



INSIGHT: SOUTH ASIA

Canadian company called out for ignoring Bangladeshi garment worker issues



THE TAKEAWAY

A recent complaint against Canadian Tire has once again highlighted the poverty-level wages paid to workers at Bangladeshi textiles and ready-made garments (RMG) supplier companies hired by Canadian companies. The issue underscores the power imbalance between the companies and the suppliers — made worse by the lax standards companies apply when dealing with the suppliers. As Canada positions itself as a country promoting [responsible](#) business conduct abroad, it is imperative to hold Canadian companies accountable.

IN BRIEF

On November 22, two North American trade unions [accused](#) Canadian clothing and footwear retailer Mark's and its parent company, Canadian Tire, of [contravening international human rights](#) standards by failing to ensure a living wage for garment workers in their supplier factories in Bangladesh. The two unions filed a complaint with the Canadian Ombudsperson for Responsible Enterprise (CORE), seeking a probe into what they labelled a "human rights abuse."

IMPLICATIONS

Textiles and apparel dominate Bangladesh's trade ties with Canada, constituting over 90 per cent of the country's product exports to Canada. Major Canadian brands such as Hudson's Bay, Mark's, and lululemon source many of their products from Bangladeshi suppliers. Yet a darker side of this lucrative relationship remains overlooked. [Research](#) shows that since the [Rana Plaza disaster](#) in 2013 — which left 1,132 dead — there was a 13 per cent decline in the amount of money paid by companies to supplier factories. As a result, the **Bangladeshi suppliers operate at thin margins and pay poverty-level wages** to their roughly four million workers. And despite a 2019 revision to the minimum monthly wage, from C\$74 (5,300 Bangladeshi takas) to C\$145 (11,165 Bangladeshi takas), several studies indicate that this amount falls well short of a living wage. A living wage is generally defined as the money a person needs to cover their costs of living, and varies by location and community. The living wage for a worker in a Bangladeshi city, according to a benchmark mentioned in the complaint, should be at least in the monthly range of C\$288-449 (21,966 to 34,236 Bangladeshi takas).

**Table 1: Minimum wages for RMG workers across seven grades**

Grade	Current Minimum Wage/Month	
	in Bangladeshi Taka	in C\$
7	8,000	104
6	8,420	109
5	8,875	115
4	9,347	122
3	9,845	128
2	15,416	200
1	18,257	237

Workers in these supplier factories **do not have the right to unionize**. The Global Rights Index, prepared by International Trade Union Confederation (ITUC), the world's largest trade union federation, [lists Bangladesh among the top 10 worst countries for workers](#). The index mentions that workers in Bangladesh suffer from regressive laws, and that they face numerous obstacles in forming a union. The index also notes that strikes by workers are typically brutally suppressed. It quotes the country's Export Processing Zones Labour Act (ELA) 2019, which states that workers in export processing zones cannot unionize or organize protests. The research report "Not Even the Bare Minimum" by United Steelworkers Humanity Fund, a charitable organization advocating for workers' rights worldwide, states that **none of the Bangladeshi supplier companies for Canadian companies have unions to protect workers' rights**. Meanwhile, Bangladesh's lower minimum wages in the RMG sector, compared to competitors like China, Vietnam, and Cambodia, continue to attract price-sensitive [foreign buyers](#).

WHAT'S NEXT

1. Interventions since the Rana Plaza disaster

After the tragic Rana Plaza disaster, the Accord on Fire and Building Safety in Bangladesh was established in 2013. This was replaced by the

Transition Accord in 2020, which had some stipulations on building safety. However, better building and worker safety standards have not coincided with higher wages. Both businesses and governments have obligations under the [International Labour Organization's Resolution Concerning Decent Work in Global Supply Chains](#) to adopt and implement measures to "improve working conditions for all workers," including wages, and to comply with all applicable laws and respect human rights.

**Table 2: Canada's top RMG import sources and minimum wages paid by each source country**

Source countries	Canadian RMG Import in 2021		Minimum Wage/Month
	Import value in C\$ million	% of total RMG import	
China	C\$4,022	31%	C\$353
Bangladesh	C\$1,639	13%	C\$145
Vietnam	C\$1,529	12%	C\$227
Cambodia	C\$1,316	10%	C\$258

2. Canada's commitment to inclusive growth

As Canada continues to promote its progressive trade agenda (PTA), including compliance with higher labour standards in trade, Canadian companies like Mark's [accused of exploitative labour practices](#) in developing economies may be subject to greater scrutiny at home. In addition, the newly released [Indo-Pacific Strategy](#), reiterating Canada's inclusive and progressive values, commits to providing technical assistance to regional trading partners to protect workers' rights across supply chains. In light of these measures, Canadian regulators need to hold homegrown companies accountable and ensure that workers directly or indirectly involved in their operations can live a life of dignity.

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