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Bangladesh Sustainability Compact

Your Excellences

The second anniversary of the tragic Rana Plaza disaster is rapidly approaching. In the last two years, different actors have joined together to reshape the global garment industry to avoid such tragedies from recurring. Initiatives such as the *Bangladesh Accord for Fire and Building Safety*, the *Rana Plaza Arrangement* (with its underlying Trust Fund) and the *Bangladesh Global Sustainability Compact* were established as a result. While important, these initiatives represent only the first steps in transforming the global garment industry into the model of sustainability that workers want and consumers worldwide expect.

However, we are already seeing progress stall. As the headlines recede, some foreign governments have lost focus and some international garment brands are resisting making the necessary reforms to their business model. At the same time, the government of Bangladesh is failing to fulfil its many promises and garment manufacturers continue with business as usual – which is to say violating workers' rights with impunity.

The European Commission has an important role to play to ensure that the momentum for reform is not lost. First, we urge the Commission to take a bolder approach to the Sustainability Compact. After undertaking a few, very modest reforms, the government of Bangladesh has all but refused to move forward with the implementation of the Compact. Indeed, the government has lashed out at unions, and has done nothing to intervene in a wave of anti-union violence which threatens to undermine the nascent independent trade union movement. Trade unions remain outlawed in the EPZs and promised regulations to implement the labour law reforms of 2013 have still not been issued despite repeated promises. We enclose our detailed evaluation of the implementation of the Compact. We think it is time for the EU to take a bolder position and take steps to determine whether a partial suspension of trade privileges is in order. Without stronger signals from the EU, we fear that the government of Bangladesh will halt any progress knowing full well that they will face no economic consequences for their intransigence.

Victims of Rana Plaza disaster still need to be compensated for their considerable losses. In 2013, stakeholders including business, trade unions and NGOs created the Rana Plaza Arrangement as a single, coordinated approach to remedy. To date, the Rana Plaza Trust Fund, developed on the basis of ILO Convention 121, remains \$9 million short of the \$30 million required to compensate the victims. There is a clear need for leadership to close the funding gap. The EU (together with members-states) should significantly increase efforts to raise these funds, including by encouraging European brands sourcing from Bangladesh, the Bangladesh government and BGMEA to contribute to the Trust Fund. The Rana Plaza Trust Fund is also a prototype for a more permanent system in Bangladesh. The ILO has started to develop a long term Employment Injury Insurance Programme for RMG workers. We suggest that the EU contribute to the long term ILO project, conditional on contributions from the private sector, the government of Bangladesh and the BGMEA in the Rana Plaza Trust Fund.

This year, the EU also launched the *Flagship Initiative for the Responsible Management of the Supply Chain in the Garment Sector*. We urge the EU to think beyond old strategies of business-led codes of conduct and monitoring schemes, which have failed to work in the past. Industrial relations, developed through collective bargaining with trade unions, is the bedrock of the ILO system. These principles are incorporated into both the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. In our view, the EU should mandate that European garment brands undertake credible human rights due diligence to identify actual and potential violations in their supply chains and to prevent and/or remedy such violations. Further, the EU should require supplier data as a requirement of entering the EU market, as other important consumer markets (e.g., US, Canada and Brazil) already do.

Also this year, the European Commission is revising its Corporate Social Responsibility Policy for the upcoming years. We can conclude from past CSR policies that non-binding or voluntary approaches by sector associations or by companies are neither sufficient nor effective. In light of the success of the game-changing Accord on Fire and Safety Building in the RMG sector in Bangladesh, we expect a stronger CSR approach of the European Commission in the future, which goes beyond voluntary and non-prescriptive initiatives.

Finally, we believe that the EU can do more to link trade access with a road-map for substantive improvements in the field of labour rights beyond Bangladesh. We invite the EU to develop Global Sustainability Compacts for other countries that can benefit from such engagement. Given the violent repression of unions over wages last year, we think Cambodia would be a good candidate for such an approach.

We do realise that these ambitions cannot be reached overnight but we urge the EU to start now. Further, we request a meeting with the European Commission to exchange views on the concerns and ideas expressed in this letter.

Kind Regards,



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