With creches shut, mothers forced out of garment factory jobs in India

REUTERS, *Chennai, India*

Every morning since her factory reopened after lockdown in southern India last month, garment worker Radha has woken to the same dilemma; leave her two young children alone at home or miss out on a day's pay.

Indian clothing factories resumed production eight weeks ago as the country's coronavirus restrictions were eased, but they have kept their creches shut, leaving working parents in the lurch and forcing some to give up their jobs.

"Parents were called by the management and simply told to stop coming to work as creches would be closed... There was no discussion and many were forced to quit," said Radha, 36, who goes by one name and works in Bengaluru, a major manufacturing hub in southern Karnataka state.

Radha, whose children are four and six, worked just 20 shifts during May and June - heading to the factory when her husband's income as a daily wage worker was not sufficient to cover the household expenses.

"I stayed home for days but then there wasn't much to feed my children and no money to pay rent and bills. So I left them alone, prayed they would be safe and went to work," she said.

Besides shutting the creche, Radha's factory is only using 30% of its normal workforce, partly due to reduced orders but also to comply with social distancing rules.

India's multi-million dollar garment industry, which employs at least 12 million people, is reeling from the impact of the pandemic, which led many global brands to cancel orders or demand steep discounts as store closures battered their sales.

Across Asia, thousands of workers have suffered job cuts and unpaid wages as a result, with campaigners warning of a mass rollback of labour rights in the garment sector.

Factory bosses defend creche closures as a way to stem the spread of COVID-19, but union leaders say it is a convenient way for them to lay off workers - particularly working mothers - without having to sack them formally.

REUTERS

Indian clothing factories resumed production eight weeks ago, but they left working parents in the lurch and forced some to give up their jobs.

The vast majority of India's garment workers are women, who generally take responsibility for childcare. Many are single mothers or get little babysitting help from their husbands.

"In the name of safety, managements have targeted working mothers and left many with no choice but to quit. The decision has pushed thousands of women with toddlers into deep crisis," said union leader Saroja Kannappa.

"(The) closure of creches is illegal and violates a worker's basic rights," said Kannappa, who is general secretary of the women-led Garment Labour Union, which has some 6,000 members.

Manufacturers said the closure of on-site nurseries was a precautionary measure that responded to concerns about the safety of workers and their children.

"There is no formal directive given to factories but most feel that not running creches is a safer option. Health and safety is a priority," said A Sakthivel, chairman of India's Apparel Export Promotion Council.

Under Indian labour laws, factories with more than 30 women employees have to provide a creche for children under six, but it is unclear when they might reopen.

"It is mandatory and the government has not given any instructions to the contrary. We are trying to see how we can reconcile these problems," said Maheshwar Rao, principal secretary of the Karnataka state labour department.

A helpline run by Karnataka's labour department has received more than 4,000 calls from workers who have lost their jobs or have not been paid during the last two months. The department has not recorded details of the callers but union leaders say they have seen an increase in distress calls from mothers who are out of work.

"Some women have left their children, some as young as two, with their family back in villages and returned to work," said Ganga Sekhar, communications officer at charity FEDINA, which works on labour rights and supports unions.

Others are pleading with their managers not to give their jobs to someone else as they scramble to make alternative childcare arrangements, Sekhar said, adding that up to 100 women had contacted unions affiliated with the charity seeking help.

"Women are stressed and struggling," she said.

Despite a rise in coronavirus infections following the lockdown's easing in India, trade unions and workers say parents should be the ones to decide whether to run the risk of sending their children to a nursery run by their factories.

"If the management can sanitise and run a factory with social distancing norms, why can't they do the same with the creche? They should provide the facility and give workers the choice," said Radha, the Bengaluru seamstress.

In contrast to Radha, 26-year-old Farida Bano - who works at another garment factory in the city - has not worked since April because she does not know where to leave her four-year-old son.

"Since corona came, I have had nowhere to go," she said.

"Schools are closed so I cannot enroll my son in one. My sister lives very far and I cannot commute every day to drop him there and then head to work. I was earning 8,000 Indian rupees ($106) every month and now nothing."

Shell CEO does not rule out moving headquarters to Britain

REUTERS, *Amsterdam*

Royal Dutch Shell is not ruling out moving its headquarters from the Netherlands to Britain, the oil company's chief executive Ben van Beurden said in a Dutch newspaper interview published on Saturday.

Anglo-Dutch consumer products giant Unilever said last month it plans to ditch its dual Anglo-Dutch legal structure and create a single entity in Britain.

Van Beurden did not explicitly say Shell wants to move its headquarters, het Financieele Dagblad said.

Ben van Beurden

"You always need to keep thinking," Shell's Van Beurden told the newspaper. "Nothing is permanent and of course we will look at the business climate. But moving your headquarters is not a trivial measure. You cannot think too lightly about that." A Shell spokesman confirmed the CEO's comments to Reuters and said the company was looking at ways to simplify its dual structure, as it had been doing for many years.

Shell has a complex Anglo-Dutch holding structure with a tax residency and headquarters in the Netherlands and a registered office in Britain.

Unilever's decision to move followed the scrapping in 2018 of a plan by Dutch Prime Minister Mark Rutte to do away with a 15% dividend withholding tax.

Shells corporate structure features the parent company headquarters in The Hague but two share classes and other arrangements to prevent the Dutch government from levying withholding tax on dividends paid to shareholders of its former British arm.

The arrangement has come under renewed scrutiny after the Dutch government tried to scrap the dividend tax as an incentive to convince Unilever to unify its dual structure in Rotterdam. Rutte abandoned the plan after a popular outcry over the tax cut, which was seen as a gift to rich foreigners.

Shell has consistently lobbied against the dividend tax, which it says makes financing dividends, share buy-backs and acquisitions more difficult.

Germany sets out to fry the cheap meat trade

REUTERS, *Berlin*

How much should a slice of meat cost? More, says German Agriculture Minister Julia Kloeckner.

Following a coronavirus outbreak at a German abattoir which cast a spotlight on standards in the industry, Kloeckner is trying to wean German households - many on tight budgets - off low-cost meat.

"Meat is too cheap," Kloeckner told Reuters. "Lurid advertising with low prices for meat does not fit with appreciation and sustainability ... This is no longer acceptable." Cut price meat, from peppered salami to the traditional sausage or Wurst, is a staple for many German consumers but a recent COVID-19 outbreak at a meat plant in the west of the country has raised questions about some of the measures taken to keep prices down.

Efforts to track down people affected by the virus were hampered when some slaughterhouses were unable to give the home addresses of all their workers because they were relying on sub-contracting firms to supply them with migrant labour.

Some of the sub-contracting firms were themselves also relying on sub-contractors to get them staff.

German Labour Minister Hubertus Heil condemned the system of "sub-sub-sub-contracting" in abattoirs and is introducing a new law compelling meatpackers to employ staff directly.

In addition, Agriculture Minister Kloeckner plans a raft of measures to address what she calls the "serious consequences" of downward meat price pressures on animal welfare, working conditions in abattoirs and farmers' incomes - a move she knows risks driving business abroad, with a loss of control over standards.

Kloeckner has proposed an animal welfare levy to compensate farmers for the cost of better husbandry of their livestock and to counter the risk of driving meat processing abroad, she will also push for European animal welfare labelling on meat goods.

"Meat should not be a luxury commodity for the rich, but also not an everyday junk product," she said at a meeting with meat industry and retail representatives on June 26.

The cost of living website Numbeo estimates a kilo of beef leg costs 10.64 euros in Germany against 16.67 euros in France, 14.58 euros in the Netherlands or 12.32 euros in Denmark.

German meat processing industry association VDF said the industry will accept change.

"The sector has decided to depart from the system of worker contracts in slaughtering, cutting and packing of meat as fast as possible," VDF director Heike Harstick said.

German poultry meatpackers will also end sub-contracting by early 2021, but the transfer to permanent employment will lead to rising production costs and so higher prices for poultry meat products, association ZDG said.

"We expect that food retailers and consumers show willingness to accept these costs," ZDG president Friedrich-Otto Ripke said.

The German farmers' association DBV also supported the government's move on slaughterhouses.

Taken together, Kloeckner's plans and a government move to tighten meat processing labour standards are sure to push up meat prices and lessen Germany's comparative advantage in the trade versus other west European countries, Hubertus Gay, senior agricultural policy analyst at the OECD, said.

"The question is how much less - will it only affect additional growth (in the German market) or will it lead to a reduction compared to others? There, it's too early to call," he said.

However the impact on retail prices may be relatively moderate.

Jute farmers begin harvest with wind out of their sails after BJMC's shuttering

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Public and private mills consume more than 60 lakh bales of raw jute to make yarn/twine, sacking and hessian products, mainly for the export market, said industry operators.

And 14 lakh bales of raw jute are exported annually.

Data of the BJMC showed that it used to annually purchase more than 10 per cent of the locally produced jute until fiscal 2013-14.

Later, its purchases declined for a shortage of funds amid continuing losses.

Yet, the purchase rate declared by the public mills at the beginning of the harvesting season acted a barometer for the prices of the raw jute and the prices usually did not go below the declared rate, said a senior BJMC official seeking to remain unnamed.

"As the mills have been closed, we have not announced any rate for the coming season," the official said.

This was echoed by BJMC Chairman Md Abdur Rauf.

"As the mills are closed, there is no scope to buy jute. It will come into consideration if we can go into production through remodelling this year. But there is no plan to make purchases at this moment," he said.

Spinners who make yarn for the export market are the main buyers of the best quality of jute available. Public and private mills buy the inferior grade to make sacking and hessian clothes, said industry operators.

However, as state-run mills will no longer purchase the jute of inferior grade, it is likely to have an impact on the prices, the BJMC official said.

However, a former BJGA president, Borhan Uddin Chowhdury, believes there would be no effect on raw jute prices even after the closure of the state mills.

"Demand from the private sector would be enough," he said, adding that the demand for jute was higher than what present production was.

Private mills purchase 55 lakh bales of raw jute annually, said Shahidul Karim, secretary-general of the Bangladesh Jute Spinners Association (BJSA).

Under normal circumstances, there is unlikely to be any impact on the market, he said.

However, given the coronavirus-induced economic crisis, it is not clear what the global demand for jute goods, particularly carpets for which yarn are used, will end up being in the coming days, said the official of the BJSA, which represent jute spinners who bring in the biggest export earnings.

The BJMC played a balancing role in the jute market until now, said Abdul Quayyum, secretary-general of the Bangladesh Jute Association.

"Immediately you will see an impact. Farmers will suffer. There had been a balance of trade in the market because of purchases by the BJMC. Even if it incurred losses, it played a role in keeping the market stable."

To ensure that farmers get profitable prices for the cash crop, Quayuum, who has been involved in the sector many years, suggested that the government keep open the scope for exporting raw jute.

Raw jute exporters suffered losses owing to frequent bans on export. The government should provide incentives to them so that they can buy the natural fibre for export.

"Otherwise, jute prices will not be favourable or farmers," Quayyum added.

Farmers have to spend Tk 1,400-Tk 1,500 to produce one maund of jute, said Abdur Rashid Patwary, a jute grower at Rajbari, one of the main producing districts in the central region.

As public mills will no longer purchase jute, an impact is likely. But farmers will not suffer if the government provides subsidies, he added.

Prices of jute stood between Tk 1,900 and Tk 2,200 per maund depending on the quality, said Prabir Saha, a trader at Madhukhali of Faridpur, the biggest jute-producing district, yesterday.

The prices of raw jute declined for the coronavirus-induced fall in demand. Prices were the same the previous week, he added.

Govt looks to simplify rules as FDI plummets 13.8pc

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The prime minister at a cabinet meeting on June 8 ordered to take steps so that foreign investors can take back their invested money or profits without any hindrance, the letter said.

The premier emphasised ensuring top-class banking services to help foreign investors go for capital investment and repatriate invested money or profits, it said.

According to the finance division, non-resident Bangladeshis are increasingly becoming interested in investing in Bangladesh in the manufacturing, agriculture and services sectors. They are investing in various savings schemes at local banks as the rate of interest rates on deposits is higher than in foreign banks.

But they face a complex banking process when they withdraw the funds upon their maturity and take back the funds. This discourages many NRBs to invest in Bangladesh, the letter said.

Steps need to be taken so that foreign investors can easily deposit funds in their foreign currency accounts, withdraw funds and repatriate the invested funds or profits.

To do so, the central bank can take urgent steps to simplify banking and make it faster, it said.

A committee of the finance division and the central bank has already prepared a draft to make the Foreign Exchange Regulation Act 1947 in Bangladesh time-befitting.

The process to pass the bill in parliament to turn it into law to get rid of legal barriers is underway.

FDI surged 51 per cent last fiscal year to its highest on record, riding largely on Japan Tobacco Inc's acquisition of Akij Group's tobacco business for $1.47 billion.

In fiscal 2018-19, net FDI stood at $3.88 billion in contrast to $2.58 billion a year earlier, according to data from the central bank.

Bangladesh expects a bigger inflow of FDI in the days to come as different nations plan to relocate their factories to countries like Bangladesh to bring down cost amid a cash crunch caused by the pandemic, said Commerce Minister Tipu Munshi recently.

Bangladesh needs to increase private investment -- and especially foreign investment -- to raise productivity levels, diversify exports and accelerate economic transformation, the World Bank said last month.

The country is not attracting near enough FDI to help propel a new phase of economic transformation.

China is joining the European Union and the US as a leading source of FDI in Bangladesh and recent anecdotal evidence indicates that some East Asian manufacturers are turning to Bangladesh to diversify their production and overcome rising international import tariffs.

Bangladesh would have much to gain from the capital, technology, innovation and managerial knowhow that may accompany FDI.

But it is well behind emerging economies in the region such as Cambodia, India, Myanmar and Vietnam when it comes to FDI inflows per capita or as a share of GDP, the WB said in a document.

"There are signs that Bangladesh may be on the cusp of becoming a new frontier market for market-seeking foreign investment and possibly for efficiency-seeking foreign investment too. But old concerns and perceptions about Bangladesh's ability to accommodate and partner with foreign investors must continuously be addressed," it added.

Improvements in infrastructure, governance and stepping up anti-corruption efforts will be necessary to enhance the business environment and attract FDI, the International Monetary Fund said recently.

The government plans to redesign the incentive package for post-pandemic FDI flow, Paban Chowdhury, executive chairman of the Bangladesh Economic Zones Authority, told state-run news agency BSS last week.

He said a redesigned incentive package appeared crucial for Bangladesh as other FDI-seekers like India, Vietnam, Thailand and Cambodia were offering "more than what we are doing" and some of them by now ensured their access to bigger markets under different free trade agreements.

"We have made a series of recommendations to incorporate new offers in our existing incentive packages to draw FDI during and after the pandemic," Chowdhury said.

Technical training the answer to skilled worker deficit

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The initiative is a platform for local businesses, educational institutes and policymakers to come together and formulate plans to turn Bangladesh into a knowledge-based economy, in line with the government's vision.

Since most graduates from the country lack proper communication and managerial skills, BIDA provides work permits to foreigners who are recruited by local firms to fill the gap.

To survive the coronavirus fallout, companies need to adapt to the fourth industrial revolution, maintain good communications and improve the ease of doing business.

"If we want to attract the factories relocating from China, we have to compete with countries like Vietnam, Indonesia and Japan. And the only way to do that is to help facilitate the move," Islam added.

Bangladesh has a competitive advantage over the other possible destinations for companies relocating from China as the country with its 63.5 million-strong workforce has a favourable demographic dividend, said DCCI President Shams Mahmud.

Due to the lack of working capital following reduced exports, many people have lost their jobs in the SME and informal sectors, he added.

Creating new opportunities for employment will be a major problem in the post-pandemic period, said Md. Shahidul Alam, additional secretary of the ministry of expatriates' welfare and overseas employment.

To tackle the problem before it arises, strong collaboration between the government and the private sector will be needed.

Stressing on how crucial it is to make technical training attractive for students by immediately absorbing trained manpower into the economy, Alam suggested forming links between educational institutions and various industries.

The National Skills Development Authority is already formulating a strategy to raise quality technical professionals, said Md. Abdur Razzaque, a member of the planning and research division of the National Skills Development Authority.

However, the process could take some time due to the coronavirus situation, he added.

Meanwhile, Md Sakawat Ali, director of the Bureau of Manpower, Employment and Training (BMET), said they are assessing the skilled manpower requirements of different sectors to provide training on a need basis.

Through 70 BMET institutes, training will be provided to the returning skilled migrants in a bid to convert them to entrepreneurs, Ali added.

Shaquib Quoreshi, enterpriser of Business Intelligence Limited, presented a keynote paper while Atique-e-Rabbani, managing director of The Computers Limited; DCCI Vice-President Mohammad Bashiruddin; Asif Ibrahim, chairman of the Chittagong Stock Exchange; Khairul Majid Mahmud, former DCCI director; and Humayun Rashid, former DCCI senior vice-president, were present, among others.

Primary textile sector still deprived of bailout funds

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The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), the association responsible for coordinating the disbursement of loans from the government stimulus packages, expects to see a reasonable flow of funding for both existing and new loan applications soon.

"The momentum should be visible to all within two weeks. District business chambers and sectoral associations are in touch with FBCCI in this regard," said FBCCI President Sheikh Fazle Fahim.

Working out the challenges faced by borrowers is a continuous process that requires constant communication between the government and various stakeholders. To streamline the process, applications, disbursements, approvals, declines and customer service is being monitored by the FBCCI, Fahim added. As of July 1, Bangladesh Bank approved applications to disburse a total of about Tk 4,100 crore from the Tk 30,000 crore-package.