

DAKKA FRIDAY MAY 10, 2013, e-mail:business@thelystar.net

Strife, factory
disasters pose risk to
Bangladesh's credit
rating: Moody's

STAR BUSINESS DESK

Moody's said yesterday garment factory disasters and frequent and increasingly violent strikes in Bangladesh pose risks to the country's credit rating.

The leading global ratings agency also said political tensions are damaging confidence in Bangladesh, which has a rating below investment grade.

The warning comes following the latest spate of shutdowns called by BNP-Jamaat alliance for yesterday and the day before to protest the "killing of Hefajat activists" during and after the Islamist outfit's Dhaka siege programme on Sunday.

Investor confidence also dropped after a building in Savar that housed five garment factories collapsed on April 24, killing more than 960 people. Moody's said: "Continued political tensions are credit negative because they may further damage investor confidence against the background of recurrent industrial disasters in the garment sector."

Bangladesh's rating from Moody's is Ba3, three notches below the lowest investment grade rating. -- AP

Biman strives to be punctual in six months

STAR BUSINESS REPORT

Biman Bangladesh Airlines yesterday said it saw an on-time arrival and departure rate of 52 percent in April, up from 36 percent in the same month a year ago.

The national flag carrier also reduced the average delays of its flights last month, its aid in a statement.

Biman's Managing Director and CEO Kevin John Steele said, "While this is encouraging and means we are moving in the right direction, the results are still poor. We are aiming to be around 80 percent on-time over the next six months."

The average delay in April was 31 minutes per flight, which was 46 minutes in the same month a year ago.

Allow trade unions at RMG factories

Govt hears concerns and suggestions from labour leaders

STAR BUSINESS REPORT

Labour leaders yesterday called for trade unions at all garment factories to give the workers a platform to ensure their rights and save the sector from perennial unrest.

They also said there is no alternative to trade unionism to comply with the convention of the International Labour Organisation.

Their pleas came at a meeting between a government panel on the garment sector and the leaders of various rights groups at the conference room of Bangladesh Jute Research Institute in Dhaka.

The panel organised the discussion to hear concerns and suggestions from the workers and labour rights groups about the sector and a new labour law.

The committee was formed following the recent visit of a high-profile ILO team to Dhaka as the mission called for immediate steps to improve labour standards and working condition at the garment factories.

The panel headed by the textiles minister has already started inspecting factories for structural flaws and will recommend steps.

Shipping Minister Shajahan Khan backed the demand for trade



Participants are seen at a discussion between a government panel on the garment sector and the leaders of garment sector-based rights bodies at the conference room of Bangladesh Jute Research Institute in Dhaka yesterday. The two-member government panel organised the discussion.

unions, saying: "Owners will not face any loss if trade unionism is allowed."

The minister also called for coordination among various workers' bodies.

The workers will have to assure the owners that if trade unions are allowed the factories will run properly, he said, adding that the government would soon pass the amended labour law.

Shirin Akhter, a labour rights activist, said achieving a congenial work environment and ensuring decent life for workers should be the ultimate goal.

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From humble beginning to height of success

REFAYET ULLAH MIRDHA



Mahbubur Rahman

It was in 1994 that Mahbubur Rahman made his full foray into the world of business, having graduated from Dhaka University with a degree in commerce.

Rahman started with a small buying house, on a humble office space in Dhaka, employing only four. With him at the helm, the buying house became a giant in knitwear trade, employing more than 7,000.

His life was cut short by a fire that swept through his company, Tung Hai Sweaters Ltd, in the capital on Wednesday night. He died from smoke inhalation, along with seven others.

Rahman's business venture Tung Hai Group counts the UK's Primark, Peacock, New Look and Spain's Inditex as its clients, while the annual turnover, according to Atiqul Islam, president of Bangladesh Garment Manufacturers and Exporters Association, is upwards of \$80 million.

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Stalemate lingers over garment village

SAJJADUR RAHMAN

The delay in acquiring a mere five acres of land has set back the possession of 500 acres to set up the much-needed garment village in Munshiganj, officials said.

It has been nearly eight years since the government took up the plan, after the collapse of Spectrum Garment Factory killed 74 workers in 2005.

"Around five acres in the project area are private lands which owners do not want to sell. The dispute may further delay land acquisition," said a senior official of the industries ministry.

Most of the land in the project is owned by the government. Also, the private owners are ready to sell their lands. But some baulked.

The garment village project has recently been handed from the industries ministry over to Bangladesh Economic Zones Authority (BEZA) under Prime Minister's Office, to expedite the process.

"The project is no longer with us and the industries ministry has nothing to do with it," said Dilip Kumar Saha, joint secretary of the ministry.

Uncertainty over electricity and gas connections also delayed project implementation.

"We can see some developments in two months, provided the government ensures gas and electricity there," said Atiqul Islam, president of Bangladesh Garment Manufacturers and Exporters Association.

"If we get an assurance from the government on energy supply, we'll start land acquisition soon," said Islam. He said apparel makers are ready to spend Tk 1,500 crore for land.

The relocation of garment factories has been a topic for years. It gets renewed attention when there is an accident. The government adopted the idea in 2005 but there was no visible progress until November 2012, when the Tazreen fire killed 112 workers.

"A lot of time has been spent on the mode of project implementation. Some say it should be a public private partnership project while another group says it should be a government one," said a senior Bangladesh Small and Cottage Industries Corporation (BSCIC) official.

BSCIC was initially the authority for implementing the project.

The planning commission also sent the project proposal back twice, recommending a PPP project. But Commerce Minister GM Quader and Secretary Mahbub Ahmed opposed

the planning commission several times; they argued that a PPP would be a complex system and would delay the project further.

Nearly three months ago, BEZA was given the authority to execute it as a government project. The government will allocate 500 acres of land to the apparel makers who will acquire it by giving a certain amount of money determined by the government. Around 1,000 plots would be built in the village.

A growing number of accidents in the apparel factories have put the country's image at risk. The collapse of Rana Plaza in Savar that housed five apparel factories highlights safety or lack of it, at work.

Buyers and consumers have been questioning workers' safety.

Exporters said the project will immensely help modernise the garment industries as well as reduce traffic in the city once completed.

"The delay has frustrated us. Any further delay will dampen the industry's prospects in Bangladesh, as competing countries are establishing many such palli (parks) to attract global buyers," said Abdus Salam Murshed, former president of BGMEA.

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Call for foreign investment in medical equipment industry

Meditex Bangladesh Expo begins in Dhaka

STAR BUSINESS REPORT

Foreign investors should come forward and invest in the medical equipment-manufacturing sector to tap the huge potential of the local sector, an adviser to the prime minister said yesterday.

"Demand is increasing exponentially in every segment of the health sector, and you [entrepreneurs] don't need to undertake any study before investment," said Syed Moddasser Ali, adviser for health and family welfare and social welfare affairs to Prime Minister Sheikh Hasina.

"Just ensure the quality of your products."

He inaugurated a three-day fair on medical, healthcare, hospital equipment and supplies at Bangabandhu International Conference Centre in Dhaka.

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