

## Avoiding the fire next time

*After the Dhaka factory collapse, foreign clothing firms are under pressure to improve working conditions at Bangladeshi suppliers—or to go elsewhere*



Getty Images

THE fire that swept through the Triangle Shirtwaist factory in New York in 1911, killing 146 people, was the catalyst for big improvements in industrial working conditions in America. The collapse on April 24th of Rana Plaza—an eight-storey complex of clothing factories, near Dhaka, Bangladesh—was far deadlier, killing at least 400. Although the tragedy has led to calls for safer factories in Bangladesh and other developing countries, it is far from certain that this will happen.

After the New York fire, protests by trade unionists led to new laws being passed, and enforced. Factory owners and their customers took the higher costs on the chin: in those less globalised times there was nowhere else for them to go. In Bangladesh today, things are more complicated. Its trade unions are suppressed more aggressively than they ever were in America. It already has building regulations that should have prevented the collapse—but they were not enforced. Some two dozen factory owners are members of parliament. The factories' foreign customers have plenty of other low-cost countries they could switch their work to.

Some well-known American firms are said to be contemplating doing just that—not because they fear that higher standards in Bangladeshi factories will raise costs, but because they fear that another tragedy would damage their reputations. The Dhaka factory collapse came less than six months after a fire at another clothing factory near the city killed at least 117 people.

So far, however, most of the big global clothing brands and retailers seem minded to stay in Bangladesh, try harder to improve safety in their contractors' factories and build goodwill among locals. Primark, a low-cost British retailer, and Loblaw, the Canadian owner of the Joe Fresh brand, whose wares had been found in the rubble, have both agreed to pay compensation to victims and their families.

Even before the latest disaster, some foreign retailers had taken steps to raise standards. Last October Gap announced a fire-safety action plan, which would include helping factory owners to pay for improvements. On April 9th Walmart, some of whose products were found in the ashes of last year's factory fire, gave \$1.6m to the Institute of Sustainable Communities, a non-governmental organisation (NGO), to help it set up a health-and-safety academy in Bangladesh. Walmart also recently introduced stricter fire-safety audits, and a "zero tolerance" policy towards contractors caught using unauthorised factories to make Walmart products.

## **Safety, eventually**

For the past couple of months the main international firms buying clothes from Bangladesh have been meeting government representatives to try to agree on a broader strategy to improve factory safety. The latest meeting took place on April 29th in Germany, with a couple of dozen firms and some NGOs, hosted by GIZ, a German government agency.

Critics gripe that the existing system for auditing the complex and constantly changing supply chain is little more than a box-ticking exercise. Some global firms' audits are more transparent than others'. Some auditors are paid by the factories they inspect—a clear conflict of interest. Scott Nova of the Worker Rights Consortium, a pressure group, says that many audits covered other important issues such as working hours and child labour but, at least until recently, lacked even cursory inspections of factories' structural soundness or fire exits.

Walmart, Gap, Nike and some other big firms acknowledge that audits alone are not doing enough to improve safety. They have started to work more closely with factory owners to make good any shortcomings the audits show up. But progress has been slow, prompting some NGOs to wonder if they should call for global firms to quit Bangladesh. "I'm not normally one to call for disinvestment in a country, but you have to ask if it is the right thing to do given the massive across-the-board failure in Bangladesh," says Aron Cramer of Business for Social Responsibility (BSR).

America and the European Union should do more to press developing countries to improve working conditions, says Mr Cramer. Besides offering technical help, they could threaten to restrict imports from places that fail to enforce proper standards, he says. This week the EU said it would indeed look at how it might use its rules on preferential trade treatment to arm-twist Bangladesh into doing better.

Whatever rich countries' governments do, the pressure is on the global clothing brands to come up with a credible strategy. The meeting in Germany discussed how foreign firms could share information on rogue contractors running dangerous factories, and how to get more companies to back the new health-and-safety academy. Worker Rights Consortium sought to rally support for its proposal that foreign clothing giants sign a binding agreement to finance the upgrading of factories in Bangladesh. So far only two firms have signed up: Tchibo, a German retailer, and PVH, an American firm whose brands include Calvin Klein and Tommy Hilfiger.

Mr Nova reckons it would cost around \$3 billion to make safe all 5,000 clothing factories in Bangladesh. Spread over a few years, that would amount to only a few cents on the cost of each garment produced, he calculates. Many of the clothing firms felt that the proposal was too bureaucratic and binding, however. Some were keener on the sort of voluntary incentives that Gap is offering its contractors. However it is done, an effort to force Bangladeshi factory bosses to improve safety, and to help them pay for this, would mean that death was not the only result of the disaster at Rana Plaza.

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