SUMMARY

This book presents an insightful perspective on the garment and textiles industries in Asia by highlighting that an industry fraught with competing concerns can, in fact, collaborate and work together when it is in the interest of both the state and interest groups to do so. This comparative study recognizes the role of both the state and interest groups in the policy making process and argues that they are interlinked and require one another for sustainable reforms. Employing original, in-depth research in three different countries, the study skillfully delves down deep beyond the macro statistics and commonly held images to cast light on some of the significant policy and attitudinal shifts that have occurred in this industry. It demonstrates that even though the struggle continues, it is important to recognize the improvements thus far and to work towards positive change. This book also takes a much larger historical view of the sector, arguing that manipulation of the trading regime has created and continues to create both incentives and disincentives for the various stakeholders involved in this industry.
SANCHITA BANER JEE SAXENA is the executive director of the Institute for South Asia Studies (ISAS) at the University of California at Berkeley and the director of the Chowdhury Center for Bangladesh Studies under the ISAS.

Prior to joining ISAS, Dr. Saxena was the assistant director of Economic Programs at the Asia Foundation, where she coauthored The Phase-Out of the Multi-Fiber Arrangement: Policy Options and Opportunities for Asia. She has also served as a consultant to the Asia Foundation on various economic projects and was a Public Policy Fellow at the Woodrow Wilson International Center for Scholars in Washington D.C. in 2010 and 2014.

Dr. Saxena holds a PhD in political science from UCLA. She has given invited lectures at several universities and institutions, including Georgetown University, Johns Hopkins University, UC Berkeley, the United States International Trade Commission, the Center for Global Development, and the U.S. Bangladesh Advisory Council. Her commentaries have been featured in the New York Times, Economic and Political Weekly, Thompson Reuters, The Daily Star and aired on LinkTV, KQED World, Voice of America, and KPFA.

The garments and textiles sector is one of the oldest export industries and has often served as the “starter” industry for many countries, especially in Asia. To quell the fear of job losses to countries in the Global South, northern countries established the Multi-Fiber Arrangement (MFA) in 1974. This arrangement restricted garment and textile imports to the United States, Canada, and the European Union (EU) by allocating quotas to countries throughout the developing world. The MFA, in place after more than thirty years, was finally phased out in 2005.

Most studies conducted prior to the 2005 quota phase out predicted that once the quotas were lifted, many of the “smaller” countries would drastically lose market share. The prime reason for this pessimism was the notion that the various stakeholders would never be able to work together to make the necessary changes needed for the sector. The subtext was that these groups would be too focused on their own interests and would not want to compromise their intimate relationship with powerful players in the industry. In contrast to the conventional wisdom of that time, many of the “unexpected” countries like Cambodia, Bangladesh, and Sri Lanka not only survived the end of the MFA, but they have made significant improvements which have allowed them to maintain their foothold in the international trading regime.

By analyzing the garment sector through the lens of

<table>
<thead>
<tr>
<th>Country</th>
<th>Exports of garments to the US (in Million US$)</th>
<th>Exports of garments to the EU (in Million US$)</th>
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<tbody>
<tr>
<td>Rate of Change (%)</td>
<td>2005/04</td>
<td>2006/05</td>
</tr>
<tr>
<td>China</td>
<td>56.77</td>
<td>18.19</td>
</tr>
<tr>
<td>India</td>
<td>34.31</td>
<td>6.00</td>
</tr>
<tr>
<td>Pakistan</td>
<td>10.99</td>
<td>12.11</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>21.17</td>
<td>23.85</td>
</tr>
<tr>
<td>Cambodia</td>
<td>20.08</td>
<td>25.17</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>6.46</td>
<td>2.03</td>
</tr>
</tbody>
</table>

Adapted from T. Yamagata, 2007, Prospects for Development of the Garment Industry in Developing Countries: What has happened since the MFA Phase-Out? pp. 9-10
domestic coalitions, Made in Bangladesh, Cambodia, and Sri Lanka presents new and innovative ways of conceptualizing the garment and textiles industries that include the possibility for change and resistance from a vantage point of cooperation among key groups, rather than only contention. The book utilizes the established policy networks framework, which has traditionally only been applied to the United States and European nations, but expertly adapts it to countries in the global South.

Dr. Saxena’s domestic coalitions approach, which can be thought of as a precursor to a full policy network, differs from the policy network approach in crucial ways by highlighting the importance of other actors or facilitators in the network, recognizing that interactions among stakeholders are just as important as interactions between groups and the state, as well as the incentives associated with expanding the existing coalition.

Dr. Saxena has conducted more than a hundred interviews with key informants, several focus groups with eighty-five garment factory workers, as well as quantitative surveys of a hundred garment workers in Bangladesh, Cambodia, and Sri Lanka to establish several important insights about this early stage of domestic coalitions in these countries.

First, the changing role of labor marked by its entrance into the coalition is itself

"THE END OF THE QUOTA SYSTEM, WHICH SIMULTANEOUSLY CREATED OPPORTUNITIES AND HIERARCHIES, SIGNALED A REAL SHIFT AWAY FROM THE STATUS QUO, WHICH HAD BEEN ROOTED IN THE EXPLOITATIVE GLOBAL RELATIONSHIPS THAT CHARACTERIZED THE TEXTILE AND GARMENT SECTOR INTERNATIONALLY AND THAT WERE THEN REINFORCED DOMESTICALLY" (pp. 66-67)
PRAISE FOR THE BOOK

“Sanchita Saxena’s insightful and perceptive book explains how the garment industry in many Asian countries not only weathered the storm predicted when the Multi-Fiber Arrangement was phased out, but in fact exploited the opening to become prominent garment exporters in the world. Her analytic explanation for this success, through the concept of domestic coalitions of the important stakeholders, is creative and persuasive.”

– William Milam, Senior Policy Scholar at the Woodrow Wilson Center and former U.S. Ambassador to Bangladesh

“Sanchita Saxena has a keen mind and a big heart. Her book offers the best of both. It’s a unique guide to the interaction of businesses, bureaucrats, activists, unions, and workers; the way their collisions make policy; and the nature of development. And it’s a challenge, complete with lots of practical ideas, to all of us to do better.”

– Edward Gresser, Executive director of Progressive Economy and former Policy Advisor to the U.S. Trade Representative under the Clinton Administration

“Sanchita Saxena is to be commended on a work which contextualizes the emerging tensions within a highly competitive global economy, particularly as they pertain to the workers within the garments industries of three important exporters, Bangladesh, Cambodia and Sri Lanka. Her work, drawing on some valuable primary research, should be of much value to not just researchers and policymakers but also to the workers of these industries.”

– Rehman Sobhan, Economist and Chairman, Centre for Policy Dialogue, Bangladesh

significant in these countries where the network has been historically shut out to labor groups.

Second, the study demonstrates that various types of channels and mechanisms, both institutionalized and non-institutionalized, are essential to ensure the representation of labor groups and their influence on policy change in the industry. For example, having many unions in each factory is not necessarily the most effective way to represent workers’ concerns. According to a member of the Arbitration Council (a tripartite body comprising representatives of government, private sector, and labor interests set up by the Ministry of Labor) in Cambodia.

Third, the book expertly delinks the concepts of “improved labor conditions” and “worker empowerment,” by arguing that one should not assume that better labor conditions automatically translate into an empowered workforce.

Finally, Dr. Saxena comes to a critical conclusion that change and improvements stemming from top-down programs, though they may be initially effective in improving basic standards, do not help in furthering coalitions with labor groups and

“SURPRISINGLY, 47 PERCENT OF THOSE SURVEYED [IN SRI LANKA] INDICATED THAT SUGGESTION BOXES ARE THE MOST EFFICIENT WAY TO INFLUENCE CHANGES...THIS PERCENTAGE IS MUCH HIGHER THAN THE PERCENTAGE OF WORKERS WHO SAW UNIONS OR EMPLOYEE COUNCILS AS EFFICIENT. SUGGESTION BOXES CONSTITUTE A TOOL THAT NOT ONLY IS PASSIVE BUT ALSO DOES NOT HOLD MANAGERS AND OWNERS DIRECTLY ACCOUNTABLE FOR RESPONDING TO OR ADDRESSING AN ISSUE, EVEN THOUGH WORKERS MAY FEEL THAT THEY ARE BEING PROACTIVE BY SUBMITTING SUGGESTIONS” (p. 124)

Most efficient mechanisms for workers to influence changes in Sri Lanka (% who responded) n = 100

institutionalizing their role in policy making.

This study puts the entire sector into the larger context of international trade policy; effects of decades of import quotas set the context at the beginning of the book while current trade policies impacting the garment sector, are discussed at the end of the book.

The sector and the incentives of those who depend on it cannot be understood without this larger context in which the sector has flourished and ultimately survived, and all of these elements combined are essential to understanding the complexities of the garment and textile industries.

“…IMPROVED LABOR STANDARDS DO NOT NECESSARILY IMPLY THAT THE LABOR FORCE IS EMPOWERED OR THAT THE COALITION HAS BROADENED TO INCLUDE OTHER VOICES. IN FACT, IMPROVED LABOR STANDARDS CAN BE USED AS A JUSTIFICATION FOR KEEPING LABOR OUT OF THE PROCESS…” (p. 136)
The garment sector around the world is an “industry full of contradictions.” This is particularly true for women who, on the one hand have increased opportunities for economic autonomy and improved livelihoods as a result of their employment the industry, but on the other hand, face the brunt of abuse perpetrated by managers and are subject to poor and often dangerous conditions in many of the factories in which they work. The dynamic between the primarily male middle managers and female garment workers often recreates the same patriarchal structure found in many family settings and within the larger society. And factory level labor unions in many parts of Asia, which are commonly thought to be the main method of representing workers’ concerns, are also often male dominated, hierarchical and do not represent the women workers they claim to advocate for. While changes taking place in the industry are slow and incremental, these changes have been initiated and sustained by labor groups, many of them led by women. Garment federations in Bangladesh, made up of not only registered unions, but women’s organizations, NGOs, and development organizations, have women workers not only as members, but in leadership roles.

— From a blog post by Sanchita Saxena for the Woodrow Wilson Center

A GLIMMER OF HOPE: WOMEN LEADING CHANGE IN BANGLADESH'S GARMENT INDUSTRY


— From Made in Bangladesh, Cambodia and Sri Lanka, p. 110

...IMPROVED WORKING CONDITIONS DO NOT NECESSARILY ALWAYS TRANSLATE INTO AN EMPOWERED WORKFORCE, ESPECIALLY ONE WHERE WOMEN WORKERS ARE ABLE TO TAKE THE LEAD. BEFORE WE SUPPORT PROGRAMS AND POLICIES THAT ADVOCATE FOR SIMPLY INCREASING THE NUMBER OF REGISTERED UNIONS AS A WAY TO IMPROVE LABOR RIGHTS, WE MUST LOOK AT THE LARGER CONTEXT AND DETERMINE WHETHER THIS WILL TRULY GIVE WORKERS, ESPECIALLY FEMALE WORKERS, A VOICE. MUCH OF THE CHANGE THAT NEEDS TO TAKE PLACE WILL HAPPEN FROM WITHIN THESE COUNTRIES AND TOP-DOWN PROGRAMS WITH CONDITIONS ATTACHED BY THE GLOBAL NORTH WILL NOT MAKE THESE CHANGES SUSTAINABLE IN THE LONG RUN. WE SHOULD CONTINUE TO SUPPORT THE VARIOUS PRODUCTIVE LABOR MOVEMENTS THAT ARE ALREADY TAKING PLACE AND WORK TO MAKE THEM INFLUENTIAL AND EFFECTIVE PLAYERS IN THE TRANSFORMATION OF THE GARMENT INDUSTRY
April 2014 marked the one-year anniversary of the deadliest garment factory accident in history. 1,129 people died when an eight-story building, Rana Plaza, collapsed in Savar, a sub district of Dhaka. Since the disaster, leading brands in the United States and Europe have signed two historic agreements that were supported by labor groups and various NGOs. These agreements are designed to institutionalize changes in the garment industry by making the brands a part of the solution and holding them accountable for critical improvements.

The disaster also exposed the international community to the complex and nebulous web of subcontracting prevalent in the industry in Bangladesh. The US could take a stronger stance in addressing the root causes of disasters like Rana Plaza, if the administration truly wants to prevent tragedies like this from occurring again. The boom in the sector that occurred as a result of the export quotas that were in place for over 40 years, the incredible pressure that even the most compliant factories face to meet unrealistic deadlines, the sourcing strategy by brands that allow them to turn a blind eye to the complex chain of subcontracting factories with little or no oversight, and the haphazard growth in this sector that has resulted in risky business practices in order to meet demands are all the underlying causes of horrific industrial accidents like Rana Plaza.

Any action that places limits on trade does little to improve labor rights violations, but in the long run, costs jobs and hurts some of the most vulnerable sections of society (i.e. women working in the garment factories). Labor activist and former garment sector worker, Kalpona Akter, has stated “leaving or boycotting is not a solution. If companies leave this country, it will be a social disaster. The garment industry is now the main source of Bangladesh’s foreign currency. It’s the backbone of our economy and our infrastructure. Please tell Walmart and other brands they should respect the workers and pay a proper price, ensure living wages, safe working conditions, respect freedom of association, and do not remove business from our country.”

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The distortions created by the current trade policy are striking. In the United States federal fiscal year that ended in September 2011, Bangladesh exported $5.10 billion in goods to the United States, of which less than 10 percent were eligible for exemption from import duties. On the rest, Bangladesh had to pay at least 15.3 percent in tariffs. The tariffs were equivalent to imposing a $4.61 tax on every person in Bangladesh, a country with a per-capita annual income of $770. This year, according to news accounts, Bangladesh will have paid more than $600 million annually in American tariffs, even as the United States agency for international development said it was committed to $200 million in development aid to Bangladesh.

From a blog post by Sanchita Saxena from www.americastradepolicy.com

American Tariffs, Bangladeshi Deaths: AVOIDING RANA PLAZA-LIKE TRAGEDIES

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From a 2012 New York Times op-ed by Sanchita Saxena
The Subir & Malini Chowdhury Center for Bangladesh Studies, at the Institute for South Asia Studies (ISAS) at UC Berkeley champions the study of Bangladesh’s cultures, peoples and history. The first of its kind in the US, the Center’s mission is to create an innovative model combining research, scholarships, the promotion of art and culture, and the building of ties between institutions in Bangladesh and the University of California.

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• VOA INTERVIEW: www.voanews.com/audio/2430608.html

• A GLIMMER OF HOPE: WOMEN LEADING CHANGE IN BANGLADESH’S GARMENT INDUSTRY
  Guest blog at www.wilsoncenter.org

• GSP AND LABOR RIGHTS IN BANGLADESH
  Guest blog at www.americastradepolicy.com

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