

# Sweating Bangladesh surveyor races to avoid next tragedy

BLOOMBERG

**A**MID an international outcry and promises by retailers to improve worker safety, Bangladesh is struggling to conduct even a crude assessment of the country's garment factories.

To appreciate the Sisyphean task, spend a day with Mohammed Helal Ahmed, a 42-year-old-civil engineer in the Dhaka city government, as he struggles through cursory factory inspections.

His day starts with a decrepit government car that breaks down and a list of misspelled factory names with partial addresses. Factory owners deny him entry to their buildings and stall for time. He encounters blocked fire exits, roofs sagging under heavy water tanks, and former apartment buildings that have been joined haphazardly. Workers whisper about cracks in walls, only to be shushed by security guards.

"It is completely unbelievable," Ahmed said at sundown, sweat pouring off his forehead and his back aching after surveying four of the seven factories that had been on the day's agenda. "So much work is needed immediately. Real action is needed."

Until such action is taken, Ahmed and his 50 colleagues at the Dhaka Development Authority are mostly compiling data in a superficial survey of the city's factories. Even this basic step is hobbled by shortages of cars, engineers, money and information, emphasising that efforts to oversee improvements cannot depend on the Bangladeshi government's limited resources.

Instead, any attempt to improve safety conditions for Bangladesh's three million or so garment workers will live and die on a coalition including retailers and unions that was cobbled together in the weeks after the horror of Rana Plaza.

**No-Man's Land**  
Ahmed's surveys are a first round in the process still being hammered out to improve safety in the hope of avoiding disasters like the one at Rana Plaza, the factory building that collapsed and killed 1,127 people a month ago.

In two weeks, Ahmed and his colleagues at the Dhaka Development Authority have surveyed about 300 of more than 3,500 factories in the sprawling capital of 18 million people. Close to 90 percent of those

visited evoked serious concerns, warranting immediate repairs or demolitions, said Emdadul Islam, chief engineer at the authority, formally known as the Rajdhani Unnayun Kartripakkha, or Rajuk to locals. About 1,500 more factories outside the city lie in a no-man's land of jurisdictional confusion, he added.

**Retail Pledge**  
The surveys are supposed to be followed by real inspections, including tests of steel beams and concrete, and then finally plans for remediation, if resources can be found. For now, all that the local officials are trying to do is build a database that includes every factory, to collect photocopies of building plans and approvals, and to eye the situation.

"For evaluation we need experts," said Tarek Uddin Mohammed, a professor of civil engineering at the University of Asia Pacific in Dhaka. "The government doesn't have the necessary workforce."

Discussions continue far from Dhaka, in places like Geneva and Frankfurt, among union leaders and retailers over the best methods for distributing money, and for working with local officials. A group of more than 39 retailers, mostly European, have pledged as much as \$500,000 each for five straight years in one major fire and safety monitoring agreement. They've also agreed to pay for upgrades with suppliers.

At a May 23 meeting in Geneva, the International Labor Organisation together with retailers discussed the hiring of a safety inspector and team, and pinpointed factories with urgent needs under that agreement, which will cover 2,000 factories, according to Christy Hoffman, deputy general secretary of UNI Global Union.

**Cost of Upgrades**  
"We want to get moving very quickly," Hoffman said by phone. Though unlikely to start in June, inspections will begin in the coming months, she said.

Five years of renovations and retrofits could cost western retailers and Bangladesh owners as much as \$600,000 a factory, or \$3 billion over the next five years, according to an estimate by the Workers Right Consortium of Washington. So far, retailers have promised just \$2.5 million each for fire safety training and inspections, with the cost of any upgrades to be thrashed out between each factory and the retailers.



Garment factories built on frail structures with weak emergency exits can anytime become a threat to workers.

Determining the most urgent needs may not be easy either. Until two weeks ago, the Dhaka authority had no idea how many factories fell under its jurisdiction, let alone their condition. Islam, the chief engineer, borrowed a membership list from the industry lobby. He was surprised to discover 3,500 or so factories, he said in an interview in his office, sitting under a yellowing, map of Dhaka at least 60 years old.

**Mountains of Documents**  
The surveys were begun independent of the retailers' accord and are

being supplemented by other documents. Factory owners are submitting structural drawings and soil samples to the development authority as well.

To sort through the mountain of paperwork, the authority has sought help from professors at the Bangladesh University of Engineering and Technology, said Mohammed Mujibur Rahman, head of the department of civil engineering.

"We are kind of overburdened at this stage, because we have to find time to do this in addition to our academic program," Rahman said.

"We are trying to prioritise some of the buildings that are reported to be most at risk and are visiting those first."

A preliminary inspection can take as long as a week. Testing concrete samples, running simulations on models and checking the foundations of buildings can take a month. A 30-member team of structural experts has raced through 100 analyses in two weeks, while hundreds more pile up.

**Fixing the Car**  
Before arriving at the first factory for a survey, Ahmed runs into a more basic obstacle. His government-issue, 18-year-old Toyota Hilux, scarred from 266,537 kilometers (166,000 miles) on the road, stalls. He and his colleagues are a half-hour from their destination in Ashulia, a northern suburb bristling with factories. Out comes a hammer, a quart of oil. As the sun climbs higher into the sky, Ahmed crosses off factory names -- he had wanted to visit at least seven.

Repairs made, Ahmed's team bounces down a rutted, muddy road to a four-story building called Neyath Solim Plaza. Shops on the ground floor sell televisions and mobile phones, and a back entrance leads up to Ratul Fabrics Ltd., where about 650 workers are packed into two floors, making clothes for Australia's Kmart discount department store, a unit of Wesfarmers Ltd. (WES), according to Anwarul Islam, the managing director.

**Cracked Walls**  
Ahmed asks for documents showing the building plans, the engineers who designed the factory and soil samples. Officials hem and haw, produce some documents and promise to send the rest to his office.

Ahmed tours the factory, walking past piles of green sweatshirts emblazoned with I Heart NY graphics, and stops under a long crack running along the east wall. He looks worried, and repeats his request for the engineer's name and firm. On the opposite wall, a long crack runs from floor to ceiling.

The windows have metal grills, which means that in a fire, workers wouldn't be able to jump out, and be forced to use one of three fire exits, two leading to indoor stairwells and one to an external metal staircase. His colleague steps on the metal staircase outside and reaches for balance as it wobbles under his weight.

"Problems, problems, lots of problems," says Ahmed as he exits the building. "Half the paperwork is missing. The staircase is not safe."

**Workers Evacuated**  
Kmart ceased production at the factory earlier this month and evacuated workers after being informed by the government inspector that the building was unsafe, Tracie Walker, general manager of Kmart Corporate Affairs and Sustainability, said in an e-mail today.

A civil engineer sent in by Ratul Fabrics found that cracks in the building walls were non-structural, Walker said. Checks made for Kmart by Intertek Group PLC had the same findings, and two separate reports based on inspections by engineers found the factory is safe and production has resumed, she also said.

The retailer said it had previously decided not to place more orders with Ratul Fabrics because the factory is above a marketplace, which contravenes its own recently revised Ethical Sourcing Policy, though final orders will be completed.

**Union Support**  
Quick action is needed for the industry, said Kalpona Akter, director of the Bangladesh Center for Worker Solidarity, a nongovernmental organization founded by two former child garment workers to promote safer factories.

"There are so many factories that are unsafe, and we need to move faster to ensure the safety of the workers," she said in an interview in her office in Dhaka. "Workers here have waited too long, and paid with their lives for delays."

Under the fire and safety accord, whose supporters include Hennes & Mauritz AB (HMB) and Inditex SA (ITX), the two largest clothing retailers, there will be safety inspections and fire safety training at about 2,000 participating factories.

Any upgrade spurred by inspections will be mandatory with the burden resting on the factory owner. Retailers will negotiate "commercial terms with their suppliers which ensure that it is financially feasible," including joint investments, loans, business incentives or paying directly for renovations, according to the terms of the accord. The deal also requires retailers to continue their orders with the factories for at least two years, ensuring the upgrades are made.

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## Can China become a hi-tech economy?

BBC NEWS, Shanghai

**I**NSIDE a former shoe factory in China's southern city of Shenzhen, the noise of hammering and stitching has long gone.

In its place is something much quieter - the hum of laboratory machinery and the click of computer keyboards.

But listen extra carefully and you might just pick up another sound: the deep, seismic creaking of the world's second-largest economy moving forward.

At least, that is what this country's economic planners would like to hope.

BGI has grown from nothing a little more than a decade ago to become the world's biggest genetic sequencing company.

Almost 3,000 people work at the plant in Shenzhen, decoding DNA data on behalf of global clients in healthcare and agriculture.

Gone are the low-skill, low-wage shoemakers. In their place high-skilled, hi-tech brainpower.

BGI has just decoded all of the varieties of the chickpea and is now attempting to determine the genetic components of human intelligence, to give just two examples of the sort of work being done here.

"You have to have more young people, crazy people, who can work day and night to figure out what the data represents," one of the company founders, Wang Jian, said.

"We have thousands of people working in this field, so lots of countries ask us for help. We charge them a reasonable fee and we get the money to feed ourselves."

The company, which came into being as part of the international collaboration to map the human genome, has quickly made use of one key resource: China's abundant supply of cheap graduates.

In some ways, genome sequencing - producing the complete DNA sequence of a particular organism - is the easy bit. You need some very expensive sequencing machines and a lot of computing power.

The hard bit though is decoding or mapping the genome.

For that, you need a lot of careful analysis, looking for similar patterns and sequences in the long strings of letters, so that you can then identify the parts of the genome responsible for particular biological functions.

And that is where the cheap graduates come in.

The floors of the old shoe factory are now divided into hundreds of small cubicles, and inside each one sits a technician at a computer terminal, poring over



A child looks back as he rides a bicycle at an entrance of a park at Beijing in China.

data from the labs.

BGI can do this kind of work on a bigger scale than anyone else because elsewhere in the world, it would cost much more to hire all this brainpower.

So China now finds itself at the forefront of the important effort to find genetic components to things like autism and obesity, both projects that BGI is working on, for international clients.

The country currently has a glut of unemployed graduates - part of the reason, of course, that they are cheap to employ.

Could BGI therefore offer a glimpse of the next stage of China's remarkable economic transformation, with more companies drawing on this army of educated workers to become world leaders?

Before those aforementioned economic planners get too carried away and toast the arrival of the future, BGI's founder has a warning for them.

"Our education system has to be changed fast," Wang said.

"We need a more challenging, more creative education system. Otherwise we still, for most Chinese

companies, are followers - following the UK and the States to try to catch up."

In fact, so unhappy was BGI with the quality of the Chinese education system that it set up its own college, in the hope of replacing the traditional learning methods with more creativity and innovation.

But the college has not been allowed to award its own diplomas and now Mr Wang is appealing directly to the government.

"Give people more chance to build up their own schools. We don't want to change the whole system, but give us a chance to try our own way."

"That's what I need to go through you to say. Please do not cut this," he added.

Some outsiders have suggested that, rather than a break with the past, BGI is simply following a tried and tested model.

A bit like China's giant computer assembly plants, only this time producing DNA sequences rather than gadgets.

The trick is the same; do the job just as well but cheaper than it can be done elsewhere.

## Orascom Telecom closer to delisting after stock tender

REUTERS, Cairo/Moscow

**E**GYPT'S Orascom Telecom (OTH) is closer to being delisted, sources said on Friday, after holders of around 10 percent of its stock agreed to be bought out.

Russia's Altimo, the biggest owner of OTH's parent Vimpelcom, made a \$1.8 billion offer in March to buy out OTH minorities and sources said it wanted to delist OTH from both the Cairo and London stock exchanges.

Delisting should allow Vimpelcom to cut the costs of its Egyptian office, avoid regulatory risks and political instability as well as improve efficiency by placing OTH assets under direct management by Vimpelcom, sources have said.

OTH management last week advised shareholders to reject the offer, saying it was too low. But Altimo on Tuesday confirmed the offer price at \$0.70 per share.

A source close to advisers on the offer said that in addition to the 10 percent tendered by holders of London-listed global depositary shares, three funds holding another 3 percent of OTH GDSs between them, had expressed interest after the offer expired on May 22.

They may convert their GDSs into common shares to qualify for the offer made to holders of Cairo-traded stock who have until May 27 to accept the offer, the source said, adding there is a possibility it will be extended by up to five days.

The source could not provide information on the amount of shares tendered in the Egyptian part of the offer.

"If 10 percent tendered in London, you would normally expect more in Cairo where the forex component is more important and liquidity is lower," another source familiar with the deal said.

"Most people tender on the last day which is Monday. The offeror is positive that he will reach a successful closing," the source added.

Together with subsidiaries, Vimpelcom owns 51.92 percent of OTH which has mobile businesses in Canada, Algeria, Pakistan and other emerging markets such as Bangladesh.

Some analysts have warned the delisting could expose low corporate governance standards as OTH minority shareholders are being forced to sell their shares at a set price or be left holding an untraded stock.

To approve the delisting, 75 percent of shareholders present at a meeting should vote for it, said Ivan Kim, an analyst at VTB Capital.

But as it is rare that 100 percent of shareholders show up, Altimo and Vimpelcom will likely need to own less than 75 percent of shares between them to have it passed, analysts said.