RANA PLAZA
10 YEARS ON:
LESSONS FOR HUMAN RIGHTS AND BUSINESS

Making respect for human rights part of everyday business
RANA PLAZA DISASTER: TEN YEARS LATER

The ten-year anniversary of the collapse of the Rana Plaza building near Dhaka in Bangladesh is a moment for reflection and for renewed commitment to action. On 24 April 2013, some 1,134 workers died and an estimated 2,500 were injured when their workplace, which housed five garment factories producing for international brands, collapsed. The disaster is among the deadliest structural accidents in history.

The workers at Rana Plaza produced clothing for retailers and consumers around the world, with the main markets being in the global North. A fund was created to support the survivors of the tragedy, but Human Rights Watch has described the compensation for those injured as, “...small and inadequate, in some cases grossly inadequate.” The testimony of Rubina Begum, a seamstress who survived the collapse, was indicative of their plight. She said, “The compensation I got after the crash was mostly spent on my treatment. Now I can’t work like I used to, have no regular income and there are days I wish I had not survived Rana Plaza.”

Human rights advocates and labour rights organisations have campaigned for years to improve conditions in which garments are produced. The campaigns have targeted dangerous working conditions in the developing world, and over the years, international brands have shouldered greater responsibility for improving workplace standards. The nature of the industry, which relies on cheap labour overseas to produce garments quickly and supply products to consumers around the world, applies downward pressure on prices, keeping wages low and workplaces unsafe. Factories in the supply chain have faced pressure from civil society groups and international brands to improve conditions, but, 10 years on, the Rana Plaza tragedy shows that audit trails, good intentions, and consumer pressure are not enough to make substantive change. In fact, of the 29 global retailers identified as doing business in Rana Plaza at the time of the disaster, many did not know or claimed to not know that their clothes were being produced in factories that were housed in the building.

What have we learned a decade later? What do the actors — home and host governments, international companies that own the brands and their suppliers, workers’ rights advocates and consumers — who are involved with or affected by the tragedy need to do to prevent the recurrence of such a disaster?
This briefing paper outlines the lessons from the tragedy, including an analysis of the effectiveness of the measures undertaken, the spread and reach of reforms, the strengths and limits of the interventions, and the extent to which the measures can or should be replicated.

**RANA PLAZA: A UNIQUE TRAGEDY**

Industrial disasters are not unique to Bangladesh, but the Rana Plaza tragedy is unique for four reasons:

1. The sheer scale of the tragedy in terms of lives lost and disrupted;
2. The pivotal role Bangladesh plays in the global garments supply chain;
3. Despite the readymade garment sector being safer partly because it faces greater international scrutiny than other sectors in Bangladesh, such a major tragedy still occurred; and
4. The development of and reliance on technocratic approaches to address the Rana Plaza disaster, involving manufacturers, unions and others directly, which are being replicated in other settings without dealing with other structural concerns.

**FAILURES BEHIND THE COLLAPSE**

The Rana Plaza collapse represents several significant failures that go beyond the collapsed building:

- The complex structure of global supply chains is opaque, with only limited transparency about which factories supply to which brands and names of subcontractors often kept confidential for competitive reasons. Such opacity contributes to a culture of lack of accountability.
- Just-in-time manufacturing practices which emphasise lowering costs and increasing production, creating conditions in which workers must meet production quotas or they may face wage cuts, and the demand of meeting deadlines compelling suppliers to overlook minor safety infractions which could be potentially disastrous.
- Wages that may meet minimum wage laws but were substantially below living wage in an expensive city like Dhaka, Which allows no room for workers to save and the absence of a social safety net.
- The adverse substantive impact of the pandemic which forced many factories to close (some among them permanently) where major brands reneged on contractual obligations, and cost was borne by the ‘weakest link,’ the furloughed or laid-off workers.
Shortcomings of the International Response

North American and European manufacturers came together and formed two different initiatives to address factory safety, after consultations with and with the support of home governments, international trade unions, and the International Labour Organization. The two mechanisms, known as – the Accord and the Alliance – were fundamentally different. European and other firms preferred the Accord, and American firms preferred the Alliance. These initiatives concentrated on technocratic approaches to address the lack of worker safety measures by focusing on fire, electrical, and structural improvements to a portion of the country’s registered factories. Those were necessary, but not sufficient in addressing long-standing concerns. While factory conditions have improved, structural changes have not taken place, and worker vulnerability persists, making the anniversary an important marker to learn from its impact.

But it is worth noting that the agreements did not cover the entire garment export sector of Bangladesh, as a 2020 report by the NYU Stern Center for Business and Human Rights concluded. There are more than 7,000 garment factories producing for the export market. But companies participating in the Accord and Alliance initiatives encompassed only 27% of factories and addressed a subset of direct suppliers; almost three million workers were never covered by these initiatives.

The Accord between brands and suppliers, including unions and the ILO, has been effective in preventing repetition of the disaster, but it is still limited by its sole and exclusive focus on factory inspections. This approach still relies primarily on audits, which means it measures only what can be measured, and that, too, not in a nuanced way. The process in many ways becomes a tick-box exercise. In addition, Bangladeshi suppliers have to pay for any improvements that need to be made, which disadvantages under-resourced and smaller suppliers.

The limited technocratic approach of the Accord has served to reassure global retailers that they can continue “business as usual,” now that buildings themselves are structurally sound. But there are other major concerns, which are directly linked to the sourcing strategy that contributes to overall declines in the mental and physical health of workers, and in many instances leaves them insecure and without any social protections. The focus on improvements is at the locus of production, at the factory site, but this does little to improve trading practices and the “just in time” business model itself, which forces local factories to continue to produce larger amounts of products in shorter time periods and for lower costs. This “triple squeeze,” of just-in-time production, with an emphasis on lowering costs, as described by Anner has made the situation worse. The prevalence of ‘fast fashion,’ i.e. cheap garments produced quickly and sent to global markets, and often discarded after two-or-four uses not only depresses wages, but also contributes to the climate crisis.

To be sure, researchers (have noted improvements in certain areas (better health and safety conditions, relative job security and improved social benefits) and process rights (primarily representation in worker participation committees). But much work remains for the industry to meet or to live up to international standards.

Bangladesh’s garment sector has played an important role in empowering women, who constitute about 80 percent of the nearly four million workers the sector employs. Despite these gains, however, due to the power dynamics between the various actors in the industry and the difficult nature of the work itself, female garment workers continue to face sexual harm and suffering, gendered industrial discipline practices (including physical violence, verbal abuse, coercion, and threats), severe health consequences, barriers to freedom of association and collective bargaining, low wages, long working hours, and retaliation for reporting abuses.

A joint report from IHRB and UC Berkeley found that during the unprecedented Covid-19 pandemic, already difficult conditions were made even more precarious. Some Bangladeshi factories supplying international brands went under. Bangladeshi workers suffered a 35 percent pay cut during the month of lockdown. Millions of garment workers found themselves out of work, furloughed without pay, and their savings depleted (for example, the report finds that 65 percent of female workers said they didn’t save or used their savings to buy food)—all of this occurred without a safety net to fall back on.

There is a wider crisis in Bangladesh, which impacts many more workers and other vulnerable populations. The readymade garment sector is, in fact, one of Bangladesh’s better-run industries because of international scrutiny it faces. Other key sectors operate in even worse conditions.
Fisheries: Some 3.57 percent of Bangladesh’s GDP comes from fisheries, which accounts for nearly a quarter of Bangladesh’s agricultural GDP. According to Bangladeshi civil society groups and the media, the use of child labour is rampant in the fisheries sector. The sector does not operate under regular working hours or holidays, and breaks are infrequent. (When a trawler is on voyage, workers sometimes work for 15-20 days without break). Workers do not have proper contracts in the shrimp industry, nor are the working hours set, and women do not receive equal pay for equal work. Bangladeshi NGO Manusher Jonno is working with others and with the Danish Institute for Human Rights to improve work conditions in the sector.

Brick-making: More than a million people work in 7,000 brick kilns in Bangladesh, making 23 billion bricks annually, and the sector accounts for one percent of Bangladesh’s GDP. The industry has lax environmental standards and the slender chimneys, which emit pollutants have affected the health of workers and communities living nearby, even contributing to premature deaths. Kilns produce nearly 60 percent of the particulate pollution in Dhaka. The alternative of moving from clay-fired bricks to concrete-based bricks is offered as an environmentally friendly option, but experts warn that it would increase carbon emissions. And those plans are unlikely to succeed due to bureaucratic resistance.

Ship-breaking: Bangladesh is the world’s leading hub of ship-breaking (the other two being India and Pakistan) and safety standards are found wanting in all three countries. Its turnover of nearly $2.4 billion represents about half a percent of Bangladesh’s GDP. Some 400 workers have died at work sites in recent years. Experts blame employer negligence, poor inspections, lack of safety measures, inadequate training, and lack of protective equipment.

Transport: Road safety is another major problem in Bangladesh, and poor roads, long hours of driving for truck drivers, and adverse weather conditions make driving in Bangladesh hazardous. While the transport sector’s contribution is relatively small, at 0.005 percent of GDP, its cumulative impact in terms of lives lost is high, and political significance is huge, with public anger rising over worker deaths. The World Bank is providing assistance to improve conditions but fatalities remain high.

Tanneries: Some 1,750 tanneries employ 500,000 workers in Bangladesh’s leather tanneries, according to a 2014 study. Bangladesh accounts for three percent of the world’s leather export market, and 60 percent of Bangladesh’s annual output is exported. Leather accounts for four percent of Bangladesh’s exports, and represents about 2.5 percent of the country’s GDP. Bangladesh expects leather exports to rise to $10 billion by 2030. But concerns about the industry persist. According to civil society groups, labour rights are frequently violated and there are also significant health impacts on workers.
It is worth noting that such problems are not unique to Bangladesh – other countries, too, have faced crises. According to recent reports, the Indian government admitted that in the five years ending 2021, some 6,500 Indian workers had died in fire accidents at ports, mines, and factories. A factory fire in Pakistan killed nearly 300 workers in 2012. A few weeks before the fire, safety inspections certified the Pakistani factory as safe, revealing inadequacies of such inspections. The factory main buyer was a German company, and a coalition of German trade unions, German politicians, and civil society groups built a campaign for compensation. The participation of German politicians was noteworthy, and the company agreed to pay $1 million as immediate compensation and negotiated longer-term compensation, which workers’ rights organisations see as a potential trend-setter for similar negotiations in future. Such problems affect more advanced economies like China, too. Pakistan now has an Accord-like framework.

THE CASE FOR A HOLISTIC APPROACH TO WORKERS’ RIGHTS

Safety of factories is a paramount concern. But a more holistic, comprehensive approach, which addresses wages, industry practices, and based on a set of procedures to negotiate settlements leading to meaningful and effective remedies (as the German example shows) are other crucial components.

Goal 8 of Sustainable Development Goals calls for the promotion of sustained and inclusive economic growth, with full and productive employment and decent work. Indeed, decent work is a global priority, stressed by governments and international organisations in redesigning and reimagining the post-pandemic economic order. But the supply chain model is primarily driven by costs and efficiency. The pressure to drive costs down leads to conditions at work which do not meet the criteria for decent work. The ILO defines decent work as “productive work for women and men in conditions of freedom, equity, security, and human dignity,” which would include a fair income, secure employment, safe conditions, equal opportunity and treatment, social protection for workers and families, prospects for personal development and encouragement of social integration, and freedom of expression and association. When companies tailor policies to address deficits in conditions that prevent decent work, they contribute to the achievement of the Sustainable Development Goals (SDGs) as articulated in the 2030 Agenda.

A decade after the Rana Plaza disaster, while Bangladesh has increased the minimum wage for garment workers from $68 per month in 2013 to $75 per month in 2018, workers are demanding a minimum wage of $215 per month. Bangladesh has taken other steps to address worker safety, including increasing factory inspections, strengthening its labour inspectorate, improving fire services, enhancing occupational health and safety, implementing a “Better Work” programme with ILO and the International Finance Corp, establishing compensation for Rana Plaza survivors, establishing an employee injury insurance scheme, and enhancing workers’ rights. The gap between what workers’ rights groups, including trade unions, believe to be a fair living wage and the prevailing minimum wage show that the gap remains large. Bangladesh considers the sector to be critical for its economic development, since it is a large export earner and employs millions of people, most of them women.
Abuse, outrage, and audits – that’s one way of describing the three phases of supply chains. As production became expensive in the industrialised world, factories shifted overseas. The first phase of global supply chains was a repetition of the Dickensian nightmare that had bedeviled the first industrial revolution of sweatshops with lax controls and high rate of accidents and ill health. Such conditions led to the phase of global outrage, including activism. Following that, the third phase showed brands requiring inspections and audits. But these audits have shown limited success. Criticism of audits show their ineffectiveness.

Human Rights Watch calls such audits ‘obsessed with tools’ and missing their goals. Independence, too, is not guaranteed. In some instances, as in China, independent audits are not possible and firms have stopped auditing because the government has denied access to factories out of concern that the audits will highlight work practices that are incompatible with international standards. Besides, confusing and contradictory requirements from various brands frustrated many suppliers.

A decade after Rana Plaza, the question is: How can we reframe the power dynamic of industries by rethinking global supply chain structures and the roles businesses play in perpetuating many of the poor working conditions we continue to see today? And what are the mechanisms to do this?
The last 10 years have been marked by:

- **Advancing human rights due diligence:** Mainly through significant enactment of mandatory human rights due diligence legislation from the European Union and a number of other countries, which will require companies to have a thorough understanding about human rights risks and impacts in their global supply chains and plans to mitigate them. While these regulatory, normative, and legislative moves are still early, those are steps in the right direction, and companies will increasingly need to demonstrate more transparently how their supply chains are structured and what steps they are taking to ensure compliance with international standards.

- **Increasing reliance on binding agreements:** These approaches address salient issues that impact workers on a daily basis. A recent example is the Dindigul Agreement to End Gender-based Violence and Harassment. It is a historic agreement between the factories and women workers, their union, a clothing and textile manufacturer based in Southern India, and three global apparel brands to address the pervasive problem of sexual harassment and sexual assault of female garment workers.

- **Shifting the balance of power in contracts:** The Covid-19 pandemic highlighted how existing contracts tend to be heavily skewed in favour of global retailers with risks passed on to the supplier. These contracts serve to entrench the idea that the supplier is solely responsible for all human rights abuses in the supply chain and therefore are solely able to mitigate or manage them. In 2021, a working group formed under the auspices of the American Bar Association Business Law Section published a set of model contract clauses to help companies and suppliers redesign their contracts to better protect human rights in their supply chains. These are the first model contract clauses that attempt to integrate the principles contained in the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance into international supply contracts. This is a huge shift, and contracts can be revised to reflect both parties’ own human rights commitments and standards and provide a clear process for upholding them.

- **Changing the sourcing model:** After the pandemic, some global retailers have shifted away from transactional or indirect sourcing models. These have been prevalent in the apparel industry, characterised by short-term interactions with several suppliers based on maximizing costs and order volumes with little commitment to future business and longer-term relationships. With the aim to create more sustainable and reliable supply chains, there is growing realisation that partnership or direct relationship models can create better opportunities for both sides, as well as contribute to better protection of labour rights. This is crucial because reshoring (i.e. production moving back to Europe and the US) is no longer a realistic option. The generation of workers in the industrialised world who had the skills (and willingness to work at wages the industry could offer) is shrinking; and the readymade garment (RMG) sector has left the shores of the industrialised world nearly four decades ago. Rebuilding the sector in the industrialised world is unrealistic. These industries will remain in the developing world, and may even move to other locations, once Bangladesh, Vietnam, and other countries go ‘up the ladder’ on the technological chain, and when wages rise. The issues that have confronted Bangladesh will persist in other forms, in other countries, unless corrective action is taken.

Looking to the time ahead, there will need to be increasing focus on:

- **More effective collective action:** The Rana Plaza disaster must lead to more businesses reimagining their roles and responsibilities in global supply chains. This will require greater cross-industry participation in collective action strategies to ensure respect for human rights, including health and safety, fair wages, security, and protection of the right to health as well as the right to freedom of association. Rana Plaza was not only an issue concerning factory safety; many factors contributed to the disaster, including the nature of global economics and the demands of the industry. Those too need to change. The power equation of the industry is skewed towards major brands, and regulators should examine the exercise of entrenched monopoly power and restrain it through effective implementation of anti-monopoly laws. Contracts which place significant burden on suppliers or undermine their commitment to adhere to international standards of safety and workers’ rights should be redrafted. During the pandemic some far-thinking companies did not invoke the force majeure clause and renegotiated delivery schedules with their suppliers, and such practices should become role-models.
• **Increased accountability of State actors:** Host governments such as Bangladesh must enforce existing laws and standards, protect workers without formal contracts, enable them to form unions, establish grievance mechanisms, and provide a safety net. Reactive responses are necessary, but they should also take proactive measures to incentivise global brands to ensure that their actions do not squeeze suppliers, which make it more difficult to respect the human rights of workers and communities. All States should require global brands to oversee their factories so that international standards are met, and so that contracts are not routinely cancelled, and raw materials already acquired and work already undertaken is paid. Local suppliers, who bear direct responsibility for the wellbeing of their workers, must provide the necessary infrastructure to ensure safe working conditions, and adhere to the disbursement of wages and other benefits as required by local laws.53

• **Reforms beyond garments sector:** The garments sector in Bangladesh and elsewhere is visible and faces global scrutiny, but as discussed, other sectors too have ongoing problems. Concerted efforts are needed to improve the human rights performance of numerous sectors – brickmaking, shipbreaking, tanneries, fisheries, and road transport – so that ‘decent work’ in Bangladesh does not remain an elusive goal.

• **Greater efforts to prioritise all human rights:** Safe, secure factories are critical for worker well-being. But more work is needed to address the broad range of rights that are required for a life of dignity – from freedom of association to freedom from fear and harassment, as well as fair living wages, and social security. It is the collective responsibility of governments, brands, suppliers, and civil society, to ensure that the weakest link in the supply chain is strengthened and its rights are respected – by protecting their right to free association and collective bargaining – so that it is no longer weak.
ENDNOTES


5 See https://bangladeshaccord.org/updates/2021/04/07/safety-remediation-progress for what progress the Accord has made over the last 10 years.


10 The Weakest Link (op. cit., IHRB)


15 https://archive.thedailystar.net/forum/2012/7/july/road.htm

16 https://www.researchgate.net/publication/346083787_ACCIDENT_HAZARDS_ON_NATIONAL_HIGHWAYS_IN_BANGLADESH

17 https://www.roadsafetyfacility.org/country/bangladesh


19 https://www.roadsafetyfacility.org/country/bangladesh


23 https://www.shipbreakingbd.info/Worker%20Rights%20Violation.html

24 https://www.duediligence.design/six-strategic-priorities-to-prepare-for-the-new-regulatory-landscape/


26 See https://www.ihrb.org/news/beyond-rana-plaza-reflections-over-the-last-five-years

27 http://www.roadsafetyfacility.org/country/bangladesh

28 https://www.shipbreakingbd.info/Worker%20Rights%20Violation.html

29 See https://www.ihrb.org/news/beyond-rana-plaza-reflections-over-the-last-five-years


31 https://www.shipbreakingbd.info/Worker%20Rights%20Violation.html

32 For more, see https://www.ihrb.org/news/beyond-rana-plaza-reflections-over-the-last-five-years

33 See https://www.ihrb.org/news/beyond-rana-plaza-reflections-over-the-last-five-years

34 https://www.shipbreakingbd.info/Worker%20Rights%20Violation.html

35 IHRB/Berkeley (op. cit.)