

Garment: parties there, failures too

REFAYET ULLAH MIRDHA

FOUR major incidents put a damper on the party of the garment entrepreneurs who moved close to a \$20-billion milestone in exports in the outgoing year.

A deadly fire at Tazreen Fashions, a prolonged labour unrest, death of a labour leader and the Hall-Mark scam -- forced the entrepreneurs in the highest-export earning sector to think anew, to stay afloat.

At least 112 workers died in the deadliest ever factory fire in the Ashulia-based Tazreen Fashions on November 24. Also several hundred workers received major injuries while escaping the fire at the ninth floor of the factory building.

However, after the incident, the garment makers and the government's fire department launched a training project on fire safety at the factories.

The garment makers' trade body -- Bangladesh Garment Manufacturers and Exporters Association (BGMEA) -- also formed a high-powered taskforce on December 8 to conduct drives at the factories and detect the loopholes.

The year also witnessed a severe labour unrest that continued from May to August and forced around 300 Ashulia-based units to close down

their operations for 10 days in June. The trouble began with the rumour of death of a worker who was found alive later.

According to a primary survey of the BGMEA, at least 200 factories were vandalised and several people were injured in clashes during the conflict.

The vandalism erupted from the rumour of death of a storekeeper, Salman, at a unit of Ha-Meem Group on May 11.

However, Salman was found alive with minor injuries he had suffered in clashes with factory officials.

Though the Salman issue came to an end and the factories in Ashulia resumed production on May 14, street violence returned to the garment industrial belt on June 11.

This time, the workers came up with a demand for a wage review as the local house-owners increased house rents in an excuse of an electricity price hike.

Due to the unrest, a forum of 19 international clothing retail brands, in a rare move, held a meeting with the immediate past labour and employment minister on July 25 for a wage review of the garment workers.

Another blow came from the death of Aminul Islam, a leader of the Bangladesh Centre for Worker Solidarity, an affiliated trade body of American Federation of Labour and Congress of Industrial Organisations.

In several formal and informal statements, US Ambassador to Bangladesh Dan W Mozena harshly criticised the death of Islam whose body was recovered near the Tangail-Mymensingh highway under Ghatail police station on April 8.

But, according to the victim's family, Islam had been missing since April 4.



RASHED SHUMON

People look at the building of Tazreen Fashions in Savar where a fire took the lives of 112 workers on November 24.

Not only Mozena, but also 11 rights groups from the US, EU and Canada wrote a letter to Prime Minister Sheikh Hasina demanding fair trial for the death of Islam.

The global rights groups include American Apparel and Footwear Association, Business Social Compliance Initiative, Foreign Trade Association, National Retail Federation, Nordic Initiative Clean and Ethical, Norwegian Fashion Institute and Retail Council of Canada.

The Hall-Mark loan scam led to a tough time for the garment entrepreneurs, creating an environment of mistrust in the banker-client relationship.

The export-oriented garment group embezzled around Tk 2,686 crore from Ruposhi Bangla Hotel branch of Sonali Bank with forged documents.

Despite the turbulent time, the garment sector reached near the \$20-billion milestone in exports, with a 7 percent growth.

The year-on-year rise in exports was registered during fiscal 2011-12 compared to the previous year.

The sector also witnessed increased orders from international buyers who shifted their focus to Bangladesh from the world's largest apparel supplying country, China, which was losing competitiveness for higher cost of production and a shortage of workers.

Also for the first time, many Chinese companies placed orders in Bangladeshi factories.

The buyers' growing interest in Bangladesh was also reflected by some high-profile visits to the country.

Karl-Johan Persson, chief executive officer of Swedish retail chain H&M, came to Dhaka in September to

explore opportunities to increase their purchase of garment items from the country to \$3 billion within the next five years.

Currently, H&M is the largest apparel outsourcing company in Bangladesh, as it outpaced Walmart a few years ago.

In the areas of tax and duty, there was no major development in the sector without the exemption of a 0.25 percent VAT on rented houses for factories.

Like the previous years, the entrepreneurs continued their demand for a duty-free access of garment products to the US market, but there was no headway.

All three major sub-sectors -- woven, knitwear and primary textile -- witnessed a slow arrival of investment due to the perennial gas and power shortages.

The BGMEA's annual apparel extravaganza -- BATEXPO -- opened in December, but with a low response from foreign buyers and retailers, due to the tragic incident at Tazreen Fashions.

On the New Year plans, BGMEA President Shafiul Islam Mohiuddin said the garment makers will focus more on China as an alternative market.

"We will develop skilled manpower and beef up compliance to avoid any tragic incident. We want no political unrest," he said. "We will also explore new markets aggressively."

Bangladesh will earn more foreign currency from exports of garment items next year if the political situation remains calm, Mohiuddin said.

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GLOBAL ECONOMY

A turbulent year

StanChart says in its review

STAR BUSINESS DESK

THE past year has had many major market moving events that created both short and long term ripple effects throughout the banking industry. Such a turbulent year led to heated debates not only about global banking reforms but the future of the eurozone and of capitalism itself as well.

This special report will give a flavour of the continuing upheavals in global financial markets, of the attempts by politicians and regulators to address it, and of those contributing to it.

The foreign exchange market has had another difficult year in 2012. Trading was particularly subdued over the summer as investors waited for central bankers in both the US and Europe to give markets some direction. August was a particularly quiet month as currency markets waited for the European Central Bank to outline its plans to buy government bonds in September, and the US Federal Reserve to decide whether it would announce further monetary easing. Investors and traders have been foxed by the so called "risk on, risk off" (ro-ro) effect that has made it hard to buy or sell currencies based on economic fundamentals.

The euro started the year around the \$1.3 mark, but it was only a matter of days before it collapsed to \$1.28 within the second half of January amid concerns of the debt crisis that has since dominated much of the news. However, the single currency experienced the biggest slump in August when it fell to \$1.22, a 24-month low. Since then it has recovered, as European policymakers eventually got the message, enacting large firewalls and backstops throughout the year to protect against further sovereign debt contagion, and S&P eventually upgraded Greece, the original "problem child," in mid-December.

Similarly, pound also had a rough period, tracking euro's movements throughout the year. With historically low rates from BoE and ongoing recession in UK, GBP remained vulnerable to euro zone crisis. Recent activity data are showing some renewed softness, but with inflation elevated, pound is set for upward movement in near term.

Looking towards the Eastern hemisphere, one of the next major steps for China should be the emergence of the Chinese Yuan (CNY) as a dominant currency in international trade. China completed its once-a-decade leadership handover to the fifth generation of Communist Party leaders in November. But the most essential element of this transition in China will be a higher exchange rate on the renminbi. Apart from attempts at making CNY a more convertible currency, the offshore currency CNH has also gradually appreciated in the past year.

An opposite story unfolded with JPY, which would continue to depreciate for much of the year, after strong intervention from the Japanese Central Bank. The JPY sank to a 27-month low of 85.87 after Shinzo Abe prepared to assume Japan's helm with a mandate to weaken its currency and push for more drastic monetary and fiscal stimulus.

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Three tech predictions for 2013

JOHN C ABELL, for Reuters

SOMETIMES the most important ideas in tech are hiding in plain sight. In that spirit, here are three predictions for 2013 that are just waiting to happen. No 3D TVs, wearable computer or jet packs for me -- at least not this year. **The Kindle offer you can't refuse** Demand is rapidly shrinking for e-ink e-book readers. IHS iSuppli predicts that when the books close on 2012 some 15 million will have been sold -- down 36 percent from 2011.

And why not? Tablets are getting cheaper. Sure, you can pick up an ad-supported Kindle for as little as \$70. But why shell out even that when \$200 gets you an e-reader, and a media player, and a gaming machine, and everything else?

Dedicated e-ink readers aren't falling out of favour because the technology has been surpassed. They're losing out because the value proposition has changed. There's a simple solution. Make them inexpensive enough so that it becomes an offer you can't refuse.

That will happen at \$50. At that price, buying a niche item you might use only occasionally is a relatively easy decision. It would be a no-brainer for students. A stocking stuffer for pre-teens that might even tear them away from their gaming consoles. An afterthought.

Nobody but Jeff Bezos & Co know what Amazon needs to make (or, more likely, can afford to lose) on even a bare-bones Kindle, though it is generally accepted wisdom that the Kindle line has value to the company as a loss leader for the sale of books -- razors to blades, as it were. Amazon also has a history of pushing price barriers: it experimented with universally-priced \$10 e-books -- selling them below cost, to the

consternation of publishers.

Amazon started the digital book revolution. E-ink technology was life-altering, and remains far too worthy to disappear. The only thing "wrong" with it is that it's too expensive. Amazon is uniquely positioned to fix that and breathe new life into this still-revolutionary device.

The Netbook strikes back E-readers managed to survive a metaphysical threat from tablets. Netbooks, not so much.

Netbooks -- bare-bones, inexpensive, portable computers -- were poised to change the world. But just as they burst on the scene, full-powered computers got just as small and just as light, like Apple's MacBook Air. And then the iPad sucked out whatever air was left in the room.

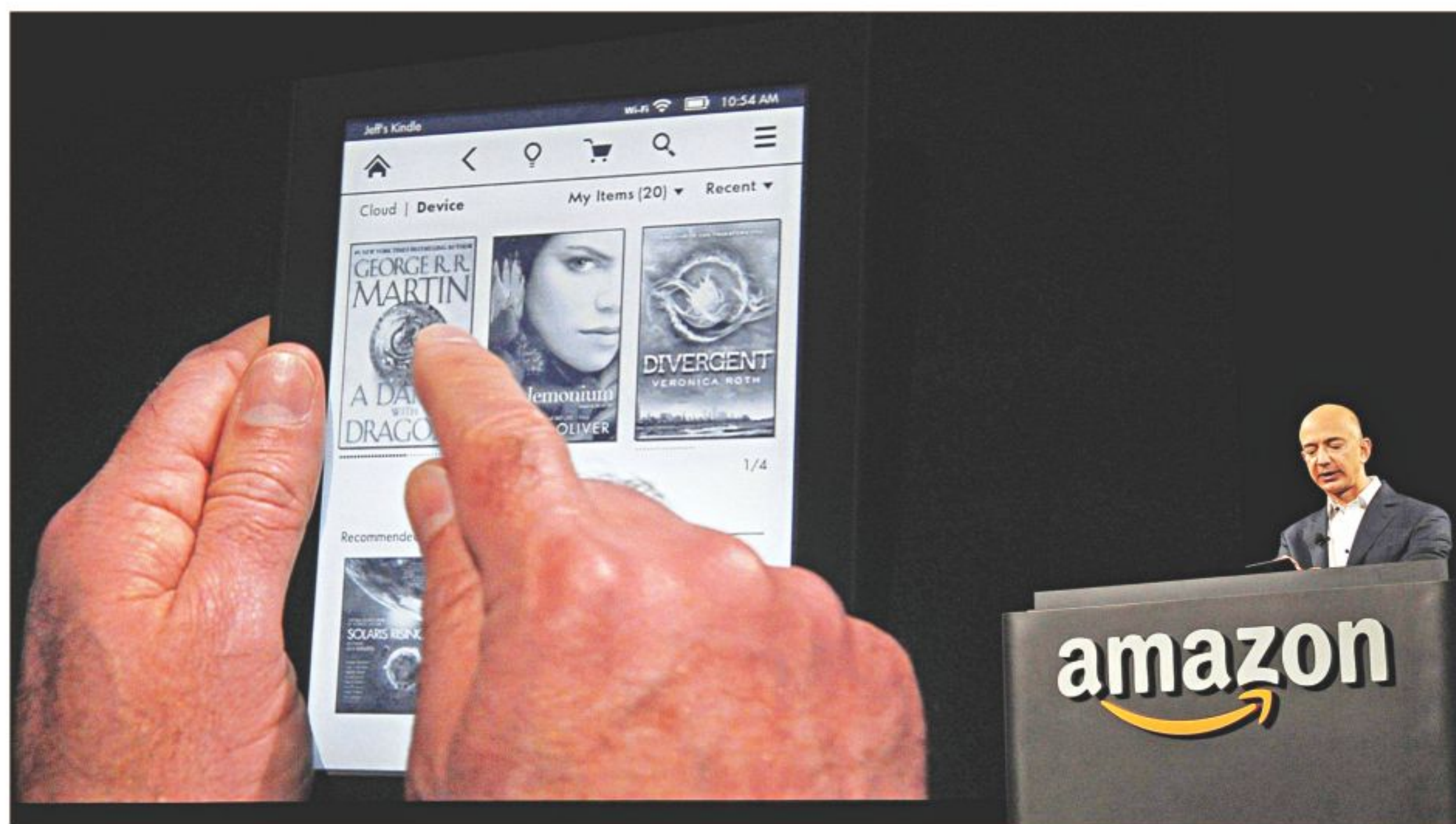
Conditions have conspired again to make netbooks attractive.

Advances in cloud computing make productivity activities -- collaborating on and sharing documents -- painless. That in turn makes hard drives -- local storage -- less important. Indeed, lighter flash drives with less capacity than hard drives are now de rigueur on high-end devices. And the biggest compromise of the netbook -- the lack of a CD drive -- is now increasingly irrelevant.

So who actually needs to pay for lots of bells and whistles?

Many of us do, of course. But many of us don't. If you can spend \$200 or so for a serviceable laptop you might think twice about "needing" something that costs \$1,000 more.

Computing has been Balkanised by the mobile revolution. We work on our phones at least as much as on our laptops. We only discovered a need for tablets three years ago and now they dominate. Laptops are still essential for long periods of typing. But these days they are just another tool in the chest, a computer you



AFP

Jeff Bezos, chief executive of Amazon, introduces a new e-reader, Kindle Paperwhite, during a press conference on September 6 in Santa Monica, California.

resort to rather than seek out first.

Netbooks will become attractive again because the cult of the machine is shifting to big remote servers that allow us to use thinner, less expensive clients. And it is the upstarts in this space that have the most to gain -- notably Google.

The search giant may be uniquely positioned to innovate because it has the resources and wherewithal to enter a commodity business with razor-thin margins. Google started pushing netbooks a couple of years ago and last year unveiled leasing plans for businesses and schools. It's expanding now with direct-to-consumer sales of two models, the most expensive of which is a \$250 machine built with Samsung -- right in the sweet spot of tablet pricing and a fraction of the cost of compa-

nable ultralights.

There is one big problem: given that these devices arrived with a thud the first time, the word "netbook" itself may have negative connotations -- Google doesn't use it at all, calling their netbooks "Chromebooks."

So, let the makeover begin.

Take a letter, Siri!

Siri started a quiet revolution when it was introduced with the iPhone 4S in 2011. Like many Apple innovations, voice command was not something new -- it was old and mostly reviled. Voice control never seemed to work well -- and seemed curiously inappropriate -- on desktop computers. And with Siri, sometimes it feels like she is from Venus and we are from Mars.

But, unlike with desktops, we

naturally speak into our phones. So speaking to our phones to control our phones doesn't seem odd at all. Full disclosure: I was hooked on Siri from the start, warts and all. Last year at about this time I described Siri as one of the previous year's "tech earthquakes."

Siri wasn't exactly the everyman's Watson. But my romance has not waned. There have, however, been some prominent divorces: The New York Times' Nick Bilton wrote a mournful Dear Siri letter in July, confessing that "last week I had what will probably be my last conversation with Siri for a while."

But stick with me on this. Siri, and its Android equivalents, will catch fire in 2013.

The weakest link with a computer is always input -- how we communi-

cate with it. Keyboards, trackpads and gaming controllers are imperfect proxies. We are always looking for shortcuts to operate the computer as fast as we can think.

Much of the iPhone's success is because it is so easy to operate -- the interface keeps up with us like never before. I sketched out this column while running chores. There would have been no other way for me to capture snippets of ideas on the run without the ability to dictate and have my phone transcribe. And we all know we get our best ideas at the worst time: dashing to an appointment; running on the treadmill; sitting in traffic; in the middle of the night when lying in bed.

Siri's acceptance has been slower than I expected -- most iPhone users I know don't use it (or admit to it). But voice control is everywhere now. Google's Android-powered devices are, by some accounts, a match for Apple's tech. Siri and Android voice control both now open apps, making the switch among them even less complicated.

So here is what's going to happen next year: There will be greater awareness of voice tech's ability to take near-perfect dictation -- maybe the least sexy feature, but the most useful in our daily lives. Siri and her cousins will gain wide acceptance for the simplest things they do, as improvements to the more complicated tasks gradually improve.

Google and Apple would be wise to nudge this along with marketing campaigns that emphasise not the Holy Grail -- semantic search -- but the seemingly humble ability of mobile devices to do what they are told. It's a big deal that they're at our beck and call.

John C Abell writes about tech, business and politics.