Pressure On Bangladesh, Retailers To Fix Factories

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DHAKA, Bangladesh (AP) — In the aftermath of a building collapse that killed more than 530 people [1], Bangladesh's garment manufacturers may face a choice of reform or perish.

Home to five factories that supplied clothing to retailers in Europe and the United States, the shoddily constructed building's collapse has put a focus on the high human price paid when Bangladeshi government ineptitude, Western consumer apathy and global retailing's drive for the lowest cost of production intersect.

Officials said Saturday that more than 530 bodies have been pulled from the wreckage of the eight-story Rana Plaza building that collapsed nine days ago, sparking desperate rescue efforts, a national outpouring of grief and violent street protests.

The tragedy followed the deaths of 112 people five months ago in a blaze that swept through the Tazreen Fashions garment factory in Dhaka and the death of seven in a January blaze.

With three disasters in quick succession, the reputation of Bangladesh's $20 billion garment industry, already notorious for its low wages and dismal safety record, has plummeted. International clothing brands and retailers that said they could ensure worker safety in developing countries through self-regulation such as factory inspections have also suffered a blow to their credibility.

Now, Bangladesh's garment manufacturers fear that a backlash has been set in motion that threatens fortunes and livelihoods in a business that employs more than 3 million people and accounts for about 80 percent of the impoverished country's exports.

"It's a crucial time for us," said Atiqul Islam, president of the Bangladesh Garment Manufacturers and Exporters Association. "We are doing our best to improve the safety measures in the factories. We expect our buyers to bear with us and help us to overcome the current crisis. It's not the time to turn away from us. That will hurt the industry and many of the workers will lose jobs."

The most potent warning so far has come from the European Union, which said it could restrict Bangladesh's access to the crucial EU market if it fails to immediately take steps to ensure that basic labor standards are enforced.

Bangladesh is a member of Europe's "Everything But Arms" program for the world's poorest nations that exempts it from quotas and tariffs on all exports to the

27-nation EU except armaments. The EU is Bangladesh's single biggest market with exports of 8 billion euros in 2011, the bulk of which was garments shipped for European retailers.

"The sheer scale of this disaster and the alleged criminality around the building's construction is finally becoming clear to the world," EU foreign policy chief Catherine Ashton and trade commissioner Karel De Gucht said in an April 30 statement. They said they want any EU action to "incentivize" responsible management of the garment industry in Bangladesh.

The United States is reviewing Bangladesh's preferential trade status, a lengthy process that gained urgency after the killing last year of a Bangladeshi labor rights organizer who had campaigned for years to improve factory safety. Garments are not included in the American trade preferences for Bangladesh but loss of its special market access would further taint its reputation in the U.S., its second largest export market.

As a U.S. decision nears, the building collapse gives additional momentum to members of Congress who wrote to Bangladeshi Prime Minister Shiekh Hasina to protest a climate of fear created by the killing of Aminul Islam, the labor organizer, and lobbied then-U.S. Trade Representative Ron Kirk to speed up a review of Bangladesh's trade access following the Tazreen fire.

Signs of dissension are also emerging among clothing brands and retailers who as a group have usually sought to distance themselves from industry disasters.

The chief executive of Canada's Loblaw Inc., which owns the Joe Fresh clothing line that was being made in Rana Plaza, decried the response of "deafening silence" from what he said were more than two dozen other international retailers who used garment factories in the collapsed building.

Following the Tazreen fire where Walt Disney Co. branded clothing was found, the company in March added Bangladesh to a list of countries where it prohibits any of its clothing or merchandize from being produced.

The Bangladeshi garment association met earlier this week with representatives of 40 garment buyers including H&M, JC Penny, Gap, Nike, Li & Fung and Tesco. It said the companies have doubts about whether the industry can meet their production deadlines because of the disasters and political turmoil.

"The reality is that buyers are seriously thinking about their sourcing from Bangladesh," said Jenefa Jabbar, regional director of JC Penny, according to a garment association statement.

"Bangladesh government has laws, but there is no implementation of those laws. Buyers' community wants to see credible action," she was quoted as saying.

The retailers themselves are criticized by labor groups for allegedly shoveling blame and making token efforts to ensure worker safety.

A report by the AFL-CIO umbrella group of American unions published a day before the building collapse says retailers' intermittent factory inspections and corporate social responsibility reports have failed, and hold "eerie parallels" with the financial self-regulation that helped precipitate the global financial crisis.

The Bangladesh government, however, may be the least willing of all to accept any responsibility.

"I am not worried," Finance Minister Abul Maal Abdul Muhith said Friday. "These are individual cases of ... accidents. It happens everywhere."

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