our support of both initiatives reflects the fact that our members are participating in both initiatives. As a trade association representing the entire industry and operating by consensus, it is not the proper role for us to determine which initiative our member companies should join. Rather, that decision is best left up to individual companies based on their specific needs and best interests and considering the wide range of factors that must go into that decision.

We also support both initiatives because we believe that the problem of how to address and correct the endemic and deep-seated problem of fire and building safety in Bangladesh is very complex and brings into play many factors – political, economic, legal, and cultural. As a result of that, we're convinced that there isn't one single, quick and easy approach and solution to ensure the safety of Bangladeshi factory workers. We are concerned that endorsing only one initiative over the other would limit solutions on

the ground and may end up unintentionally discouraging the broadest industry participation in addressing this problem proactively.

On this point, both initiatives include components that were originally lacking in the other. For example, it was the Alliance that first identified the Fair Factories Clearinghouse (FFC) as a mechanism for sharing factory audits and remediation plans among participating companies. Conversely, the Accord made substantial headway in ensuring a high degree of public transparency in its activities. This week, the Alliance changed their members agreement to include a key principle from the Accord regarding the right of workers to refuse work in an unsafe factory without fear of retaliation. Meanwhile, the Accord appears to be moving toward the concept emphasized by the Alliance of shared responsibility in remediation and worker compensation with Bangladeshi factory owners. We are very encouraged by this cross-pollination of ideas between the Alliance and the Accord, which appears to be slowly narrowing the differences between the two initiatives.

Nonetheless, we acknowledge there are legitimate reasons why companies may choose either initiative over the other and we respect that decision regardless of which option they choose. In our view, the more important decision for our members is to become proactive participants in a solution to the factory and worker safety problem among suppliers in Bangladesh. We should also note that the Canadian government also supports and is working with both initiatives through the Department of Foreign Affairs Trade and Development (DFATD).

So what is RCC's role as an industry representative in support of current efforts to improve building and worker safety in Bangladesh? Simply put, we see ourselves as a facilitator between the Accord and Alliance to encourage retailers to take a proactive stance on Bangladesh fire and building safety, to provide member companies with objective information about the two initiatives, and to encourage the two initiatives to collaborate wherever and whenever they can.

Now I will pass it to Erik to continue the discussion.

Erik Autor: At a recent U.S. Senate committee hearing, the Center for Business and Human Rights at New York University Stern School of Business concluded in its statement that "while the participation of the unions in the Accord represents an important distinction, the similarities between the two initiatives outweigh the differences." The core similarity is the fact that both the Accord and Alliance share a common goal – to improve workplace safety for workers in the Bangladesh ready-made garment industry. Both are working to achieve that objective through a credible five-year programme centred on factory inspections, worker training, and providing resources for factory improvements and other remediation efforts. Both initiatives have also committed significant resources toward reaching that objective.

As indicated in the NYU Stern School findings, the differences between the two initiatives are mainly over governance rules and which tools they have chosen to emphasize to achieve their common aims.

We are concerned that the bickering we continue to see over which initiative is better is not productive, emphasizes form over substance, appears to be largely driven by domestic political agendas, and is a distraction from where the focus needs to be -- making tangible progress toward improving factory and worker safety.

So what are these similarities and differences? Contrary to popular perceptions, both initiatives are legally binding, but in slightly different ways to address the concern, particularly in the United States, about the potential exposure to litigation. The penalties in the Accord would go through binding arbitration process, while there are specific and scaled financial penalties in the Alliance if a member leaves before or after the two year mark of joining the initiative.

In terms of core program elements, both initiatives have safety inspections, fire and building safety training, and funding, which are member sponsored for Accord, and voluntary loans for Alliance.

For displaced workers, each company in the Accord is responsible for covering the cost, while 10 percent of Alliance members' annual dues are reserved for temporarily displaced workers. There have been a couple of important developments on the question of worker compensation. Recently, three Alliance member companies announced they were contributing to the Rana Plaza Arrangement through BRAC, an international development organization headquartered in Bangladesh but with a US office. Meanwhile, several members of the Accord are reportedly grappling with the cost issue of compensation for displaced workers as an increasing number of factories that have failed inspections are being designated for closure.

Global and local unions are involved in the governance structure of the Accord, whereas the Alliance has just announced the final selection of representatives in its advisory board, including organized labour groups in Bangladesh.

The Accord also has stricter requirements for funding remediation. Under the Alliance funding for remediation was more voluntary due to the position that the cost of remediation needed to be a shared responsibility with factory owners, particularly in the face of weak governance in the country.

Notwithstanding these differences, at the end of the day, we will judge these initiatives by the impact they are having on the ground in effectively tackling the problem, not by the means they choose to get there. On this point, it must be recognized that, while both initiatives have made substantial progress over the past year, neither has yet made a significant impact as they have had to spend the bulk of their time and attention building the necessary foundation to pursue their objectives. That foundation includes building up membership, establishing an infrastructure in Bangladesh including offices and staff, securing financial commitments, surveying factory workers to identify gaps in safety information and knowledge, developing a training curriculum, and commencing factory audits and remediation plans. All this takes time, and Rome wasn't built in a day – especially when we are dealing with fixing structural defects in several thousand buildings.



2014 ILO TRIPARTITE ROUNDTABLE ON INTERNATIONAL LABOUR ISSUES: THE EMPLOYER VIEW ON THE BANGLADESH RMG SECTOR

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One thing that will help facilitate this process, given the common objectives of the two initiatives, is that there is substantial room for collaboration and coordination between the two initiatives. That process is already taking place in a number of key areas including the setting of common fire and building safety standards prepared by recognized international experts and along with the National Tripartite Action Plan and BUET, and coordinating inspections and remediation plans. The two initiatives also recently collaborated on the International Expo for Fire and Building Safety, which helped connect Bangladeshi factory owners with global partners providing products and services to improve fire and building safety.

Finally, it needs to be recognized that there is a limit to what retailers and brands can do in tackling this problem. Governance, long-established business and societal norms, and adherence to rule of law in Bangladesh will also need to change. Tackling such a large issue is one that requires much collaboration from all of us – we can no longer afford more polarizing rhetoric to solve the problem at hand.