

**Proceedings of the SubRegional Workshop on
Promoting Social Dialogue and Freedom of
Association in EPZs in South Asia**

31 October - 2 November 2001

INTRODUCTION

Export Processing Zones (EPZs) have become one of the major features of labour markets in South Asia and the Governments of Bangladesh, India, Pakistan and Sri Lanka are in the process of increasing the number of EPZs in their respective countries. Today, a total of 850,000 workers are currently employed in the EPZs of these countries. Foreign investments have become a crucial component in investments within these zones and South Asian governments are increasingly competing with each other in offering generous incentives and privileges to attract investments and entrepreneurs. These countries are hoping that EPZs will contribute to the overall economic development and employment generation. However, in recent years, some South Asian countries have been encountering serious social and labour problems, particularly in situations where investors have been allowed to deviate from basic labour standards. In Bangladesh, for example, there have been strikes over wages and working conditions in the zones. Given the widespread lack of adequate industrial relations institutions and the use of social dialogue in resolving differences between management and labour, these social and labour issues can become matters of major concern.

The Government of Bangladesh passed the Bangladesh Export Processing Zones Authority Act of 1980 and this Act exempts the main Industrial Relations Ordinance and the Employment of Labour Act and the Factories Act from being enforced in the EPZs. However, in recent years the US Government and the government of Bangladesh have reached an understanding to extend the existing labour laws and promote workers rights within the zones by January 2004. The Bangladesh government, in response to this, is also trying to establish Labour Welfare Committees in the EPZs as a first step towards extending all the labour laws including freedom of association to the EPZs

In India, although in theory, all labour laws apply to the EPZs, trade unions have pointed out that the public utility status given to the enterprises in the zones provides some restrictions on collective bargaining. On the other hand, trade unions have expressed

concern that the government is planning to provide greater flexibility to the EPZs in dealing with issues such as dispute settlement, the use of contract labour and the use of a separate EPZ management to take care of labour relations in the EPZs.

In Sri Lanka, although laws apply to the EPZs, trade unions have not been successful in organising workers in the EPZs. The Board of Investment (BOI) has set up workers= councils in EPZs. However, trade unions are very skeptical about the ability of the workers= council in the area of collective bargaining and defending workers= rights. In recent months, a number of trade unions have sought recognition from the Ministry of Labour in respect of enterprises in the EPZs.

Like Bangladesh, the labour laws in Pakistan exclude workers in Export Processing Zones from the relevant provisions of the Industrial Relations Ordinance. Trade Unions in Pakistan have pointed out anti-union acts on the part of employers in EPZs including harassment, blacklisting and dismissals. The reasons for these developments are the perceived need for greater control in determining workplace terms and conditions which are geared to production and competitiveness. Social dialogue plays a pivotal role in identifying the important labour and social issues of the ILO=s constituents. Most importantly, the ILO=s fundamental principles and rights at work, and particularly the right to associate and to bargain collectively, are the preconditions for social dialogue.

In such a situation, the Philippines provides an excellent example of establishing a stable system of labour-management relations. When investment and jobs began to dry up in the EPZs due to widespread strikes by unions, the Department of Trade and Industry was quick to set up the Centre for Labour Relations Assistant (DTI-CLARA). This promoted the concept of labour-management councils (LMCs) in enterprises located in EPZs.

The measure taken by the Dominican Republic to set up a specialised unit in the Labour Inspectorate to protect freedom of association in the zones is another positive example for improving labour relations and effective implementation of collective agreements. The decisions by Namibia and Zimbabwe to repeal legislative provisions that restricted freedom of association in EPZs have also sent a positive signal.

The South Asia Multidisciplinary Advisory Team (SAAT) organised a Sub-Regional Meeting in Chennai from 31 October - 2 November 2001 in close collaboration with the ILO Area Offices in the sub-region. The ILO Regional Office for Asia and the

Pacific, Bangkok (ROAP) and the relevant ILO HQ Technical units (Social Dialogue and Declaration). The meeting focussed on the practical measures that could be taken to promote freedom of association and social dialogue in the EPZs in South Asia which would promote economic growth and sound industrial relations. The inaugural session was well attended. A total of 20 participants and 9 resource persons participated in the sub-regional meeting.

Inaugural Session

Mr.A.Sivananthiran, Senior Specialist on Industrial Relations, ILO-South Asia Multidisciplinary Advisory Team, New Delhi, the coordinator of this Sub-Regional workshop delivered the welcome speech and gave an introduction to the theme of the workshop. He observed that the main objective of the meeting was to look at the practical measures that can be taken to promote Freedom of Association and Social Dialogue in EPZs in South Asia which will lead to economic growth and sound industrial relations in the region. Some 850,000 workers, mostly women are employed in the EPZs in South Asia. However, some of the South Asian countries are encountering serious social and labour problems particularly in situations where investors are allowed to depart from basic standards. In Pakistan and Bangladesh, the labour and industrial legislation excludes workers in EPZs although both the countries had ratified the important ILO conventions on Freedom of Association and Collective Bargaining. In India and Sri Lanka although the statutes are in place, their enforcement is weak and compliance poor. With the phasing out of MFA in 2005 and with the prospect of withdrawal of Generalised System of Preferences (GSP), the scenario could pose problems to Bangladesh and Sri Lanka. Also, due to NAFTA and with the advent of FTAA, zones which are proximate to the market are in an advantageous position compared to the ones in South Asian countries.

Mr.Sivananthiran emphasised that human rights and workers' rights are essential for human development; whereas there is evidence to show that firms are more likely to invest in countries that have some form of labour protection, there is no evidence to show that by suppressing freedom of association and collective bargaining, labour cost would come down or that with lower standards, there would be better export performance. What is important is not cheap labour but lower unit costs of production. He cited the success examples of Philippines, Dominican Republic, Honduras, Zimbabwe, Singapore and Malaysia in establishing stable labour-management relations - Labour Management

Councils in Philippines, the tripartite accord to harmonise labour relations in free zones in the Dominican Republic, the establishment of the Bipartite Commission by Labour Confederations and Maquilar Association in Honduras and putting in place a proper system of labour management relations and provision of labour relations service in Zimbabwe. Singapore and Malaysia, where not only all labour laws apply in the EPZs but also the trade unions are allowed to organise workers, figure in the top ten countries that receive Foreign Direct Investment in Asia.

Mr.Sivananthiran invited the participants to focus on strategies to promote freedom of association and social dialogue for better human development in EPZs and address questions regarding (i) the existing mechanisms to protect working conditions in EPZs, (ii) steps to be taken in EPZs to promote social dialogue and freedom of Association, (iii) the appropriate tripartite and bipartite mechanisms to promote social dialogue, (iv) the role that workers' and employers' organisations can play in the formulation of the relevant strategies and (v) the manner in which the Ministry of Labour and EPZ authorities can coordinate their efforts for better labour standards and in enhancing productivity. He noted that consensus in the meeting on these issues would be the first step in the process of promotion of social dialogue.

Ms.Anne Trebilcock, Director, Reports and Research, ILO InFocus Programme on Promoting the Declaration, ILO, Geneva joined with Mr.Sivananthiran in extending on behalf of the Director General of the ILO a warm welcome to all the participants and resource persons. Referring to the backdrop of unfavourable economic climate, shrinking world trade and foreign direct investment, she observed that these trends pose serious challenges to achieving decent work in the subregion and that employment in EPZs is likely to decline, producing a disproportionate impact on women workers in particular. Yet these challenges also afford fresh opportunities to draw on the strengths of dynamic tripartism. In this connection, she pointed out to the experience during 1997 Asian financial crisis which showed how the absence of strong social dialogue can leave societies ill-equipped to absorb such shocks. She reminded the participants of the workshop of the broad endorsements by the world community of the ILO Declaration on Fundamental Principles and Rights at work, and about the key role that freedom of association and collective bargaining, along with the elimination of forced labour, child labour and discrimination, play in supporting sound and sustainable strategies for development. The declaration was borne out of the concerns that the fruits of globalisation should be shared more equitably. She also requested the participants to spread in their home countries the

three essential messages of the Declaration i.e. all ILO Member States must promote, respect and realise fundamental principles and rights at work; the ILO must assist them in doing so and urge others to do the same; neither the Declaration nor its Follow-up are to be used for protectionist trade purpose or to call into question the comparative advantage of any country. These messages are buttressed by endorsements across the development community which perceives low labour standards as being likely to erode competitive advantages rather than sustaining them. Through technical cooperation, donor governments have been forthcoming to support countries' efforts to improve the situation in relation to fundamental principles and rights at work. She hoped that the meeting would provide a chance to deepen understanding of how the universal notions in the Declaration foster development and also afford an opportunity for a healthy fusion of universal with local conditions in putting into practice the fundamental principles and rights at work. She recalled that at the Thirteenth ILO Asian Regional meeting in Bangkok recently, the delegates urged all member States in the region "to define, through a tripartite process, a national plan of action for decent work' and to bring their legislation into conformity with the principles of the Fundamental ILO Conventions. She concluded on the optimistic note that the Workshop afforded a chance to move closer to that goal in relation to freedom of association and collective bargaining.

The representative of employers referred to the evolution of the competitive environments of the EPZs and a global shift from the conventional paradigm of competitiveness based on cheap labour to a growing awareness and emphasis on factors such as productivity, flexibility and quality. It was also mentioned that while industrial relations, social dialogue and other aspects of the human factor play a prominent role in the modern concept of EPZs, practical issues have arisen as to whether the existing legal and other provisions do in effect protect and ensure the promotion of social dialogue and freedom of speech. Though the concept of the workers' councils and employees' councils has been put in place in the zone of some countries and has been adopted as a principal mechanism for protecting working conditions, the adequacy and effectiveness of such councils leave much for debate. It was also stressed that the employer must balance the need to achieve better working norms, higher productivity and an amicable atmosphere in the workplace with a view to addressing employee concerns, and employees must be assured that minimum labour standards prescribed are met or exceeded. The importance of political stability was underlined.

The Workers' representative contended that EPZs proved to be sweat shops. Referring to Bangladesh, he observed that despite incentives, multilateral investment goes

by productivity. Even child labour, through contracts and subcontracts is found in EPZs. It is a case of higher profits for a few and low standards when it came to labour.

Labour Secretary, Tamilnadu mentioned that due to globalisation, employment in industries in India and Tamilnadu was affected. Stringent labour laws cannot attract foreign investment. Trade unions cannot penetrate rural and informal sectors. Further there are numerous labour laws but implementation is tardy. He observed that the army of jobless is due to industrial sickness and closure, which is due to inefficiency in management. In the state of Tamilnadu, not a single industry is closed because of labour problem. It is industry which goes sick and not the industrialist. Workers are cooperative. It is the promoter who delays strategy to remedy the situation; but there is no legislation which covers promoters. In the functioning of EPZs, there is an interaction of cultures of three different entities - the culture of the country of the investor/promoter, the culture of the country where EPZ is located and the culture of the country where exports reach. For the success of EPZs, good governance, transparency, trust, labour standards and social dialogue are necessary. He concluded by stressing that EPZs should promote formal sector employment to women.

Labour Commissioner, Tamilnadu proposed vote of thanks.

Technical Session 1

Freedom of Association and Export Processing Zones

Mr.Md Ataur Rahman, Joint Director of Labour, Ministry of Labour and Employment, Government of the People's Republic of Bangladesh chaired the Session.

Mr. Coen Kompier, Specialist on Labour Standards SAAT-ILO, New Delhi made the presentation on Export Processing Zones and Freedom of Association. He outlined the work pattern in the ILO supervisory bodies. There is a Tripartite Committee on Freedom of Association and complaints can be filed with this committee. This Committee is one of the most important procedures of the ILO and it has been recognised to be particularly effective in cases of blatant violation of freedom of association. Conventions are hard instruments of law. When Conventions are violated, ILO can only give such instances publicity through its Report; it does not have any other instrument to deal with violations. There is development of Tripartite plus approach; consumer groups are also concerned

about working conditions and labour relations. Labour standards adopted by the ILO are the result of Tripartite consultation. ILO has adopted the innovative concept of Decent Work. Decent work deficits have direct importance to the EPZs as they can reduce such deficits through formal employment creation. However EPZs in South Asia region have a poor record, in issues of freedom of association and collective bargaining. The Global Report on freedom of association, "Your voice at Work" has highlighted the phenomenon of representational gap' because workers and employers had not organised themselves; EPZ workers are one such category.

The Committee of Experts has clarified that Convention 87 on Freedom of Association and Convention 98 on Collective Bargaining are applicable to all categories of workers, while the ILO Tripartite Declaration of Principles concerning Multinational Enterprises stipulates special incentives to attract foreign investment should not include any limitation of the workers' freedom to associate, or their right to organise and bargain collectively. The right to strike flows from the right to collective bargaining. He observed that the practice of EPZ operating countries to declare the EPZs as essential services on the justification that this was needed to attract foreign investment, was not in conformity with the stringent definition of essential services by the supervisory bodies of the ILO. Also, the ratification of Convention 81 confers on Labour inspectors the right to enter zone premises for inspection. Mr.Kompier emphasised the observations of the Committee of Experts on the special problems of women who constitute the majority of workers. The Committee have referred to the application of the ILO discrimination conventions and noted that special measures should be taken to enable women to climb the ranks of trade union and management leadership. He pointed out that countries including South Asian countries continue to rely on cheap labour for attracting investors but this will only get lowest quality of investor who cannot stand global competition. On the other hand, zones which can offer high quality human resources, training facilities and labour relations services such as conciliation and mediation are more likely to attract and retain investors of world standard. One of the methods to improve the quality of labour in EPZs is development of partnerships between the representatives chosen by the workers and management. The Global Report notes that collective bargaining can facilitate cooperation and trust enabling workers to make a meaningful contribution. Problem-solving entails willing partners, sharing of information, creation of channels for collective representation, proper consultation and dialogue.

Mr. Rahman mentioned that although labour laws are not applicable in EPZs in Bangladesh, labour standards, in practice, in EPZs are not less than those in other

industries. Bangladesh has given commitment to the US that labour laws would be made applicable to EPZs by 2002. He suggested that ILO could give assistance to keep up labour standards. Despite deregulation of labour laws, social dialogue is made possible through Workers' Welfare councils.

In the general discussion that followed, comments were made by participants based on country experiences. Nonapplication of ILO conventions in EPZs is a serious issue as there cannot be two laws in the country; Pakistan is taking care of this problem through new employment rules being drafted. The question of capability of trade union movement to deal with EPZs was pointed out. It was observed that unions are often politicised and used as a political forum. When there are multiplicity of unions, it was difficult for the employers to decide as to which union they should deal with. It was felt that restrictions on trade unions do not reduce tensions. A question was also raised about working conditions and labour standards applied in developed countries. Developing countries are used as destination dumping ground for hazardous industries, for instance, the subsidiary of the American company, at Bhopal, India. Some participants remarked about how labour standards are getting linked with trade. Timing of social clause matches with what is happening in the WTO. In the context of globalisation, while there was internationalisation of capital, the internationalisation of labour was not taken into account. It was expressed that there was a gender vacuum in policy in respect of women workers in EPZs. Given the low trade union density in South Asia and India, there is need for strengthening the institutions for conflict resolution. NGOs should extend their helping hand in counselling trade unions and employers. Encouraging EPZ for cheap labour should be dispensed with; the ILO can help coordinate in this task. The focus of host governments should be on cutting down on costs in EPZs. A study of Madras Export Processing zone has shown that rights and responsibilities should go hand in hand. The rationale for declaring EPZs as Essential Services cannot be justified. Regarding ILO convention, although there were many complaints of violation, none of them pertained to EPZs. All the same, ILO does not have an instrument to enforce the convention; only moral persuasion could be deployed.

Mr. Kompier remarked that social development was difficult and time-consuming. Politicisation of Trade unions in Bangladesh is similar to the Soviet Union era. In 1952, ILO had a Resolution that Trade Union should preserve its freedom so as to be able to carry forward social and economic progress despite political changes. ILO's main concern is not whether US or EU interests are served through globalisation. There may be a race to the bottom which is undermining workers' rights. The concern is to secure respect for

workers' rights. ILO is designing courses for middle level managers and giving incentives to factories for maintaining labour standards.

Technical Session II

Strengthening Social Dialogue and Labour Standards in India

The session was chaired by Professor Nagaraj, Madras Institute of Development Studies, Chennai.

There were three speakers who presented their papers in this session. Ms. Padmini Swaminathan's was a critique of ILO's social dialogue position, because an attempt to associate and bargain collectively is futile when labour does not even have the minimum recognition as a 'worker'. The units of production in EPZs are all registered and still, a significant proportion of labour in these units are informally employed and have no formal status of 'worker' to participate in the process of social dialogue. The nature of employment in the formal sector has changed with a shift in nonwage employment - comprising a large proportion of home-based workers (outsourcing) and payment of differential wages for women. She also narrated experiences of several women workers of severe stress in combining hard work both at the homesite and at the worksite. In the MEPZ, the production unit denies worker status to women labour having been informally employed; consequently, women work under abysmal conditions. Ritu Dewan's paper detailed the abysmal conditions of work specially for female workers in fish processing EOU units. The most pitiable aspect was that these workers were given only nonpotable, salty water to drink while potable water was used according to EU standards for washing the floor where fish processing is carried out. The performance of Santacruz Electronic Export Processing Zone (SEEPZ) was also presented.

Ms. Indrani Majumdar, Centre for Women and Development Studies, Ghaziabad, Uttar Pradesh, India, observed that industrial conflict is a part of industrial relations. Restrictions on trade unions do not contribute to reduction of tension. On trade standards, it was noted that trade was in fact getting linked to labour standards. There was concern at the workshop about the impact of globalisation on industry and the workers. She noted that the Kandla zone which was the oldest was afflicted with sickness while the SEEPZ was economically better. A report of the Parliamentary Committee (Public Accounts

Committee) has found EPZs as economically nonviable. By conferring public utility status on EPZ, application of labour laws to protect workers' rights has become difficult. There are violations of wage payments and hours of work; zone administration could at least provide amenities like cresches to women workers. It was felt that Development Commissioners are not fully aware of the problems of workers as Labour Commissioners are; hence, giving administrative charge of EPZs to Development Commissioners would not be appropriate.

Summing up, Prof.Nagaraj, observed that social dialogue does not take place in a social vacuum but in a situation subsisting with all inequalities. In the process of globalisation, linking trade with labour standards is not necessary; in fact unhealthy competitive trade itself leads to poorer and poorer labour standards. Globalisation creates high degree of instability in the economy, specially for small sector units. Patriarchal power relations impact working and living conditions of labour. Poverty is equivalent to poor quality of employment.

Panel Discussion

Key Issues in Promoting Freedom of Association and Social Dialogue in EPZs in South Asia.

The Session was chaired by Mr.Rajen Mehrotra, Senior Specialist on Employers Activities , ILO-SAAT.

Mr.W.D.Sarath Senaratne, Member of the Working Committee, Jathika Sevaka Sangamaya, Sri Lanka and Mr.Syed Nasim Manzur, Member, Committee of Bangladesh Employers' Federation, Bangladesh made their presentations respectively as Representative of Workers and of Employers; Mr.V.Venkatachalam, Development Commissioner, Madras Export Processing Zone, Ministry of Commerce, India spoke as Representative of Government.

Mr.Senarathne observed that the Industrial Disputes (Amendment) Act, 1999 which accommodates the principles enshrined in conventions No.87 and 98 of ILO was unanimously adopted by all political parties in Sri Lanka. Despite this, the provisions of this Act are not applied in EPZs and in industrial zones under the purview of the Board of Investment (BOI). In fact, the moment the workers inform their employers that 40 percent or more of them have organised, the workers are victimized and the Labour Department

has not come forward to enforce the amendment. Given that the statutes recognise only the Labour Department to administratively deal with matters relating to industrial relations, this authority cannot be delegated either to the BOI or any other body. Mr.Senaratne contended that the application of the amendment should not be differential, based on the territory of employment of a worker ie. whether it is a FTZ, or a BOI Industrial Park or a BOI enterprise. The UN too has taken interest in these democratic norms of right to freedom of association and the right to bargain collectively and has operationally defined and introduced the concept of a "sustainable workplace. A worksite which fulfills the following can be considered as a "Sustainable workplace"

- \$ Ensures the participation of workers and their trade unions, including the recognition of Freedom of Association and Freedom to bargain collectively, as well as other pre-conditions to worker involvement in workplace change.
- \$ Promotes equality in employment and prohibits child labour
- \$ Integrates health and safety with sustainable measures; and
- \$ Promotes and preserves employment as a means of combating poverty and raising standards of living in the community.

It is expected that in years to come, donor countries and WTO will stress on complying with these basic UN norms to be fully eligible for free trade concessions and benefits. He further said that ILO conventions No.87 and 98 are indispensable Core Labour Standards or the Social Clause; there is now increased pressure from universal bodies towards applying these basic standards at workplaces. The demand for social standards in world trade was one of the big issues of the WTO Conference in Seattle. The fact that not all countries have signed all core convention of the ILO is not a sufficient reason to question the universality of these core rights. Both membership in the ILO and the signing of different human rights pacts obliges the large majority of nations, including all WTO members, to uphold the core workers' rights. He emphasised that exports produced under suppressed working conditions are coming under severe pressure and that there is no stable continuity of international market opportunities for such items being increasingly discouraged by the international community. The World Bank too is effectively interlinking such basic standards with development aid to compel third world countries abide by these provisions. He cited from the World Development Report on the subject 'Sustaining Reform' which says that labour practices have received much publicity recently; damaging reports have emerged of workers labouring for a fraction of minimum wages in industrial countries in facilities that fall far short of the safety standards of high income countries. This has made it necessary for Sri Lanka to market its exports on the

basis of a unique third world exporting country firmly adhering to all the core labour standards including ILO conventions No.87 and 98. In fact, the Sri Lankan Labour laws are more or less similar to the core labour standards. What however is required is the commitment to enforcement. The suppression of FTZ workers, preventing them from organising, cannot be permitted forever, as such arbitrary action would only place the established and principal abiding unions in a difficult position in the face of militant unions. Concluding his presentation, Mr.Senaratne said that ILO concerns are important for international trade and aid and that new reforms to FTZs are needed to face the challenges in international markets.

Mr.Manzur mentioned that out of 163 EPZs in Bangladesh, 100 provide transport while 50 provide food. EPZ factories are not the ones that produce the cheapest articles. He pointed out that in the commodity chain, Bangladesh is in a very low level. Bangladesh tries to compensate for higher transport costs in low labour costs. Ethical practices are going to be the true determinants. He observed that EPZ adherence to standards and operating conditions are better than in non EPZ units. In his view, though it should not be generalised, the factories which are not falling in line should be identified. There is rampant use of contract labour. No country would like to exploit its own labour, but there is competition with other countries which exploit labour. Government regulations are a major reason for difficulties; they should be flexible. When a government industry is relocated because of civil disturbance, no labour standards can be applied. AFL-CIO of U.S. advises on trade union activities; WTO attempts to impose nontariff standards. In Bangladesh, working conditions of migrant workers in EPZs are not healthy. Certain rights of labour are universal; the issue is as to the best tripartite mechanism which would ensure the same. Labour welfare councils and Workers' Welfare councils are useful structures. He added that in Bangladesh, EPZs have performed fairly well. Only 2 percent of closures of EPZs is due to labour unrest.

Mr.V.Venkatachalam mentioned that EPZs played an important role; there were also stand alone units outside EPZs. India now has 8 EPZs/SEZs. Together they contributed Rs.6674 crores of exports in 1999-2000 and another Rs.14,200 crores was realised as exports from units outside the zones, but within their jurisdiction. The contribution of EOUs and EPZs has gone up by 2 percent. There is no special dispensation in terms of labour laws. Stated position of law of the land will be applied. Although labour laws are not strictly enforced specially those relating to minimum wages, equal wages for men and women and contract labour because of inadequacy of enforcement machinery, still

labour standards are better in EPZs. Special economic zones are large places. Even if they are public utility services, trade union activities are not suspended; in the case of public utilities, only notice has to be given and before disputes are adjudicated, they cannot go on strike. SEZs should have single window system for labour administration where employees and employers can approach the labour department. Trade union activity is permitted in Madras Exports Processing Zone. There are responsible trade unions and irresponsible trade unions. A holistic rather than a unidimensional picture has to be taken. It is essential to balance the needs of two forces - worker's protection and export facilitation. EPZs in India have not been successful in attracting foreign capital. In Madras EPZ, only a third of investment is foreign investment; the rest comes from domestic investment not because of relaxation of labour laws. Mr.Venkatachalam floated the following three points for discussion, viz., (i) Simplification of procedures under various Acts. Some of the Acts have overlapping responsibility and result in more paper work. These should be rationalised without compromising on procedures concerning the safety and rights of workmen (ii) Increased flexibility : the labour laws should allow for flexibility, however limited, to downsize, to close operations, to expand workforce or shifts or to restructure their workforce without having to go through cumbersome procedures fraught with delays and (iii) Labour education / training : As individual units may not be able to meet the training and retraining needs of the workers on their own, organisations like the Labour Research Institute alongwith Zonal Authority, reputed NGOs and individual units could form a group. Focus area could include provisions of labour laws as applicable to employees as well as employers, enhancement of awareness regarding rights as well as responsibilities of the workers, interface with labour authority, retraining programme and the like. It should also be made known through a joint effort in labour education and training that there is little room for unrelated and outside forces to influence, manipulate or exploit the zone labour.

Mr.Kompier referred to Mr.Manzur's concern about migrant workers and observed that the Preamble to the ILO seeks to give special attention to the problems of persons with special social needs particularly the unemployed and migrant workers. The importance given to the subject is reflected by the fact that DG, ILO took interest in a meeting covering the subject in Gulf countries. One participant did not agree that EPZ standards are better than those in non-EPZ units. While women are paid higher than those in non EPZs, gender discrimination exists in mobility, status and manner of recruitment. Infrastructure in EPZs should be expanded to give better facilities. Many of the employers are not concerned about labour standards. Employers' organisation should be proactive.

At the time of feasibility appraisal of a zone, environmental and labour standards should be taken into account. Views were expressed on whether the assignment of role of looking after labour interests to the Development Commissioner is desirable. There should be transparency of interaction between employers and unions. It was observed that internal unions do not interact with external unions. Mr.Venkatachalam remarked that enforcement of labour laws has to be much more effective, purposeful and specific. There is a view that EPZs should be excluded from the Contract Labour Act but it was felt that this could be an extreme measure. There may be many reasons for closure in EPZ but if Government does not give permission, the promoters would go away in which case there would remain the problem of dealing with the workers; it is necessary to take a realistic view on exit policy. Mr.Manzur held that EPZs should be 'role models'; the EPZs should be benchmarked to higher standards compared to domestic units to be able to attract foreign investors. He mentioned that there is no clear research paper either from employers or from workers on conditions leading to the closure etc. Regarding women workers, he informed that NGOs are training them. Efforts of BGMA to tackle child labour problem in the last five years in Bangladesh through tripartite approach are bearing fruit. Reference was made to ethical trade issues. A view was expressed that social clause, in its strictest interpretation is not a legal obligation but a social responsibility. The issue of politicisation of trade union movement came up for discussion. It was recognised that all the South Asian countries have this phenomenon. But this does not explain why there should not be international solidarity among trade unions. Employers should respect the desire of workers to unionise.

Summing up the Panel discussion, the Chairman, Mr.Mehrotra, observed that trade union movement is a part of political struggle and it would continue to remain that way. Employers want labour market flexibility while labour want security. There is need for a viable social net. VRS is one way out but the question is how to bring in some kind of bipartism. There are several aspects to be tied up-human rights, ILO core labour standards, environmental standards. In fact, international buyers are pushing higher standards - e.g. Nike shoes. Mr.Mehrotra concluded by saying that both employers' organisations and trade unions should be strong.

Technical Session III

Strengthening Social Dialogue and Labour Standards in EPZs in Bangladesh

The session was chaired by Ms.Padmini Swaminathan Professor, Madras Institute and Development Studies, Chennai.

Professor Ismail Hossain of Jehangir University, Dhaka introduced his paper on Export Processing Zones in Bangladesh and industrial relations. In Bangladesh, Bangladesh Export Processing Zone Authority (BEPZA) is the official organ responsible for the creation, development, operation, management and control of EPZs. By a notification in 1986, the government had taken the EPZs created under the BEPZA Act outside the purview of the Industrial Relations Ordinance 1969, and thereby barred trade union activities in EPZs. Bangladesh has ratified ILO conventions guaranteeing workers their rights of association and collective bargaining and therefore the nonapplication of labour laws was a breach of the Constitution. This has been a matter of concern to the US, a major market for Bangladesh exports, for such suspension is a violation of workers' rights. Further, it arises out of the fear of the US labour that there will be unfair competition from low wage import from Bangladesh. At the same time, foreign investors, specially the Korean and Japanese are threatening of 'curtains down' if trade unions are allowed. The US labour seeks to ensure a level-playing field with the labour of other countries by ensuring that they enjoy the same rights as the US labour; the US concerns merit special consideration because failing to restore freedom of association in the EPZs, Bangladesh exports would lose eligibility for Generalised System of Preferences (GSP) benefits in the US. In 1991, Bangladesh agreed to end suspension of labour laws guaranteeing the rights of association in EPZs following a timetable ending 2000. When this time frame was not adhered to, the AFL-CIO submitted GSP petition on Bangladesh to the US Trade Representative in June 1999 for revocation of GSP eligibility for Bangladesh should it fail to expeditiously act to allow freedom of association in all EPZs. In early 2001, government has bought time by agreeing to permit trade union activities in EPZs with effect from 2004.

Dr.Hossain added that an appropriate mechanism has to be found through social dialogue for introduction of trade unions without jeopardising the basic objectives of EPZs. Responding to the emerging situation, Bangladesh government has finally decided to introduce Workers' Welfare Committee and Labour Relations Tribunal under a retired Judge, in EPZs. The Tripartite consultative committee is an interim arrangement for

transition to the trade union activities in the EPZs. The committee consisting of representatives from the government, workers and employers will provide mechanisms for consultation, negotiation and dispute resolution and can deal with all issues pertaining to industrial relations in EPZs. Dr.Hossain observed that the committee should ensure meaningful representation and participation of workers in its activities. As there is apprehension and some degree of mutual mistrust among the groups, the committee should in the first place strive for promoting proper understanding among the groups. Each group should also chart its own strategy and activities to make the transition to trade union activities smooth and to make trade union a purposeful vehicle for promoting social dialogue in a globalised world. The role of different partners in promoting social dialogue was highlighted by Dr.Hossain He emphasized that the government has an important role in promoting social dialogue which will lead to economic growth and sound industrial relations. Government can ensure the effective implementation of the labour laws regarding workers' rights to organise themselves and undertake measures to strengthen the judicial process and enforcement machinery. Bangladesh is not short of good laws; but it has suspended the application of a good number of them to the EPZs. Further, labour disputes cannot be resolved quickly because of some constraining factors. Also, the government can depoliticise the workers and the trade union leaders. Much of the problem of union militancy and use of trade unions to serve the self-interest of its leaders can be resolved if the government should make adequate provisions for social safety nets to protect the workers from the burden of industrial restructuring and globalisation. Government should also provide the workers in EPZs with specialised education and training in such areas as social dialogue, leadership, legal literacy, health, education and industrial discipline. Much of the problem of lack of commitment of workers, absenteeism, high turnover of labour can be minimised if the workers can be made to realise the value of industrial discipline in a competitive world and proper working conditions are created and maintained in the EPZs.

As for the employers, multinationals as well as domestic firms who have manufacturing enterprises in the EPZs. Dr.Hossain pointed out that they have their share of responsibility in fostering social dialogue in the EPZs. According to him, the current state of social dialogue does not adequately address the various aspects of social dialogue. The ILO Tripartite declaration of principles concerning multinational enterprises and social policy provides for social clauses which multinationals are obliged to observe. Globalisation has made social dialogue an economic imperative in developing economies.

In an increasingly globalised world, firms with greater competitiveness are likely to prosper while the less competitive ones depend critically on how the management views the role of the labour in production. Two views can be identified: the narrow and the dominant view among the employers to treat labour as a passive and static factor of production whose costs form an important component of total costs of production. The objective of the management is to minimise costs of production by offering labour as much low wages as possible. The other view considers labour as more dynamic and active resource component whose productivity and effectiveness may vary depending on how well it is developed and used. If the initiative, commitment, sense of belonging of the workers in the production process is ensured, they can enhance an enterprise's productivity and flexibility. Viewed in this perspective, whatever is done for social dialogue ultimately benefits both the labour and management. He further noted that although enterprises in EPZs offer relatively better wages and non-wage benefits, there are many areas which need attention and improvement. Of particular concern are labour standards, labour management relations, human resource development, retraining, social infrastructure and women workers. Effective action is needed in these areas to promote sound worker management relations and to improve productivity of workers. Action is also needed to meet the demands of the watchdog groups of both the consumers and the labour of developed importing countries who are increasingly concerned about social labeling and labour standards. Dr.Hossain pointed out that the AFL-CIO demand for introduction of trade unions in EPZs in Bangladesh met with criticism from enterprises and academics as this was labelled as a manifestation of the new protectionist devices in the developed world in the guise of respect for ILO conventions. Admittedly, he said that this was a case of promoting a right cause for a wrong reason; an organised labour force is necessary not only to protect workers' rights but also to raise competitiveness of firms in the global market. Labour organisations can help to create a congenial work atmosphere and an understanding of the core issues among the social partners, developments which are essential for increasing the efficiency and competitiveness of the industry. He also referred to the role of labour as globalisation has exposed the labour to both risks and gains. Labour can minimise risks and maximise gains by ensuring productivity improvement, reduction in production cost and wastage and improvement in the quality of products and meeting delivery schedules; failure to do so increases the risk of business failure and with it the risk of loss of employment. Dr.Hossain concluded his detailed presentation by seeking out to NGOs; according to him, in the task of promoting social dialogue, NGOs have proved to be of considerable value. They can provide education and skill training to workers through participatory approach where needed. Since NGOs have earned the

confidence of the poor, their intervention in promoting social dialogue at manufacturing enterprises can yield expected results.

Ms.Ramani Gunatilaka Institute of Policy Studies, Sri.Lanka noted the similarity between Bangladesh and Sri.Lanka and also India and Pakistan. She was of the view that Malaysia and Philippines should attend these meets and share their experiences in their better performances. Bangladesh Government has flouted its own laws. She attributed politicisation of unions to low rates of unionisation; under such circumstances, unions tend to lean on politicians. In Sri.Lanka, unions are effective. If there is accountability of unions and democracy within unions, employers would be willing to interact with unions. According to Trade Union Act, the unions must submit their accounts for audit; whether they actually do so or not is yet another question. In India, it was noted that there were central organisations like Hind Mazdoor Sabha which have a sizeable membership and which are not politicised; returns are submitted to the Registrar of Trade unions and in case of nonsubmission, Registrar sends a notice and the registration can be cancelled, if circumstances warrant.

Regarding politicisation, it was pointed out in the discussion that great leaders of countries were trade unionists although it is not clear if trade unions use politics or politicians use trade unions. Labour party was formed by trade unions Trade unions represent workers and if political parties are formed out of trade unions, workers will have a say in political decision making. We have to recognise the phenomenon of politicised trade unions. Economic development goes hand in hand with social development. There should be workers' participation in management. To extend social dialogue, workers' council is the best and immediate solution in EPZs. Mention was also made of Rural workers' organisation; although India has ratified ILO Convention 141, not enough has been done in this area. Mr.Sivananthiran enquired whether any councils/tribunal have been set up, in view of the undertaking given by the Bangladesh government in 2000 to the US Government that by the year 2004, trade unions would be allowed. He also referred to the community based trade unions and suggested that since women are not organising themselves, NGOs could help in organising them. There is felt need for coordination between Labour department and EPZs. Apprehension of employers of the trade unions operating in their enterprise was referred to. The recruitment policies for the enterprise were adhoc. Lack of education, poverty conditions, rural background of workers are factors contributing to the absence of trade unions. It was observed that the Bangladesh government prevailed upon workers to cooperate for attracting capital. For workers, there

was the fear of losing their jobs and income if they unionised. Responding to Mr.Sivanathiran's query, Dr.Hossain informed that he is yet to collect information on Workers' councils or tribunal; however, institutional mechanism should be provided for making these structures to work.

Technical Session IV

The session was chaired by Mr.I.E.Simonsen, Chief Technical Adviser, South Asia and Vietnam Project and Tripartism and Social dialogue (SAVPOT) Two presentations were made : (1) Introductory remarks on Social Dialogue in Action (SAVPOT Project) by Mr.I.E.Simonsen and (2) Issues pertaining to Freedom of Association and Promotion of Social. Dialogue in EPZs in Pakistan by Dr.Abdul Razzaq Kemal, Pakistan Institute of Development Economics, Former Head of Planning Commission, Pakistan. As Dr.Kemal could not attend the workshop, his paper was presented by Mr.Tauqir Ahmad, Joint Secretary (Labour Welfare), Ministry of Labour, Manpower and Overseas Pakistanis, Government of Pakistan, Islamabad.

Mr.Simonsen indicated that the objective of the SAVPOT project is to promote social dialogue in several countries through bipartite dialogue at enterprise level through training on how to organise dialogue between management and workers. All partners had to take two steps: step 1 - identification of the problem and step 2 - how to approach the problem for a solution. Workers are to be actively involved in decision making and it is a proactive approach to social dialogue. Mr.Simonsen said that the pilot project has a strategic phase, to disseminate information to other enterprises, followed by a self-governing phase. A handbook of SAVPOT was going to be published. Enterprises in the pilot phase will choose other enterprises. There will be national conferences and follow up meeting; finally, there will be a regional meeting. ILO-SAAT has brought out a brochure on the Indian experience of the pilot phase of the SAVPOT project which showed that even though employers had no qualms about dialogue with unions before SAVPOT was introduced, both learnt the real dialogue process after SAVPOT workshops. The participants felt that there had been a tremendous change in the way dialogue used to take place traditionally and the process that was followed now. The scope of dialogue and the system had become flexible and was no longer determined by hierarchy in the project.

Mr.Ahmad highlighted some portions of Dr.Kemal's paper. With a share of only 1 percent in Pakistan's exports and only 0.1 percent of GDP, the Karachi Export

Processing Zone (KEPZ) had hardly contributed to employment generation. The EPZs are provided better infrastructure compared to industries outside the zone but do not pay any taxes. Viewed in this context, the industrialists and the workers outside the EPZ are subsidizing the investors in the EPZs. There is therefore need to examine if the same facilities were provided to the investors outside the zone whether the investment would nor rise more than that in the EPZ. Some of the significant points made in the discussion are drafting of EPZA employment relations rules, setting up of Directorate of Labour with as many officers needed to look after EPZs, Workers' councils authorized to deal with collective grievance relief to terms of employment, dispute relief machinery and, tripartite consultation representing workers, employers and government, i.e., Workers, Employers Bilateral Council of Pakistan (WEBBCOP). The proposed employment rules deal with minimum wages, working hours for women, maternity leave with full wages for twelve weeks etc. It was noted that there are some organisations which are free from political interference and working in a professional way. A question was raised as to the need for more EPZs in the country with only limited employment of 10,000 workers now in EPZ. Not only in the EPZ but in the industrial sector as a whole, labour laws are not applied. There is a voluntary assessment scheme whereunder workers may get insured by employers. Mr.Kemal's paper also observes that incentives should be so drawn up that it not only ensures investment and exports but also protection of workers `rights.

Technical Session V

The Sri Lankan Experience with promoting Labour Standards and Social dialogue in EPZs

The session was chaired by Mr.D.P.N. Naidu, Senior Specialist in Workers' Activities, ILO-SAAT.

Ms Ramani Gunatilaka made the presentation of her paper under three heads : (i) Prevailing legal framework relating to the rights of freedom of association and collective bargaining in comparison with minimum standards set out in ILO conventions 87 and 98 (ii) Problems of implementation, specially the reasons for the apathy of the employers towards trade unions and (iii) outstanding issues. She observed that the grant of universal franchise as early as in 1931, before workers' consciousness and class solidarity had been established is likely to have been a critical factor for politicisation of the country's labour movement; workers were thereby encouraged to fight for their demands in the political

arena rather than on the factory floor with employers. Low rates of unionization have also made for a weak and dependent labour movement . The industrial relations system in the country has been heavily influenced by patronage politics. A survey of industrial relations in non BOI manufacturing firms conducted by the Central Bank of Sri Lanka in mid-1990s found that 11 percent of strikes during January 1994-May 1996 were politically motivated and 17 percent were on non work related issues. The same survey showed a rising proportion of civil law violations during the course of strikes, and more significantly the police failing to take action in almost half the cases. Worker agitation is often marked by violence and intimidation, which goes unpunished by the law enforcing authorities due to political interference in the process. The Industrial Disputes (Amendment) Act, 1999 has also not improved matters as it has turned out to be one-sided;while workers have been protected against acts of anti-union discrimination, the law has not made it obligatory for unions to act in a responsible manner nor make the unions to be financially accountable nor ensure that meeting and elections are duly held. The Trade Union Ordinance which also prevails includes some clauses that are in direct conflict with ILO standards, such as those that may be regarded as interfering in the internal affairs of unions. As against this, the proposed Employment and Industrial Relations Bill if passed, will facilitate the creation of workers organizations in line with ILO minimum standards that would also bring about the reciprocity necessary for collective bargaining by setting out the unfair labour practices that may be committed by Workers' organizations. However, both the Employment and Industrial Relations Bill and the ILO conventions are silent about the accountability of workers' organizations to their members.

There is also the issue of the role of the BOI in ensuring that it attracts the right quality of investment and managerial skills. The current strategy of trying to entice every investor regardless of his approach to management may possibly undermine BOI efforts to attract investment through its negative impact on industrial relations as a whole. The BOI by its passive attitude had been held to ransom by the extremists among employers and this complicity over the years has led to the creation of a fertile breeding ground for militant unions which are having negative knock off effects on labour relations in other firms. Progressive management practices are fundamental to ensure labour productivity and industrial peace.

Concluding her presentation, Ms.Gunatilake spelt out the role of government in ensuring the freedom of association and collective bargaining as going beyond the mere passing and enforcing of legislation. It also needs to ensure good governance; the

government must assure the impartiality of the public institutional system, ensure an independent police force and help maintain sound macroeconomic fundamentals.

Ms Mary McCann, Sanchez, Former Quaker Representative in Central America emphasised the need for accountability of labour unions. She observed that there should be long term planning in management style, investment policy and regional and national development. For enabling women workers to organise themselves, a community based approach would be helpful. Emphasis on training and human resource development was needed for raising productivity. Mr Wjayaweera, Deputy Commissioner of Labour, Department of Labour, Srilanka said that all the labour legislation are applicable even for the BOI enterprises including the enterprises in EPZs. BOI has recognised workers' councils for the purpose of securing the mutual co-operation of the employers and employees in achieving industrial peace and productivity in the workplace. BOI expects all the enterprises coming under its purview to form workers' councils and to have periodical dialogues in order to minimise the misunderstandings and differences. In 1996, the Joint Association of Workers and Workers' Council of the FTZ was formed as an apex organisation as the employees of EPZ felt that such kind of organisation was required for the workers' councils to function more effectively and collectively. However, during the discussion, it was noted that workers' councils which cannot deal with wage increase issues and which cannot have industrial relations are no substitute for trade unions. A doubt was expressed whether the BOI can afford to screen the management procedures in FTZs and with what effect on investment. Productivity is an area where tripartite approach can work. Protectionism does not protect anyone. Government itself is inert and unless pressure is brought by employers and employees, it will be difficult to compete. Regarding tripartite plus approach, unions and NGOs should sort out; it was felt that unions are different from NGOs. Employers have a problem as to who they have to deal with; management should recognize the employee based unions. In India, labour matters are monitored by the Factories and labour department, and the tripartite mechanism is triggered only when an industrial dispute arises. As the zones in India are declared public utilities, conciliation and tripartite mechanism is automatically initiated. Ms. Gunatilaka mentioned that more of female labour is employed in EPZs because labour management is easier. She felt that the penalty for violation of labour laws as of now in Sri Lanka is low. The textile worker in US earns more than a SriLankan worker. She was of the view that third rate investors have entered even in the first instance.

In his concluding remarks, the Chairman mentioned that in Malaysia, members of trade union cannot be members of a political party. He suggested that South Asian countries should learn some lessons from Malaysia.

Technical Session VI

Experience with EPZs in San Petro Sula in Honduras

The session was chaired by Mr. Brewster Grace, Representative, Quaker United Nations Officer, Geneva and the presentation of the paper was made by Ms. Mary McCanne. She explained how in the small countries, there has been an enormous interest in social dialogue in general as a means of strengthening the social fabric and addressing serious economic, social and political conflicts left unresolved after an extended period of civil wars and repression in recent decade. In the export processing zones of Honduras - areas of both expansion and controversy throughout Central America - the representatives of employers and workers' organizations are engaged in social dialogue. She mentioned that 'Dialogue' is used in a broad sense. A major part of investment from early years and the available market was North American with the US having a good deal of influence in every respect. In the early eighties, Honduras undertook a hefty structural adjustment programme during which period the EPZs became important. From 1980 to 1990, the country's exports were agro-based. The absence of strong national industry and the continuing de-emphasis on agriculture brought up the need for alternative sources of employment. The Caribbean Basin Initiative promoted by the US in 1980s gave a good opportunity for the creation of EPZs with its proximity to the US, the facilities offered by the deep-water port of Puerto Cortes and a large labour force. The major activity has been the assembly of pre-cut garments for export to the apparel market in the North. This type of production is known in Central America as the maquila industry. Labour confederations in Honduras became very vocal in the early 1990's claiming that basic rights were not being respected in the export processing zones, including the right to form a union. The resolution of these problems and of those related to wages and benefits proved difficult. In the early 1990's, the Honduran Maquila Association and the three labour confederations viz. General Council of workers (CGT), the Confederation of Honduran workers (CTH) and the Unitary Confederation of Honduran Workers (CUTH) began a process of conversations, initially looking towards the resolution of ongoing conflicts. Besides, the Bipartite Commission was established in 1994 with leadership from the labour confederations and the Maquila Association. A joint public declaration was issued in which

both parts subscribed to adherence with national labour legislation and according to which the Maquila Association will respect the right to free association, the right to form union and respect for union freedom A code of conduct has been established by Maquila Association for adherence to the National Labour Code. At the tripartite level in Honduras, a formally established tripartite Commission was formed to discuss issues not resolved at the Bipartite level. Also in 2000, when minimum wage and salaries were renegotiated, these negotiations resulted in an agreement which includes social agreements. One of these is the formation of a tripartite Economic and Social Council (CES) with equal representation from government, employers and the labour confederations. Currently, the social partners have agreed upon key industrial issues to be included in the Agenda viz., employment, salaries, occupational safety and health and training, education, housing and regional development. The Ministries of Labour and Commerce as also the civil society would be involved in the exercise. Emphasis is being given to the adoption of a tripartite plus approach on the part of civil society in the resolution of economic and social aspects of industrial growth. Women's organisations, human rights organisations and church have played a fraternal role in a number of ways on independent monitoring experience, legal defence of workers, courses on labour rights, occupational safety and health education, advocacy and solidarity. Besides, consumers' organisations and campaigns from outside the country have joined in this relationship.

After detailing the structural mechanisms for social dialogue in EPZs in Honduras, Ms.McCane listed the outcomes in terms of (i) (a). reinforcement of democratic participation-participation that goes beyond the usual electoral process, and embraces perceived civil liberties, organisation and participation. (b) the new modalities of production in EPZs have opened up the entry to women and in this context, greater understanding is needed by tripartite members to ensure that ILO convention 111 on Discrimination is adhered to (ii) reduction in the incidence of labour disputes (iii) contribution to economic stability and peace (iv) contribution to harmonious adjustment to changes due to globalisation addressing certain perceived obstacles like world recession, financial crisis, flux in key exports and imports, lack of access to key markets and (v) transparency and consensus in policy decisions and action by Government.

In the discussion that followed, mention was made of public sector unions as also unions in agroprocessing industries, Irrespective of the importance of EPZs, social processes of issues of conflict are common to the developing countries. Referring to unionisation, Mr.Sivananthiran remarked that even now, employees are reluctant to

register; in Bangladesh, employers are taking the initiative to set up unions. He traced the process in Honduran Maquila Association; founded early in 1990s, they came to meet at bipartite levels and in 1997, they held the first congress where a code of conduct binding on all members was established. The need for National Labour Legislation was emphasised and for a purposeful dialogue to take place, there should be a strong management and a strong union; strength should come from internal democracy and unity of labour. A view was expressed that systematic discussion has not been held regarding the process of Civil society's dialogue in the context of pressures of globalization.

Technical Session VII

Multilateral Initiatives

ILO Declaration - Infocus Programme on Promoting the Declaration

The Session was chaired by Mr. Coen Kompier.

Ms. Anne Treblicock made the presentation. She explained the implications for social dialogue of the ILO Declaration on Fundamental Principles and Rights at work and other recent multilateral initiatives. Some examples of these multilateral initiatives include (i) ILO's push for coherent, integrated policies (Working Party on Social Dimension); (ii) Tripartite working group on effect given to Tripartite Declaration of Principles concerning Multilateral Enterprises and social policy; (iii) Social summit, 2000-Declaration of principles and development goals; (iv) Third UN conference on LDC's with thrust on respect, promotion and realisation of fundamental principles and rights at work; support for developing countries with good practices rather than sanctions; (v) Millennium Development goals which include participation, governance issues; (vi) World Bank's Toolkit on fundamental principles of and rights at work and also Global economic prospects for developing countries 2001" keeping labour standards low is not an effective way of gaining competitive advantage"; (vii) Group of 15 - promote equitable sharing of benefits of globalisation, nontrade issues should not be on WTO agenda and rejection of conditionality in GSPs; (viii) OECD - Revision of Multinationals Declaration to include fundamental principles and rights at work (ix) Emphasis given by Regional Development Banks i.e., Asian Development Bank focusing on reduction of poverty, sustainable, equitable growth, social development and good governance and (x) Exhortion of regional groupings on preserving and upgrading labour standards and their rights.

For promoting social dialogue in South Asia, there is need (i) for frank discussion of trends based on common information (ii) to build institutions that will engage in productive dialogue on specific labour and social issues of concern to constituents (capacity building) - representatives need confidence of members/ authority to speak for management, etc., (iii) for effective mechanisms for prevention and resolution of disputes; by starting in areas where consensus is most easily reached to build trust and (iv) to take concrete steps to move forward towards greater respect for freedom of association as a basis for constructive social dialogue, which in turn serves as a basis for social peace and exploiting productive comparative advantage.

It was felt that there was need for social dialogue on macroeconomic policy at the national level. Large number of zones face challenges of unemployment; women have restricted opportunities; capital is mobile and labour unrest is high in the zones; training is not scientific. Freedom of Association enables workers to choose their representative to speak about their problems at the national level. EPZs are at the lower level of commodity chains ladder; there should be focus on adoption of better technology and productivity improvement.

The position on (i) Comparative ratifications of ILO Fundamental conventions and (ii) Ratifications of the ILO Fundamental conventions in SAAT Countries as on 26 Oct. 2001 are in Annexures 1 and 2.

The Way Forward - Strategies on promoting Social Dialogue and Labour Standards in EPZs

Group Work

The delegates from different countries were constituted as respective country groups and were requested to give their views to the following three questions in relation to their countries taking into account the gender dimension.

1. On which issues is there a good chance for commencing productive bipartite dialogue at the enterprise level in EPZ? What steps can each of us take to move forward on these issues?
2. What steps can each of us take both to improve respect for freedom of association in EPZs and to increase productivity?
3. What could each of us do to have a useful relationship with NGOs in relation to EPZs?

The country wise response is as under:

Bangladesh : Presented by Mr.Syed Nasim Manzur

1. Issues
 - \$ Salary Structure - Links with prevailing norms
 - \$ Absenteeism - Service compensation
 - Maternity Leave
 - Child care on site
 - \$ Working Hours - Link to productivity
 - \$ Sexual Harassment - At plant level
 - To and from work
 - \$ Creating Awareness - Rights and responsibilities
 - Revitalizing Workers' Welfare Councils (WWCs)

2. a. Respect for Freedom of Association :
 - \$ Training to create awareness
 - \$ Implement and use WWC
 - \$ Codes of conductb. How to increase productivity?
 - \$ Recruitment policy and standards
 - \$ Saving Schemes - Stakeholder
 - \$ Work Standards - Maintain
 - \$ Appropriate technology
 - \$ Productivity incentives

3. Building Links to NGOs
 - \$ Onus upon NGOs to report creative, proactive links
 - \$ Government can open dialogue for purposeful access
 - \$ Employees/workers will welcome genuine/constructive approaches by NGOs
 - \$ Employers:
 - Allow purposeful access
 - Use for training

India

Presented by Dr.C.S.K.Singh

1. Issues
 - Compliance with core labour standards
 - \$ Maternity Benefits
 - \$ Promotion of women workers' participation in Bipartite dialogue/
promotion of internal committees
 - \$ Information and dissemination on core labour standards
2. Freedom of Association
 - \$ Principles of collective bargaining
 - \$ Gender sensitisation
 - \$ Steering group, workshops etc
3. Building links with NGOs
 - \$ Reputed and credible NGOs to be identified and zone-specific problems
to be identified to resolve the issues

Pakistan

Presented by Mr.Mazhar Haneef Khan

Issues

- \$ Recognising importance of social dialogue in EPZ
 - \$ Considering Bipartism as an initial and appropriate tool for conducting
social dialogue.
 - \$ Need for creating appropriate environment for having social dialogue.
 - \$ Opportunity for workers to meet informally and formally inside EPZ.
 - \$ Need for mechanism / platform for Bipartite consultations.
 - \$ Application of labour laws concerning hours of work, minimum
wages/overtime rates, working conditions, welfare measures including
medical care, social security benefits, transport and care of special needs
of female workers.
 - \$ Access to labour judiciary for redressal of grievances
2. \$ Steps to move forward

- \$ Establishing institutional mechanism in EPZs for facilitating labour - management consultations.
 - \$ Leading to integration with mainstream National Tripartite fora in order to ensure Freedom of Association and Right to organise (c87 and 98); example: Pakistan EPZA employment rules on the anvil at ensuring Bipartite/Tripartite mechanism for labour-management consultations in all aspects of labour welfare.
 - \$ Setting up WEBCOP (Workers, Employers Bilateral Council of Pakistan)
3. \$ NGO's Role
- \$ Facilitating NGOs to play their due role in creating awareness in their target group of importance of social dialogue in order to improve working conditions.

Sri Lanka

Presented by Mr.W.J.L.U.Wijeweera

- * Dialogue between BOI and Trade Unions
 - \$ Code of conduct for Trade Unions operating in the zones (including penalties for breaches)
 - \$ Amendment to IDA to include unfair labour practices on the part of unions.
- * Encourage exchange of views and experiences between BOI and Philippine counterparts to take place in Sri Lanka
- * Management education for investors and managers to be undertaken by EFC - subcontracted by BOI.
- * BOI to actively seek out quality in investors
- * Incentives facing BOI and indicators by which BOI's success is measured to be changed accordingly.
- * BOI to be reconstituted as Tripartite committee to coordinate labour matters in zones.
- * MOU between Ministry of Labour and BOI to facilitate implementation of labour laws in zones and promote industrial harmony by establishing Tripartite labour management councils.
- * Workers' education on economic trends, rights etc.

Responsibility with managers, union leaders, NGOs.

Use of media, drama (found to be successful in child labour).

System of awards to encourage better practices.

\$ To be judged by independent panel

\$ Awards for firms with best practices, standards, labour relations
(similar scheme operating for industrial safety-successful)

- Currently NGOs and trade unions cooperating in Sri Lanka - NGOs already playing role highlighting abuse of workers' rights, working conditions.

Other Key Issues emanating from Meeting :

- S Most zone operating countries in South Asia have an abundant supply of available labour, which tends to keep wages down, although the negative image of much zone work sometimes obliges to pay a premium to get labour;
- S Zones are particularly attractive to labour-intensive industries such as garments and footwear and assembly of electronic components, which use relatively basic technology and thus require a low-skill workforce. High labour turnover is however emerging as a problem in Bangladesh.
- S The generous incentives and low costs to entry attracts simple processing industries to invest in the zones; such companies often lack professional management, particularly in human resources and management. They also tend to be unable or unwilling to invest in new skills, technology or productivity improvements. They are also likely to provide few if any social benefits to their employees;
- S The labour intensive nature of much processing and assembly work means that enterprises compete largely on the basis of price; with labour costs a

large component of total costs, companies see labour as a cost to contain rather than an asset to develop;

- S** Very few South Asian governments have managed to implement policies to ensure that zone investors transfer technology and skills to local industry and workers, with the result that the human capital base remains low.
- S** Labour relations remain the most problematic aspects of zone functioning. In South Asia mechanisms for improving labour standards and promoting social dialogue are inadequate.
- S** Only EPZs with high-quality human resources, freedom of association, mechanisms to promote social dialogue will be able to meet the high standards for speed, cost and quality in the global economy. If the full employment and productivity potential of EPZs is to be met, mechanism to promote social dialogue should be in place.

Concluding Session

Mr.A.Sivananthiran thanked the country groups for presenting a feasible set of recommendations. He observed that it was an interesting meeting and that several key issues were highlighted. While EPZs are gaining momentum in Bangladesh and Sri Lanka, the same is not so in India and Pakistan.

The concept of decent work and quality of work were important. There was need for awareness programme. The workshop underlined the importance of a comprehensive industrial strategy. Political and social stability, and good governance were necessary for maintaining smooth industrial climate. There should be strong trade unions and recognition of workers' rights. Tripartite structures have to be encouraged in EPZs. Productivity and competitiveness should be the watchwords in the zones, and the Ministry of Labour and EPZ Authority should function in a coordinated manner. Workers' councils have to be established as a first step to trade unions but councils are no substitute for trade unions. Trade unions have to be trained in negotiating skills. There is scope for improving mobility of women workers where they have to combine family and work. Non-compliance in regard to payment of minimum wages was reported. The concept of social dialogue was

discussed in great detail. The low density of trade unions was noted with concern and in this context, it was felt that NGOs should have a complementary role. Mr.Sivananthiran remarked that although many countries had ratified ILO conventions, compliance was not adequate. He also stressed on code of conduct. He assured the workshop of ILO advisory services and funding of research.

In the valedictory remarks, the employer representative observed that the Tripartite plus approach is already started in Bangladesh. In Pakistan, WEBCOP experience would be useful. The workshop highlighted the importance of good governance. The trade union representative from India said that conditions in EPZs may improve in such a way that they are viable. With rights given, dialogue is needed and ILO has opened this forum for such a dialogue.

The workshop concluded with vote of thanks.

For further information or feedback on this Sub-Regional Meeting please contact:

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