Impact of growing ship-breaking industry

Wake up call for S Asian nations

by Hemant Babu

Alang (Gujarat), Dec 24 : The stand-off between Greenpeace activists and a shipping company at Botany Bay harbour in Sydney has come as a wake up call for South Asian countries where ship-breaking is a growing industry.

In a high-pitch drama last week, six activists of Greenpeace and Basel Action Network, another worldwide environmental organisation, clung to the bow of a ship called 'Encounter Bay', preventing it from sailing on its last commercial voyage.

The ship, which belongs to the German company P&O Nedloyd, was destined to end up in the world's largest ship-breaking yard here on India's West coast.

Greenpeace activists claimed that the ship, which contained hazardous wastes like asbestos and heavy metals, was part of an international conspiracy to dump toxic wastes in Asia. While being broken apart, the ship would have polluted the sea dangerously besides harming the health and lives of workers.

Claiming that the Indian subcontinent had become the final destination for most ships around the world, the Greenpeace activists demanded that the ship be de-toxified in Europe before sending it to Asia's ship-breaking yards.

According to the Lloyd's Shipping Register, apart from warships, there are about 45,000 ocean-going vessels including container ships, general cargo ships, tankers, ferries, cruise liners and special ships for research and cable laying.

Every year, about 700 of these ships are decommissioned after an average service of 29 years at sea. About 70 per cent of these ships are scrapped in India while the remaining are taken apart in Pakistan, Bangladesh and China. Vietnam and Philippines are the new entrants to the business.

In the 1970s, ship-breaking had been a highly mechanised industrial operation carried out mainly in Great Britain, Spain, Mexico and Brazil. During the 1980s, the industry shifted to Asian countries where cheap labour was abundantly available. This shift changed the nature of the industry from highly mechanised to labour-intensive.

In the mid-eighties, half of the world's ship-breaking was done in China but India took over the mantle of the industry leader by the beginning of this decade, with Pakistan and Bangladesh following suit.

While as much as 95 per cent of a ship's mass consists of high quality steel, which is recovered during the scrapping operations, the remaining five per cent is comprised of non-ferrous metal components, paints and coatings, insulation and sealing materials, electric cabling, cabin walls, decorative tiling, floor coverings and so on. Besides, there are fuel remnants like lubricating oil and heat transfer fluids, which need to be removed from the wreck.

According to Greenpeace activist Nityanand Jayaraman, what causes maximum harm to the workers' health and the surrounding environment is the asbestos used in these materials.

Asbestos, a known cancer-causing material now banned in many countries including Germany, has fibres thinner than one micrometre which lodge themselves in human tissues as body enzymes cannot destroy them. Eventually they cause connective tissue of the lung to shrink leading to a disease called asbestosis.

Environmental samples collected by Greenpeace activists from Alang and Mumbai have revealed high levels of asbestos, heavy metals and other dangerous chemicals.

Unprotected exposure to hazardous chemical agents and total absence of labour laws have made thousands of workers in the ship-breaking industry vulnerable to death and disease, Jayaraman says.

The Alang and Sosiya ship-breaking yards in the western state of Gujarat employ about 40,000 workers, most of whom are migrants from eastern states like Orissa and Bihar. Employed on a daily wage basis, they are not covered by India's labour laws, nor do they get any medical facilities.

A worker at Alang gets Rs. 60 ($ 1.4) per day going upto a maximum of three dollars a day for a high-risk, high-skill job like cutting the top of a ship.

Working with bare hands and without any protective gear, workers are involved in accidents which have become common at the at the ship-breaking yard. Even a death at the yard does not halt work 50 yards away, according to Jayaraman.

It was only in 1997, when a gas explosion killed 50 workers at Alang, that the Gujarat government made wearing of protective helmets compulsory. However, a visit to the yard reveals the truth. Majority of workers simply tie a cotton cloth around their nostrils for protection while the much-touted headgear was nowhere in sight.

The yard and the workers' hutments are divided by a dusty road on which trucks continue to pass in a serpentine queue kicking up dust contaminated with asbestos fibres and particles of heavy metals.

In this highly accident prone industrial area, there is no operational fire station while the nearest well equipped hospital is 28 kilometres away in Bhavnagar town where the critically injured workers are taken.

—India Abroad News Service

The workplace politics

It's taken a long time coming but early in the New Year the "Fairness at Work" White Paper will finally be published.

Ever since Labour was elected, it has been the focus of the ideological struggle within the party - and within the government.

It has been a battle fought right on the line between New Labour and its older variant.

Indeed, if there is a faultline presaging damaging tremors in the government, issues like where the balance of power in workplaces should lie will surely be at the centre of it.

That, no doubt, is all for the future. For the moment, we now know what the White Paper will say.

It means a big shift in the balance of power towards the employed, whether union members or not. For better or worse, though, the shift is not as big as it would have been without the appointment of Peter Mandelson as former Trade and Industry Secretary.

Business lobby

The main change is to the provision to give unions automatic recognition where they have more than half the members. In other words, if more than 50 per cent of employees in a workplace are members of a union, the employer would have had to deal with the union under the original scheme without the employees being balloted.

The CBI lobbied hard and Mr Mandelson softened the provision. Employers will be able to appeal to a revamped Central Arbitration Committee if they feel that union recognition would not "be conducive to sustainable and good industrial relations".

The argument apparently is that even if more than half the employees are in a union, they may not want the union to represent them (they may have joined for other benefits like cheap insurance).

Employers might argue then that imposing a union would merely disrupt a basically happy situation.

In reality, it is hard to imagine many such situations but the opportunity for appeal does make union recognition more complicated, demanding more time and effort on both parties.

Obscure body to the fore

It also puts a great burden on the Central Arbitration Committee. This is an obscure body destined to become less obscure.

It will mean that the composition of the committee will be crucial. Back in the 1960s, ACAS decided such issues. The union appointees voted as one. So did the employer appointees.

The individual academics tended to side one way or the other (their sympathies came out consistently in the vote). One academic appointee, though, did tend to switch his vote so in effect every decision was made by him.

It will be much the same with the CAC so who is on it will determine whether unions or employers get the results they want.

Business champion

It is assumed that the composition will be decided by the new Trade and Industry Secretary Stephen Byers.

Clearly, Mr Mandelson would have made very different choices to his predecessor, Margaret Beckett. And that is probably the point of the changes. Labour was committed to the new law in the manifesto.

Mr Mandelson saw himself as the guarantor of business interests in the government.

Labour can not go back to its old perceived hostility to profitable business and Mr M was the bulwark against that.

The law will be more complicated with a lot more fuzzy definitions, all making work for the lawyers.

Unions emerge bruised from the experience - but recognise that the law is still much better than they could have dreamt of before Labour was elected. The word "betrayal" is not on their lips.

Some of the shine has gone off the love affair, though. That may or may not matter in the future.

—BBC Internet

EU aid budget ignoring poorest

Mike Crawley writes from London

The European Commission has turned development priorities upside down, favouring countries that are geographically close instead of those that have the greatest need. But as Europe prepares to set its development budget for the first six years of the new millennium, Gemini News Service reports that pressure for change is growing.

The statistics couldn't be much starker.

The European Commission spent three-quarters of its development aid on low-income countries during the 1980s. Now those same countries receive barely half.

The shift has come despite a European Union commitment to the international community's goal of bringing half of the world's poor out of extreme poverty by 2015.

It's a shift that must be reversed, according to a growing number of voices, and not just from the South.

The EC's aid spending came under fire in a recent report from the Organisation for Economic Co-operation and Development, which represents the major industrialised western economies. Its Development Assistance Committee called into question "how far the EC policy on poverty is reflected in the allocation of aid resources."

The report said: "The EC allocates a lower proportion of its resources to lower income countries than most other donors and there has been a trend for this share to fall over recent years."

Another strong opposing voice comes from Clare Short, Britain's secretary of state for international development. She says EC aid spending is "skewed quite dreadfully against the poorest" and slams its programmes for inefficiency.

Even the EU's Development Council — the development ministers from each European country — has expressed concern about the lack of attention to poverty in its spending.

Europe's international development spending matters because of its size. The EC is the world's fifth-largest development assistance donor, with a current annual budget of $5.3 billion.

The EC is currently preparing what it calls its "financial perspectives" for the years 2000-2006. These will be the terms that set out how aid money will be spent, and they are scheduled to be signed next March.

That's why the criticism of the EC comes at a crucial time. And since the commission will dole out some $48 billion in aid during that period, those priorities will have a major impact on developing countries.

The British House of Commons international development committee — made up of politicians of all stripes — recently visited Brussels in its investigation into EC aid spending.

"We learnt a great deal about the problems that are facing the EC's development budget," says committee chairman Bowen Wells, a Conservative. "We came back really very worried about it."

Back in 1995, the European Union chose to allocate a great deal of aid to the southern Mediterranean and North Africa — known as the Meda countries in EU jargon. The decision was based on geopolitics, not the principle of greatest need. As a result, current EC aid spending shows such vast discrepancies as Morocco receiving eight times the per capita aid of Bangladesh and Ethiopia.

"It was never that people sat down and said "Ha, ha, ha, let's take the money away from the poor," says Short. "It was other political imperatives that came about."

She says the EC's failure was not to entrench poverty-reduction as a guiding principle, something that she's now demanding from Europe.

"The implications of those decisions weren't really thought through then, but now that it's obvious, I hope people will try to readjust the balance," says Helen O'Connell of the London-based aid agency One World Action.

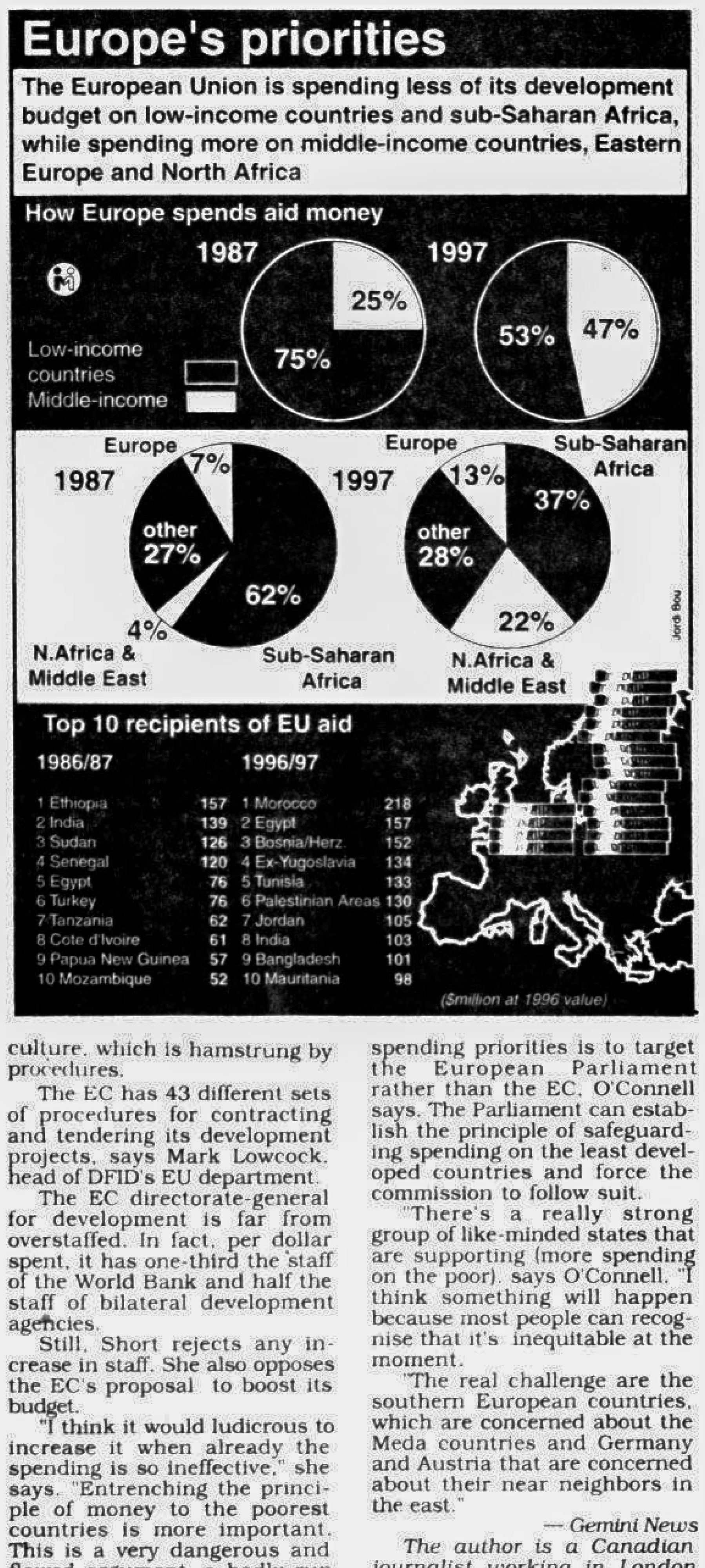
Her NGO is among those joining the clamour against the EC's spending priorities. It was part of a delegation representing some of the biggest UK-based aid agencies — including Oxfam, Save the Children Fund, Christian Aid and the Catholic Fund for Overseas Development — that submitted a report blaming the EC for "ill-judged decisions" when it set its financial guidelines for 1993-99.

They call for the EC to fix its minimum spending on poor countries at 62 per cent of its development budget, the average among EU member states.

Not only has the distribution of EC aid money come under attack, so has the efficiency of its programs. Decision making is fractured, responsibility is diffused and the commission has no way of measuring the effect of its development work.

Meanwhile, some 27 per cent of the development budget remains unspent, and the gap between commitments and spending is growing larger.

Staff in Britain's Department for International Development (DFID) says there are three things the EC should do: bring in people with skills in health and population, and make better use of local staff, and change its management culture, which is hamstrung by procedures.



The EC has 43 different sets of procedures for contracting and tendering its development projects, says Mark Lowcock, head of DFID's EU department.

The EC directorate-general for development is far from overstaffed. In fact, per dollar spent, it has one-third the staff of the World Bank and half the staff of bilateral development agencies.

Still, Short rejects any increase in staff. She also opposes the EC's proposal to boost its budget.

"I think it would ludicrous to increase it when already the spending is so ineffective," she says. "Entrenching the principle of money to the poorest countries is more important. This is a very dangerous and flawed argument, a badly run organisation asking for more staff."

Among NGOs, the current strategy to create change in spending priorities is to target the European Parliament rather than the EC, O'Connell says. The Parliament can establish the principle of safeguarding spending on the least developed countries and force the commission to follow suit.

"There's a really strong group of like-minded states that are supporting (more spending on the poor), says O'Connell. "I think something will happen because most people can recognise that it's inequitable at the moment.

"The real challenge are the southern European countries, which are concerned about the Meda countries and Germany and Austria that are concerned about their near neighbors in the east."

— Gemini News

The author is a Canadian journalist working in London for Gemini News Service on a fellowship from the International Development Research Centre.

South African goods swamp neighbour

Hastings Nyasulu writes from Lusaka

The label "Made in South Africa" is seen all too frequently in Zambia these days, on everything from food to pharmaceuticals. Gemini News Service reports that many Zambians are calling for less reliance on such imports as local jobs are disappearing in their wake.

Some things seem never to change. Apartheid South Africa was, understandably, Zambia's political enemy number one. Although its politics now pose little threat, the post-apartheid Republic of South Africa (RSA) is still enemy number one, but this time in the economic arena.

Ever since president Frederick Chiluba's government liberalised the economy, high quality South African goods, including fresh farm produce, have simply replaced Zambian-made goods on the shelves. The fragile Zambian manufacturing sector can neither withstand the competition nor, in some cases, even afford to keep its machines rolling.

The problem is further compounded by South African laws which — thanks to preferential tariff structures — discourage imports of products from outside the Southern African customs union, which embraces Namibia, Botswana, Lesotho and Swaziland.

A popular cartoonist in one of Zambia's tabloid newspapers depicted a typical scenario in the ongoing marketing war between Lusaka's major department stores.

"Just unpacked!" the produce on the shelves screamed. "Cabbages from Cape Town! Oranges from Bloemfontein! Carrots from Gauteng! Original Irish potatoes from Ireland via RSA. Genuine apples from Durban."

The message is clear to ordinary Zambian consumers: everything worthwhile is imported, from mangoes to mushrooms, oranges to cream, beer to wine, needles to pharmaceutical products like paracetamol and chloroquine.

This does not only happen in the capital. Even in remote villages, the tag "Made in RSA" is an everyday sight. One of the country's best-known business consultants, Gilbert Mudenda, calls Zambia "South Africa's trading shelf."

As a result, economists, farmers, industrialists, financiers, academics and opposition politicians agree that Zambia's biggest problem right now is what is seen as unfair trade competition from the RSA.

A number of Zambian factories have closed and once-prosperous farms abandoned, pushing thousands of workers out of a job. Formerly active factories employing more than 100 workers each are now being turned into warehouses. Their labour forces scaled down to a bare dozen at best.

The million-strong base of those in formal employment in 1990 has now shrunk as low as 240,000.

President Chiluba, once Zambia's most popular national trade unionist, has now been forced to concede that the trend is an alarming one, and in mid-November had to call an *insaka* (in the local Bemba language, a meeting for dialogue and finding solutions to a problem), inviting major economic stakeholders to debate the best ways to "revitalise the economy" and accordingly make recommendations for the 1999 budget.

The *insaka* was unanimous on one point at least: the biggest culprits are the South African companies based in Zambia.

The country's major department store chain, Shoprite Checkers, imports almost 90 per cent of its stocks, including fresh meat, cheese, butter, cabbages, ham, potatoes and all other fresh farm produce. Its sister company, the Hungry Lion fast food chain, imports all its peeled refrigerated potatoes. Both companies take advantage of the zero rated duty on food imports into Zambia.

Ajay Vashee, president of the 10,000-strong Zambian National Farmers' Union, condemned the trend, and demanded that the government set up a private sector-driven Board of Tariffs and International Trade, which would have powers to streamline problems arising from unfair trade practices.

"This is the sort of unfair competition that has killed the agriculture industry in Zambia," he said. "While the Zambian farmer tries hard to keep workers in employment by farming, the government is showing clearly that it does not care what happens to the produce after the heavy toil. We are not scared of competition, but we cannot stomach unfair competition."

George Chabwera, president of the Chamber of Commerce and Industry, insisted that the government revisit both investment and agricultural policy.

"We are not against the liberalisation of the economy," he said. "We are not against privatisation. But South Africa and other countries are turning Zambia into a dumping ground for their subsidised exports. Government policy is forcing the Zambian consumer to create jobs for South Africans, not Zambians."

The balance of trade situation is dire. Fresh farm imports alone are reported to be gobbling up US$2 million a week of scarce foreign exchange. In contrast, Zambia exports tobacco, paprika and soya beans worth no more than US$4 million a year.

Farmers argue that the kind of money spent on fresh consumables from South Africa could be better spent on importing farm implements and subsidising inputs to recreate lost jobs.

In the meantime, the local currency, the Kwacha, is sinking fast. While in January 1998 it took K1,250 to buy one US dollar, by December the rate had reached K2,300.

On 1 December the depreciation finally brought a response from the Ministry of Finance, which implemented foreign exchange regulations banning the purchase of more than US$ 5,000 in foreign currency in a single transaction.

But the Chamber of Commerce said that was too little, too late. In the past five years, 112 major companies have closed in Zambia, while some have relocated to either Zimbabwe or Kenya citing poor economic environment for manufacturing.

They include the type giant Dunlop Zambia Ltd, whose products could not compete with South African imports and whose Ndola plant closed its doors in 1997.

Livingstone Motor Assemblies has abandoned its assembly of Fiat and Peugeot cars, and at least 51 textile companies have closed since 1994.

The overall effect is to turn some factory-centred communities into ghost towns.

Sinking ship boosts music industry in '98

LOS ANGELES, Dec 24: A sinking ship buoyed the music industry last year, with phenomenal sales of the "Titanic" soundtrack and Celine Dion's own album "Let's Talk About Love" nudging annual sales up four per cent — the industry's second straight year of growth, reports AP.

With Sony Music leading the pack, the industry sold 780 million units through last weekend, up from 749 million through the same weekend in 1997, according to sales monitor SoundScan.

The success of the past two years marked a rebound from two years of almost flat sales of 705 million units in 1996 and 690 million in 1995.

The record industry benefited in 1998 from growth in rap music, the continued success of country and the popularity of movie soundtracks. Buyers included more teen-age girls and older buyers of both genders as the consumer base expanded beyond young males.

Some signs of potential problems appeared, however. Release by such established artists as REM and Phil Collins so far have failed to meet sales expectations, while plenty of uncertainty exists over Seagram Co's acquisition of PolyGram, NV, which included thousands of layoffs.

But the year can best be summed up in one word: "Titanic."

Released by Sony Music, the soundtrack for the highest-grossing movie of all time sold 9.2 million units through Dec 13, the most recent date available for that industry sales figures. That's nearly four million more copies than the closest album, Dion's "Let's Talk About Love," according to SoundScan.

The success of "Titanic" came even though it was mostly an orchestral album — though the ballad "My Heart Will Go On" with Dion was a smash single, so popular it once topped the Latin music charts — in English.

"It was in a once-in-a-lifetime phenomenon," said Geoff Mayfield, director of charts and columnists for Billboard magazine. "This thing was the kind of album that did Christmas week numbers in January and February."

Mayfield said that "Titanic" brought older consumers and more women into record stores and "who knows what else they bought, pushing up the numbers."

The movie business' influence on records went beyond "Titanic." The soundtrack to "City of Angels" sold 3.8 million units. Will Smith, a rapper-turned-actor, scored with his rap album "Big Willie Style," which sold 3.2 million units.

Indeed, rap continued to do well, and may outsell country for the first time, despite such country hits as Shania Twain's "Come on Over" and Garth Brooks' latest, "Double Live," which is showing staying power.

Consumer electronics embrace digital era

NEW YORK, Dec 24: The digital revolution in consumer electronics, including personal computer gadgets, began to gain attention in 1998, and it is expected to take a stronger hold of the market in the coming year.

In 1998 the consumer electronics industry set the groundwork for the switch to digital products from analogue products, as companies formed alliances and introduced new products in the personal computer gadget, digital camera and digital television arenas. Digital technology produces sharper, higher-resolution images and crisper sound.

"Everything is going from analogue to digital," said Kevin Hause, an analyst at International Data Corp. He added the shift will drive the consumer electronics market for the next five to six years.

Personal computer-type gadgets are perhaps most reflective of the oncoming digital age, and 3Com Corp.'s Palm Pilot is everyone's favourite example. It offers calendar and address book functions and the latest version will allow access to the internet and real-time data such as stock quotes.

"These products let you take pieces from the Internet away with you," said Matthew Nordan, an analyst at Forrester Research. In 1999, 3.5 million units of devices similar to 3Com's Palm Pilot, smart phones and near-personal computers will be sold in the U.S., with a vast majority of them pocket-sized, Forrester predicts.

As PC gadgets become hot items, home networking will grow, and may down the line reach a "Jetsons-esque" level, in which everything in the home is computerised.

In the near-term, however, networks that enable users to connect multiple PCs to printers and other PC gadgets in the home will grow, especially as users get broadband Internet

Other digital products that have got attention recently include CD-writable products, which allow consumers to record on compact discs, and minidisk players. Diamond Multimedia Systems Inc. has elicited an uproar from record studios with its device that allows music to be downloaded from the Internet.

"We will see more varieties of products and different storage capacities coming to market

Provided Diamond survives the litigation process here," Hause said. "It's going to be an interesting race to watch."

On the video end there is DVD, which is entering the home entertainment realm. However, PaineWebber said in its 1999 technology forecast that DVD will not make major progress in the market against CD-ROM's due to continued vendor wrangling over standardisation.

Still, the products are attracting users. In the first 18 months of sales, 365,000 people started using CD's, 394,000 VCR's and 1.07 million DVD, said Jeff Joseph of the Consumer Electronics Manufacturing Association (CEMA). Digital VCR's are expected to be the next hot video item, as consumers become attracted to their real-time pause and personalised viewing abilities.

Although digital cameras are still mostly practical for advanced personal computer users, according to International Data analyst Ron Glaz, sales are picking up and manufacturers are coming out with more types of products at lower prices, especially in the higher-resolution megapixel varieties.

Manufacturers have introduced digital camera products that are not dependent on PC's, such as printers that allow digital cameras to print their pictures sans computer.

"(Buyers) won't be the individuals who bought a VCR and still have the light blinking. The product is still for the above-average PC user," Glaz said.

For kids, some of the hottest gadgets have been interactive toys, as Hasbro Inc.'s Furby has penetrated many households this season. Forrester analyst Seema Williams expects interactive toys to continue to be a hit with kids.

"I do not see the underlying technology (sensors, infrared) in these machines getting much cheaper, but rather the way they use the technology getting smarter," Williams said.

And then there was this past autumn's high-definition TV launch. The year 1998 witnessed digital TV's first steps toward the mainstream, with manufacturers and networks putting forth high-resolution HDTV.

In November, digital signals were transmitted in major U.S. markets and stores began carrying high-priced HDTV sets for curious consumers. But while some in the industry are pegging the advent of digital TV to be as momentous as the introduction of colour TV, many industry analysts expect it to be a long time for the now-costly technology to have any impact on the mainstream consumer.

CEMA expects the industry to have sold about 150,000 HDTV sets by the end of 1999.

However, other analysts are more conservative, saying it will take at least until 2002 or 2003 for all the issues involved to be settled and standardisation to occur.

—Reuter Internet

$153m hotel in Antarctica!

AMUNDSON-SCOTT RESEARCH STATION, Antarctica, Dec 24: The new $153 million US research station here won't be The Plaza at the Pole. A budget hotel may seem deluxe, by comparison, reports AP.

The 8-by-8 (2.5-meter by 2.5-meter) bedrooms in the new outpost will be smaller than some prison cells.

But when the temperature plunges to minus 100 Fahrenheit (minus 74 C) and the wind roars down the Queen Maud Mountains at 200 mph (320 kph), these cozy little dens will beckon as many 153 people to the frozen bottom of the world.

"It's going to be the size of walk-in closet back home," concedes Frank Brier, project manager of the new station for the National Science Foundation.

It will be several years — no earlier than 2005 — before anyone checks into this polar hotel.

Whether that is soon enough will depend on cooperative weather and careful maintenance of the fabled, but decrepit, existing station protected by a circa-1975 geodesic dome that is being rapidly buried by blowing snow from across Antarctica.

Polar diehards may wax lyrically of the beloved dome as an ark on a frozen sea.

Others privately ridicule it as an icebound Mir, the balky Russian space station that suffered fires, computer failures and near-fatal decompression. Like many jokes, it contains some truth.

"The US would not send a ship to sea or a spacecraft into orbit in such condition," says Norman Augustine, the CEO of Lockheed Martin, who headed the blue-ribbon panel that recommended the new station to Congress in 1997.

Lawmakers agreed, though they appropriated about $40 million less than originally requested for a more elaborate facility.

One of the most formidable construction projects ever attempted now is well underway. Metal clangs, bulldozers roar and welding torches are 24 hours a day, six days a week.

An acrid whiff off diesel fuel rides the cold wind blowing through the squatters' village of temporary shelters known as Summer Camp. It already was overcrowded before 60 construction workers arrived.

Inside the old dome, a burly laborer slumps into a pink plastic cafeteria chair. Wisps of steam rise from his matted hair as he peels off layers of insulated coveralls. Icicles drip from his beard.

"Are we having fun yet?" Wiley Ellis demands as his frost-encrusted comrades clomp past in heavy rubber boots.

Ellis normally makes cabinets in Idaho, but a craving for adventure — not to mention a steady paycheck — has lured him 9,000 miles (15,000 kilometers) from home.

Isolation and cold are extreme even by Antarctic standards. Some workers relish the brutal conditions — and the camaraderie. They return to the Pole year after year to work as aircraft "fuelie" or cargo handler or dozens of other tasks. Others, like Ellis, sign up to assemble the new polar station but are unlikely to return after one four-month hitch.

Any romantic notion of pioneering quickly evaporates aboard a Vietnam War-era cargo plane during a 13-hour flight from New Zealand.