

NO MIDDLE GROUND

Why nobody else elicits public reaction like tech giant Apple

PAGE IT & TELECOM

'GLIMPSES'

Gallery Kaya organises art show marking its 10th anniversary

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KEVIN RUDD SWORN IN

The new Australian PM urges a "gentler" approach to politics

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# US suspends GSP for Bangladesh

## Revival of GSP hinges on labour standards improvement

GENERALISED SYSTEM OF PREFERENCES

Bangladesh can export nearly 5,000 products duty-free to US. Golf equipment, plastic bags, bone china, porcelain kitchenware, headgears, spectacles and tents are on the list.

GSP covers less than 1% of Bangladesh's total exports to the US a year

Bangladesh was spared \$2m in duties on \$35m of exports to US under GSP in 2012

US GSP programme does not include garment from Bangladesh. The nation paid \$749.7m in duties at 15.3% on \$4.9b of garment exports to American market in 2012

Bangladesh enjoys trade benefits from US along with neighbouring countries: India, Bhutan, Cambodia, Nepal, Indonesia, Sri Lanka and Thailand

IMPACT

Economic costs of GSP withdrawal may not seem significant, but it carries reputational costs and can also influence European Union's decision to cancel GSP privileges

EU action, if any, could have a much bigger economic impact as its duty-free privileges cover garment

GSP loss may discourage American companies from investing in Bangladesh

WHY IT HAPPENED

No visible upgrade to factory conditions since 2007 when AFL-CIO filed a petition for GSP review

Rana Plaza disaster intensified calls for trade benefits to be curtailed

Bangladesh is yet to pass new labour law in parliament

BANGLADESH WILL HAVE TO FOLLOW A 5-POINT ROADMAP TO REGAIN GSP

Enforcement of fire and building safety code

End to harassment and arrest of workers and labour leaders and activists

Labour law reforms

Union registration

Upgrading law for EPZs

PRODUCTS COVERED BY GSP

The government of Bangladesh has been too neglectful for too long: Celeste Drake, a trade specialist at AFL-CIO

ARUN DEVNATH and REFAYET ULLAH MIRDHA

In a chilling warning, the US yesterday suspended trade privileges for Bangladesh after a six-year review exposed "serious shortcomings" in safety and labour standards.

The decision will bring tariffs back on some of Bangladesh's exports to US markets under the programme known as the Generalised System of Preferences. However, the scheme does not apply to Bangladesh's main export: garment.

The suspension underlines the lack of progress by the government in improving factory conditions.

"I have determined that it is appropriate to suspend Bangladesh's designation as a beneficiary developing country under the GSP programme because it is not taking steps to afford internationally recognised worker rights," US President Barack Obama said in a message to the Congress.

The US government "has not seen sufficient progress" toward basic safety standards, despite its "close engagement and clear, repeated expressions of concern" with the Bangladesh government over the past few years, US Trade Representative Michael Froman said in a statement.

"The recent tragedies that needlessly took the lives of over 1,200 Bangladeshi garment factory workers have served to highlight some of the serious shortcomings in worker rights and workplace safety standards in Bangladesh."

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## Unfortunate

### US decision to affect image more than export, say analysts

SOHEL PARVEZ

The suspension of duty-free access to the United States will dent the image of Bangladesh more than its exports, business leaders and analysts said yesterday.

It might intensify campaigns against Bangladesh over labour standards and influence the EU to take a tougher stance on the continuation of trade privileges for the nation.

They expressed these views as the US decided to suspend the Generalised System Preferences (GSP), a scheme that allows Bangladesh to export nearly 5,000 products duty-free to the US.

"It is very unfortunate for us and an

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## GB must be taken under regulatory framework

Says Muhith

STAFF CORRESPONDENT

Grameen Bank must be brought under a regulatory framework, as neither the central bank nor the Microcredit Regulatory Authority controls the Nobel prize winning organisation, Finance Minister AMA Muhith said yesterday.

"At this moment, there is no regulatory body for Grameen Bank. It must come under a regulatory framework, and be accountable either to

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## Use of religion in Gazipur too

### BNP, Hefajat men use it as campaign tool

PANKAJ KARMAKAR and ABU BAKAR SIDDIQUE AKAND, from Gazipur

The main opposition BNP and Hefajat-e Islam are again using the religious sentiments of the majority to secure votes in favour of BNP-backed mayoral candidate MA Mannan in the Gazipur City Corporation election scheduled for July 6.

Similar tactics had been used against ruling Awami League-backed mayoral candidates ahead of the Rajshahi, Khulna, Barisal and Sylhet city corporation elections on June 15, and the AL favourites were defeated in all of them by their rivals supported by the BNP-led alliance.

Alleging that Awami League chief Sheikh Hasina and its leaders and activists patronize atheists, BNP and Hefajat

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## PM, Ershad meet in JS

### Discuss JS, Gazipur polls

STAFF CORRESPONDENT

Prime Minister Sheikh Hasina and Jatiya Party Chairman HM Ershad yesterday at a meeting discussed different important issues, including the means to hold the Gazipur City Corporation and upcoming national elections.

"Mistrust" regarding Ershad over his recent comments against the government and whitewash defeat in the recently held polls to four city corporations also came up in the closed-door meeting at

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## WAR CRIMES TRIAL

### SQ Chy gives witness list

Claims an HC judge, Salman Rahman to defend him

STAFF CORRESPONDENT

Industrialist Salman F Rahman, who was an adviser to then opposition leader Sheikh Hasina, and an incumbent High Court judge would be among the defence witnesses of war crimes accused BNP leader Salauddin Quader Chowdhury.

Counsel for Salauddin submitted a list of four defence witnesses before International Crimes Tribunal-1 yesterday. Salauddin's maternal cousin Qayum Reza Chowdhury and one Nizam Ahmed was also on the list.

Salauddin's witness list raised quite a few eyebrows yesterday as one of the witnesses is a High Court judge while the industrialist was an adviser to Sheikh Hasina, now the prime minister who has been facing difficulties with the war trials.

Defence counsel Fakhrul Islam told The Daily Star, "Justice Shamim Hasnain had studied with Salauddin

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## Mandela still there

### Says daughter, raps media

REUTERS, Pretoria

Former South African President Nelson Mandela is still clinging to life, his eldest daughter Makaziwe said yesterday, but she criticized foreign media "vultures" for violating his privacy as he lay critically ill in hospital.

Makaziwe's outburst came as anxiety increased over the faltering health of the frail 94-year-old

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MADIBA ON WIDE ANGLE (PAGE 12), MORE ON PAGE 8

## Tangail river freed from sand traders

OUR CORRESPONDENT, Tangail

The New Dhaleshwari river, a branch of the Jamuna river in Tangail, is finally freed from the illegal occupation of sand traders.

A mobile court yesterday demolished all the three roads that an influential sand trading syndicate had built across the river last winter, to carry illegally extracted sand from near the Jamuna Bridge.

The roads near the confluence of the Jamuna and Dhaleshwari had stopped the water flow into the downstream that flows into the four rivers surrounding

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PHOTO ON PAGE 20

## Scam hits Basic Bank

SAJJADUR RAHMAN

Taking out loans with forged documents is so easy in Bangladesh that fraudsters don't want to miss out on any opportunity.

The issue has come to the fore again with a recent scam at Basic Bank that approved loans of Tk 4,500 crore, mostly without proper documents and scrutiny. The bank's board and top management were found to have helped the culprits steal the money.

The Basic Bank scam rattled the financial sector that still feels the pinch of a Tk 3,500 crore scam by Hall-Mark and five other companies between 2010 and 2012.

A Bangladesh Bank inspection found many irregularities in four branches of state-owned Basic Bank -- Motijheel, Shantinagar, Dilkusha and Gulshan branches -- which involved loans of nearly Tk 4,424.93 crore between December 2009 and November 2012.

Of the amount, Tk 1,594.73 crore was given by the Gulshan branch, and the majority of the loans were issued without

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