

International Business News

Gold, oil prices rise to record highs

AFP, London

Oil and gold prices rose to record highs Wednesday amid renewed weakness of the dollar and Opec concerns.

The price of gold surged to a record high point of 964.99 dollars per ounce in morning trading here on Wednesday.

The previous record price was 953.91 dollars on February 21.

Crude oil prices surged to a record above 102 dollars per barrel on Wednesday, energised by the weak US dollar and concerns that Opec could cut output next week, analysts said.

New York's main contract, light sweet crude for delivery in April, touched an historic 102.08 dollars per barrel in electronic deals.

Brent North Sea crude for April delivery struck an all-time peak at 100.53 dollars.

"The weakness of the dollar has helped trigger this push higher, but there are fundamental factors that have helped to underpin prices," said Barclays Capital analyst Costanza Jacazio.

In the foreign exchange market on Wednesday, the dollar plunged to yet another all-time low against the European single currency.

The euro surged to an historic 1.5088 dollars in morning European deals.

Malaysia warns Islamic party will scare off investment

AFP, Kuala Lumpur

A Malaysian minister warned Wednesday that investors might be deterred if a fundamentalist Islamic party retains control of its stronghold in northern Kelantan state.

"Foreign investors study the capability of the state government first before making their investments," Deputy Finance Minister Awang Adek Hussin told the Bernama news agency, as campaigning heats up ahead of March 8 elections.

Awang Adek said that controversial comments from party leaders -- including that ugly women should be given priority in government jobs because pretty women can find rich husbands -- were not business-friendly.

Prime Minister Abdullah Ahmad Badawi last year launched a 33.5 billion dollar development plan for Malaysia's poor eastern states, including Kelantan, the only state run by the hardline Pan-Malaysia Islamic party (PAS).

The East Coast Economic Corridor project, drawn up by the national oil company Petronas, is aimed at developing the rural Malay heartland states of Kelantan, Terengganu, Pahang and the district of Mersing in Johor state.

Awang Adek said the PAS state government might not be able to attract all the promised investment under the plan, and that it was not able to afford its election pledges.

"They can make so many promises that they are not capable of delivering. The people will be the real losers," he said.

PAS holds only a wafer-thin majority in Kelantan, a state considered a key battleground in the polls.



EU fines Microsoft record \$1.3b

AP, Brussels

The European Union fined Microsoft Corp. a record \$1.3 billion Wednesday for the amount it charges rivals for software information.

EU regulators said the company charged "unreasonable prices" until last October to software developers who wanted to make products compatible with the Windows desktop operating system.

The fine is the largest ever for a single company and brings to just under \$2.5 billion the amount the EU has demanded Microsoft pay in a long-running antitrust dispute.

Microsoft immediately said the issues for which it was fined have been resolved and the company was making its products more open.

The fine comes less than a week after Microsoft said it would share more information about its products and technology in an effort to make it work better with rivals' software and meet the demands of antitrust regulators in Europe.

But EU Competition Commissioner Neelie Kroes remained skeptical and said Microsoft was under investigation in two additional cases.

Six firms to build undersea cable: SingTel

AFP, Singapore

Six international telecommunications carriers have agreed to construct an ultra-high-speed submarine cable to carry Internet and other traffic between Japan and the United States, Singapore Telecommunications (SingTel) said Tuesday.

SingTel has joined with Bharti Airtel, Global Transit, Google, KDDI Corp and Pacnet for the 300-million US dollar project, SingTel said in a news release.

The cable system will link Chikura, Japan, with Los Angeles, a distance of 10,000 kilometres (6,200 miles), it said, adding the cable will be ready for service in the first quarter of 2010.

"This new submarine cable network, with its high capacity and resilient transmission infrastructure, will be able to meet the strong demand for data, e-commerce and Internet traffic between Asia and the United States," said Mark Chong, SingTel's executive vice president for networks.

COMPLIANCE

Compliance pays off for RMG exporter

On the rounds with H&M's inspector

STAR BUSINESS REPORT

Neelanjana Khan walks up the aisles in the huge factory hall in Gazipur, carefully peering at the faces of men and women who are busy cutting and sewing denim cloth for children's and men's blue jeans. She is looking for child workers. "I check if anyone looks younger than 18", she explains.

The 3500 workers factory, Columbia Apparels Ltd, claims not to employ underage employees. But Neelanjana doesn't just believe what she is told. She verifies. And if in doubt she asks for proof.

As she turns around the corner to climb to the fourth floor, a security guard pounds his left foot on the ground and salutes. The power of Neelanjana Khan can make a company owner jitter. She is working as a compliance auditor for Hennes & Mauritz (H&M), one of the biggest buyers in Bangladesh.

The Swedish company sells its cheap but chic clothing in 28 countries and runs flagship stores on world famous shopping streets such as Fifth Avenue in New York. It employs more than 60,000 people worldwide and accounted last year revenues of 80.1 billion Swedish Crowns (Tk85161 cr).

On the fourth floor the auditor inspects the medical unit where she finds a female worker resting on a bed. Although trying a smile, her face shows her pain because she squeezed her hand in a machine. Dr. Ayeesh Tabassuma, Chief Medical Consultant, takes care of her. Posters on the wall use pictures to give step by step instructions about health precautions such as the use of protection masks at work, of mosquito nets at night and the advantage of proper food. "There are lots of cheap vegetables on the market, but the people eat just rice and ruti and suffer," the doctor says.

The auditor asks for the medical files. Last month, 839 workers visited the clinic, 15 accidents occurred. A nod. The accident rate is okay and consists of only minor cases such as needle bites or small cuts. "A high number of accidents is an alarming signal indicating that

safety installations do not work properly or are not consistently used", Neelanjana Khan says. This kind of findings would be mentioned in the audit report that gives a company an accurate time frame to install prevention measures.

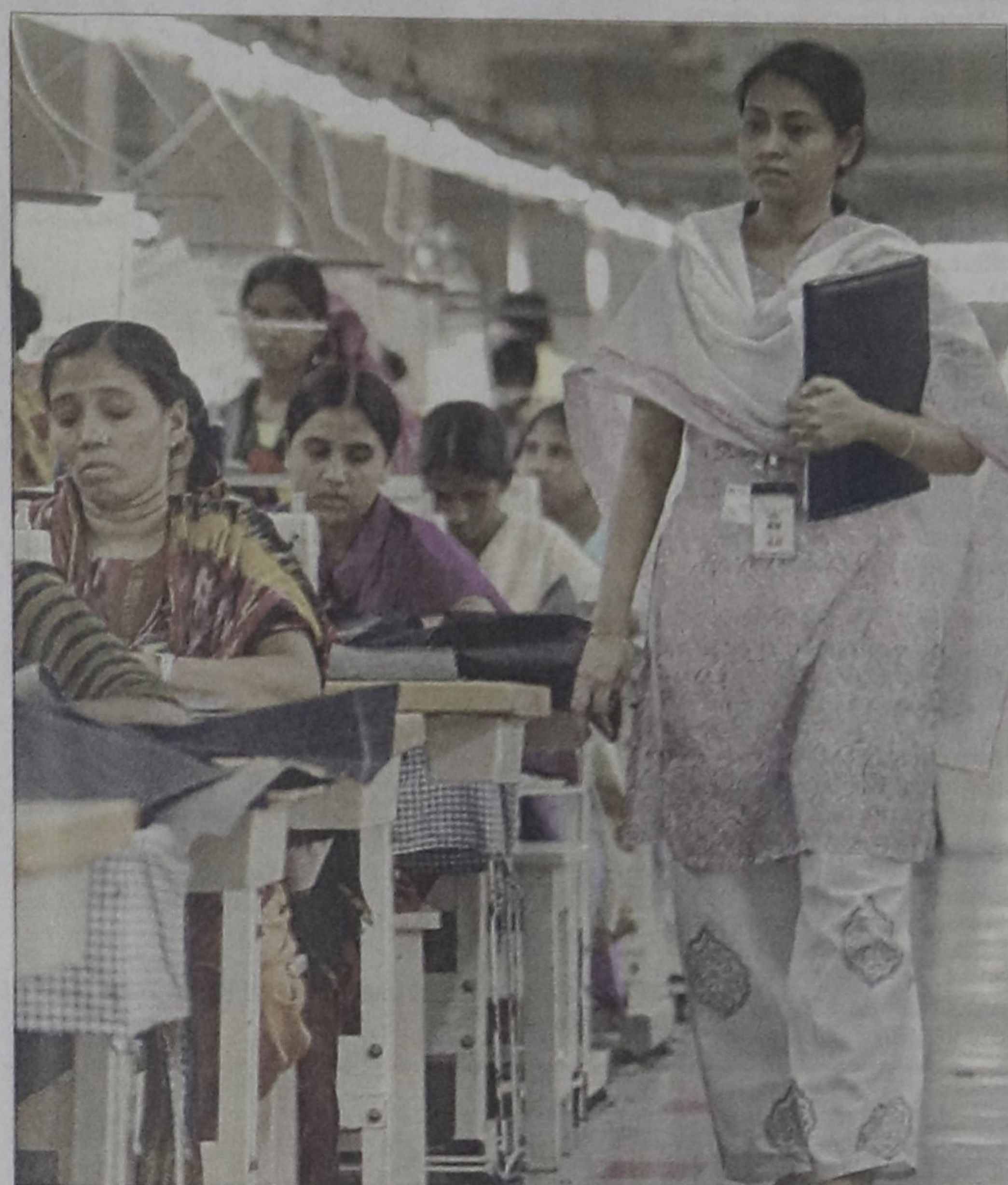
Are there enough fire extinguishers? Emergency lights on staircases? Smoke detectors? Filtered drinking water? Okay temperatures in working rooms? Steel mesh gloves used at cutting machines? Complaint boxes? First aid kits and a sufficient number of trained staff? A full audit of a company contains more than 300 items, takes up to six days and is usually conducted every second year.

Neelanjana Khan's work is vital for H&M. Forced or child labor, breach of minimal wages, of safety or environmental requirements bear a significant reputation risk for a global clothing company. Consumers in western countries are sensitive to the issues, and revelations of poor practice have prompted several consumer boycotts of certain labels in the past. That is why the US clothing company GAP immediately canceled a contract with an Indian supplier after media reported child labour in its factory some months ago.

Many big western clothing companies introduced minimum standards for suppliers. H&M published its first Code of Conduct ten years ago and subsequently began conducting factory audits. Whoever doesn't match the requirements cannot become a supplier or loses a contract. During 2007 H&M stopped cooperation with eight suppliers in Bangladesh due to non-compliance with the Code of Conduct.

The company sees the code not only as a strict demand but also as a tool that encourages its suppliers to improve conditions in many areas. "Everyone benefits from development and good conditions in the factories: The employees, the suppliers, as well as us as a buyer", says Sofie Nordstrom, the company's information coordinator Asia.

H&M employs eight COC



SYED ZAKIR HOSSAIN

Pounding the factory floor, Neelanjana Khan of Sweden's H&M checks that all is well at Columbia Apparels Ltd in Gazipur.

GOVERNMENT FACTORY INSPECTIONS JUNE-DEC 2007

1,596 FACTORIES INSPECTED

No. in breach of min. wage	145	10%
No. with irregular payment	262	16%
No with irregular overtime payment	223	14%

Source: Directorate of Inspection for factories & establishment

compliance auditors in Bangladesh. In 2007, the company carried out over 370 audits in the country, two thirds of them were unannounced. "Upon arrival we often go right away up to the workers in order to find unal-

tered everyday's conditions", Khan says.

Permanent mistrust? "No, it's not like police and thief, we rather work as a team, H&M also shares its experience with us", replies Munir Ahmed, Director of M&J Group, which

owns Columbia Apparels Ltd.

He wouldn't call the Code of Conduct a burden: "It pays off. If the factory is clean and properly equipped and the workers are healthy and motivated, our quality improves and our work becomes more efficient", he says, adding that the fluctuation rate sunk to some five percent. According to him skilled workers who are tuned with the factory and know the requirements of the main customers H&M and GAP stay with the company, what's also increasing productivity.

Value added services boost the business as well. Thanks to compliance with new waste water requirements M&J-Group now gets orders for

different kinds of denim washing to supply the different kind of prewashed jeans which have become fashionable over the years. "By improving our quality we get higher margin orders and were able to take a good chunk from Turkey", Ahmed says.

Independent research confirms that a company can improve productivity if it fixes reasonable working hours, provides adequate working space with ample light, suitable temperature and clean, silent break facilities and if it pays attention to safety or provides medical benefits. One of the major issues for garment workers though is still timely and accurate wages.

Back in November, two days before Eid-ul-Azha, workers of a nearby garment factory protested on the streets against underpayment and delayed salary. Apparently the new minimum salary for unskilled garment workers, raised by the Government of Bangladesh from Tk 930 to Tk 1662.50 in October 2006, is not met everywhere. Concrete data is not available, but industry sources estimate that up to 30 percent of the workers are paid below the minimum.

"We exceed this requirement and pay untrained helpers at least Tk 1870", claims Munir Ahmed. Neelanjana Khan double checks that statement. She goes through the salary sheets of the last six months, piled up for her on a big table in a meeting room together with time records, worker's personal files, leave registers, medical facts, environmental certificates and internal policies summing. And she singles out some workers for a private talk without management to verify and double check the provided information. A full audit requires at least twenty worker interviews.

"We cannot guarantee that there are no flaws anywhere in the supply chain", says Sofie Nordstrom, "but H&M is committed to taking responsibility for our products, for the people making them as well as for the environment, and if problems are found we do our best to solve them."

COLUMN

IFTY ISLAM

The importance of defining Brand Bangladesh

In 2007 Vietnam attracted Foreign Direct Investment (FDI) flows of \$ 20bn and if Bangladesh is to benefit from the surge in global investor interest in Asia, we need to address the key questions of "Why Bangladesh? Why Now?". A new and effective strategy for developing Brand Bangladesh will be a critical part in credibly answering these questions.

One report from leading brand consultants Interbrand, defined Nation Branding as "the ability to act and speak in a coordinated and repetitive way about the themes that are the most motivating and differentiating a country can make." There is actually a ranking, the Anholt Nation Brand Index, which has the UK, Germany and France leading a list of 38 countries. The 2007 Report noted "Globalisation means that countries compete with each other for the attention, respect and trust of potential customers, investors, tourists...a strong and positive nation brand provides a crucial competitive image."

I recently had the pleasure of being interviewed by a number of final year IBA stu-

dents who were completing a thesis on national branding. I suggested that we start by playing a word association game to decide what "Brand Bangladesh" is, which is clearly a necessary prerequisite to deciding what we want it to become.

We collectively tried to summarize what the rest of the world thinks when they hear the word "Bangladesh". The five leading candidates were 1) Natural Disasters; 2) Poverty; 3) Political Instability; 4) Corruption; and 5) Grameen/Professor Yunus. Clearly 4 negative connotations offset by an example of Bangladesh's considerable contribution to the world.

The next question I had for the students was what words would we like the rest of the world to think when they heard "Brand Bangladesh". We concluded with five new themes: 1) Adjacency to India and China; 2) A young, dynamic and entrepreneurial population of 150mn people; 3) A land of innovation in micro finance with the Grameen revolution and Professor Yunus; 4) Untapped opportunities for global investors looking for a new economic platform in the

heart of Asia; 5) Substantial and largely untapped intellectual/commercial capital from Non-Resident Bangladeshi (NRB) platform. At least these offer some food for thought as to what Bangladesh should be

and I'm sure a number of you have more suggestions.

We can agree "Brand Bangladesh" is important and we have begun to think about what we do and don't want it to be. But how do we



The Incredible India campaign has been a huge success. Bangladesh is still searching to determine its brand, a good tool in raising positive awareness about the country.

go about marketing? There is a lot more resources available than is commonly assumed. Yes the Board of Investment and Parjatan and other Government agencies are stretched. But we have in reality hundreds of thousands and perhaps millions of "Brand Ambassadors" at our disposal - the large NRB community. We just need to find an effective strategy to leverage it. This might involve creating an NRB database and greater support and encouragement for events like the Asia Society seminar held in New York last month that was, in fact, co-organized by NYBAP, an NRB professional's organisation. Government, possibly, with some support from multilateral agencies, should fund a professional marketing campaign. It will be money well spent.

So what should our slogan be in the light of "Malaysia, Truly Asia" and "Incredible India"? While I am as much a fan of alliteration as the next man, I came up with the following three possibilities: 1) "Bangladesh, the Next Asian Tiger" 2) "Bangladesh, the Emerging Asian Tiger" 3) "Bangladesh, at the Heart

of Asia"

I have a slight preference for the first I must confess combining the themes of Bengal Tiger, Asia (very popular with investors) and a sense of forward thinking.

In the interests of democracy and for a little fun, might I suggest we vote on it. Please send your preferences among the three alternatives above, and indeed any other catchphrases you think are better, to info@at-capital.com and I will reveal the results in my next column in two weeks time.

If Bangladesh is to emulate the fastest growing neighbours in the rest of Asia, we need to take the challenge of defining and marketing "Brand Bangladesh" seriously. There are likely to be differences between the brand strategy for attracting investment versus tourism but we need as a country to agree what the broad themes.

I look forward to hearing and sharing the responses from my fellow "Brand Ambassadors".

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