

Into the Headlines_ Episode 7: The Price of Fast Fashion

Speaker 1: (00.03) On the 24 April 2013, the eight-story Rana Plaza building located just outside Dhaka, the capital of Bangladesh, collapsed. Most of the people in the building at the time were garment workers, employed by the five clothing factories it housed. Over 17 days of search and rescue, one thousand, one hundred and 34 people died, and more than 2,500 – most of whom were women and children – were injured, many left with debilitating injuries that have changed their lives forever. There had been multiple warnings that the building was unsafe but employees were forced to go to work regardless. As the world marks the 10th anniversary of the disaster – we ask, what's changed when it comes to fast fashion and the people who make it? From the University of Aberdeen, I'm Laura Grant, join me as we go Into the Headlines.

Intro music: (00.52)

Speaker 1: (01.05) Episode 7 – The Price of Fast Fashion. I'm joined today by Professor Muhammed Azizul Islam, chair in accountancy at the University's Business School; Professor Pamela Abbott, chair in education and director of the Centre for Global Development; and Fiona Gooch, senior policy advisor at the trade justice charity, Transform Trade. Welcome all.

Speaker 2: (01.27) Thank you for having me.

Speaker 3: (01.28) Hello

Speaker 4: (01.29) Hello

Speaker 1: (01.29) Aziz, some people may not appreciate the role that Bangladesh plays in the global fashion industry. Can you put it into context for us?

Speaker 2: (01.37) The clothing fashion industry in Bangladesh is the largest manufacturing sector and accounts for a substantial portion of the country's exports. The industry employs more than four million workers and more than 12 million workers are somehow dependent on the industry. The industry consists of more than 5,000 garment factories. The industry is a major source of employment in Bangladesh, the workforce is primarily made up of young workers with many being female. Women make up a significant proportion of the workforce, often comprising around 60% of the total workforce. The majority of workers are from rural areas with limited education and employment options and often come from low-income backgrounds. The industry is a crucial contributor to Bangladesh's economy, accounting for more than 80% of the country's total export earnings and about 20% of the country's gross domestic product. It has been a key driver of economic growth for earnings and poverty reduction in the country. The industry exports garments to various countries around the world, with major markets including the United States, European Union markets, European countries, Australia and Canada. Many governments and retailers' source from the Bangladeshi clothing industry, including but not limited to H&M, Marks & Spencer, Walmart, Gap, Primark, Adidas and Nike. The industry has faced several issues related to worker exploitation and poor working conditions, including low wages, long working hours, lack of job security and unsafe working environments. Additionally some workers, especially women, face challenges such as harassment, discrimination and limited access to social protection. During the Covid-19 pandemic time, Covid has had a significant impact on the garment industry causing various challenges and disruptions. Many global brands and retailers cancelled or suspended their orders, that led to a substantial decline in export

orders for Bangladeshi garment factories resulting in reduced production and revenue losses. This led to widespread job losses and income <unknown> security for millions of garment workers. The sector has not taken steps towards a quick recovery during the post-pandemic period amid inflation. Garment exports have increased more than 35% since the start of the pandemic yet wages and employee numbers have stayed the same. Minimum wage in the garment sector is still eight thousand Bangladeshi taka, which is around £65 (GBP) per month, and this has not changed since 2018, despite significant increase of export earnings. Due to inflation and rising prices, trade unions in Bangladesh are demanding that the minimum wage for garment workers be almost tripled to cover the basic cost of living for workers and their family. But so far with no success.

Speaker 1: (05.45) Now you mentioned quite a few brands in there and you also spoke about the scale of the industry. It's a highly competitive sector. Pamela, can you tell me a little bit about the dynamic that exists between the countries competing to be manufacturing hubs and attract foreign investment, the factories within those countries, and the global buyers?

Speaker 3: (06.05) Yes, I think it's important to recognise that this industry has grown since the 1980s and its part of globalisation for manufacturing, or all products – the argument under neoliberalism that all products should be produced where there's the most favourable or the cheapest way of doing it so we now have a global market. And as part of that the West, the Global North, has exported its manufacturing of garments, or particularly popular low-price brands of garments, to countries in the Global South, into developing countries where there's much cheaper markets and that's led to the development of what we call fast fashion. So prior to the 1980s people had one or two new outfits a year. Now young men and women, or even older men and women, expect to be able to buy garments all the time. Sometimes they only wear them once, to one party, and then they are discarded and so that's created this demand for fashion that mirrors what's on the catwalks, so that's part of it, constant new fashion coming on to the market and produced at as low a price as possible. So the markets in the Global South, not just Bangladesh but China, Cambodia and now Vietnam which is competing very aggressively to attract buyers for ready made garments and has already overtaken Bangladesh to become the second largest supplier, but also new growing markets, particularly in East Africa, Rwanda just recently opened I think its first ready-made garment factory in what's called it's Free Zone Park, that's a park where things are just produced for export so that the companies producing don't have to pay local taxes; and Kenya and Ethiopia have growing markets so all the manufacturers in the Global South, particularly at the lower end which is where Bangladesh produces for, are competing for the placement of orders. So you don't have a factory that produces for you but the brands place each order separately. That doesn't mean they might not keep using the same factory but there's no security, there's no knowing 'I've got a contract to produce shirts for Marks & Spencer for five years' or anything like that, it's for one time. So the factories are in a very disadvantaged position because they are competing for the orders, so the buyers in the North have a range of markets that they can purchase goods from, so the prices keep getting driven down in real terms. So Aziz alluded to the failure to increase wages and our research also found that manufacturers weren't always prepared to increase the price they were prepared to pay when costs went up, so that means that workers often are the ones that bear the brunt of this so that keeps their wages low but the manufacturers also have little option but to accept the prices that they are offered, so the consequence is we have this huge market in readymade fashion to meet the demands that have been created for this type of garment and what's become customary of wearing something new to almost any event.

Speaker 1: (10.12) The Rana Plaza disaster really thrust the subject of ethical fashion into the spotlight and there was international outcry about workers safety in the immediate aftermath of it but Aziz, how much has really changed for workers in the 10 years since it happened?

Speaker 2: (10.27) The world is observing the 10th anniversary of the Rana Plaza disaster, the deadliest industry disaster in the history of globalisation. The tragedy could be avoided and workers lives could be saved if factory owners and managers did not force reluctant workers entering into the building, already shown cracked outside during the start of the morning shift. The disaster brought to light the dangerous working conditions, low wages, exploitations and slavery faced by many workers in the global fast fashion industry. In my own research, I have been doing research over the past 18 years, so I have been investigating corporate accountability in relation to the lives of those working in garment factories for global fashion retailers. What I've found is despite all the social audits or factory audits suggested by global retailers or sometimes directly used by global retailers, social responsibility disclosers and their moral narratives in their course of conduct, workers economic and human rights have not improved, while companies' revenues get bigger and factory owners get rich. In my prior research with colleagues we took a close look at the roles social audits or factory audits played before and after the Rana Plaza collapse. During this disaster social audits had been carried out but failed to save workers from the factory collapse though the retailers sourcing from garment factories at Rana Plaza had social audit mechanisms in place these did not protect the workers from factory owners who forced them to work in an unsafe building. Our research has found that global retailers and their suppliers often use social audits and other social responsibility disclosures as symbolic and ritual strategies that help maintain inequalities and exploitations rather than protecting the welfare of the workers. In fact, workers conditions have not changed over the past decade since the Rana Plaza disaster.

Speaker 1: (13.04) There was further research that came out in January of this year that showed the scale of the impact that the behaviour of the fashion brands has in this. Can you tell me a little bit about that?

Speaker 2: (13.14) Yes, I think this is a great question, so I would say indeed the situation was intensified by Covid-19. We conducted qualitative research with interviews with workers, trade union members, civil society members, development agencies and even bodies based in Bangladesh during the Covid-19 pandemic to explore the conditions of women workers. We found the pandemic has led to job losses and increased people's financial burdens. This made it harder for women workers to support themselves and their families. There was an increase in forced labour and violence against women in the factory. While exploitations of workers were present even up to the Rana Plaza collapse, the pandemic has just intensified the exploitations.

Speaker 3: (14.12) Aziz's talked very well about the lack of progress but in the same way as the factories are dependent on the purchasers from the Global North, Bangladesh as a country is dependent on the exports of the manufacturing for its growth, its economic growth, for improving the lives of people living in Bangladesh more quickly and beyond that being the driver of economic growth it needs the income it gets from exporting, and remember its 80% of its exports are the ready-made garment industry, to purchase imports because the Bangladesh currency is not a convertible currency. So this means that it's very difficult for the Bangladesh government to enforce its legislation, to make demands, because this is potentially going to drive the buyers away, and this is why there's a need for governments in the Global North to try and regulate the industry.

Speaker 1: (15.21) It does seem that there's not much choice for people, there's not much choice for the workers, there's not much choice for the factories; and there's not much work for the Bangladesh government. Have there been any positive steps taken to change things for the better since your research was carried out?

Speaker 3: (15.39) Some factories have improved their infrastructure and their, what we call health and safety, but that has had little if any impact on the health, welfare of lives more generally of the workers in the factories.

Speaker 1: (15.58) Fiona - Why does the government allow products subsidised by this form of modern-day slavery or poor working conditions to be available for us as consumers to buy?

Speaker 4: (16.08) Well the answer is I'm not quite sure. I think that when the nature of the conversation is characterised by an expectation that consumers should be able to understand which shops to go shopping in, actually that's not fair because our research that we conducted and was reported on together, shows that most of the High Street brands are named for having done unfair purchasing practices so it's not like it's obvious which shop is better than other, that doesn't exist. And it's also very clear that the ways of evaluating whether or not working conditions are better or worse for workers or the environmental impact of the clothes that we buy, you would need multiple PhDs to make those comparisons and essentially it isn't fair on us as consumers that the government puts us in that position. The government is completely aware that in some countries they are struggling to enforce their laws, that may be to do with resourcing, that may be to do with conflicts of interests, and essentially the government is allowing our brands and retailers who serve us on the UK High Street and us as consumers to present us with clothes made by exploitation. It knows that and it is choosing to allow that kind of business model to continue rather than actually follow through with its commitments to the sustainable development goals, with its commitment to stopping modern day slavery. In practice it isn't actually ensuring that the products that we get to choose to buy aren't made in those conditions and that is why we are pushing for a fashion watchdog.

Speaker 1: (18.02) Do you think the impact on workers it's something that people give enough consideration to when they are shopping on the High Street on a Saturday afternoon?

Speaker 4: (18.09) I think some do and are very concerned and then there are others who don't because understandably we all have other worries that are foremost in our minds and so that is not something that consumers are aware of. I think the other thing that I wanted to talk about since our joint report came out is that one of the valuable things that that joint report has done is it has stopped the narrative all being about 'oh that problem is over there', 'it's in that other country', 'they don't seem to be able to regulate their industry' and that is the narrative that the brands and the retailers like to tell us. Whereas obviously what our report shows is it's really clear that the actions of the brands and the retailers themselves, their own staff, make decisions that really, really make it difficult for a manufacturing business to organise production, deliver better working conditions and pay decent wages. You know, how these brands can actually stand by their CSR policies when it's really clear that they cancelled orders, that means that people are not going to be paid for work that's already done in their name. Or forcing the manufacturers to accept discounts. Well, a discount means being paid less than the price you previously agreed when you decided you were going to make the product for the retailer. You know, so there's a real inconsistency within how the brands themselves operate and they sort of speak slightly with a forked tongue with the buying department doing one activity and the branding and the CSR people

trying to tell a more positive narrative that isn't being supported by the purchasing department. So that's where there's been a positive change is that actually more people are very much aware that the purchasing practices of these brands and retailers is highly problematic and also one of the other things that the report brought out is that even though the consequences of these purchasing practices had such catastrophic impacts on the manufacturers, not a single one of these companies chose to take their retail or brand customer to court, and that tells us that the nature of that dynamic is perhaps characterised by fear, there is a huge power imbalance and so although in some cases these practices are unlawful, they continue, and that means that the UK government must think again about how it chooses to regulate or enforce.

Speaker 3: (20.56) This is not a Bangladesh problem, it's a global problem and the suppliers in other countries that we've named experience exactly the same problems. Bangladesh is, if you like, a case study of the problematic nature of this industry globally. When I went into a local shopping centre, after I'd done this work, and it was after Covid-19, I was amazed that all the shops selling clothes that I could see, apart from one, had been named in our research, so that shows the problem for the consumer, where do you go?

Speaker 1: (21.40) Well that's it, isn't it, there's lots of different issues wrapped up in this. Fiona, you mentioned that Transform Trade has been pushing for the creation of a fashion watchdog – can you tell me how that would operate and what tangible difference it would make?

Speaker 4: (21.51) So we've been pushing for a fashion watchdog because we recognise that unless we deal with the problematic purchasing practices which essentially disable improvements, we will never create an environment in which we can have better working conditions, we will never create an environment in which it's possible for some of the environmental improvements to happen, and so we need to fix the problems caused by the brands and retailers in the UK, we've got to fix them in the UK, and it was recognised that when the food retailers, the supermarkets, where applying similar very problematic practices that these needed to stop because otherwise it would cause long-term consumer detriment and the regulator set up in the food sector called the Groceries Code Adjudicator has worked spectacularly well. So in 2017 the suppliers responding to their annual survey said that 79% of them had experienced breach of the statutory fair purchasing code and by 2021 that had dropped to 29%. So 79% to 29%, significant improvement. In relation to exactly the same types of problems we are witnessing in the fashion sector. So that is why we are making a proposal for a fashion watchdog to stop the systematic dumping of risks and excessive costs, completely disproportionate risks, onto manufacturers and we believe that a sister watchdog to the supermarket watchdog would make a significant improvement in stopping these bad practices. What this research also showed is that payment practices are not the only problem. So the government is currently consulting on prompt payment and how to enforce prompt payment in the UK and the expectation is that businesses would pay within 60 days but what our research shows is that it is really widespread, that the brands are paying much later than 60 days and even then our research shows that they were delaying payment by 90 days, so this is just one type of problematic purchasing practice, obviously it is a really big one but what we need to say to the government and we are saying to the government is payment terms are only one problem. You must also look at cancellations, you must also look at discounts, it is this broader set of problems that results in the supplier, who ultimately becomes the manufacturer employing workers, not getting the money that they expected, when they expected it to, and those two crucial components are normally what you get out of an agreement. We all know that for businesses to work well, to be able to offer good quality jobs and improve their environmental impact, they need to be able to

plan. And at the most basic level that is not possible for most of the manufacturers all around the world selling into the shops which ultimately sell on to us as UK consumers. So that's why we want a fashion watchdog.

Speaker 1: (25.16) What can we as consumers do to support that?

Speaker 4: (25.19) To any listeners of your programme, we would really welcome them writing to their MP and asking their MP to indicate on our website that they would be in support of setting up a fashion watchdog. And our experience from setting up the Groceries Code Adjudicator in the supermarket sector is that it hasn't changed the experience for us, as consumers. And that's really important. We still get the same choice and availability, but the practices behind the scenes that we are not aware of have significantly improved towards the food suppliers.

Speaker 2: (25.54) I think that Fiona has explained the need for a fashion watchdog very well. And as you know our last report released in January 2023 reinforced the need for a fashion watchdog. We surveyed 1,000 factories in December 2021, it is one of the biggest surveys our team has ever conducted and we found that 51% of factories reported experiencing at least one of four unfair practices as Fiona mentioned - cancellation of order, price reduction, refusal to pay for goods dispatched or in production; and delayed payment of invoices, So I think it has impacted negatively on the suppliers particularly. They are struggling to pay minimum wages, so 20% of brand/retailers are reported to be purchasing from factories that struggle to pay minimum wages and obviously these sorts of unfair practices impacted on forced labour. So that's why it is important for us to highlight the importance of the fashion watchdog, the recommendation we put forward in collaborative research with Transform Trade and the University of Aberdeen.

Speaker 1: (27.22) And I'm afraid our time has come to an end. If you'd like to know more about the High Street brands that were named in the report, you'll find a link to the research in the show notes for this podcast. Thank you everyone for joining me today and sharing your thoughts.

Speaker 3: (27.35) Thanks

Speaker 2: (27.36) Thank you Laura

Speaker 4: (27.38) Thank Laura

Speaker 1: (27.39) And thanks to you for listening. I'll be back soon with another dip into the headlines from the University of Aberdeen but if you just can't wait, you know what to do by now. Visit abdn.ac.uk/news to catch up on all the latest announcements.

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