Ready-Made Disparity: The Impact of Unfair Trading Practices on Just Transition in Bangladesh’s Ready Made Garment Sector

A Case Study

“While they focus on being ‘green,’ they forget about the human beings behind the machines. The stress, the silence about our rights, it’s suffocating.”

Amir, RMG worker

Credits: Mamunur Rashid in Shutterstock
ABSTRACT

This case study by the Bangladesh Occupational Safety, Health and Environment Foundation (OSHE Foundation) aims to explore and expose the considerable number of negative externalities resulting from global policy shifts concerning the Ready-Made Garment (RMG) sector in Bangladesh. It also highlights critical gaps in addressing the issues of Unfair Trading Practices (UTPs), climate vulnerabilities and the socio-economic impact on the lives of the marginalised RMG workers.

The textile and garment industry serves as a vital engine of Bangladesh’s economy, employing 4 million workers, 3.6 millions of whom work directly in the RMG sector. Notably, women constitute 54% of the workforce in this industry. This sector, crucial for employment, has around 4000 export-oriented garments factories, and largely employs unskilled and semi-skilled workers, as well as workers from climate vulnerable backgrounds. However, these workers have to endure many challenges, such as precarious jobs, low wages, and labour rights violations, including long working hours, overtime, safety and health related hazards and restricted rights to associate or engage in collective bargaining. This industry is supported by the European Union’s trade policies, particularly the Generalised Scheme of Preference (GSP), under the Everything but Arms (EBA) initiative, which allows a large majority of its exports to enter Europe duty free. This dynamic often results in plunging these poor and marginalised RMG workers into even deeper poverty. The situation is further aggravated by inadequate policy frameworks and institutions that lack the capacity to protect fundamental labour rights in Bangladesh. Furthermore, the impending challenges of Bangladesh’s graduation from Least Developed Country (LDC) status, the potential implications of the European Green Deal (EGD) and carbon taxation, alongside the aspiration to attain GSP+ status, further compound the vulnerability of the vast RMG sector and its workers in Bangladesh.

Despite the EU’s strategy for sustainable and circular textiles advocating for greener and fairer value chains, there is a glaring omission in addressing UTPs. The real-world plight of RMG workers, revealed through their testimonies in this case study, shows that

The efforts of the RMG factories to transition to climate resilience are often accompanied by overwhelming physical and psychosocial stress for the workers.

Finally, the EU Corporate Sustainability Due Diligence Directive (CSDDD), intended to ensure responsible business practices in global supply chains, becomes crucial in this context. It highlights the EU’s responsibility to align its trade and sustainability policies with the realities of workers’ rights, including in the RMG sector. This case study concludes by examining the EU’s responsibilities to mitigate these negative impacts, particularly in light of the CSDDD, and explores potential remedies.

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1 The EU refers to Unfair Trading Practices as “(…) significant imbalances in bargaining power between suppliers and buyers (…). Those imbalances in bargaining power are likely to lead to unfair trading practices when larger and more powerful trading partners seek to impose certain practices or contractual arrangements which are to their advantage in relation to a sales transaction.” From the Directive (EU) 2019/633 of the European Parliament and of the Council of 17 April 2019 on unfair trading practices in business-to-business relationships in the agricultural and food supply chain

2 EU is Bangladesh’s main trading partner, accounting for around 19.3% of Bangladesh’s total trade in 2020. The clothing sector accounts for over 90% of the EU’s total imports from Bangladesh. From https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/bangladesh_en.

3 European Commission: EU strategy for sustainable and circular textiles
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1. INTRODUCTION

The textile and garment industry, forms an important component of world trade flows, particularly for some developing countries like Bangladesh, where it not only propels the country’s economic growth, but also places it at the heart of discussions on sustainability and ethical manufacturing. This sector, accounting for approximately 80% of Bangladesh’s total exports, has become synonymous with the nation’s identity as a global manufacturing powerhouse. However, this position of power comes with its share of global responsibilities, especially in light of the industry’s substantial environmental footprint, contributing to 6-8% of global emissions, equating to roughly 1.7 billion tons of carbon emissions annually. The push for a 30% reduction in emissions by 2030, aiming to cut down about 500 million tons of CO2 per year⁴, introduces a complex matrix of challenges and opportunities for Bangladesh’s Ready-Made Garment (RMG) sector.

The RMG sector’s growth in Bangladesh has been impressive, with an average annual growth rate of 25% from 1983 to 2020. It now contributes to 11-12% of the GDP and employs around 4 million people, 54% of whom are women from economically disadvantaged rural backgrounds⁵. The Readymade Garment (RMG) industry, which is now the single biggest export earner for Bangladesh, accounts for 83% of the country’s total export earnings⁶. This growth has elevated Bangladesh to the status of the European Union’s second-largest garment supplier⁷. Amidst this success, the RMG sector has faced

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⁷ According to the European Statistical Office (Eurostat), Bangladesh’s garment exports to the EU increased by 44.6% to $11.31 billion during the first half of January to October of 2022.
criticism for environmental harm and perpetuating poor working conditions. This emphasises the need for a balanced approach to economic development and social responsibility.

Bangladesh’s engagement with the EU regarding garment trade is of vital importance. The country’s ability to maintain its stature as a key supplier hinge on ensuring companies’ compliance with international standards and frameworks, notably the Corporate Sustainability Due Diligence Directive (CSDDD) adopted in April 2024. The directive requires companies to identify, address, and remedy their impact on human rights and the environment throughout their supply chains. This directive is not just a regulatory framework, but a transformative force urging countries like Bangladesh to reevaluate their manufacturing practices and align them with global sustainability and ethical standards.

The introduction of the CSDDD comes against the backdrop of Unfair Trading Practices (UTPs) that have long cast a shadow over the global garment industry. These practices, ranging from poor working conditions to inadequate remuneration and lack of social protection, have marred the sector’s reputation. The tragedy of the Rana Plaza collapse in 2013, which resulted in over 1,134 deaths², highlighted the urgent need for systemic changes within the industry. The CSDDD aims to mitigate such risks by ensuring companies are held accountable for their supply chains, prompting a shift towards more sustainable and equitable business models.

Bangladesh’s RMG sector, while a source of economic prosperity, also contributes to the country’s environmental challenges. The industry’s growth has exacerbated issues such as labour, human and environmental rights violations, making the pursuit of sustainability not just a matter of compliance but a requirement for the sector’s long-term viability. Moreover, the country faces a looming crisis due to climate change, with projections suggesting that, by 2050, up to 18 million people may be displaced due to sea level rise alone⁹. This environmental vulnerability underlines the critical need for the RMG sector to adopt greener practices and for the government to harness policies and initiatives that promote environmental resilience.

In response to these challenges, the Bangladeshi government and the RMG sector have taken some positive steps towards improvement. Legislative reforms, such as the amendment of the Bangladesh Labour Act, aim to enhance worker protection and safety standards. The industry has also seen a growing number of Leadership in Energy and Environmental Design (LEED) certified¹⁰ factories, signaling a shift towards more sustainable manufacturing practices. These efforts are strengthened by international collaborations and funding initiatives aimed at reducing the sector’s carbon footprint and improving its sustainability credentials.

This case study seeks to explore the intricate landscape of Bangladesh’s RMG sector, examining the interplay between economic growth, social justice and environmental sustainability. It surveys the sector’s adherence to global standards and its efforts to combat UTPs, aiming to paint a comprehensive picture of the challenges and opportunities that lie ahead. As Bangladesh strides towards a future marked by sustainable growth and ethical manufacturing, the RMG sector remains at the forefront of this transformative journey, embodying the nation’s aspirations and commitment to a more equitable and sustainable global garment industry.

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¹⁰ LEED (Leadership in Energy and Environmental Design) certification is a globally acknowledged symbol of sustainability achievement and leadership. Buildings that achieve LEED certification have met stringent standards that assess the building’s impact on energy savings, water efficiency, CO2 emissions reduction, improved indoor environmental quality, and stewardship of resources. https://support.usgbc.org/hc/en-us/articles/4404406912403-What-is-LEED-certification#certification.
2.1 Status of RMG workers in Bangladesh

The socio-economic dynamics of the RMG sector in Bangladesh present a complex picture of growth, gender shifts and the significant - yet underrated - contributions of informal labour. Over the decades, the RMG sector has been a cornerstone of Bangladesh’s economic development, employing around 4 million people, the majority impoverished rural women. RMG workers are predominantly from rural areas, showcasing a trend of internal migration in search of employment in urban industrial hubs. The educational profile of these workers is generally low, many of them only barely literate and many having left school early, due to financial constraints or early marriage.

The sector initially empowered women by providing them with formal employment opportunities, rendering them visible in the labour market. However, recent studies and reports have highlighted a concerning trend: the decline in women’s participation in the RMG workforce. From making up 80% of the workforce in the 1980s, the number of women has decreased to less than 54% in recent years. This decline has been attributed to several factors, including inadequate wages, excessive work-related stress, unfair labour practices and the challenges posed by automation and skill deficiencies.

Parallel to these demographic shifts, the RMG sector is heavily reliant on the informal economy, particularly on home-based workers (HBWs), who play a crucial role, yet remain largely invisible within the formal structures of labour rights and protections. HBWs are integral to the RMG supply chain, performing critical tasks, such as garment finishing, button making and labelling. A Baseline Survey Report by the OSHE Foundation titled ‘Decent Work for Home Based Workers at Garments and Textile Supply Chain’ exposed that home-based workers, mostly women, face challenges due to their informal employee status, which excludes them from labour protection and often results in their contributions being undervalued.

2.2 Environmental Impacts and Climate Vulnerability

Bangladesh, despite being among the world’s fastest-growing economies, faces significant environmental and economic challenges due to its vulnerability to climate change. This vulnerability is evidenced by recurrent natural disasters such as floods, droughts and saltwater intrusion, with devastating effects on the population and economy. It is anticipated that climate change will displace one in every seven Bangladeshis by 2050, with potential GDP losses of up to 9% by the end of the century. The nation’s willingness to adapt is critical, not only because of the direct impact on the population and the economy,

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12 Ethical Training Initiative in Bangladesh, BRAC University (2023) “Marking International Women’s Day 2023 ETI and GIZ launched the study report on Declining Women Workers in the Bangladesh RMG Industry.”
14 Women in Informal Employment: Globalizing and Organizing (WIEGO) defines Home-based workers as a) own-account workers and contributing family workers helping the own-account workers, involved in the production of goods and services, in their homes, for the market and b) workers carrying out work in their homes for remuneration, resulting in a product or service as specified by the employer(s), irrespective of who provides the equipment, materials or other inputs used, and those contributing family workers helping such workers.
15 OSHE Foundation (2018), Baseline Survey Report “Decent Work for Home Based Workers at Garments and Textile Supply Chain.”
16 The data is sourced from the organisation’s work at grassroots level.
but also on account of the role of climate change in global emissions. Although Bangladesh contributes to less than 0.5% of global carbon emissions,\(^{18}\) it is taking significant steps to mitigate its environmental impact. The government has committed to reducing GHG emissions by 6.73% without and by 21.85% with external support by 2030, as outlined in its 2021 Nationally Determined Contributions (NDCs) to the United Nations Framework Convention on Climate Change (UNFCCC).\(^{19}\)

In response to its contributions to GHG emissions, the sector has shown a commitment to environmental sustainability by adopting green initiatives. Bangladesh leads in the number of LEED green manufacturing buildings, with 184 LEED-certified green factories in the RMG sector, including 63 platinum-rated buildings\(^{20}\). According to the Bangladeshi Garment Manufacturers and Exporters Association (BGMEA) 8 out of the world’s 10 green factories are in Bangladesh. These factories, primarily in the apparel industry, consume up to 40% less energy than conventional buildings. Additionally, the sector has embraced energy efficiency and renewable energy projects, aiming for a sustainable energy supply to support its ambitious export goals. These efforts align with the global movement towards reducing the environmental footprint of the fashion industry, emphasising the need for sustainable and ethical production practices.

### 2.3 From the countryside to the city due to climate change: The Story of Sultana RMG worker\(^{21}\)

Sultana, aged 35, is a garment worker. Her story reflects the poignant issue of climate migration and the pursuit of financial stability within the bustling hubs of Dhaka’s garment industry. Having relocated to the capital in search of better prospects, she found work in a factory in the Mirpur district, producing woven garments for global fashion brands including Target, Walmart, and Jordan.

Compelled by the effects of the river erosion that ravaged her hometown, Sultana embodies the struggles of a climate migrant forced to leave her ancestral home. She recounts:

> “Leaving behind our ancestral lands due to the relentless river erosion was a heart-wrenching choice. Coming to Dhaka in search of a better life seemed like the only option, but the challenges here were unlike any I’d imagined. The hope for economic stability led me to the garment industry, but the harsh reality hit me hard.”

Faced with the daunting urban landscape, Sultana’s lack of formal education and limited skills were significant barriers to her integration and advancement. Nevertheless, the garment sector, a significant employer in Dhaka, appeared as a beacon of hope, promising higher wages than her previous agricultural work. However, the dream of economic solvency soon dissipated when she was confronted with the grim conditions of a garment worker’s life—long hours, inadequate pay, perilous work environments and precarious job security. Sultana’s migration from her char lands to the city was marred

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20 The Business Standard (2023) “Bangladesh hosts half the top 100 LEED certified green factories across globe”.
21 Interview undertaken by the OSHE in 2023. To honour and protect the privacy of those who have courageously come forward to share their experiences, we have used aliases for all individuals concerned. These accounts are presented with the utmost respect for the honesty and vulnerability of the contributors. It is our ethical commitment to ensure their stories are told without compromising their privacy or safety. The experiences shared herein reflect the genuine perspectives of our participants, whose identities have been carefully anonymised to protect their confidentiality.
by the stark contrast between the prospects she yearned for and the exploitative reality she encountered. She reflects:

“In the city, I thought my life would change for the better, but I found myself caught in a different struggle. The factory work, while offering higher wages, brought its own set of difficulties. Long hours, low pay and unsafe conditions became my new reality. It’s a tough journey from the char area to the city, and the road to economic solvency seems much longer than I ever thought.”

Sultana’s story is a stark reminder of the vulnerabilities and ongoing losses faced by RMG workers in developing and climate vulnerable countries like Bangladesh. On the one hand there is the tangible loss, such as the disappearance of ancestral homes due to river erosion. On the other hand, there is the intangible loss — the mental and financial burdens that come with urban migration and the struggle for survival in the garment industry.

This reality entraps workers in a vicious cycle of poverty, exacerbating their vulnerabilities and leading to potential social reproduction of these hardships. It underscores the critical need for a Just Transition that places the voice of workers at its core. A movement led by trade unions and worker collectives that prioritises worker welfare is essential to ensure that the pursuit of environmental sustainability does not undermine the fundamental human and labour rights of the most vulnerable.

Sultana’s story sheds light on the broader issues of climate-induced displacement and urban migration, clearly illustrating the intersection of environmental, climate and socio-economic crises. It highlights the vulnerability of migrants like Sultana, who, while fleeing environmental catastrophes, find themselves in exploitative work conditions that challenge the very essence of the economic and social stability they seek.
2.4 Labour Rights and Violations

The labour rights scenario within Bangladesh’s Ready-Made Garment sector is complex, marked by significant challenges in ensuring fair wages, occupational safety and health (OSH), and the right to organise and unionise. Despite the sector’s central role in the national economy, supplying major global fashion brands, systemic issues that compromise labour rights and dignity persist as a recent study by the OSHE Foundation on some key factors has documented:22

**Wages Discrepancies and Cost of Living:** The OSHE Foundation’s analysis reveals a stark disparity between the current wages and the cost of living, with workers requiring 20,000-25,000 taka (€168-210)23 per month to maintain basic living standards. This requirement aligns with the trade unions’ demand, given that minimum wages in Bangladesh are significantly lower than in other garment-producing countries, like Cambodia, China, India, Indonesia, and Vietnam. The National Minimum Wage Board’s adjustment to 12,500 taka (€105) from 8,000 taka (€67) in 2018 is a step forward, yet is insufficient considering more than 9% inflation rate, compelling workers to work overtime. The wage structure is so dire that 7% of workers in non-compliance factories do not receive the stipulated minimum wage, leading to continuous protests for an increase. Despite these calls, employer value propositions remain way lower than the 23,000 taka (€193) workers are demanding, indicating the gross undervaluation of labour in the sector.25

**Occupational Safety and Health Risks:** The RMG sector’s safety record is troubling, with a 48% increase in workplace accidents in 2023 compared to the previous year, including 64 fatalities resulting from hazardous conditions.26 High-profile disasters such as the Tajreen Fire and Rana Plaza collapse have drawn global attention to worker safety in Bangladesh. While subsequent reforms have improved fire and building safety, many workers still lack access to essential safety information, training and participation in preventive actions at the factory level. The situation underscores a significant gap between policy and practice in ensuring a safe working environment.

**Maternity Leave and Labour Practices:** Despite legal provisions for 16 weeks of paid maternity leave, 20% of female workers surveyed by the OSHE Foundation report do not receive this benefit, while some factory managers pressure pregnant women to resign. This discrepancy highlights a deviation from commitments at the factory management level and raises concerns about the broader treatment of workers, including issues with wages, exposure to excessive heat and the threat posed by rapid automation.

**Unionisation and Collective Bargaining:** Organising workers and collective bargaining within Bangladesh’s RMG sector remain deeply challenging, reflecting a stark contrast between governmental reports and the reality faced by trade unionists on the ground. The progress reported by the Bangladeshi government on implementing the International Labour Organisation (ILO) roadmap, aimed at addressing anti-union discrimination and violence, is disputed by daily challenges faced by unionists. These include acts of violence against workers and systemic efforts to suppress trade union activities. The export-driven RMG sector is plagued by employer practices that violate workers’ rights, with alarmingly common instances of anti-union discrimination and even violence against trade unionists. Employers and private actors, including

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24 OSHE Foundation (n22)
26 Dhaka Tribune (2023) “OSHE records 1,432 workplace deaths in 2023”.
local goons, politicians and police officers, join forces to intimidate and physically assault union leaders, thus complicating their efforts to organise workers. These harassment tactics include forcing union leaders to resign under duress or threatening outright termination of their employment, alongside the disruption of union activities and meetings by landlords and local police. For example, the tragic murders of trade unionists from the Bangladesh Garment and Industrial Workers Federation (BGIWF) and the National Garment Workers’ Federation (NGWF) in 2023, highlight the grave risks faced by those championing workers’ rights. The environment for trade unionism is further complicated by the regulatory landscape and employers’ attitudes to unions. According to the OSHE Foundation, only a minority of factories have active trade unions, with a mere 22% of surveyed workers being members of such unions. Fear of termination and workplace repercussions dissuade many from engaging with trade unions, reflecting a broader apprehension of collective labour actions. Employers’ preference for participatory committees over genuine trade unions, often resulting in the establishment of “yellow trade unions” with employer consent, undermines authentic worker representation and collective bargaining efforts. The challenges extend to legal and institutional impediments, with unionists facing blacklisting, criminal charges and prolonged legal battles when attempting to assert their rights. These dynamics highlight not only the immediate risks and pressures faced by trade unionists but also the systemic obstacles to organising and collective bargaining in Bangladesh’s RMG sector, necessitating a concerted effort from all stakeholders to ensure the protection of workers’ rights and the establishment of fair labour practices.

Cancellation of orders: The onset of the COVID-19 pandemic brought unprecedented challenges to the global fashion industry, with significant implications for Bangladesh’s RMG sector. One of the most immediate and impactful consequences was the widespread cancellation of orders by big companies. As lockdowns and economic uncertainty gripped major consumer markets in Europe and North America, fashion retailers faced plummeting sales and excess inventory. In response, many sought to mitigate financial losses by cancelling or postponing orders already placed with factories, a move that had serious repercussions for suppliers and workers in countries like Bangladesh. The BGMEA reported that approximately $3.18 billion worth of orders were cancelled or suspended across approximately 1,150 factories, directly affecting over 2 million workers. The cancellations led to widespread redundancies and furloughs. According to various reports and labour organisations, hundreds of thousands of garment workers were either temporarily laid off or lost their jobs permanently in the wake of the pandemic. Many of these workers, often living paycheck to paycheck, were left without a source of income virtually overnight. According to the OSHE’s analysis, 64% of workers who were interviewed for this study had to accept salary deductions, as they received only half of their salaries during the COVID-19-induced lockdown period. The cancellations demonstrated the vulnerabilities of the global supply chain model, which heavily favours buyers over suppliers, who bore the worst brunt. It highlights the lack of contractual protection for factories in developing countries. The power imbalance allowed many international brands and retailers to retract their commitments without facing significant penalties, leaving factories to absorb the bulk of the economic impact.

27 IndustriALL (2023), “Organizing workers in Bangladesh remains a challenge”.
2.5  Women’s Double Burden: The Story of Baanu, Sewing Operator

Baanu, aged 48, is a sewing operator at a BGMEA-registered non-green factory in Dhaka, Bangladesh. She is a mother of two, a son and a daughter, and has been working in the ready-made garment sector for the past 8 years. She helps produce garments for prestigious brands like M&S, H&M, Decathlon, Varner, Tesco and Stanley & Stella. Despite her family’s efforts to elevate their economic status, the combined income of approximately 22,000 taka (€185) per month from her job and her husband’s daily wage is insufficient to meet their basic needs. Consequently, Baanu is compelled to work overtime, often until 8–9 pm, to supplement their income. She reflects on her grueling schedule, saying:

“I work from dawn to dusk. I see the sun rising, but it is rare that I see the sun setting, as I always return home after dark. After all, I do that to earn some extra money.”

Struggling to meet her daily production quotas, Baanu often finds herself unable to keep up, especially when she falls ill. She shares her frustration, stating:

“We need to make 120 shirts per hour. I can make 100 shirts per hour. I am 10–20 shirts behind per hour. I need to work an extra 2 hours every day to meet the production quota. When I return home at
night, I need to do all the household tasks, such as cooking and cleaning."

The shift towards automation has further exacerbated her challenges, as she no longer has the support of helpers that once aided sewing operators. Previously, Baanu could rely on the assistance of two helpers to meet her targets, but now she faces the added pressure of achieving these goals single-handed. Despite all these adversities, Baanu holds onto the hope of forming a trade union, believing it could offer a means to address and rectify workplace grievances like target pressures and the refusal of consecutive leave days. However, she concludes with the optimistic hope that there will one day be a trade union that will allow her to raise her voice and defend her rights in the workplace.

Baanu’s story not only sheds light on the harsh economic realities faced by many in the RMG sector but also on the intersectional challenges that primarily impact women workers, as they juggle the dual responsibilities of income generation and domestic care. This scenario highlights a glaring contradiction between the current minimum wage and the concept of a living wage30, essential for meeting basic family needs. The absence of collective bargaining power in her factory, which is equally the case in the sector as a whole, exacerbates these challenges. There is a pressing need for systemic reforms, advocating for more robust labour rights and collective action mechanisms that can empower workers to negotiate fair wages and conditions. Furthermore, fostering a sustainable industry that values ethical practices could redefine the global competitiveness of the RMG sector, encouraging both local and international stakeholders to prioritise the welfare of workers like Baanu. In this way, important progress would be made towards mitigating poverty and ensuring decent living standards for all workers.

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30 A wage that should cover basic necessities, such as food, housing, education, healthcare, and a small discretionary income within a standard workweek of no more than 48 hours, without reliance on bonuses, allowances, or overtime. See FTAO paper “What is Living Income and why it needs to be included in Corporate Sustainability Due Diligence”, p.4.
3.1 Navigating the Path to Just Transition

The global fashion industry’s environmental impact is significant, contributing to 8-10% of global carbon emissions and nearly 20% of wastewater, highlighting the urgent need for the sector to adopt more sustainable practices. The potential future impacts of climate change on Bangladesh’s garment-producing regions are stark, with studies indicating that without effective climate action, 35% of these areas could face regular flooding by 2030, a scenario that would have devastating effects on the industry and its workforce. In response, stakeholders within the garment sector have rallied under the United Nations Framework Convention on Climate Change (UNFCCC) Fashion Industry Charter for Climate Action, committing to a 30% reduction in greenhouse gas emissions by 2030 and aiming for net-zero emissions by 2050. The Bangladesh Garment Manufacturers and Exporter Association (BGMEA) has taken proactive steps by joining this initiative, focusing on reducing energy consumption and improving waste and chemical management at the enterprise level.

There are several obstacles preventing Bangladesh’s textile industry from achieving energy efficiency, which is critical to reducing its environmental footprint. The most significant of these include inadequate capital expenditure and the lack of cost-effective technical measures. Other barriers, such as poor research and development, a lack of technical expertise, insufficient financial incentives and unpredictable energy prices further exacerbate the challenge, highlighting the need for a comprehensive policy and financial support to overcome these hurdles.

While the government and industry are taking measures to address the issue of climate change and rescue the ready-made garment sector, the workers report a different reality. The transition towards a greener RMG sector unveils contradictions, especially in the context of the workers in developing countries like Bangladesh. The OSHE’s continued and ongoing analysis suggests that while the move towards greener factories is commendable for its environmental benefits, it is at the same time crucial to address the social impacts of these practices. The greening initiative, despite its environmental and economic benefits, falls short of directly addressing the underlying challenges faced by RMG workers, including labour rights violations and ensuring fair wages and safe working conditions. This in effect amounts to little or no improvement in already deplorable working conditions for RMG workers. To make matters worse, they face the additional challenges of the risk of displacement owing to low literacy rates and the predominance of junior, low-paid roles. Automation threatens to render a significant portion of the workforce redundant. There are also some instances of workers in green factories finding themselves working longer hours, with diminished labour rights and job security, compelled to accept overtime to subsist. This scenario highlights the need for a balanced approach to environmental initiatives that do not compromise human and labour rights.
3.2 Green is not enough: The story of Aamir, Loader

Aamir, aged 45, is a designer and loader in a facility located in Gazipur Sadar, Bangladesh, known for its extensive laundry services. It caters to a diverse clientele, including prominent international brands like Replay, H&M, New Yorker, C&A, Esprit, GAP, Old Navy, and Macy’s across European, American and Canadian markets. Aamir speaks candidly about his daily experience:

“Every day, as I walk through those factory gates, I feel the weight of responsibility on my shoulders. My sons’ future, their education, everything depends on these long hours and overtime. But it is not just the physical exhaustion, it’s the constant pressure to meet those targets, to keep up with the demands, that chips away at my spirit.”

Despite working in a ‘green’ factory that boasts environmentally friendly features such as exhaust fans, green lawns and a chemical waste processing plant, Aamir notes a disconnect between sustainable practices and worker welfare. The push for ‘green’ credentials has led to increased production costs, offset by the demands placed on workers for overtime and higher production targets—a direct infringement on labour rights. The factory’s commitment to a ‘green’ environment does not extend to its workers’ rights, an oversight that has left Aamir feeling undervalued and overburdened. He reflects:

“I used to dream of a workplace where I wouldn’t have to worry about toxic fumes and unhealthy conditions. When I first joined this ‘green’ factory, I thought things would finally change for us. But now, I realise that while they focus on being ‘green,’ they forget about the human beings behind the machines. The stress, the silence about our rights, it’s suffocating.”

Furthermore, the factory’s stance on unionisation stifles collective action. Aamir and his colleagues face veiled threats and increased scrutiny from management, dissuading them from engaging in trade union activities. Any inclination towards unionisation is met with intimidation tactics, including heightened supervision, escalated production targets and warnings of wage deductions or termination.

Aamir’s testimony highlights the need for an integrated approach that not only preserves the environment but also upholds and promotes the well-being and rights of the workforce. It reveals the critical role of trade unions in protecting workers’ interests and the necessity for management to embrace rather than resist such collective efforts. His experience calls for a re-evaluation of ‘green’ initiatives, advocating for a holistic definition of sustainability that includes humane working conditions, fair labour practices and a voice for workers in their workplace.

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35 Interview conducted by the OSHE in 2023. To honour and protect the privacy of those who have courageously come forward to share their experiences, we have used aliases for all individuals involved. These accounts are presented with the utmost respect for the honesty and vulnerability of the contributors. It is our ethical commitment to ensure their stories are told without compromising their privacy or safety. The experiences shared herein reflect the genuine perspectives of our participants, whose identities have been carefully anonymised to protect their confidentiality.
3.3 Unfair Trading Practices and Evolving Global Dynamics

The interconnection between global Unfair Trading Practices (UTPs) and their local repercussions is glaringly apparent in the RMG sector in Bangladesh. In fact, the journey of this sector towards sustainability is marred by UTPs, deeply rooted in the power dynamics between global fashion brands and local suppliers. Brands often capitalise on their buying power to impose unfavourable terms on manufacturers, including purchasing at below-production costs and making unilateral changes to contracts. This power imbalance leaves factories with little room to maneuver, for fear of losing future orders. Consequently, these practices severely limit the factories’ ability to invest in safe working conditions, sustainable production methods and living wages, thus entrenching the cycle of exploitation still more profoundly.

In this context the EU’s Corporate Sustainability Due Diligence Directive (CSDDD) emerges as an important regulatory framework, with the potential to address these challenges. By compelling companies to ensure their supply chains are free from labour and environmental abuses, the CSDDD presents both opportunities and challenges for Bangladesh’s RMG sector. On the one hand, it offers a pathway towards increasing corporate responsibility and sustainability across global supply chains. On the other hand, the sector must navigate the complexities of meeting these rigorous standards, amidst existing susceptibilities to UTPs that have a detrimental impact on labour rights and environmental sustainability.

Compliance with these directives requires Bangladeshi manufacturers to make significant improvements in environmental and social standards, potentially increasing operational costs and impacting competitiveness. However, alignment with EU standards could also open new market opportunities in the EU for those manufacturers that meet the sustainability and labour conditions demanded by consumers and retailers. This shift towards compliance could lead to higher-value contracts, enhancing the sector’s global reputation and potentially leading to better working conditions and wages for its workers.

On the flip side, the financial burden of upgrading operations to meet the stringent EU standards could be significant, especially for smaller manufacturers. This might lead to closures or layoffs if they cannot afford the necessary changes, posing a risk to job security for workers. Yet, the push for formalisation and transparency in business practices, driven by the need for comprehensive due diligence across supply chains, could lead to a more responsible production landscape in Bangladesh. The RMG sector’s ability to adapt to these changes will be crucial in determining its future sustainability and competitiveness, with potential long-term benefits for the millions of workers employed within the industry.

The OSHE Foundation has identified a pressing need for Bangladesh’s garment industry to transition towards a circular and sustainable fashion paradigm. This shift, aimed at ensuring safety, green practices, and respect for labour rights, is seen as a critical step in redefining the industry’s future. This call to action gained momentum after the EU-Bangladesh Joint Economic Commission in October 2019, which led to the development of Bangladesh’s National Action Plan on the Labour Sector (2021–2026).

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37 Dhaka Tribune (2019) Future trade with EU linked to labour rights.
38 The plan, a response to the ILO’s roadmap for improving labour rights, including freedom of association and collective bargaining, signifies a commitment to addressing labour rights within the sector. See ILO (2022) European Parliament discusses implementation by Bangladesh of labour reforms.
The Ready-Made Garment sector in Bangladesh, which is pivotal to the country’s economic development and a major employer of impoverished rural women, is at a critical juncture. This sector’s trajectory is shaped by overlapping socio-economic dynamics, environmental considerations and regulatory landscapes, each influencing and being influenced by the other. These aspects collectively highlight the compounding challenges facing the RMG sector, especially within the context of global dynamics and particularly with respect to the European Union.

The RMG sector’s socio-economic fabric, characterised by gender shifts, reliance on informal labour and labour rights challenges, directly intersects with environmental considerations. The decline in women’s participation in the workforce due to factors such as inadequate wages, work-related stress and automation points to a broader issue of social equity and sustainability. For instance, the wage discrepancies highlighted by the OSHE Foundation reveal that RMG workers require at least 23,000 taka (€193) per month to stay above the poverty line. This is significantly more than the current minimum wage of 12,500 taka (€105).

This socio-economic vulnerability is exacerbated by environmental challenges; Bangladesh’s climate vulnerability, coupled with the RMG sector’s environmental impact, makes a transition to sustainable practices indispensable. The nation’s commitment to reducing GHG emissions and the sector’s leadership in adopting green initiatives reflect a recognition of the interconnectedness between socio-economic resilience and environmental sustainability. However, the transition to green factories has also revealed tensions between environmental goals and labour rights, highlighting the need for integrated approaches that do not compromise worker welfare.

The challenges within the RMG sector are further compounded by regulatory frameworks and global dynamics, particularly the proposal for an EU Corporate Sustainability Due Diligence Directive (CSDDD). The proposed CSDDD, aiming to ensure supply chains are free from labour and environmental abuses, presents both opportunities and challenges. It highlights the need for Bangladesh’s RMG sector to comply with rigorous international standards, amidst existing vulnerabilities to Unfair Trading Practices that undermine labour rights and environmental sustainability. The imposition of a carbon tax under the EU’s Green Deal and the impending graduation from the LDC category add layers of complexity, affecting export competitiveness and socio-economic stability.

The RMG sector’s challenges are many-fold, reflecting the intricate interplay between socio-economic factors, environmental vulnerabilities and regulatory demands. The sector’s reliance on informal labour, including home-based workers, and the ongoing issues related to labour rights illustrate the systemic challenges of ensuring fair wages, safety and the right to unionise. These socio-economic challenges go hand in hand with environmental impacts. The sector’s contribution to GHG emissions and the national vulnerability to climate change mean a sustainable transition is indispensable. Meanwhile, global dynamics, especially in relation to the EU, pose both challenges and opportunities to navigate trade competitiveness and sustainability standards.

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4. CONCLUSIONS AND RECOMMENDATIONS
The path forward requires a holistic approach that addresses these interconnected challenges. Ensuring a just transition for the RMG sector entails not only adopting sustainable environmental practices but also enhancing labour rights and socio-economic conditions.

The National Action Plan on the Labour Sector and commitments under international frameworks like the UNFCCC Fashion Industry Charter for Climate Action indicate steps are being taken in this direction. However, achieving a sustainable, equitable RMG sector demands concerted efforts from all stakeholders, including the government, industry players and international partners. They all need to foster an environment where economic growth, environmental sustainability and social equity are mutually reinforcing. This approach not only addresses the immediate challenges, but also sets the scene for seizing opportunities for sustainable and inclusive growth in the face of global dynamics, particularly with the EU.

An essential element of this approach is building Alliances and Networks at various levels, prioritising North-South dialogue, partnerships and collective actions. These include support from global initiatives and CSOs, to strengthen advocacy for labour rights and sustainable practices in the RMG sector.

OSHE 6 asks’

In this context, the OSHE Foundation calls on the Bangladeshi Government to:

1. **Ensure a Comprehensive Legislative Reform and International Standards Compliance:** Push for amendments to the Bangladesh Labour Act that address specific worker concerns, such as maternity leave and injury compensation.

2. **Promote Tripartite Engagement:** Emphasise the importance of establishing a robust tripartite dialogue between the government, employers, and workers/trade unions to collaboratively address policy gaps, labour law amendments and ensure effective implementation of labour rights and standards.

3. **Enhance Monitoring and Compliance:** Highlight the need for diligent monitoring of labour law compliance, particularly in areas affecting women workers, trade union formation and environmental conditions within factories, advocating for a more proactive role from the Department of Inspection for Factories and Establishments (DIFE) and the Department of Labour.

4. **Increase Awareness and Training for Workers:** Advocate for comprehensive awareness programmes and training sessions for workers on labour rights, environmental compliance and the impact of industrial automation, focusing on skill development and gender sensitivity to empower the workforce.

5. **Strengthen Social Dialogue and Reduce Industrial Police Dependency:** Call for enhanced practices of social dialogue to address labour disputes and automation challenges, fully implement maternity leave provisions and support negotiations for improved working conditions and fair wages. This should include gender-sensitive policies and practices within the workplace. Encourage a shift away from relying on industrial police, fostering a peaceful and fair environment for addressing workers’ grievances.

6. **Spotlight the brands’ Unfair Trading Practices (UTPs)** in the textile sector and push for policy recommendations at an international level, which include enacting a ban on such exploitative practices. 39 calls on the EU to align its trade policy with existing and upcoming EU legislation, such as the EU Directive on UTPs in the agricultural sector and the proposed Corporate Sustainability Due Diligence Directive.

39 These UTPs encompass actions like buying at prices below the cost of production, failing to ensure the payment of a living wage, making last-minute design or lead-time changes, unilaterally altering contracts, and cancelling partially produced orders at short notice. Exposing these practices is a critical step towards achieving fair and ethical trade policies globally.
The above case study demonstrates the need for a Global Just Transition to a green economy that leaves no-one behind. Therefore, SOLIDAR has launched the Global Just Transition: Not Just for (E)U Campaign, which calls upon the European Union’s institutions, including the future members of the European Parliament and the new European Commission, to ensure the next European Green Deal has a strong external dimension.

More specifically, the EU and its representatives shall:

- **Lead on the implementation of the 2030 Agenda for Sustainable Development through a comprehensive EU sustainable development strategy and ensure Policy Coherence to tackle the potentially negative impacts of EU policies, programmes and actions in partner countries. They should conduct in-depth sustainability impact assessments (ex-ante and ex post) of its policies, programmes and actions to assess and address the external economic, social, environmental and political impacts of EU policies, especially on the most marginalised communities.**

- **Revise its trade policy and economic relations to incorporate sanctions into labour and environmental standards. Ensure that all EU business enterprises respect human rights and do not infringe them. Address adverse human rights impacts and ensure access to effective remedies in the event of violations occurring.**

- **Increase incentives, such as technical and financial support, as well as grants-based funding for loss and damage, mitigation and adaptation for partner countries to undertake their own Just Transition processes and mechanisms.**

- **Promote, protect and enable civic space and counter shrinking space for civil society and trade unions. Ensure meaningful, inclusive and safe consultations and dialogues with CSOs and trade unions during the design, implementation, monitoring and evaluation of its policies. At the same time, the EU should promote an open civic space and protect human rights defenders, such as defenders of environmental, women, indigenous people and workers’ rights, as well as the right to defend rights.**

- **Strengthen social justice during the green transition by promoting and facilitating the mobilisation of domestic and, when required, international resources to set up and scale up Universal Social Protection Floors and systems, including income support schemes, re-skilling and up-skilling programmes and quality public services, such as health care.**
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SOLIDAR is a European and worldwide network of Civil Society Organisations (CSOs) working to advance social justice through a just transition in Europe and worldwide. Our over 50 member organisations are based in 27 countries (19 of which are EU countries) and include national CSOs in Europe, as non-EU, EU-wide and organisations active at the international level.

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