



US-BANGLADESH TRADE AND
RELATIONS ASSOCIATION

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Before the

**House Foreign Affairs Committee
Subcommittee on Asia and the Pacific**

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Hearing on “Bangladesh’s Fracture: Political and Religious Extremism”

Chairman Salmon, Ranking Member Sherman, and Members of the Subcommittee: Thank you for the opportunity to appear before you today.

My name is Steve Fleischli. I traveled to Bangladesh for the first time in 2007. I have walked the floors of factories, know many workers, and have Bangladeshi business associates. In Bangladesh, I have been integral in the development of new factories and more than 5,000 jobs in the textile industry, and with exporting more than \$40,000,000 per year to the United States and other countries.

Because I care deeply for the future of the US-Bangladesh relationship and believe in the potential for continued growth in Bangladesh, I co-founded and am President of the US-Bangladesh Trade and Relations Association (UBTRA). UBTRA is a new business organization that advocates for human rights, workers’ rights, and political accountability as a basic framework for building an enabling economic environment for business in Bangladesh and with the United States.

Bangladesh has made some progress in economic development. Trade and international investment have played an integral role in bringing industry to the country, and spurring unprecedented economic growth. However, there is still a major need for improvement in Bangladesh in the sphere of political

accountability, and labor and human rights. Recent violence in Bangladesh resulting in loss of life and property, including of American citizens, speaks to this urgent need for reform and reconciliation.

Just two days ago, the elections in three city corporations were marked by violence and vote-rigging, as well as a boycott.¹ Allegations of irregularities were received from many different polling stations, including in Chittagong, the second-largest city and main seaport of Bangladesh.

As the CEO of a textile company, I managed two factories within the Chittagong Export Processing Zone (EPZ). My company exported to multiple major US discount department and warehouse stores from 2008 to 2012. Today, I have the opportunity to again invest in factories in the Chittagong EPZ, but because of the instability, after upwards of two years of planning, I will not make that investment at this time.

Similarly, the violence and perceived impediments to trade and investment in Bangladesh have hampered UBTRA's ability to grow its membership among US and Bangladeshi businesses, in particular with small and medium-sized enterprises (SMEs), other global corporations with interest in both countries, as well as among stakeholders such as the youth and Diaspora.

Basic Tenets of UBTRA

UBTRA applauds the recent approval by the House Foreign Affairs Committee of HR 1891, "A bill to extend the African Growth and Opportunity Act, the Generalized System of Preferences, the preferential duty treatment program for Haiti, and for other purposes." We support extension of the GSP program through 2017. However, we oppose the renewal of GSP benefits for Bangladesh until the Government of Bangladesh has fully implemented all the required reforms and actions set forth in the *Bangladesh Action Plan 2013* provided by the Obama Administration.

As you know, Bangladesh's GSP privileges were suspended in the summer of 2013 following a multi-year investigation and repeated human rights infractions and

¹ Prothom Alo, "Rigging, violence, boycott plague city polls," April 28, 2015, <http://en.prothom-alo.com/bangladesh/news/65011/Voting-plagued-by-rigging-violence-boycott-ends>.

worker safety violations. The most recent USTR-led interagency review concluded, as of January 2015, that more needs to be done in Bangladesh on worker safety and rights before reinstatement of Bangladesh's trade benefits under GSP can be considered. UBTRA asserts that while improved trade relations are a desirable goal, at no point should they supersede human rights and workers safety initiatives.

UBTRA supports the right of Bangladeshi workers to work in a safe and healthy environment. We believe that responsible trade policy is one of the key aspects to preserving the rights of Bangladeshi workers and citizens, and seek to promote a responsible trade relationship between the United States and Bangladesh.

UBTRA is concerned about the elections process in Bangladesh, which, as noted above, is plagued by political violence and boycotts by prominent political parties. The January 2014 and the recent elections demonstrate a troubling pattern in electoral politics in Bangladesh. Further, they are representative of decades of political turmoil that has plagued the nation, much of which has prevented Bangladesh from reaching its full potential both economically and socially. We believe the formulation of a democratic and free society forms the backbone for an efficient and responsible economy.

Labor and Human Rights

In Bangladesh, there is lack of respect for fundamental human rights that is a major barrier to the growth in the US-Bangladesh business relationship. Over the past decade, various highly respected human rights organizations, including Amnesty International, Human Rights Watch, the Asian Human Rights Commission, and Odhikar, preeminent human rights NGO in Bangladesh, have documented extrajudicial killings, kidnappings, torture, election interference, and corruption. Overall, Odhikar has documented 2,216 extrajudicial killings that occurred between 2001 and 2013 in Bangladesh.²

Closely tied to the broader human rights culture in the country, are concerns for worker safety and rights. The 2013 Rana Plaza and 2012 Tazreen Fire disasters tragically highlighted the disastrous working conditions pervasive in the Bangladeshi manufacturing sector. International groups such as the *Alliance for*

² Odhikar, "Stats on extrajudicial killings from 2001-2013," <http://odhikar.org/extrajudicial-killings/>.

Bangladeshi Workers Safety and the Bangladesh Accord for Fire and Building Safety, organizations aimed at rectifying many of the manufacturing problems, have cited the immediate need for improvements in building safety and regulatory policy, and have gone as far as to recommend the closure of several factories due to structural damage and fire risk.

In August 2013, prominent labor rights defender Adilur Rahman Khan, winner of the Robert F. Kennedy Human Rights award and Secretary of Odhikar, was jailed for publishing false images and information and disrupting the law and order situation of Bangladesh.³ Additionally, the 2013 revision of the nation's labor laws, despite allowing for the registration of labor unions, failed to remove certain restrictions of freedom of association and protest.

In 2014 and 2015, labor and human rights abuses have been perpetuated. A new report from Human Rights Watch details the continuing violations of workers' rights, allegations of illegal anti-union tactics, and the inadequacy of reforms and company interventions to-date.⁴

Just last week, Secretary John Kerry and US Trade Representative Michael Froman, along with other high-level US Government officials and European Union (EU) officials, issued a statement detailing the work that remains to improve labor standards and working conditions. In particular, the US and EU support efforts to continue reforming labor laws in consultation with the ILO, complete all factory safety inspections, and register unions efficiently and with transparency.⁵

Unless significant changes are made in the handling of labor organizers and civil society activists, the trade relationship will suffer.

UBTRA advocates for stronger enforcement of internationally recognized human and labor rights, and believes that continued economic pressure from the United States should be directed to ensure this outcome.

³ Odhikar, "Statement on arrest of Adilur Rahman Khan, Secretary of Odhikar," <http://odhikar.org/statement-on-arrest-of-adilur-rahman-khan-odhikar-secretary/>.

⁴ Human Rights Watch, "Whoever Raises their Head Suffers the Most," April 2015, <http://www.hrw.org/reports/2015/04/22/whoever-raises-their-head-suffers-most>.

⁵ US Department of State, "Joint Statement on the Second Anniversary of the Rana Plaza Disaster in Bangladesh," April 24, 2015, <http://www.state.gov/r/pa/prs/ps/2015/04/241083.htm>.

Political Accountability

Political transparency is a requisite to economic well-being and overall societal stability. It is only when a government receives a true public mandate that policy can be made in a democratic fashion. The January 2014 and recent elections have done little to allay investors' fears about the political situation in Bangladesh and are damaging to the US-Bangladesh trade and business relationship.

Violence wracked the country before, during, and after the elections. Human Rights Watch attributed the chaos to both sides, stating: "On numerous occasions, opposition party members and activists threw petrol bombs at trucks, buses, and motorized rickshaws that defied the traffic blockades or were simply parked by the side of the road. In some cases, opposition group members forced children to carry out the attacks."⁶

As a result, the "government responded by deploying the notorious paramilitary unit, the Rapid Action Battalion (RAB), as well as the Border Guards Bangladesh (BGB) and the police, often under the rubric of 'joint forces.' Members of these units individually or in joint operations carried out extra-judicial executions, enforced disappearances, arbitrary arrests, and the unlawful destruction of private property."⁷ Many of these same RAB members are now members of the UN Peacekeeping Forces.

A few years ago, when on a business trip to Bangladesh with a major US discount store, we witnessed the beating of a seemingly innocent citizen by a RAB officer while in route to a factory. My client was disturbed by this violence. Within months of this incident, top management of this discount chain instructed its buyers that they were no longer allowed to visit factories in Bangladesh. Alternate locations for production were pursued and ultimately they located to China.

Considering the enormously negative effects of political violence and resulting instability of the business environment, UBTRA supports calls for new elections in Bangladesh.

⁶ Human Rights Watch, "Democracy in Crossfire," April 29, 2014, www.hrw.org/reports/2014/04/29/democracy-crossfire.

⁷ *Ibid.*

Conclusion

UBTRA believes profitable and sustainable trade and investment results from a secure social, political and economic environment. While we understand that political and religious extremism contribute to the instability and violence in Bangladesh, UBTRA contends that fundamental pillars must be built to support basic human rights, international labor standards, transparency, viable political institutions, and religious freedom.

UBTRA believes that renewal of GSP for Bangladesh and other points of leverage should be exercised until Bangladesh fulfills all required reforms and actions; supports workers' rights and safety; opposes political and civil violence, including by the RAB; and supports a free and fair elections process.

Mr. Chairman and Members of the Subcommittee, UBTRA is dedicated to promoting a good trade and investment relationship between Bangladesh and the United States. One that is based on strong institutions, the tenets of democracy, and the international standard of human and labor rights. We are committed to working with you and other Members of Congress, and with the business and advocacy communities, to furthering this goal.

Thank you, again, for the opportunity to testify. I look forward to answering your questions.