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**U.S. Department of Labor**  
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Good morning. Chairman Menendez, Ranking Member Corker, and Members of the Committee, thank you for inviting the Department of Labor to participate in this important hearing concerning labor issues in Bangladesh.

I am honored to join my colleagues from the Department of State, Assistant Secretary Nisha Biswal, and from the Office of the U.S. Trade Representative (USTR), Assistant USTR for Labor Lewis Karesh, in appearing before you this morning. I know that Assistant Secretary Biswal will also be prepared to address broader issues in the U.S.-Bangladesh bilateral relationship, including in the wake of last month's elections. The focus of both this written testimony and my remarks at the hearing will be on the critical workers' rights and workplace safety issues in Bangladesh.

My colleagues and I look forward to this opportunity to update you on our work on Bangladesh, building on the regular meetings we have had with your staffs over the past several months. Since I last appeared before this Committee eight months ago, the Department of Labor, through our Bureau of International Labor Affairs (ILAB), along with the Department of State and USTR, has been actively engaged with the Government of Bangladesh, workers' and other civil society organizations in Bangladesh, U.S. buyers and retailers, and other stakeholders in the United States and Bangladesh in efforts to address legal and policy issues concerning workers' rights and workplace safety. Our efforts have focused on the ready-made garment sector, as well as the shrimp processing sector, and broader concerns relating to Bangladesh's labor law regime, including the separate laws and governance structure for Bangladesh's Export Processing Zones (EPZs).

Much of this work has come under the framework of the "Action Plan" developed in the context of the Generalized System of Preferences (GSP) trade preference program. As you are aware, on June 27, 2013, three weeks after this Committee's previous hearing, President Obama suspended Bangladesh's trade benefits under GSP based on Bangladesh's failure to meet the GSP statute's labor-

related eligibility criteria. That decision, which followed a multi-year review that received increased attention in the wake of the Tazreen fire in November 2012 and Rana Plaza building collapse in April 2013, was accompanied by the transmittal to the Government of Bangladesh of an Action Plan laying out both the shortcomings on workers' rights and workplace safety that formed the foundation for withdrawal of GSP benefits and the specific steps needed to provide a basis for reinstatement of those benefits.

Shortly after that, the U.S. government associated itself with a just-concluded "Sustainability Compact" negotiated among the European Union, Government of Bangladesh, and International Labor Organization (ILO) that closely tracks the key elements of the Action Plan and establishes a broader consultative framework for addressing the fundamental labor problems highlighted in that Plan. In recent months, there has been a regular process for consultations between senior diplomats based in Dhaka and officials from the Government of Bangladesh in which our Ambassador, Dan Mozena, has played a leading part.

The Action Plan includes elements centered on improving labor, fire, and building safety inspections; increasing fines for non-compliance with labor, fire, and building safety standards; expeditiously registering unions and protecting unions from discrimination and reprisal; resolving longstanding concerns about harassment and legal actions against labor activists and non-governmental labor organizations; reforming labor laws to address key concerns articulated for many years by ILO expert bodies, including reforming the EPZ law to effectively protect EPZ workers' right to organize and bargain collectively; and strengthening freedom of association in the shrimp processing sector.

Since the Action Plan was issued, ILAB has been a key participant in a regular interagency process, headed by USTR, for monitoring and evaluating the status of Bangladesh's efforts to address the specific elements of the Action Plan. That process has included extensive engagement with the Government of Bangladesh both here and in Dhaka, including a lengthy meeting with senior Bangladeshi officials in November in Washington following the signing of the Trade and Investment Cooperation Forum Agreement (TICFA).

The process has also included careful review of written submissions from the Government of Bangladesh as well as the AFL-CIO, which submitted the petition that initiated the GSP review. ILAB and others involved in this review have also benefited from the report issued by the Majority Staff of this Committee on November 22 concerning workers' rights and workplace safety in Bangladesh's

ready-made-garment sector, including the recommendations with respect to implementation of the GSP Action Plan.

Late last month, the U.S. government conveyed to the Government of Bangladesh its conclusion that Bangladesh had not made sufficient progress to date under the Action Plan to warrant reinstatement of GSP benefits. There have been indications of progress in some areas of the Action Plan, including the registration of new trade unions, the dropping of dubious criminal charges against leaders of the Bangladesh Center for Workers Solidarity (BCWS), the registration of the BCWS, and the Government of Bangladesh's commitment to fund programs through the ILO and the American Center for International Labor Solidarity (Solidarity Center) in the shrimp processing sector. There have also been steps taken with the ILO and other stakeholders to develop a plan for many more, and better trained, labor and fire and building safety inspectors.

However, as has been conveyed with specificity to the Government of Bangladesh, a great deal remains to be done to implement some of the most important elements of the Action Plan. The plans for a larger, well-trained force of labor and fire and building safety inspectors are still in their initial stages, and the number of inspectors hired to date is relatively small. Labor law amendments enacted in July 2013 do not address the concerns raised in the Action Plan, including severe restrictions on collective bargaining, in particular at the industry and sector levels, nor inadequate protections against employer interference in union activity. There also has not been enough progress in achieving justice for the 2012 murder of labor organizer Aminul Islam.

In addition, EPZs remain governed by a separate labor law providing inferior protections for workers in those zones about which both we and the ILO have long expressed deep concerns. Today, factories in EPZs remain outside the reach of labor and safety inspectors who cover the rest of the country; unions are still barred; and the EPZ governing authority retains nearly complete discretion with respect to labor-management relations.

Concerns also persist with respect to other elements of the Action Plan focused on improving procedures for responding to complaints alleging violations of fire and building safety standards and unfair labor practices. Recent reports of union organizers being harassed and factories registering employer-organized unions are reminders that increased union registration numbers alone are not an adequate measurement of progress on freedom of association.

While fulfilling the GSP Action Plan conditions will require political will and a seriousness of purpose by the Government of Bangladesh, the Action Plan

lays out a clear path for the Government of Bangladesh to follow that is practical and relevant to address the most serious and longstanding labor concerns.

Furthermore, we see this as every bit as much an opportunity as a challenge for Bangladesh. Our goal, and that of the European Union under the framework of the Sustainability Compact, is not to undermine Bangladesh's growth and development, including in the ready-made garment sector. It is, instead, to work with the Government, industry, workers' and other civil society groups, and other stakeholders to ensure that economic growth and the gains from trade go hand in hand with greater respect for workers' rights and improved workplace safety.

Put another way, the Action Plan reflects our Government's view that greater adherence to internationally-recognized labor standards is an essential part of the trade and investment relationship between Bangladesh and the United States. That is the best path not only for the workers of Bangladesh but also for the businesses that are dependent on the U.S. export market.

Beyond the parameters of the Action Plan and the Sustainability Compact, we also continue to work closely with the ILO independently on a number of fronts in Bangladesh. The ILO has assumed the leading role in implementation of Bangladesh's March 2013 National Tripartite Plan of Action on fire and building safety in the RMG sector, as well as in coordinating the activities of different international donors.

In addition, last September the ILO and the International Finance Corporation (IFC) launched a Better Work Program in Bangladesh after concluding that the Government had addressed certain labor-related preconditions transmitted in fall 2012 – including a condition to more expeditiously register unions. The Better Work management team has provided the Government with a “road map” laying out a strategy “to secure structural, sustainable change in labour administration, industrial relations and social dialogue systems.” Better Work has explicitly conditioned the continuation of its program in Bangladesh on the Government making progress in implementing specific activities in each of these areas, and has set out a detailed process for monitoring that implementation.

We at the Department of Labor remain committed to playing a meaningful role in helping build greater capacity for both the Government of Bangladesh and workers' organizations to address the shortcomings that culminated in the Tazreen fire and Rana Plaza collapse. In late September, we completed a process of soliciting and evaluating technical assistance proposals and awarded \$2.5 million in project assistance -- \$1.5 million to the ILO and \$1 million to the Solidarity Center -- to work with partners on the ground in Bangladesh. The project being

implemented by the ILO will focus on improving government enforcement of fire and general building safety standards, while the Solidarity Center project is designed to increase worker organizations' ability to effectively monitor for violations of fire and general building safety standards and seek abatement of such hazards. ILAB staff traveled to Dhaka in December to work with the grantees in moving forward with project implementation.

While the bulk of our focus has been, and must be, on the roles and responsibilities of the Government of Bangladesh to address the labor-related shortcomings that triggered the suspension of GSP benefits, there is also a critical role for the private sector to play in improving workers' rights and workplace safety on the ground in Bangladesh.

As you are aware, leading brands and retailers from the United States and Europe are actively engaged in initiatives toward this end in the ready-made garment sector. While the challenges are substantial, we are encouraged by reports of progress in recent months.

What is particularly notable in this regard is the fact that one of these initiatives, the Accord on Fire and Building Safety in Bangladesh, represents an historic break from past approaches because it brings together major buyers and global labor unions in an agreement that includes clear financial obligations and a sustained commitment to continued apparel sourcing from Bangladesh. This is an exciting step forward for responsible sourcing and supply chain management that we see as holding great promise.

The second private sector initiative, the Alliance for Bangladesh Worker Safety, has also made progress, as detailed in its recently-issued first semi-annual report. I understand that the Committee will be receiving more detailed updates on these efforts from the second panel at this hearing.

Finally, the Department of Labor is committed to even greater engagement on workers' rights and workplace safety in Bangladesh in the coming months and years. As a part of that effort, we are working actively to establish a full-time labor attaché in our Embassy in Dhaka. Mr. Chairman, your letter of November 7 to Secretary of State Kerry provided the critical impetus for this effort. We at the Department of Labor have been in regular contact in the past three months with Ambassador Mozena and his team, and others at the State Department, on the steps needed to establish this permanent labor attaché position. Later this month, ILAB staff will be in Dhaka for detailed discussions on the process and logistics involved.

We are committed to making this happen as quickly as possible and of course will keep you and your staff fully apprised as we move forward with this important effort. We see this as an essential element in any long-term strategy to improve respect for workers' rights and workplace safety in Bangladesh; indeed, it is part of a broader ILAB effort to put "boots on the ground" in a few priority countries where being based in country will help us develop the close relationships with critical stakeholders and the in-depth knowledge and understanding of labor-related laws, regulations, policies, programs, and practices that are needed to most effectively advance workers' rights and workplace safety.

Thank you again for convening this hearing and for the ongoing interest and focus of the Committee on workers' rights and workplace safety issues in Bangladesh. We intend to continue to make this a priority of the Department of Labor and look forward to a continued close working relationship with our colleagues at the State Department and USTR as well as Members and staff of this Committee.

I appreciate having this opportunity to testify and would be pleased to take your questions.