

Minister stresses removal of trade barriers with India

DIPLOMATIC CORRESPONDENT

Foreign Minister Dipu Moni yesterday urged a visiting Indian delegation to remove para- and non-tariffs barriers to reduce the prevailing huge trade imbalance between Bangladesh and India.

The two countries enjoy excellent bilateral relations and they now need to work on trade facilitation measures to ensure a win-win situation which would contribute to the economic development of both the two, the minister said.

She spoke when a high-powered Indian delegation led by the country's Commerce Secretary SR Rao met her at her office in the capital. The Indian team is now in Dhaka for the three-day India Show that will end today.

The Federation of Indian Chambers of Commerce and Industry (Ficci) organised the show with the assistance of the Indian government

and in partnership with the Federation of Bangladesh Chambers of Commerce and Industry and India-Bangladesh Chamber of Commerce and Industry.

Dipu Moni praised Indian Prime Minister Manmohan Singh for providing duty-free access to 46 Bangladeshi textile items into the Indian market.

India, as a big neighbour and emerging economic power, may encourage more exports from Bangladesh, she said, and urged the Indian delegates to play a more productive and helpful role in this regard.

She said her government follows a very liberal policy on foreign investment and it welcomes Indian investors to Bangladesh.

The neighbouring country's private entrepreneurs can invest or set up joint venture companies in various untapped sectors in Bangladesh, the minister said.

She expressed her satisfaction

as India took initiatives to upgrade selected land customs stations along the Bangladesh-India border.

Rao of India said trade volume between the two countries is far below the potentials they possess. He requested the foreign minister to allow using Bangladesh territory to export Indian goods to North-Eastern Indian states.

He emphasised multi-modal transport, especially waterways and railways, may play a crucial role in promoting the trade volume between the two. He said they would boost Bangladesh's export especially to North-Eastern Indian states.

Later, the Indian commerce secretary and Ficci President RV Kanoria met a delegation of the Board of Investment and asked he delegation to visit India to attract more Indian investment to Bangladesh.

Cathay Pacific crews threaten holiday strike

AFP, Hong Kong

A union representing flight attendants of Hong Kong's flagship carrier Cathay Pacific on Tuesday threatened industrial action over a pay rise dispute, just weeks before the holiday season.

The airline announced on Friday a two percent pay rise for its employees in 2013, falling short of the five percent demanded by the 6,000-strong Cathay Pacific Airways Flight Attendants Union, sparking protest from members.

"We will mobilise all our members to join in the industrial action," union vice chairman Julian Yau told reporters, after calling the rise "totally unacceptable" due to the high cost of inflation.

He urged the airline not

to "force its workers to carry out actions that would be harmful to all", and said the union, which has not ruled out the possibility of a strike, will decide its next course of action in a meeting on Monday.

Responding to the threat, Cathay said the two percent adjustment, along with a discretionary one-month bonus for 2012, is a "fair, reasonable and competitive offer in view of the extreme challenges the airline is facing".

"I trust most of our cabin crew are considerate and understand the challenging situation the company is in," Cathay said in a statement.

The airline fell into the red in the first half of the year with a HK\$935 million (\$121 million) loss, partly due to high fuel prices.



Omar Faruk Chowdhury, state minister for industries, attends the opening of a high capacity drying and pulverisation plant of Pran Agro Ltd to process spices, in Natore recently. Eleash Mridha, director of Pran, was also present.

Stocks end flat on hartal day

STAR BUSINESS REPORT

Stocks ended flat yesterday thanks to the institutional investors' inactiveness to inject fresh funds into the market.

DGEN, the key market-tracking index of Dhaka Stock Exchange, finished the day at 4,086.05 points, after falling 0.61 points or 0.01 percent.

Although some institutional investors, including the association of commercial banks, announced a plan to support the market last week, no such effort was there to tackle the bearish run, according to market analysts.

The Securities and Exchange Commission should give long-term policy support to the market to boost investors' confidence, they said.

A slow session closed with flat movement on 'hartal day' after previous two sessions downhill, said IDLC Investments in its regular market analysis.

"Hartal sentiment influenced the market pulse. As a result, investors were not keen to participate in trading and turnover touched the five months' lowest level of Tk 154 crore," it said.

Turnover declined 9.41 percent from the previous day. The investment banker said: "Investors adopted a 'wait-and-see policy' amid the rise of political violence."

A total of 54.70 lakh trades were executed with 4.13 crore shares and mutual fund units changing hands on the Dhaka bourse.

Unique Hotel and Resorts was the most traded stock of the day, due to the transaction of its 19.20 lakh shares worth Tk 23.14 crore, which is 15 percent of the day's total trade.

Of the 259 issues that traded on the DSE, 163 advanced, 66 declined and 30 remained unchanged.

Most of the major sectors showed mixed performance on the day. Among them, non-bank financial institutions posted the highest gain of 1.06 percent, followed by pharma 0.40 percent and power 0.25 percent.

At IMF push, central bank hunts for scam money

FROM PAGE B1

In the context of various incidents of scams, the IMF has suggested massive reforms in the state-owned banks.

As part of the reform programme, the lender has advised the BB to conduct a special diagnostic examination of the state banks on their asset quality, liquidity management, internal audit and controls.

The government will make commitment to the IMF that it would carry out the special diagnostic examinations by March.

An official of the finance ministry said such reforms may be one of the major conditions for getting the IMF loan.

The BB itself made allegation to the government that some directors of the state banks were involved in the Hall-Mark scam.

The IMF now wants to know how the new directors are being selected and will closely watch whom the government appoints as directors.

However, the government will appoint the directors and senior management of the banks in line

India to accept BSTI certification

FROM PAGE B1

He also asked for more trade of Indian merchandise through Akhaura land port in Bangladesh and urged improvement of land ports to boost bilateral trade.

The Indian secretary agreed to issue two years' multiple visas to Bangladeshi businesspeople and urged the Bangladesh government to do the same for the Indian ones.

Ahmed said India agreed to erect a bridge on the Feni river on the Bangladesh side and arrange negotiations with Lilliput, a kids-wear retail chain of India, so that Bangladeshi exporters can realise money owed to them by the financially affected company.

India also demanded permitting the use of rail



Syed Waseque Md Ali, deputy managing director of First Security Islami Bank (FSIBL), and Md Abul Basher Akhond, managing director of Pragati Life Insurance, exchange documents of a subscription deal of FSIBL Mudaraba Subordinated Bond of Tk 2 crore at a ceremony in Dhaka recently.



Mohammed Nurul Amin, managing director of NCC Bank, speaks at a conference of the bank's Dhaka-based managers at its head office in the capital on Monday. Golam Hafiz Ahmed, additional managing director, was also present.

Global commerce, local tragedy

FROM PAGE B4

The supply chain's flexibility makes it particularly well suited for the clothing trade's repeating cycle of design, order, production, shipment and sale. Apparel companies begin laying plans for new lines of clothing a year before they arrive on store shelves. But creativity quickly gives way to number-crunching, as executives set sales targets and try to figure out which producers can deliver within their required profit margins, Rangarajan said.

Producing overseas requires building in transportation time, usually 6 to 8 weeks for shipments of thousands of pounds of garments to reach the U.S. from Asia. So orders for the next summer season go out in late fall, allowing 6 to 8 weeks to produce cloth and other materials, and another 6 to 8 weeks for production. That explains why the products found in the wreckage at Tazreen, days after Thanksgiving, included T-shirts, children's floral shorts, and women's pants in bright pastels.

Competition for those orders seeds intense pressures. When U.S. Ambassador Dan Mozena spoke to Bangladeshi garment manufacturers in June, he recounted a late-night call from the CEO of a big clothing company, anxious that publicity about repeated fires and poor work conditions at factories where his goods are made could defame his brand.

"He said his company would gladly pay more for a Bangladeshi product if it were Fair Trade; his company's reputation is worth more than saving a few cents per

shirt," Modena told the group.

But the pressures at work in Bangladesh, which has climbed to second place behind China among the world's largest exporters of apparel, continue because it is part of a global production economy with interchangeable components. Making clothes requires relatively low-skilled labor and equipment that is easily relocated or replicated, making it "uniquely susceptible to geography hopping," Green says.

That gives big buyers of clothing significant leverage. When a major retailer buys a garment, roughly 50 to 60 percent of the costs are for raw materials, 15 to 25 percent is for labor, and the rest is split between transportation, overhead and expenses like import duties, Rangarajan said. But except for the labor, the other costs are largely beyond buyers' control.

"Continually chasing low-cost labor is one of the big levers you have to pull," he said.

The result is a production system that has rapidly bypassed long-ago ways of doing business, when most clothing companies owned the factories where their goods were made and the workers were on their own payrolls. Now, a company like Wal-Mart or Sean John does not have to own a single factory, and the plants they rely on can change from year to year. The shifting creates the new challenge of keeping tabs on conditions where the work is being done.

That could explain some of the confounding answers that have come this week

from companies that produced at Tazreen.

Wal-Mart said Tazreen "was no longer authorized to produce" its merchandise at the time of the fire, although the factory was approved until early this year.

"A supplier subcontracted work to this factory without authorization and in direct violation of our policies," said the world's biggest retailer, which would not identify the supplier.

Sears Holdings, which also owns Kmart, said it discovered only after the fire that its merchandise was "being produced at that factory without our approval," leading the retailer to cut ties with a supplier it said was responsible, International Intimates. The chief operating officer of the New York-based lingerie company would not comment. Tazreen's owner also declined to answer questions.

Critics say such responses are inexcusable, that companies are hiding behind links in the supply chain to duck their responsibility for working conditions in the plants that produce their goods.

"Wal-Mart has little incentive to lay down the law to the factory owner because the factory owner has produced the good at a price that Wal-Mart wants and that (retail) price requires," said Robert Ross, a professor at Clark University who has written extensively on labor abuses in the global apparel business. That "constrains them to use practices that are either abusive, or exploitative or sloppy."

Apparel makers, anxious to ensure quality and protect their images, are well aware of the risks. Since 1996, when an

expose showed that clothes sold under celebrity Kathie Lee Gifford's label were being made in Honduras using child labor, companies have worked hard to prevent a repeat scandal centered on overseas factories. The apparel industry launched Worldwide Responsible Accredited Production, a Virginia nonprofit that certifies factories meeting its standards. Most major retailers now require that auditors visit the plants that make their products, to ensure the owners comply with their codes of conduct.

The Tazreen factory was audited at least twice by Wal-Mart in 2011. Its parent company, Tuba Group, posted a long-expired WRAP audit certificate for one of its other plants on its website.

But WRAP's president and CEO, Avedis Seferian, said audits, alone, won't eliminate risk. He noted that when the group opened an office in Bangladesh in early 2011, its first project was starting a Factory Fire Training Program, hoping to prevent a recurrence of a 2010 blaze at a plant that made clothes for The Gap which killed 29 workers.

But the complexity of the global supply chain helps create a dynamic that allow factories like Tazreen to continue operating, Green said.

"All of these layers, which I think represent rational decisions at an individual level, result in a system that is pretty irrational, where you have a real lack of transparency about exactly what is going on," he said. "And when you have a lack of transparency, you have a lack of accountability."



Md Rezaul Karim Hira, land minister, inaugurates the 91st branch of Bangladesh Krishi Bank (BKB) at Tulshipur Bazar in Jamalpur recently. Md Abdus Salam, managing director of BKB, was also present.



Sukamal Sinha Choudhury, general manager for the SME and special programmes department of Bangladesh Bank, and Helal Ahmed Chowdhury, managing director of Pubali Bank, attend the signing of a participation agreement on SME and agro processing refinance scheme in the capital on Sunday.



Md Shirajul Islam Mollah, chairman of Prime Bank, inaugurates the bank's 128th branch at Shibpur of Narsingdi on Sunday. Md Ehsan Khasru, managing director, was also present.