

It's time to talk about the cost of compliance in RMG sector



RMG NOTES

MOSTAFIZ UDDIN

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DOING business has become an increasingly costly endeavour in the global ready-made garment (RMG) industry. Since I started out a couple of decades ago, the

number of regulatory—and costly—hoops one has to jump through has increased dramatically. If a casual observer were to look into the amount of money factory owners spend annually simply for the right to be allowed to operate, they would be in for quite a shock. This is not a complaint, by the way. Compliance is good and, for the most part, necessary—although the amount of money being “creamed off” by middlemen and agents in our sector does frustrate me at times.

Having said that, it is time we started looking more closely into the burden of compliance on the RMG factories. To this end, I greatly appreciated a new study recently done in the United States, where researchers conducted an in-depth survey to establish all of the actions that apparel factories need to take in order to come into compliance with the international labour standards. The study was described as the first step towards determining what such compliance would cost the consumers, and building support for making the needed changes.

It must be noted here that, at present, consumers are barely—if at all—impacted by these compliance costs. If they were, clothes would be much more expensive (and that is

perhaps what we need to start thinking about).

So what did this study find? The study looked at what apparel factories need to do to comply with international labour standards: fair pay, working conditions, fire safety, and so on.

To conduct the study, researchers spoke to 15 professionals with experience in auditing apparel factories to evaluate the extent to which factories comply with international labour standards. They wanted to calculate all of the actions factories would need to perform in order to come into minimum compliance with those important labour standards. They also costed these actions. They found that the number of costs associated with meeting each standard would vary from factory to factory and, of course, this would depend on the work they had already done.

What is interesting here is that future research will assess individual factories to see what the costs would be for each of them. They will then, in turn, calculate what compliance would mean in terms of the cost for each finished item of apparel.

It should be noted that this research only focused on labour standard compliance. There are other costs of compliance for factories to consider these days as well. Many factories now are being asked to undergo environmental audits—this being an area of huge growth. There are also many private industry eco-labels which are increasingly becoming “must-have” as far as buying teams are concerned.

In our industry, if one wants to work with large buyers, there is only one way to do this—comply. That partly explains why we are seeing a move



FILE PHOTO: STAR

Sharing the burden of compliance by all parties in the supply chain, including the end customers, will help our RMG sector to flourish sustainably.

towards consolidation within our industry, with fewer, larger factories. These large factories need economies of scale to pay the cost of compliance.

One thing that is certain in all of this is that the cost of compliance will continue to increase. Keeping that in mind, we need to start thinking about how costs can be passed back down to the consumers. If people want clothing which has been produced in a safe environment, where workers are treated properly, where production adheres to high environmental standards and so on, that is fine. But they can't demand all of that and still expect to pay cheap prices. Let's remember that when the fast fashion model was created a couple of decades ago, these compliance costs

were a fraction of what they are now. We had not, for example, seen the huge overhaul in safety issues in Bangladesh. We had not also seen the growing influence of the International Labour Organization (ILO) standards, which have done a lot to improve the lives of workers in our industry.

The supply chain model has changed remarkably since fast fashion's invention. But prices, sadly, have not kept pace. Price deflation (in real terms, anyway) remains a huge issue in our industry. The cost and burden of compliance keep falling on the factories—hence, it is no surprise that, in some cases, factories cut corners. The auditing model, as we are constantly told, is weak and only represents a

moment in time. Factories put their best foot forward when auditors arrive, but what about when the auditors are not there?

Many of these issues could be addressed, I believe, if compliance costs were shared by all—including the end consumers. The researchers in the study mentioned above suggested that they would soon attempt to estimate a total cost to these compliance issues. This cannot come soon enough, and it will be enlightening to see what figure they come up with. Such figures might open the eyes of people who have little idea of what it takes to run a viable RMG factory in the present day and age.

When we do have this cost figure, perhaps we can start thinking about what we can do with it. In an ideal world, I would like to see all RMG factories put the breakdown of compliance costs in their labels. This would tell consumers what it costs to ensure that the product they are purchasing has been produced in a factory that treats workers fairly and has respect for the environment.

Surely, this is something our industry can start to consider? As well as ensuring a fairer industry where suppliers don't bear all the burden of compliance, it would bring the consumers closer to our industry and give them a better understanding of what it takes to produce sustainable garment products. They might be picking up a T-shirt off the rail with a USD 10 price tag, but there is a story behind that which, at present, they have little awareness of. Perhaps it is time they found out.

Mostafiz Uddin is the managing director of Denim Expert Limited, and the founder and CEO of Bangladesh Apparel Exchange (BAE) and Bangladesh Denim Expo.

From Basket Case to Breadbasket

The story of the Palas, Plassey, Pakistan and Paltan

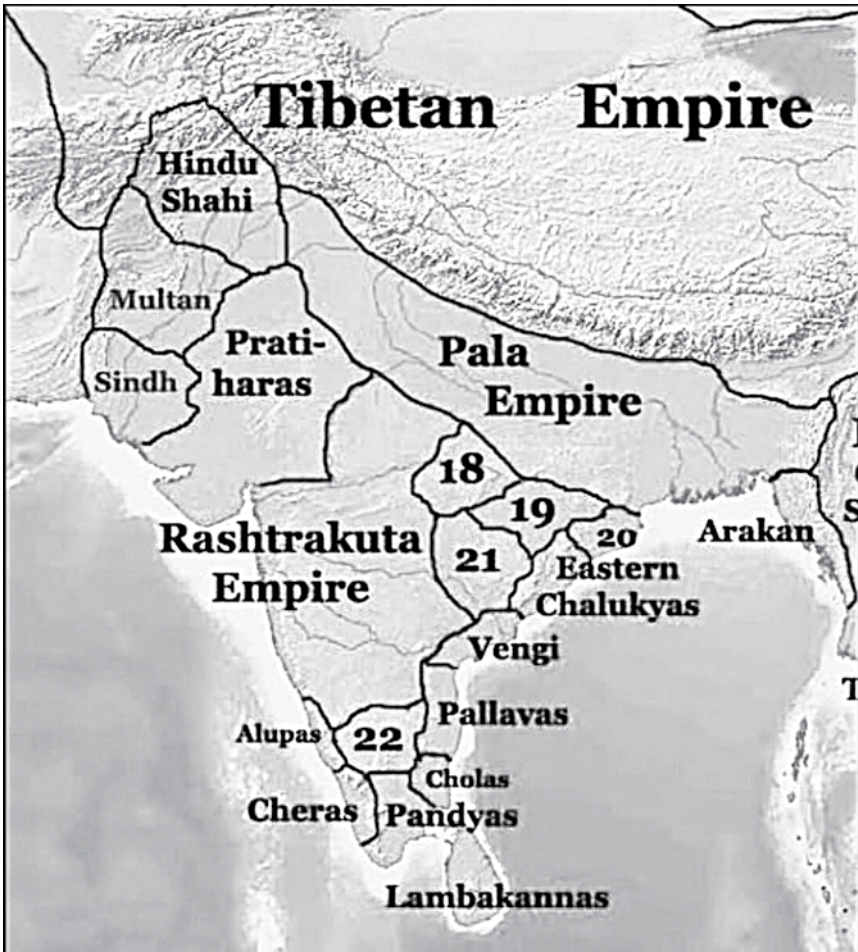
KAZI M HUQUE

MUHAMMAD Bin Qasim entered Sindh in 711AD, thus becoming the first Muslim invader in India. Many of us know the date and celebrate the event. About the same time, one Gopala was elected a king by the tribal chiefs of our region, but few among us know that, and almost none of us celebrate it. Yet, his and his successors' rule saw the golden age of Bengal.

This narrative starts with the first of the Palas, Gopala, elected as the king by the chieftains in the region following a period of turmoil. His capital was Gaur, near present-day Rajshahi, and his kingdom was later to become an empire covering almost the whole of the Gangetic valley. That empire lasted four centuries. They were Buddhists, with messages of tolerance and inclusiveness and, like us, the region's natives.

Their rule was marked by all the hallmarks of enlightened guardianship. They re-established peace and order. The celebrated centre of learning at Nalanda flourished under their rule. They carried Indian/Buddhist culture across the seas to East and Southeast Asia. Atish Dipankar (980-1053), one of the luminaries who lived during this period, had lit up not only India, but he was also celebrated across the whole of East Asia—from Tibet to Korea. He was born in the greater district of Dhaka. His ashes were preserved in China for a thousand years until they returned home when they were presented to Bangladesh in the 1970s. They now remain preserved at the Buddhist temple in Kamalapur.

Fast forwarding almost a thousand years found Bengal as a vassal state of the Mughals, ruled by alien Nawabs. In the narrative of the time of Plassey, history doesn't mention any Bengali of



A rough illustration of how the Indian subcontinent looked like when the Palas ruled much of the northern region, including Bengal.

PHOTO: COLLECTED

eminence! They, somehow, fell off the stage in their own land. It was all about Mir Jafar and Mir Qasim, Siraj ud-Daula and Shuja ud-Daula, Jagat Shet and Nagar Shet, etc. They came from all kinds of places—Marwa, Afghanistan, Persia, Arabia, South India—but none from Bengal. Where were the natives—

the progenies of the Palas, the rulers of that empire, heirs to Atish Dipankar's message of inclusiveness?

Fast forward further, this time around a hundred years, to 1857, when another defining event occurred, the sad consequence of which we were to reap a hundred years later. By then, a

company, housed in an unpretentious, three-storey, five-window-fronted house in London, had conquered India with the armies of the three presidencies of Bombay, Madras and Bengal, among which Bengal was the largest, and whose ranks were filled with sepoys mainly from Bengal/Bihar. The so-called Mutiny, which started in Barrackpore, was sparked by a sepoy of the Bengal Native Regiment and then spread fast westward. The British had to scramble to raise forces to suppress it. They found fertile grounds and willing recruits among people further west in India. The British were, therefore, indebted to them. The empire had been saved. Thereafter arose the moniker “Martial Races” (See the footnote below for more information, taken from Wikipedia). And, as a reward, in less than 10 years, Punjab was transformed by the construction of large irrigation systems—among the largest in the world at that time. Soldiers from Bengal/Bihar, no longer considered loyal enough, found their fortunes ebb in the British Army and were replaced by recruits from the western parts—parts considered more loyal. The result was that at the time of Partition about a century later, the Muslim part of the British Army which fell to the share of Pakistan consisted almost entirely of soldiers from what became West Pakistan. And since, from its very beginning, power in Pakistan flowed out of the barrel of the gun; the fate of Bengalis had been sealed by the events of 1857.

The loot of India by the British morphed into the loot of Bengal by the Pakistanis. The new Kiplings and the Dyers were now brown: the Ayubs, the Yahyas, and the Tikkas—the Martial Races. They had the guns in their hands and the belief that they had God in their corner—a toxic mix, indeed. But, like Gopala a thousand years ago, another

leader was elected who completed the arc of history by his declaration at Paltan. The natives were back.

This year, the natives celebrate 50 years of that return and a hundred years of the birth of the leader, Bangabandhu Sheikh Mujibur Rahman, who made that happen, again with the message of inclusiveness, shared values and prosperity, having transformed the country from a “basket case” to a breadbasket.

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Footnote: According to modern historian Jeffrey Greenhunt on military history, “The Martial Race theory had an elegant symmetry. Indians who were intelligent and educated were defined as cowards, while those defined as brave were uneducated and backward.” According to Amiya Samanta, the Martial Race was chosen from people of mercenary spirit (a soldier who fights for any group or country that will pay them), as these groups lacked nationalism as a trait. British-trained Indian soldiers were among those who had rebelled in 1857 and thereafter, the Bengal Army abandoned or diminished its recruitment of soldiers who came from the catchment area, and enacted a new recruitment policy that favoured the castes whose members had remained loyal to the British Empire.

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QUOTABLE Quote

A. P. J. ABDUL KALAM
(1931 - 2015)
Former Indian president

If four things are followed—having a great aim, acquiring knowledge, hard work, and perseverance—then anything can be achieved.

CROSSWORD BY THOMAS JOSEPH

ACROSS
1 Absorb
6 Scout settlements
11 Past plump
12 “— of Two Cities”
13 Birch’s kin
14 Less common
15 Cassis cocktail
16 Market activity
18 Sense of self
19 Deli meat
20 Finished off
21 Band sample
23 Bit of change
25 Museum focus
27 Summer sign
28 Dog show category
30 Trolley’s kin
33 Batter’s goal

34 Original
36 Nest egg acct.
37 Battle site of 1945
39 Plumber’s vehicle
40 Western evergreen
41 Muralist Rivera
43 Bumbling
44 Slip
45 Tag numbers
46 College VIPs

DOWN
1 Drenched
2 Compel
3 Hall of Fame pitcher
4 Try out
5 Australia city

6 Chewy candy
7 Somewhat
8 Hall of Fame pitcher
9 More than enough
10 Suit material
17 Grammys category
22 Vein makeup
24 Court sight
26 Lease signers
28 Beach outfit
29 Grass coating
31 Region of Spain
32 Upscale homes
33 Pueblo people
35 Crossed the creek
38 “Huh-uh”
42 Wrath

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YESTERDAY'S ANSWERS

S	N	A	G		S	H	A	M	S
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BEEBLE BAILEY

BY MORT WALKER

BABY BLUES

BY KIRKMAN & SCOTT