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BUSINESS

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MINIMUM WAGES FOR RMG WORKERS

Concerns over possible labour unrest on the rise

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Concerns over a possible labour unrest in ready made garment industries are on the rise as full enforcement of a tripartite deal on minimum wages for RMG workers within the deadline of June 30 remains uncertain, according to industry insiders.

A BGMEA survey of 271 RMG units among 571 non-compliant ones finds that only 255 RMG units have so far implemented such minimum wages.

Most of the workers' leaders are now skeptical over a better situation as the deadline is slipping away fast.

"If any RMG unit fails to pay as per the minimum wage board, the workers of the factory concerned would have no other option than agitation for their survival because no worker is now unaware of the deadline," said Nazma Akther, a workers' representative in the Wage Board.

The workers are passing their hard time in a hope that they would get enhanced wages from April, which may match their living cost, she added, fearing that the harsh reality might force them to lose their patience as they are struggling to keep their body and soul together with their meagre income.

Sources in the sector said not over 40 percent RMG units, mostly composite industries, are paying the workers minimum wages.

Such compliant industries would not exceed 50 percent within the stipulated time, they anticipated.

Md. Towhidur Rahman, president of the Bangladesh Garments Industry Workers Federation, is also of the identical view on the number of the units being compliant.

"The situation will turn from bad to worse on expiry of the deadline," he could not help expressing his apprehension.

He is also critical of what he said the government's not allowing any press conference to express their concern.

Meanwhile, Anwarul Alam Chowdhury Parvez, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), expressed high hope of cent percent implementation of the minimum wages by June 30.

He, however, figured out a BGMEA survey finding that says only 255 garment industries have succeeded in enforcement of workers' minimum wages.

There will be no business relations with the BGMEA-member units failing to enforce the minimum wages by June 30, Parvez reiterated his warning.

Annisul Huq, a former BGMEA president, however, opposed the incumbent president's opinion and said it is impossible to implement the minimum wages by all the RMG units within the timeframe.

He said any trick to manage the situation in anybody's own way might bring a serious setback for the industry.

He asked for taking a realistic stance by the government to face the situation.

Besides, the labour ministry is conducting survey in different garment industries to ascertain the real situation. The ministry is supposed to take action against the non-complaint industries after the expiry of the deadline.

"We would take stern action against the non-complaint industries. We may ask the owners to close their factories if they fail to implement the wage board," a senior official, also a member of the audit cell of the labour ministry, said.

He also feared an outburst of labour unrest in case of failure in such compliance.

Earlier, BGMEA leaders in a general meeting on June 9 tried hard to con-

vince their fellows that they would have no option but to implement the minimum wages by June 30.

The leaders also reminded them of tough public sentiment as well as media and government stance about immediate implementation of the increased wages.

The RMG labour unrests in May and June 2006, in which a few workers were killed, many were injured and many factories were damaged, forced the 10-point tripartite agreement on June 4, 2006 that decided to form a tripartite wage commission and provided the commission with three months time to suggest a new pay scale as the minimum wage, which remained unchanged at Tk 930 for 12 years.

The agreement also promised providing workers with appointment letters, payment of overtime charges, holidays and maternity leaves.

The commission finalised the apparel workers' pay structure, setting the minimum wage at Tk 1,662.50 on October 5, 2006 and the government on October 22 made a gazette notification to this end.

The workers were expecting payment of increased wages by December 2006.

Garment owners missed the December deadline and at a meeting on May 13, 2007 with the labour adviser, Anwarul Iqbal, the leaders of garment and knitwear manufacturers and exporters' associations again committed to implementing the increased wages by June 30.

WTO looks to putting broken trade talks back together

AFP, Geneva

All 150 members of the World Trade Organisation met Friday to assess where tortured negotiations go from here following the collapse of talks between four key players in Germany.

WTO Director General Pascal Lamy was to address the 150-strong Trade Negotiations Committee in Geneva later on Friday in a bid to assuage concern that the failure of talks in Potsdam could point to the end of the road for the global trading round.

The talks between the so-called "G4" -- the European Union, the United States, Brazil and India -- broke down on Thursday. All parties now agree that the focus will move back to multilateral discussions in Geneva.

Brazil's top trade official and

foreign minister, Celso Amorim, told reporters that the G4 was "dead," but the same should not be said for the wider Doha Round.

"I don't think that the Doha Round is dead, even that it is agonising," Amorim said.

It is "difficult but not impossible" for all 150 members of the WTO to arrive at a comprehensive global trade deal, he added.

An EU official who declined to be named was not as forthright as Amorim on the state of the G4, but did say that the group in its current format "seems to have exhausted itself".

The official said the G4 had "performed a vital function," but that people would have to "draw some conclusions" in the wake of the Potsdam failure.

Seminar on leather begins

In a bid to promote export potential of leather and leather goods through the application of Total Quality Management (TQM), a two-day long seminar began yesterday in Dhaka.

A total of 40 participants from the country's leather goods sector attended the seminar, says a press release.

The seminar was jointly organised by Japan-Bangladesh Chamber of Commerce and Industry (JBCCI), Japan External Trade Organisation (Jetro), Bangladesh AOTS Alumni Society (BAAS), Bangladesh Society for Total Quality Management (BSTQM) and the government-run Export Promotion Bureau (EPB).

EPB Vice Chairman Mohammad Shahab Ullah spoke at the inaugural session as chief guest, while Hideo Ueno, JBCC president, Tomohiro Kinomoto, representative of Jetro Dhaka, spoke among others.

The same organisers arranged a TQM seminar on the tea sector of Bangladesh at Srimangal in November last year.



PHOTO: BEPZA

A business delegation from Singapore led by Benny Pua had a meeting with the Bangladesh Export Processing Zones Authority (Bepza) in Dhaka on Thursday. Bepza Executive Chairman Brig Gen Ashraf Abdullah Yussuf assured the visiting delegation that the Singaporean investors would be given priority in allotting a special enclave in any export processing zones of North Bengal, and the expanded area of Karnaphuli EPZ might be allotted as a Singaporean special EPZ.

Weekly Currency Roundup

June 17-June 21, 2007

Local FX Market

The demand for US dollar was stable in the week. The dollar showed a slight upward trend against Bangladeshi taka at the beginning of the week, but remained range bound in the latter half of the week.

Money Market

Overnight money market was stable this week. The call money rate was range bound and most of the deals ranged between 6.60 and 6.75 percent throughout the week.

International FX Market

The week saw the market moving in favor of the dollar with disappearing expectation of Fed rate cut and rising bond yields. Yen was still under pressure as Bank of Japan was seen doing nothing to change the market view of a slow and steady rate rise. Market experienced a boost in higher yielding currencies i.e. New Zealand dollar, sterling.

US dollar

The US dollar gained against the yen this week, but lost ground against the euro after data showed that the consumer prices for May rose at its slowest pace since March 2006. However, dollar recouped some ground against euro later in the week with focus on US interest rate. Rising US Treasury yields and waning expectation of Fed rate cut later in the year is shifting the environment in favor of dollar.

Euro

The euro hit a record high against the yen and also made gains against the US dollar. However the gain against the US was somewhat hampered after a survey showed weak German investor confidence. However, the euro remained steady for the rest of the week.

Yen

The yen was at a 4-1/2 week low against the USD and a lifetime low of 166.11 against the euro after the BOJ said that they are unwilling to increase interest rates form its current level of 0.5 percent. This is the lowest interest rate in the industrialized world. The BOJ is expected to increase its rate to 0.75 percent in August.

Sterling

Higher-yielding currencies generally drew support this week. Sterling, which offers the highest interest rate among the G7 currencies, hit a 3-1/2 month high against the euro. The pound was extending gains later in the week. The minutes fanned expectations the BoE could raise rates as soon as July.

-- Standard Chartered Bank

Indian inflation down

AFP, New Delhi

India's wholesale inflation fell to its lowest level in more than a year Friday on a continuing trend of lower food prices, official data showed.

The weekly wholesale price index was up 4.28 percent for the week ended June 9, a decline from 4.80 percent last week, the Indian ministry of commerce said.

The figure was sharply down from the 5.29 percent inflation rate reported for the same basket of goods a year ago.

With inflation under five percent

for the third week in a row, pressure may ease off the central bank to announce a rate hike at its next review in July.

But with a higher than expected 13.6 percent gain in industrial output in April, the first growth-related data reported for the new financial year, India's finance minister said that inflation must still be watched closely.

"We must strike a balance between inflation and growth and I maintain that," P. Chidambaram told reporters in New Delhi.

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