

CLEAN CLOTHES CAMPAIGN



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S PECTRUM - SHAHRIYAR UPDATE # 5, June 16

Spectrum clients visit Bangladesh

As reported in the last update (June 1), a mission including representatives from Inditex (Zara), Cotton Group, Karstadt Quelle and the Business Social Compliance Initiative (BSCI), as well as Neil Kearney, General Secretary from the International Textile, Garment and Leather Workers' Federation (ITGLWF), a Spanish trade union representative and two other ITGLWF members visited Bangladesh from June 6 to 8 to follow up on the Spectrum case.

ZARA

KARSTADT

QUELLE

B & C
EUROPEAN STYLE

BSCI

The mission met several times with the unions participating in the BNC (an umbrella organisation of ITGLWF member unions) as well as with the National Garment Workers Federation (NGWF) and with relevant NGOs. The mission visited the site of the Spectrum factory in Savar to talk with workers who survived the April 11 collapse and their families. Two meetings were held with the Bangladesh Garment Manufacturers and Employers Association (BGMEA), and the delegation attended two roundtable meetings, one organized by the trade unions and one by German Ministry of Development Assistance, GTZ.

During the visit the ITGLWF and its affiliates also met Sheikh Hasina, leader of the opposition party (the Awami League) and the BSCI members met representatives from several ministries (Industry, Jute & Textiles, Commerce).



Below is a summary of what we know to date of the results of this mission. While the Clean Clothes Campaign sees this as encouraging first steps, we are still disappointed that this comes months after the factory collapse. To date the Spectrum survivors and family of the dead remain without the money they are owed, jobless, and in some cases homeless and without food - the urgency of substantial follow up on this case cannot be overemphasized.

The Clean Clothes Campaign has been informed that some of the missions' members are scheduled to return to Bangladesh in the last week of June. We hope that this will result in concrete follow-up to what was discussed during

the June 6-8 mission. The Clean Clothes Campaign urges all companies sourcing from Spectrum/Shahryiar to make good on their responsibility to their supply workers NOW!

Outcomes of the Bangladesh mission

1. Concerning compensation and relief measures.

Inditex (Zara) decided to contribute 35,000 euros to cover urgent medical expenses and hospital bills for victims of the Spectrum/Shahryiar collapse. They also have undertaken to support the transfer and medical costs of two other workers to a different hospital where they could receive more appropriate medical care. Arrangements have been made with ITGLWF and Oxfam to ensure good distribution of these funds.

While the CCC is pleased to learn of Inditex's pledge to cover medical costs, more humanitarian action is urgently needed, to cover other medical costs as well as living expenses. Workers reported to the mission that since the collapse they have had to take their children out of school and have been evicted from their homes because they are unable to pay their rent.

The CCC calls upon all other brands to follow Inditex's example on this point and pledge immediate financial assistance. We fail to understand why the other brands sourcing from Spectrum/Shahryiar STILL fail to undertake concrete action.

The request for a medical board to be set up to ensure that the injured Spectrum workers receive fully paid proper treatment (see CCC update number 4, of June 1) has not yet been met. We believe that the establishment of a medical board is still urgently needed.

An agreement was reached with the BGMEA to set up a compensation trust fund out of which compensation will be paid to the families of the dead workers and to the survivors. This compensation would be in addition to the present amount of 100,000 Taka paid out by the BGMEA (though reportedly those funds that have been paid have come from the factory owners, not the BGMEA) to some of the families of the dead workers. The mission as a whole proposed that the amount that the trust fund will pay out to survivors and families will to be based on expected loss of income over future working life. To our understanding there is no concrete agreement yet regarding the amounts.

The mission also proposed that the fund would be overseen by a committee consisting of representatives of the BGMEA and the unions (BNC plus NGWF), but the money itself would be administered by a third party. Full agreement on the oversight committee still needs to be reached.

The money coming out of the fund would be paid to the workers in monthly installments. Thus far we have confirmation from Inditex that they will contribute into the trust fund, though no amounts have been given, and an indication from Karstadt Quelle that they will do this, but we await confirmation from the other buyers that they will contribute anything. It is unclear at present how much the BGMEA will contribute into the fund, as well as how much the owner and/or the government will contribute.

The CCC welcomes the announcement of this trust fund, and will keep contacting all other companies sourcing from Spectrum over the past four years to urge them to pledge to pay into this fund and to ensure that this fund is sufficient to cover workers' expected loss of income over future working life, damages and all costs of medical treatment.

Regarding the outstanding wages and unemployment benefit entitlements of the more than 5,000 workers who lost their jobs, the CCC has learned that the mission raised this issue in their meetings with the BGMEA. Subsequently the BGMEA has undertaken to communicate to the owners the need for them to make all outstanding payments, and has written a letter to the owners of the Spectrum/Shariyar group (who also have nine other factories still operating and is therefore in a position to immediately make payments).

. According to the law, notice of termination of employment should be given four months in advance and the workers should be paid four months salary plus one month for each year worked. In the absence of more concrete information on the outcome of this communication this issue remains unresolved. It is unclear at present if the above mentioned letter has had any effect. Meanwhile, CCC continues to hold brands co-responsible for payment of outstanding wages and unemployment benefits.

2. Concerning an independent and transparent investigation:

An agreement was reached that the BMGEA will establish an office at the site of the factory collapse, which will be charged with undertaking a census to establish a comprehensive public list of dead, missing and surviving workers (those employed and working that night, and those employed who were not working).

The office will also be charged with assisting the workers in finding new employment. This is a positive first step. However, it is unclear when this office will be opened, and how the office will function. Unions highlight the need for the office to contact the workers and their families through various means, including through the media and by actively leafleting in the area, in order to ensure that as many Spectrum workers and family members are registered as possible. Such an office would need to fall under a similar oversight mechanism as the compensation trust fund and would cooperate directly with the unions and NGOs supporting the workers in the area. To date this remains to be defined.

The CCC calls upon the brands who were sourcing from Spectrum/Shahriyar to follow up immediately with the BGMEA on the unclarity relating to the office, and to do their utmost to support the office in finding new employment opportunities for the Spectrum workers, for example by ensuring first preference for these workers at their other key suppliers.

None of the investigative reports, including those from the BGMEA itself and RAJUK (Rajdhani Unnayan Karttripakkha -Capital Development, the government institution that gives construction permits)) have been made public thus far, this demand remains outstanding.

3. With respect to the issue of sustainable prevention measures:

The CCC has been informed that during the mission participants highlighted in their various meetings the need for a structural review of multi-story buildings, including building permits and lay-out of machinery; the brands involved in the mission apparently made clear that the placing of future orders with Bangladesh suppliers may depend on this. As yet, the CCC has not received any indication that follow-up action on this point has been agreed upon.

In the view of the CCC, such a structural review is of the utmost importance and will be a crucial element of a much-needed comprehensive safety programme. Another important element of such a safety program will be safe and accessible channels for workers to communicate their concerns on health and safety. The CCC notes once again that Spectrum workers had, in fact, reported cracks in the factory wall, shaking floors and other indications of

serious risks to the building, but nobody paid attention to their reports. Such a programme requires an international oversight committee (including a role for the ILO). CCC partners in Bangladesh stress the need for a permanent tripartite high-powered committee (government, employers and trade unions) to be set up as part of the program.

We would expect that prevention programmes will feature highly on the agenda during the follow-up mission in late June.

Government not active enough in follow-up

Participants in the mission have informed the CCC of their disappointment on the lack of a convincing response from the side of the Bangladeshi government particularly also in respect to the demand for a comprehensive safety programme.

Some meetings did take place with ministry representatives, and some governmental concern was reported in the local press: for example, the Dhaka Financial Express reported that:

"the commerce ministry decided to hold an inter-ministerial meeting June 19 to review the present condition of the business compliance in the garment factories.

The meeting is likely to prepare a fresh guideline for strengthening the monitoring system as per directive by the Prime Ministers Office to meet the demand by the buyers."

An official of the European Commission's Dhaka office reportedly cautioned that Bangladesh's garment sector would face a "serious setback' if the compliance and quality issues are not taken care of".

The CCC will certainly raise their concerns also directly with the Bangladeshi government, including consulates and embassies in Europe, but remains convinced that more can and should be done by industry itself to take concrete steps towards the realization of a comprehensive safety program. The BSCI and its member companies strongly advocate voluntary measures rather than international regulation, it would be hypocritical for them now to decline to take action on this important demand.

Review of code implementation plans urgently needed

Additional follow-up steps that the brand and the BSCI must take include an honest and in-depth review and revamping of their code implementation programmes. All of their code implementation programmes completely failed to identify the many violations, including safety risks, at Spectrum/Sharyiar. The results were deadly.



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