



Belgian National Contact Point for the OECD Guidelines for Multinational Enterprises

Report and recommendation of the Belgian National Contact Point for the OECD Guidelines for Multinational Enterprises on the issue of fire and building safety in the clothing sector in Bangladesh.

1. Report

Following the fire that occurred on 24 November 2012 at the Tazreen Fashions factory in Bangladesh in which 112 people died, the Minister of Economy Johan Vande Lanotte invited the Belgian National Contact Point for the OECD Guidelines for Multinational Enterprises (NCP) to organize a consultation in order to see to what extent Belgian companies were concerned with this disaster.

The Rana Plaza building in the town of Savar in Bangladesh, collapsed on 24 April 2013, killing over 1,000 workers and injuring approximately 2,000 more. This eight-storey building mainly housed clothing workshops.

After this new tragedy, the Minister reiterated his request and clarified it, by inviting the NCP to examine, through consultations with the parties concerned, which initiatives and commitments could be taken to avoid the recurrence of such disasters. In this way, they can contribute to improving fire and building safety in the clothing sector in Bangladesh.

There are at least three initiatives concerning the situation in Bangladesh (each providing, among other things, its own inspections):

- the *Accord on Fire and Building Safety in Bangladesh* (May 2013);
- the *Alliance for Bangladesh Worker Safety* (July 2013);
- the *Improving Working Conditions in the Ready-Made Garment Sector* (October 2013).

During a meeting at the European Parliament on 17 September 2013, the Ambassador of Bangladesh insisted that these initiatives should not overlap. Indeed, three different inspections within the same factory would inevitably involve confusion and difficulties.

These elements have led the International Labour Organization (ILO), already active in the country after the first incidents, to ensure from then on the coordination of the activities. The coordination structure is composed of national representatives of the Government, employers and trade unions, NGOs, multinationals, and international trade union organizations.

Fire safety in companies in Bangladesh had already been addressed in the country, resulting in the *National Tripartite Plan of Action on Building and Fire Safety in the Ready - Made Garment Sector in Bangladesh* (NAP) (March 2013) and in the initiative *Improving Working Conditions in the Ready - Made Garment Sector* (RMGP) (October 2013). The latter focuses on fire and building safety but also on security and workers' rights. It was developed in collaboration with the ILO.

In addition, the *Accord on Fire and Building Safety in Bangladesh* (May 2013) (abbreviated *the Accord*) was negotiated and concluded between international sectoral federations, including IndustriAll and UNI, and a number of companies. This *Accord* is open to any company wishing to participate in improving fire and building safety in Bangladesh. The ILO has been designated independent Chairperson of the Steering Committee responsible for ensuring the implementation of the *Accord*. Non-governmental organizations, including the international network *Clean Clothes Campaign* (CCC), which has also written and signed the *Joint Memorandum of Understanding on Fire and Building Safety* of 15 March 2012, support the *Accord* implementation.

By signing the *Accord*, the companies commit themselves to fund the realization of an independent and transparent inspection program. They are also committed to supporting a training program and a worker complaint process and mechanism on safety and health at work, in accordance with the practical arrangements described in the *NAP*. In addition, the international sectoral federations and companies now negotiate a compensation scheme for the Tazreen Fashions and Rana Plaza disasters victims.

The *Accord* contains a provision for the development of an implementation plan. This implementation plan originated at the beginning of the month of July 2013. This implementation plan lists the members of the Steering Committee (SC) responsible for the implementation of the *Accord*. In this bipartite Steering Committee, worker organizations and companies concerned are represented by three members (and three alternates). The first meeting of the SC, chaired by the ILO, was held on 28 June 2013 at the headquarters of the latter in Geneva. On this occasion, the members agreed on practical aspects regarding data collection, auditing of enterprises and cooperation with trade union organizations on the spot. In addition, local authorities in Bangladesh will always be associated with the development of the initiative. The financial implications of the *Accord* have not yet been specified.

On 1 February 2014, 139 companies already adhered to the *Accord*. Five Belgian companies are among them, namely **JBC NV**, **Van der Erve NV**, **Jogilo NV**, **Malu NV** and **Tex Alliance SA**. In addition, 19 international companies with branches in Belgium and affiliated to Comeos, the Belgian federation of distributors, have signed it. The full list of signatories can be accessed via the following link:

<http://www.bangladeshaccord.org/signatories/>.

Following a series of studies, negotiations and workshops, the program *Improving Working Conditions in the ready-made Garment Sector* (RMGP) was launched on 22 October 2013. This is an initiative of the Government of Bangladesh with the assistance of the ILO. The three and a half years program is focused on improving fire and building safety of the textile industry, working conditions and workers' rights in Bangladesh.

The program was initiated to support the actions announced in the NAP on fire and building safety and the recent commitments made by the Bangladeshi authorities. It is based on the *Joint Tripartite Statement* of the Bangladeshi authorities, employers and workers.

The program must produce concrete and immediate results regarding fire and building safety and assistance to surviving victims. In the longer term, a reinforced legal framework and better working conditions in the textile industry will be developed in order to open the program to other sectors.

The program is structured around five components:

- building and fire safety assessments;
- strengthen and support labour, fire and building inspections;
- build occupational safety and health awareness, capacity and systems ;
- provide rehabilitation and skills training for the victims ;
- implementation of the Better Work Program

This last component, the *Better Work Program*, is a partnership between the Government, employers, workers, international buyers and other parties concerned. It is intended to promote and to stimulate a lasting change in the sector by helping factories to comply with the labour laws and social norms and to strengthen the capacities of the labour administration and social negotiation.

Following the request of Minister Vande Lanotte, the NCP has collaborated with the « *Schone Kleren Campagne* » (Clean Clothes Campaign), achACT (Actions Consommateurs Travailleurs) and the professional federations Fedustria, Creamoda and Comeos, and has taken part in the plurilateral consultation organized by Kauri vzw.

The " *Schone Kleren Campagne*", achACT and Comeos have provided very useful background information. In addition, they kept the NCP abreast of the further developments.

It emerged from the interview with Fedustria (Belgian Federation of textile, wood and furniture) that the Belgian textile sector is mainly active in sub-sectors such as interior textiles and technical textiles. The clothing textile sub-sector is considerably smaller and covers mostly the production of high quality woven textiles intended for niche markets such as work clothing, protection and, to a lesser extent, fashion clothing. According to Fedustria, given that its active members in clothing fabric lie more upstream in the value chain, they appear to have no links with Bangladesh and, therefore, are almost not affected by the problem in Bangladesh.

During the interview, Creamoda (Belgian professional fashion and clothing federation) informed that the problem practically does not affect its members. Indeed, these consist essentially of small manufacturers who work mainly with companies from Eastern Europe and North Africa for their partial supply under the outward processing procedures¹.

¹ Outward processing is a custom procedure with economic impact. It allows community goods to be temporarily exported in view of being processed abroad and, when they come back into the Community to be put into free circulation. Duty has to be paid only on the value added abroad. Without such a system, duty would have to be paid on the goods as produced in the Community as well as on the value added abroad.

Comeos (the Belgian Federation of the distribution sector, and among others, of the textile industry) has indicated that its members were actually closely concerned with the problem. Among them, there are, on the one hand, large multinational companies of foreign origin with points of sale in Belgium and, on the other hand, about ten smaller Belgian actors. Only a few of these companies are active in Bangladesh, and, mostly, via purchase platforms.

At the time of the consultation, the financial implications of the *Accord on Fire and Building Safety in Bangladesh* were not yet specified. Furthermore, during the consultation, smaller businesses have expressed their willingness to commit themselves. They may do so by signing the *Accord*, provided that their role is clarified as well as the financial obligations deriving from it. However, they are also open to other initiatives aimed at improving the situation in Bangladesh.

The NCP welcomes the plurilateral meeting organized by Kauri on 14 June 2013. The main federations, companies and NGOs dealing with this matter participated.

On 25 June 2013, all of the 44 NCPs responsible for the implementation of the OECD Guidelines for Multinational Enterprises have adopted a declaration on the occasion of their annual meeting which was held in Paris on 24 and 25 June. In this statement, all NCPs pledged to take their responsibilities to support, via the plurilateral consultation, all initiatives, such as, the *Accord on Fire and Building Safety in Bangladesh*, provided that they conform to the OECD Guidelines and the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises. The Declaration enounces that: “*The OECD Guidelines for Multinational Enterprises point out that in these circumstances, the responsible course is to work with stakeholders to guarantee the safety of workers, improve their working conditions and ensure respect for human rights.*”

The works and initiatives of the Belgian NCP and the following recommendation are in line with this Declaration.

2. Recommendation

In accordance with the declaration of 25 June 2013 adopted by all NCPs, the Belgian NCP recommends that the concerned Belgian sectors and companies concerned continue the commitment to improve drastically, with a preventive aim, fire and building safety in the textile sector in Bangladesh. This commitment is also expected in other countries where they are active at both production level and purchasing policy.

After consulting the sectors and the stakeholders, the NCP calls for the continuation of stakeholder meetings in order to implement all the initiatives and ensure their follow-up. The coordination by the ILO is important at this level.

The NCP is of the opinion that the *Accord on Fire and Building Safety in Bangladesh* is, initially as well as on short and medium term, a basic instrument to enable a rapid improvement on the ground.

The Belgian NCP insists that the parties who have signed the *Accord on Fire and Building Safety in Bangladesh* define the practical aspects of its implementation, that they guarantee the

monitoring and that they also provide more clarity on the financial implications for companies, mainly for small and medium-sized enterprises.

A number of Belgian companies have already signed the *Accord on Fire and Building Safety in Bangladesh* and the NCP calls for the Belgian companies concerned which have not yet signed it to also adhere. It especially asks the professional federation Comeos to continue the dialogue that it has initiated for this purpose with the companies.

The NCP will continue to monitor the situation closely with all the parties concerned.

In addition, the NCP considers that this problem requires a comprehensive approach and should not be limited to the textile sector or to Bangladesh. That is why the NCP supports any initiative from sectoral organizations and companies with the objective to improve the situation of human rights and the working conditions at national and international level. In this context, the NCP makes every effort to explain to companies the importance and usefulness of a coordinated company policy and particularly integrated in working conditions of and human rights.

To this end, the NCP will organize or facilitate targeted sectoral consultation cycles to develop a preventive policy on working conditions, safety and human rights.

The NCP underlines the importance to publish non-financial information to encourage all multinational companies to effectively implement the OECD Guidelines which rely on the exercise of a due diligence based on the risks deriving from the supply chain responsibilities, workers' rights, human rights and environment.

Useful links :

Belgian National Contact Point for the OECD Guidelines for Multinational Enterprises:

www.oecd-guidelines.fgov.be

OECD Guidelines for Multinational Enterprises :

<http://www.oecd.org/fr/daf/inv/mne/>

[http://mneguidelines.oecd.org/Statement by the National Contact Points for the OECD Guidelines on Multinational Enterprises](http://mneguidelines.oecd.org/Statement%20by%20the%20National%20Contact%20Points%20for%20the%20OECD%20Guidelines%20on%20Multinational%20Enterprises)
(25 June 2013)

<http://mneguidelines.oecd.org/news/>

Accord on Fire and Building Safety in Bangladesh

<http://www.bangladeshaccord.org>

ILO Country Office in Bangladesh (CO–Dhaka)

<http://www.ilo.org/dhaka/lang--en/index.htm>

ILO: Occupational safety and health country profile: Bangladesh

<http://www.ilo.org/safework/countries/asia/bangladesh/lang--en/index.htm>

Comeos:

<http://www.comeos.be>

Creamoda:

<http://www.creamoda.be/>

Fedustria:

<http://www.fedustria.be/>

achACT:

<http://www.achact.be/>

Schone Kleren Campagne:

<http://www.schonekleren.be/>