

All committed to ensuring workers' safety

Says Dipu Moni at a seminar in Brussels

DIPLOMATIC CORRESPONDENT

All the stakeholders are committed to ensuring workers' safety and rights in the garment industry, and the European Union will continue in supporting Bangladesh for this, said Foreign Minister Dipu Moni.

After the Savar incident, the government, industry people and the workers reached to a tripartite agreement facilitated by the International Labour Organisation on the safety issues in the garment industry.

The minister spoke at a seminar on "Current situation in Bangladesh: potential and challenges" at the European Institute of Asian Studies (EIAS) in Brussels on Wednesday, the foreign ministry said in a statement yesterday.

Based in Brussels and Luxembourg, EIAS is a think-tank which focuses on EU-Asia relations to promote better understanding between the two regions.

Dick Gupwell, vice chairman of EIAS, presided over the event which was also

addressed by Paulo Casaca, former member of the European parliament and a member of the Portuguese parliament.

Casaca also presented an introductory paper on Bangladesh in the seminar.

Dipu Moni elaborated various political, economic and social aspects of Bangladesh and the challenges that it faces for a better future.

Referring to the recent political developments, she said politics in Bangladesh should "uphold the aspired and noble values enshrined in Bangladesh constitution".

She said Bangladesh has made a tremendous progress in social and economic sectors, as it posted a growth of 6 percent over a decade as the third largest economy of the South Asia.

It has been identified by various global assessments as the "next growth story", according to the statement. The minister also spoke on election, political violence and war crimes tribunal.

Later, in the afternoon, the minister opened the Machine Readable Passport System in the Bangladesh embassy in Brussels.

Citigroup settles US suit over mortgage securities

AFP, Washington

Citigroup has settled a lawsuit by the US Federal Housing Finance Agency over the sale of home mortgage-backed securities to government-backed lenders, a court document showed Wednesday.

According to the New York court filing, Judge Denise Cote said that both sides had reached an agreement that ends the lawsuit.

The terms of the settlement were not disclosed.

The FHFA sued Citigroup and 16 other financial institutions in September 2011 for violating federal securities laws in the sale of residential mortgage-backed securities to Fannie Mae and Freddie Mac.

The agency is the conservator of the two mortgage-finance giants that were seized by the federal government in 2008 as they veered toward bankruptcy amid the collapse of a housing price bubble.

The FHFA accused the 17 companies of misleading Fannie and Freddie about the credit-worthiness of the assets.

In its complaint against Citigroup, the FHFA accused the New York-based bank of providing "materially false" information

about the quality of \$3.5 billion in residential mortgage-backed securities sold to Fannie Mae and Freddie Mac.

A Citigroup spokeswoman declined to reveal the terms of the settlement, saying they were confidential.

"We are pleased to put the matter behind us," she said.

The FHFA would not comment on the Citigroup settlement but said the agency "remains active in settlement discussions with other parties that were subjects of these lawsuits."

Separately, insurance giant Allstate Corp. on Wednesday dropped its lawsuit against Citigroup over the sale of securities backed by toxic pools of residential mortgages, according to a New York state court filing.

Spokeswomen for both companies declined to discuss the issue.

Allstate sued Citigroup and German bank Deutsche in February 2011, accusing them of fraud in the sale of residential mortgage-backed securities during the housing boom.

Shares in Citigroup closed almost one percent higher at \$52.28, while Allstate shares were flat at \$48.55.

Global air traffic grows 3.2pc in April: IATA

AFP, Cape Town

Global air-passenger traffic grew by 3.2 percent in April, compared to a year ago, driven by travel in emerging markets, the global airline industry body said on Thursday.

"We see strong growth among African, Asia-Pacific, Middle Eastern and Latin American airlines," International Air Transport Association chief Tony Tyler told journalists in Cape Town.

Middle Eastern airlines were the strongest performers, growing by 10 percent, followed by Asia-Pacific at 4.7 percent and Africa at 4.6 percent. Latin America grew by 2.8 percent.

Growth was more modest in Europe where demand increased by 2.2 percent in North American where the market rose 0.6 percent.

The seasonally adjusted rate for April was nearly five percent, the airline industry body said.

Marginally ahead of demand, capacity was up 4.4 percent from last April, pushing the load factor downward by 0.9 percent to 78.1 percent.

If adjusted for seasonality, this remained at near record highs of 80 percent.

The international flight market was up 3 percent in April from the year before, while capacity grew 4.3 percent.

North America was the only region to contract, shrinking by 0.5 percent, while the Middle East topped international demand with a rise of 10.9 percent.

Africa was the second-best performing region with traffic rising by 4.7 percent from the figure for April last year.

Domestic demand was up 3.5 percent, fuelled by China, with other markets shrinking apart from in Australia.

IATA will hold its annual AGM next week in Cape Town.



Aminul Islam, managing director (current charge) of Bank Asia, presents a donation cheque for treatment of severe ventricular septal defect that afflicts 9-month-old Maria, to her father Md Maruf Hossain, at the bank's head office at Paltan in Dhaka yesterday.



Mamoon Mahmood Shah, managing director of ICB Islamic Bank, inaugurates the 'ICB easyCash ATM' at the bank's head office at Karwan Bazar in Dhaka recently. Arif Ahmed, head of cards, was also present.

Indian firm slams UK retailer over radioactive belts

AFP, New Delhi

An Indian supplier of belts that were recalled for being radioactive accused British online fashion retailer Asos Thursday of acting without proof.

The London-listed retailer said on Tuesday that it had recalled a batch of belts -- made of leather and covered with metal studs -- in January after US customs officials found traces of Cobalt-60 in one of the products.

But Royal Ascot Leather, the Indian firm which supplied the belts, claimed Asos was unfairly seeking compensation over the recall and had failed to provide evidence of a safety threat.

"We asked them to return the belts so that we could send them for inspection," said Mohammad Shuja, owner of Royal Ascot, which is based in the northern Indian city of Kanpur.

"Asos has refused to do so. Instead they are asking for a hefty compensation citing an old British law," he told AFP.

"Asos has recalled our belts on the assumption that if a person wears it for more than 500 hours, he can get cancer. It is baffling how they arrived to such an assumption."

The Royal Ascot factory has been forced to shut down over the controversy, he said. Workers have been staging protests against Asos outside the premises demanding that their factory be reopened.

Outlook stable despite political shocks

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Also, the country's low ranking in international surveys and its limited attractiveness for foreign direct investment reflect its difficult investment environment, S&P said.

"We expect the main pillars of the economy -- agriculture, remittances, and the garment export sector -- to continue growing strongly in 2013-2016 as global demand recovers."

Substantial bilateral and multilateral donor support improves policy formulation and provides direct budgetary assistance, it added.

HC irked by govt's failure to turn in Tazreen probe report

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Barrister Jyotirmoy Barua, a lawyer for the writ petitioners, told The Daily Star that the home ministry on November 25 last year formed a panel to investigate the fire and prepared a report.

Before the HC passed the order, Hossain said he appeared before the HC, as the Criminal Investigation Department asked him to do so.

Justice Quazi Reza-Ul Hoque and Justice ABM Altf Hossain fixed June 9 for passing a fresh order on the petition.

Anthropologists Naznin Akter Banu, Saydia Gulrukh Kamal and Mahmudul Hasan Sumon filed the writ petition on April 28, seeking directives from the HC on the government to arrest Hossain and punish him in connection with the blaze.

Tata Power scouts for opportunities abroad

REUTERS, New Delhi

Tata Power Company Ltd, part of the salt-to-steel Tata conglomerate, is India's largest integrated power producer. It aims to generate some 20,000 MW by 2020, up from more than 8500 MW now, and is scouting for opportunities abroad as well as building its thermal and renewables business at home.

Like its peers in the industry, the company has faced problems of land acquisition and fuel supply shortages in developing new projects, projects that are seen as key to help revive India's flagging economy and fix blackouts.

Moreover, its plant at Mundra in Gujarat has been hit by a jump in the cost of imported coal, and Tata is still waiting for a decision in April by India's power regulator, the Central Electricity Regulatory Commission (CERC), to come in to force to allow it to raise tariffs to existing customers.

Reuters spoke to Tata Power's executive director for finance, S Ramakrishnan. Here are extracts of the interview:

Q: What are your plans for capacity expansion domestically?

A: "We are building a thermal plant based on the processed gases for Tata Steel in Orissa, in Kalinganagar, about 200 MW, and

we are setting up some solar and wind units in India. While we are working on 2-3 thermal projects in India, many of them have challenges of land acquisition, fuel, so they are taking longer time as it is happening with the rest of industry."

Q: What is your outlook for expansion abroad?

A: "We have been looking at certain markets and we have been looking at certain opportunities which we believe make sense in the long run, though it may not draw significant amount of money in the short run."

"We are doing some feasibility studies in Myanmar for a thermal project ... we will take about a year and a half to do a feasibility study and then go towards implementation ... We are looking for some similar such opportunity in Vietnam."

"Most of these (projects) are, I will say, smallish in size, not like in India where we do 1000 or 4000 (MW) or whatever."

Q: Is it easier to do business abroad than in India?

A: "Let me put it this way ... it is not that the investments abroad are risk-free. They have their own package of risk-return profile. Very often there is more clarity in some of the jurisdictions on policy matters pertaining to the sector."

Q: Outlook on renewables ...

A: "We continue to move ahead on renewables, wind and solar. Of course in India, for everything you need land. Land is an issue but we are making some progress because the size of these operations is not so large."

Q: Is it correct that you plan to launch an initial public offering (IPO) for a renewable company?

A: "We have created a renewable as a subsidiary of ours so that it can be an independent vehicle. And at the opportune time we can make it grow faster, taking other shareholders, whether it is a specific large shareholder or it is many small shareholders ... The idea is to let it have its own destiny independent of Tata Power."

Q: Is it true that you are scaling back major investments in order to cut your debt?

A: "Let me put it this way. The financial pressure on us arising out of the Mundra situation is enormous at this point in time. And it'll naturally make us sit and review where we are headed until the CERC process reaches its logical conclusion."

"We will be very, very cautious and selective in our growth options."

"... If one is talking of any large acquisition which demands an immediate outlay of large funds we'll definitely not look at it."

Pressure mounts for trade union in RMG factories

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Ahsan H Mansur, executive director of PRI, said the government might think of imposing taxes on readymade garment exports, at a rate of 1-2 percent for the welfare of the workers.

Commerce Minister GM Quader said there are a number of issues in the proposed roadmap that are already in practice in the country.

He said a government committee has been working since 2007 on improving the conditions at garment factories, sitting every three months and taking actions after physically visiting the factories.

Quader, however, wondered if the committee has enough manpower to inspect all of the country's 5000-odd factories.

MCCI President Rokia Afzal Rahman said it is high time to make concerted efforts to ensure safety for the workers.

"We must ensure that tragic incidents such as the collapse of the Rana Plaza never take place in this country," she said, while terming the tragedy to be an upshot of negligence.

MCCI Vice-President Kamran T Rahman said many tragic incidents hit the country's garment industry in the past, but no significant changes have been introduced to protect the lives of the workers.

Ify Islam, managing partner of Asian Tiger Capital Partners, said

the country's readymade garment industry requires a 10-point reform agenda to ensure the next phase of growth for the industry.

The 10-point reform covers issues on: factory classification, factory health and safety standards, BGMEA responsibilities, new RMG economic zones, financing RMG reforms, minimum wage increase, trade union, formations of new worker welfare fund, moving up the value chain and branding as well as international public relations.

The government should allocate a minimum of Tk 3,000 crore in the next budget to finance RMG reforms, he said.

The government might request multilateral and bilateral official development partners for a multi-donor fund of \$1 billion on concessional terms that can be accessed by BGMEA members to finance either relocation or other necessary compliance and safety measures, he said.

The Asian Tiger head said a review of the structural integrity of factory buildings needs to be carried out and classified accordingly. In terms of ongoing compliance monitoring, there is a need to establish independent inspectorate. "BGMEA itself should consider incorporating internal reforms,"

Mashiur Rahman, economic affairs advisor to the prime minister, also spoke.

US economic growth revised lower to 2.4pc

AFP, Washington

The US economy grew at a moderate 2.4 percent annual rate in the first quarter, slightly less than first estimated as sharp cuts in government spending dug in, official data showed Thursday.

In the small downward revision from its initial 2.5 percent reading, the Commerce Department said "the general picture of overall economic activity is not greatly changed."

The new first-quarter estimate was in line with expectations and

confirmed the world's largest economy was chugging along at a pace that, while modest, was still much better than the 0.4 percent growth in the fourth quarter.

"The Q1 GDP data continue to paint the picture of an economy with strengthening fundamentals that is facing significant fiscal drag," said Ellen Zentner of Nomura Securities International.

Economists have estimated the government's severe "sequester" budget cuts will shave about a half a percentage point from GDP this year.

The downward revision for the

January-March period was due partly to lowered estimates of exports and government spending.

Government belt-tightening to rein in ballooning budget deficits had been ongoing in previous quarters but kicked into higher gear on March 1, the start of the sequester cuts aimed at paring \$85 billion in spending through September.

All government spending dropped 4.9 percent in the first quarter, while federal spending dived 8.7 percent.

A bright spot was an upward revision of consumer spending, the key driver of the US economy.

Consumer spending increased 3.4 percent in the first quarter, up from a 3.2 percent initial estimate, reflecting a surge in services spending as utilities use fired up during an unusually cold winter.

"Most encouraging is that this month's revision did not erase the 'pop' in services spending, where at 3.1 percent quarter-on-quarter the sector has posted its fastest growth rate since the 2005 second quarter," said Robert Brusca of FAO Economics in a research note.

He added: "Yes this IS the job-creating sector!!"



Md Siddiqur Rahman, chairman of risk management committee of Sonali Bank, attends a meeting of the committee at the bank's head office in Dhaka on Tuesday. Khondoker Md Iqbal, deputy managing director, was also present.