

Inaugural Address by Hon. Foreign Minister of Bangladesh At the OECD Global Forum on Responsible Business Conduct

Paris, 26 June 2013

Secretary General of OECD, Angel Gurría

Excellencies

Ladies and Gentlemen

I am pleased to be invited to this Forum on global business responsibility and would like to thank Secretary General Gurría for his invitation. At a time when there is considerable international attention and engagement on Bangladesh's RMG sector, we find OECD's focus on Bangladesh at this Global Forum a most timely and laudable initiative.

I would, therefore, wish to seize this opportunity to share our perspectives and a few reflections on responsible business conduct as it pertains to Bangladesh.

For the past one decade, Bangladesh's economy posted a consistent six percent growth. Yet our much deeper story lies with the social progress that Bangladesh attained over the four decades in spite of a series of structural and systemic challenges. Pundits have captured 'Bangladesh story' as a combined outcome of: an abiding commitment to the rule of law, the fundamental rights of our people, and peace, democracy, pluralism and secularism; innovation in social sector; responsive institutions; growing, innovative entrepreneurship; and, above all, the resilience and diligence of our people. Most of these may not have secured Bangladesh required headlines in the wider public domain in the West, but a visitor to Bangladesh would surely experience these firsthand. Our prudent planning and macro-economic management helped us avert many of the apprehended risks at a time of global economic stress that afflicts much of the world, including here in Europe.

Bangladesh is today viewed as a next growth opportunity. It is a recognized manufacturing hub. With strategic geographic location, unfolding connectivity and deepening regional economic integration, Bangladesh may grow as a potential distribution and logistic hub as well. In the recent years, Bangladesh has been the origin of goods of global standards, ranging from shirts through shrimps to ships. We also produce state-of-the-art pharmaceuticals, porcelain and IT products. Global assessments thus categorized Bangladesh as one of the 'NEXT 11' or, a frontier economy. While such optimism beckons us, we are also mindful that there are still many areas that we would need to improve or act upon.

In the present-day Bangladesh, Ready-made Garments industry is a key driver of economic growth. But, beyond the twenty billion dollars the sector earns during this fiscal for Bangladesh, a crucial fact remains that it employs around four million of our women and men. In other words, one quarter of female employment is generated through this sector. An overwhelming majority of them are women from remote villages and have triggered off an unprecedented social mobility in our national context. Compared to three decades back when the industry took off hesitantly, today this industry means **emancipation** to those millions and their dependant families – be that in terms of sending their children to school, supporting their parents with transfer income or increasing their voice and participation within our democratic sphere. Obviously, the opportunity cost is too significant to ignore.

Unlike most other sectors, growth and development of the RMG industry in Bangladesh is not just about cutting and sewing affordable clothes. For us, it has been, and is, primarily **a development story**. As much

as such labour-intensive industry flourished elsewhere in the developing world over time and contributed to overall development of other nations in early phase of industrialization, the same is to happen in Bangladesh. If not anything, Bangladesh's success in attaining some of the MDGs earlier than the targeted deadline is now attributed to such wholesome emancipation and empowerment of women.

Dear friends,

The recent incidents in the industry have, however, brought to the fore some serious issues, gaps and constraints. The loss of lives or, maiming of people has come as rude shock to our entire nation as much as to the world. Even before the tragic incidents, we initiated some steps within the Government's remit – in terms of framing necessary legal or regulatory frameworks and addressing all-round safety concerns. Adoption of a tripartite Joint Declaration in Dhaka on 4th May – among the Government-Employers-Workers – with facilitation of ILO, was a first affirmation of making the crucial changes. End of May, in Brussels, following my meeting with Trade Commissioner Karel Gucht, we adopted a Joint Statement. Over the next one week period, the ongoing session of Bangladesh Parliament is expected to adopt an amended Labour Law – which would kick-start a range of actions. A Wage Board has been formed already - to complete its work by this year. In parallel, we remain actively engaged with the industry to assist them in fulfilling the commitment and obligations related to them.

I must assure you all that, in no way, Bangladesh Government would shrug off its responsibility to create and sustain a decent work environment for our workers in the RMG sector. As most would recognise, the Government of Prime Minister Sheikh Hasina has always and would continue to move beyond rhetoric to bring about far-reaching and meaningful changes in the lives of our workers.

In preparing for the Forum, I have come to know about the work that OECD has been doing on business responsibility. Being at the other end of the spectrum, Bangladesh is encouraged by the *OECD Guidelines for Multinational Enterprises*. Though it is voluntary in nature, we would believe that the Guidelines do stand a good chance to make the needed difference on the ground.

Here, I would like to underline that a least developed and climate vulnerable country like Bangladesh – yet with an evident demographic dividend for years to come, a motivated young and upcoming workforce with inherent resilience, entrepreneurship, adaptability to new knowledge and skills – cannot be ignored by global business. As much as we face challenges to address, we also offer prospects of forging mutually beneficial engagements.

I have never been in business. As a physician-public health professional and a lawyer who has always been in politics actively, I have followed developments in business with keen interest. Business is surely to be driven by its own dynamics and market forces. While many may offer criticism to the operation of a business, we also have to – and we do – recognize the manifold manner business contributes to people's well-being and delivers global public goods.

However, I would like to flag a few of my reflections on what I observe of the conduct of business:

- While we ask of and expect business to be socially, economically or environmentally responsible, how much is a global business entity to be driven by 'values'?
- As it is most often argued: does ethics pay in business, particularly in the short run?
- When there is an opportunity for a multinational enterprise to make inordinate amount of profit, 'where' and 'how' would we draw the line to make sure that 'unjust practices' do not get associated with it?

- In a situation or market where the multinational enterprises wield asymmetric weight to turn markets into a 'buyer takes it all', how could we expect to ensure that sellers also get an equitable share of the pie?
- While 'pricing' remains a core element of a business, would it be wrong to surmise that there is an exploitation going on in the name of non-disclosure of pricing as a strategy at the expense of producers at the bottom or at least the labour they engage?
- As against much of promise for the multinational enterprises to invest in developing countries, how much of such investments are actually contributing to Development?

Much of these questions are drawn out of Bangladesh's engagements in the world of business. In this context, we would be curious to learn of the application or use of the OECD Guidelines by the MNEs from OECD countries; and, also in case of departures noted, how the OECD Governments or OECD had acted. It would be also useful to see how the buyers contribute to development of long-term capacity of the actual producers at the bottom on a longer term basis. Application of the Guidelines to the producers and workers in a rather vast and multi-dimensional setting like RMG industry in Bangladesh would perhaps test the universality of application of the Guidelines.

We are encouraged to see that our industry do recognize that **conformity** to global standards, rules and norms are **must** to *walk-the-talk* in a globalizing world. That has proved to be a hallmark of '*Made in Bangladesh*' – for RMG, shrimp, leather, porcelain, pharma, IT, ships from Bangladesh to Europe and elsewhere. But, in order to exist and prosper in a fair and equitable manner in the global market place, we do call for appreciation of the challenges that our producers face, and consequently urge our development and international business partners to come forward with their support for ensuring the long term development of the sector. We must all work together with a sense of coherence and commitment to ensure that the market and all players therein conduct themselves with a sense of shared responsibility, in full.

I say this not only for the way we have been witnessed contemporary Bangladesh business grow, but also the manner in which we find the next global development architecture – that is, post-2015 Development Agenda – shaping up. In 2000, when the MDGs were adopted, on the crucial MDG 8 on 'partnership', there was a deeper and promising accent on private sector, especially multinational enterprises. In spite of the inherent gaps within the approach, Bangladesh appreciated the idea. We also welcomed the Global Compact that the UN Secretary General launched subsequently. We were also enthused with Monterrey Consensus for Financing for Development – which offered promises of business. While some fruits bore out of that space, by and large the promises out of multinational enterprises remained unfulfilled, substantially. A number of global assessments illustrate that.

Now that the UN Secretary General's High Level Panel on post-2015 underline that business – for that matter, cross-border investments and multinational enterprises – would be a primary source of resources for Development, Bangladesh would be keen to learn of the perspectives of the OECD on this.

Ladies and gentlemen

Later in the day, in a dedicated Panel on the Bangladesh RMG sector, we would reflect on our experience in detail. Thank you once again for allowing me to flag some of our perspective and observations at this stage.

I thank you.
