



FTA
Foreign Trade Association

To

Her Excellency Sheikh Hasina
Honorable Prime Minister
Government of the People's Republic of Bangladesh
Prime Minister Office
Old Sangsad Bhaban, Bir Uttam Ziaur Rahman Road
Dhaka - 1215
Bangladesh

Brussels, 14 July 2017

Subject: Supply Chain Sustainability and the Generalised Scheme of Preferences (GSP)

Her Excellency,

The Foreign Trade Association (FTA), based in Brussels, is the leading business association of global commerce that promotes the values of international trade and sustainable supply chains. FTA represents more than 2,000 retailers, importers and brands to support their business by providing information and practical solutions towards increased sustainability in value chains. The combined annual turnover of our members is well exceeding one trillion USD. In 2003, FTA created the Business Social Compliance Initiative (BSCI) to provide companies with a practical and efficient system to improve social compliance in global supply chains. FTA developed in 2014 the Business Environmental Performance Initiative (BEPI) to support companies committed to improving environmental performance in their supply chain.

Your country is an increasingly important sourcing market for the FTA membership. Our companies are buying considerable volumes from more than 2,200 Bangladeshi producers making it the third most important sourcing hub for our members. One of our prime objectives is to expand our level of cooperation and to contribute to prosperous and responsible business relations. Bangladesh has experienced fundamental and dynamic change in recent years regarding the promotion of sustainable business conduct and the respect of labour rights in supply chains.

Through our organisation, we support Bangladesh proactively in trade and compliance matters. Two years ago, FTA published the brochure: “Is Bangladesh a success case?” where we described the incredible progress of your country and positive development in motion. In terms of compliance, I am proud to inform you that almost 1,500 BSCI audits have been conducted last year and that we do offer capacity training seminars to improve the overall management know-how and working conditions in the factories. Currently we are preparing a women empowerment project for the RGM sector. The aim is to uplift female workers to become middle-managers in factories.

In March 2017, we organized a FTA Business Round Table, which I attended personally, with the honourable Commerce Minister, Tofail Ahmed. Business leaders discussed for more than two hours important issues, for example how Bangladesh can augment its global market share in the RMG sector which is currently at 5.1 percent and diversify its industrial structure. Moreover, I was given a remarkable insight into your “Vision 2021” to build a hunger-free and poverty-free Bangladesh and your huge progress in becoming a middle-income country. FTA organised further a FTA stakeholder forum sharing the question: “What are the future social and employment challenges for the RMG and leather sector?” The key note speech was delivered by your honourable advisor, Professor Dr. Rizvi. I understand that in the future, Asian markets like China and India will be the next big customers of Bangladesh, just as McKinsey & Company predicted in their famous study which is also stressing the special importance to be given to the improvement of labour standards.

The European Union (EU), Bangladesh’s largest trading partner, is highly concerned about the respect of fundamental human and labour rights in your country. The EU is therefore considering an investigation to evaluate if the conditions for Bangladesh to obtain preferences under the Generalised Scheme of Preferences (GSP) are still met. This could ultimately result in the possible withdrawal of the benefits of the Everything but Arms (EBA) scheme.

The partners of the Sustainability Compact and ILO urged your Government to develop a clear strategy to effectively enforce the respect of labour rights, in particular the freedom of association and the right to collective bargaining, and to set a deadline for completion of the process to allow trade unions in EPZs. At the moment, workers in EPZs enjoy trade union facilities under the Workers’ Welfare Association in line with the Bangladesh EPZ Act, but the Compact partners request trade unions to be formed in line with the Bangladesh Labour Act. I understand that your Government will have inter-ministerial meetings in July and it would be highly appreciated if you could kindly inform us about your point of view.

The pressure from the EU, ILO and other international bodies regarding the above-mentioned labour issues, the news about the extension of the ACCORD without mutual

consent, the unclear role of the Remediation Coordination Cell and the latest boiler explosion have an impact on the reputation of Bangladesh as a sourcing hub and have led to uncertainty in the business community. Many of our members are currently finalising their annual budget planning and need to decide about their future sourcing strategy. In light of this, FTA has been mandated by its members to seek clarification from the Government of Bangladesh about its response to the official request made by the European Commission.

We look forward to intensifying our cooperation with your Government and to offer our support and advise, whenever needed and appropriate, to serve the common objective of intensified sustainable economic relations. FTA and its members are highly committed to continue contributing to the country's path towards a successful future.

I am looking forward to your kind reply.

Respectfully yours,

A handwritten signature in black ink, appearing to read 'C. Ewert', written over the text 'Respectfully yours,'.

Christian Ewert
Director General
Foreign Trade Association (FTA)