

US suspends GSP

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The Obama administration plans to initiate new discussions with the Bangladesh government on steps to improve the working environment so that GSP benefits can be restored and tragedies like the Rana Plaza collapse and Tazreen fire can be prevented, Froman said. "There is no particular timetable in mind."

The suspension will be effective 60 days after the publication of the proclamation in the Federal Register.

Analysts say the suspension of trade benefits will pressure Bangladesh to improve working conditions in garment factories.

To American retailers like Wal-Mart and Gap, it comes as a reminder of the need to sign the building and fire safety accord that pledges to finance factory upgrades in Bangladesh.

The move came after the US' largest trade union, American Federation of Labour and Congress of Industrial Organisation (AFL-CIO), filed a petition with the USTR in 2007 questioning Bangladesh's eligibility for GSP.

"The government of Bangladesh has been too neglectful for too long, shirking its duty to protect the very workers who are the backbone of the Bangladeshi economy and make it grow," Celeste Drake, trade and globalisation policy specialist at the AFL-CIO, said in a statement yesterday.

The workers' safety issue gained momentum after the Tazreen fire that killed 112 workers last November.

The Rana Plaza collapse that killed more than 1,100 workers on April 24 intensified calls from different quarters, including US senators, for trade benefits to be curtailed.

Besides, the killing of

labour leader Aminul Islam in April last year influenced the USTR to withdraw the trade privilege.

Since 2005, over 1,800 workers have died in preventable factory fires and building collapses in the garment industry.

Workers died because the government and industry violated safety standards to cut costs, while global apparel brands demanded production at the lowest prices in the world, AFL-CIO said.

"The global workplace cannot be a death trap for poor workers producing products for the global economy," it said.

But AFL-CIO hopes that the suspension of GSP benefits will be a catalyst to accelerate changes for the better: stronger worker protections, a voice at work and safe work places.

Commerce Secretary Mahhub Ahmed declined to comment but only said his ministry was not yet officially informed about the outcome of the GSP hearing. Ahmed led a 13-member team to the USTR hearing in Washington on Bangladesh's trade benefits on March 28.

Due to the suspension of the GSP, a duty waiver scheme adopted in 1976 by the US government for more than 5,000 goods from least developed and developing countries, Bangladesh will lose competitiveness in the US market.

Although Bangladesh exports less than 1 percent of \$5 billion annually under the GSP to the US market, the impact of the withdrawal is significant. This is because some other countries in the European Union, where the country enjoys duty waiver, might be influenced by the US decision.

The economic impact of the withdrawal could have been much deeper if the

garment products had been included in the GSP package. Since garments are not covered by the scheme, Bangladeshi apparel exporters have to pay 15.3 percent duty to enter the US market.

The Bangladesh government had tried to convince the US government for retaining the GSP through taking various steps.

Apart from hectic diplomatic negotiations with Washington, the government has moved to amend the labour law of 2006 in April to ease the conditions of trade union in the garment sector. But parliament is yet to pass the law, which now appears to be a setback.

Bangladesh also approved the Trade and Investment Cooperation Forum Agreement last week to hold talks to settle trade disputes with the US.

The labour and employment ministry has already formed a six-member panel on May 12 to recommend the minimum wage for garment workers.

But these efforts were far from enough to appease US officials who said they considered the suspension of trade benefits as "the last resort."

The US Congress added workplace safety and other worker rights criteria to eligibility requirements of the GSP programme in the 1980s. At least 13 countries have been suspended from the programme since then on labour grounds, Reuters reported.

Most were later reinstated, but Belarus, Sudan, Syria and Myanmar remain out.

The Obama administration is currently considering whether to restore GSP benefits for Myanmar in recognition of recent political reforms in the Southeast Asian country, but some human rights groups warn that it is still premature.

Nine sentenced

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statement, Gautam was killed as he ran a series of news reports in daily Samakal against the accused.

The reports were based on their alleged involvement with corruption and irregularities in repairing Mujib Sarak of Faridpur district.

The convicts are Asif Imran, Asif Imtiaz Bulu, Zahid Khan, Kamrul Islam Apon, Asad Bin Kadir, Siddique Rahman Miah, Tamjid Hossain Babu, Rajib Hassan Miah and Abu Taher Mohammad Mortuza Ahsan, also known as Apollo Biswas.

All of them were involved with different organisations of BNP, said a public prosecutor.

Of the convicts, Apollo went into hiding after the court on June 19 had fixed yesterday for delivering judgment in the case.

The punishment of Apollo will be effective from the day of his arrest or surrender, the court said.

Judge Shahed Noor Uddin of the Speedy Trial Tribunal-1 also fined them Tk 50,000 each, in default they are to suffer one more year in jail.

The judge in his judgment yesterday said though the killing was so heinous, the court did not get any evidence against the accused who strangled the victim.

So, the court had decided to award life term imprisonment instead of death penalty, the judge added.

After the verdict, daily Samakal Editor Golam Sarwar told journalists the court should have given capital punishment to the accused, taking into account the gravity of the offence.

But the court had awarded life term imprisonment, he said, adding "We will challenge the judgment in the higher court."

Earlier, the prosecution and the defence had completed their arguments, and the court recorded statements of 27 prosecution witnesses.

The case was stayed for a long time following a High Court order. The court framed charges against the accused on August 15, 2006.

The investigation officer of the case pressed charges on January 19, 2006, showing 31 people as prosecution witnesses.

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held in St Petersburg, Russia.

Chairman of Bangladesh Atomic Energy Commission Abu Sayeed Mohammad Feroz and head of Rosatom's affiliate company NIAEP-ASE Valeri Limarenko signed the deal.

The arrangement will be financed under a \$ 500 million loan with Russia that was secured in January at a rate of 3 percent interest.

Terming the deal a milestone to materialise the dream of setting up the first nuclear power plant in Bangladesh, Feroz said the first component of the deal was to conduct a feasibility study to determine the technical and economic aspects of the project.

The second component involves conducting an Environmental Impact Assessment (EIA) and developing an environmental impact monitoring programme that would act as one of the watchdogs of the plant.

And the third component deals with conducting a site engineering survey and an environmental study to characterise the project site based on which the power plant will be designed.

In addition, both the sides would also develop a document for the site's licence in the light of International Atomic Energy Association's recommendations.

All these studies are needed to be undertaken to comply with Russian and Bangladesh laws.

"The contract is immediately effective," said Feroz, adding that the steps were taken to release related funds under the new budget.

Russia has agreed to provide Bangladesh with 90 percent cost for constructing the nuclear power plant which is expected to amount between Tk 12,000 crore to Tk 15,000 crore.

PM, Ershad meet in JS

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Hasina's parliament office, sources said.

Ershad, the key partner in the ruling alliance, has been criticising the government since last year over different issues, including law and order slide, violence by Chhatra League, handling of Hefajat and some much-talked-about scams like Hall-Mark, Destiny and Padma Bridge.

Ershad and BNP Chairperson Khaleda Zia's recent simultaneous visits to Singapore for "treatment" at the same hospital has also raised questions on the political front, although the Jatiya Party has rejected outright charges of any understanding with BNP ahead of the national polls.

"I've just made a courtesy call on the prime minister [Hasina]. It's been a long time since we last had talks," the JP chief said as he emerged from the hour-long meeting.

Asked about the meeting agenda, Ershad said the Gazipur city polls, mode of the upcoming parliamentary polls, election schedule,

among other issues, had come up for discussion.

Ershad did not give a direct reply when asked if his party would extend support to the ruling Awami League-backed candidate in the Gazipur polls.

He, however, said, "We are still in the grand alliance. Besides, this is a local government election. Is there anything to announce support formally?"

Jatiya Party sources, however, said Ershad had conveyed to the premier his "grievances" for not evaluat-

ing his party in running the government, not consulting with the JP before selecting candidates for the four city corporations, the AL's go-alone policy, and dissatisfaction among his party's grassroots leaders.

In reply, the premier urged Ershad to extend his party's support to AL-backed mayoral candidate Ajmatullah Khan.

The sources said Ershad had assured the PM of his support to Ajmat but said his party might not extend formal support due to "strategic" reasons.

Unfortunate

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overreaction on the part of the US," said Atiqul Islam, president of Bangladesh Garment Manufacturers and Exporters Association.

"We thought the US would maintain GSP facility by attaching some conditions," he said. "This is a strong message. The decision will impact Bangladesh's image negatively."

"We are trying our best to improve labour conditions. But it is not possible to do anything overnight," said Atiqul, mentioning that Bangladesh is now working on amending the labour law to execute the Better Work Programme of the International Labour Organisation (ILO).

He, however, said RMG exports to the US might not be affected as they are not covered by GSP.

But garment items are included in the GSP benefit guaranteed by the European Union, which provides nearly half of Bangladesh's annual exports earnings at \$24 billion.

"It [suspension] will create a bad reputation globally that labour standards are poor in our country, although it is not always the case," said Fazlul Hoque, president of Bangladesh Employers Federation.

He said the suspension might not have an immediate effect on business. "But there is risk of effect on business in the mid and long terms," he warned, noting that the decision might intensify campaigns against Bangladesh by its competitors in other countries.

"Intensified propaganda on Bangladesh's poor labour standards may force buyers to curtail orders from here," said Fazlul, a former president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA).

"And if the EU starts talking about the matter, that will be worrying," he said, "We should be very careful, active and take effective steps to improve our image in labour standards."

The EU also warned of withdrawing GSP after the Rana Plaza building collapse that claimed 1,129 lives on April 24.

"It [suspension] will have a ripple effect on other countries, especially those under

the European Union," said Ahsan H Mansur, executive director of Policy Research Institute (PRI).

"Other countries may also feel the urgency to look into compliance with the issues of labour rights, compensation and workers' safety in factories. That will be the real effect on exports."

Toufiq Ali, former ambassador of Bangladesh to the World Trade Organisation, said a few selected exporters who are currently enjoying the GSP facilities might be affected by the suspension.

On impact on exports to the EU, he said: "The EU has a generous policy towards Bangladesh."

After the collapse of Rana plaza building, the major EU importers engaged with BGMEA to find a solution for the future, he added.

Khondaker Golam Moazzem, additional director, research, of the Centre for Policy Dialogue (CPD), said non-traditional products' exports, which benefited through GSP facility, might slow because of increased competition.

"Unless exporters explore

alternative markets for their products, expansion of their industries will be adversely affected."

Moazzem also said garments buyers or brands of the US might be under pressure from retailers and consumers for sourcing apparel from Bangladesh.

But brands might need to depend on Bangladesh at least for mass-scale basic products because of the competitiveness of Bangladesh's clothing sector in terms of price, quality and capacity to handle bulk scale production orders, he said.

He also said the US decision may have adverse implications in the context of RMG export to other major markets. The EU, which has so far maintained a "moderate strong stand", may take a tougher stand after the US decision.

"However, Bangladesh will get some space to work on improving the compliance standard, which might cause less adverse impact in case of exports to other markets."

Couple

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from an electrical short circuit, said Station Officer Nazrul Islam of Khilgaon Fire Service and Civil Defence.

"The TV in the couple's bedroom might have overheated and caught fire."

Neighbours doused the fire within a couple of minutes, contacted fire fighters and took the victims to DMCH. They said they had heard an explosion and suspected it to be from accumulated gas since the flat's windows were shut.

The bedrooms of the couple and Sifat were burnt down while some furniture in the dining room was also burnt.

Koli's brother-in-law Mohammad Ehamul Islam said the brothers slept in separate rooms while a friend of Shihab was staying over.

"Law enforcers are investigating the cause of the fire," said Officer-in-Charge Delwar Hossain of Rampura Police Station, with which an unnatural death case was filed.

SQ Chy

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Quader Chowdhury in Pakistan in 1971.

"The rest three [Salman, Nizam and Qayum] went to Pakistan on April 10, 1971, and met Salaudinn there," he added.

Earlier, the tribunal had fixed five defence witnesses for Salaudinn who is facing charges of crimes against humanity and genocide committed during the Liberation War. Salaudinn himself is a defence witness and he has been testifying for quite a few days at the tribunal since June 17.

While testifying on June 17, Salaudinn had said Salman was his first cousin.

The Daily Star tried to talk to Salman F Rahman over the phone but could not reach him yesterday.

When contacted for comments, Justice

Shamim Hasnain's personal secretary Kamal told The Daily Star yesterday that it was not possible then to get in touch with the judge.

Justice Shamim Hasnain was appointed additional judge in 2003 during the BNP-Jamaat alliance rule and confirmed as a High Court judge in 2005.

However, defence counsel Fakhru said, "I personally contacted them [Salman and Justice Hasnain]. They told me that they would come [to the tribunal] and testify."

When asked about Nizam Ahmed, the lawyer said he did not know who he was and that Salaudinn's family wanted Nizam as a witness.

Salaudinn's cousin Qayum told The Daily Star yesterday evening, "I will go to the tribunal to testify."

Deal signed

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held in St Petersburg, Russia.

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Scam hits Basic Bank

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proper scrutiny.

The bank gave loans to nonexistent companies and promptly approved loans to clients instantly after they had opened accounts. Moreover, the bank's board sanctioned loans before the branch sent the proposal to the bank headquarters.

Though the bank's top management had been aware that many borrowers diverted their funds at will, it did not take any action.

In violation of banking rules, the bank showed as interest income against many loans that had not been paid.

Bangladesh Bank first came to know about massive irregularities at Basic Bank in September 2011, but didn't take any regulatory action against the people responsible.

In February, BB asked the board and the managing director of Basic Bank to inform it about the irregularities and also the action taken to address the issues. But the bank is yet to come up with any reply.

Fazlul Sobhan, deputy managing director of Basic Bank, told The Daily Star on Wednesday that the bank authorities were working on replies to the central bank's queries.

"It is a huge task to examine documents of 62 branches of the bank. We need more time to do the job," Sobhan said.

The central bank now proposes signing a memorandum of understanding with the troubled bank, which some senior central bankers view as a move to spare the culprits.

Mahfuzur Rahman, executive director and spokesman of Bangladesh Bank, declined to comment on the issue. He asked The Daily Star to talk to the BB governor or deputy governors.

Abu Hena Md Razi Hasan, deputy governor of BB, said the banking company laws prevented the central bank from taking action against the board or the managing director of state-owned banks.

"We can take action against private banks only," said Hasan.

If the central bank finds any irregularities in state-owned banks, it seeks explanation from the board and the management, and then sends the documents to the government, he said.

"The issue of signing an MoU comes up when the performance of a state-run bank continues to slip," said the deputy governor, explaining BB's latest move to rescue the troubled bank.

The BB inspection report shows that Basic Bank issued loans of Tk 45 crore to AB Trade Link and Tk 112 crore to Ma Tex, EFS Enterprise and SPN Enterprise. All four organisations are nonexistent.

The central bank found

the involvement of the board of directors in the loan scam of AB Trade Link. The board approved the loan on September 6, six days before the bank's branch concerned sent AB Trade Link's proposal to the head office on September 12, 2011.

Many borrowers were given loans right after they had opened current accounts with the bank. And BB found many loans had been approved without proper scrutiny.

For example, Shiphan Shipping Lines opened a current account with the bank on April 2, 2012 and the branch concerned forwarded a loan proposal on April 4 and the board approved loans of more than Tk 50 crore to the company on April 5.

Shiphan was not the only company to have taken out a loan in this fashion. S Suhri Shipping Lines, Brothers Enterprise, Diaz Hotel and Resort, SCF Shipping Lines, and Labs Enterprise were given loans in two weeks from opening accounts with the bank.

The board of directors approved loans of Tk 80 crore to Bangladesh Development Company Ltd despite objections from the bank's branch concerned. "The branch credit committee failed to agree to finance this project," said the BB report.

The bank also gave loans of Tk 85 crore to ARSS Enterprise and Tk 56

crore to Brothers Enterprise though the branch concerned made negative comments on their proposals.

A lot of the bank's funds were diverted to real estate and land purchase, which according to the BB report, happened with the knowledge of the bank's top management.

For example, Delta Systems Ltd took out cash credit of Tk 50 crore by showing a collateral of computers and accessories worth Tk 65.32 crore (actually it was worth Tk 2.5-3 crore). Of the amount, Tk 2.5 crore was paid to Mitul Properties for purchasing a flat, which was a diversion of funds. ARSS also diverted funds to land purchase flouting banking rules.

Though Basic Bank didn't receive any instalments in seven months, it showed Tk 12.90 crore as interest income against the loans given to ARSS.

"It shows Basic Bank's entire system has collapsed like that of Sonali Bank following the Hall-Mark loan scam," said Dr Salehuddin Ahmed, former governor of the central bank.

"Bangladesh Bank can take action against any bank -- government or private -- for inefficiency and corruption," said Ahmed.

The central bank's move to sign an MoU would not be enough to rescue the bank, he said.

Mandela still there

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anti-apartheid hero, admired across the world as a symbol of resistance against injustice and of racial reconciliation.

Late on Wednesday, President Jacob Zuma's government reported a downturn in Mandela's condition after nearly three weeks of treatment in a Pretoria hospital for a lung infection.

This forced Zuma to cancel his participation in a regional summit in neighboring Mozambique on Thursday.

But Zuma paid a second visit in 24 hours to Mandela on Thursday and was told by his doctors he had improved overnight.

"He is much better today than he was when I saw him last night. The medical team continues to do a sterling job," Zuma said in a statement released by his office.

The presidency said Mandela remains "critical but is now stable".

"I won't lie, it doesn't look good," Mandela's daughter Makaziwe told state broadcaster SABC after visiting her father.

"But as I say, if we speak to him, he responds and tries to open his eyes. He's still there."

Accompanied by a group of grandchildren, she angrily criticized the "bad taste" of foreign media she said were intruding on the privacy of her father and his family.

"There's sort of a racist element with many of the foreign media, where they just cross boundaries," she said, after running the gauntlet of the pack of camera crews and reporters gathered outside the hospital.

"It's truly like vultures waiting when the lion has devoured the buffalo, waiting there for the last of the carcass. That's the image we have as a family," Makaziwe added.

Her criticism followed several sharp rebukes from Zuma's spokesman against some foreign media reports that have given alarming details of Mandela's deteriorating condition.

Spokesman Mac Maharaj declined to comment on the latest report by a major U.S. TV news network that South Africa's first black president

was on life support. He said this was part of Mandela's confidential relationship with his doctors.

Daughter Makaziwe said: "If people say they really care about Nelson Mandela, then they should respect that. They should respect that there is a part of him that has to be respected."

She compared the massive media attention on Mandela, who has been in and out of hospital in the last few months with a recurring lung infection, with the coverage of the death in April of former British prime minister Margaret Thatcher.

"We don't mind the interest but I just feel it has gone overboard. When Margaret Thatcher was sick in hospital, I didn't see this kind of media frenzy around Margaret Thatcher," she said. "It is only God who knows when the time to go is."

Mandela's fourth hospitalization in six months has forced a growing realization among South Africans that the man regarded as the father of their post-apartheid "Rainbow Nation" will not be among them forever.

important than one's profession and educational qualification as the local government elections have turned into a partisan election with supporters of different political parties taking part.

"We will have to ensure non-partisan local government elections for overall development," he said.

Shushashoner Jonno Nagorik Secretary Badiul Alam Majumdar told The Daily Star, "According to our

Most councillor

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Local Government expert Prof Tofael Ahmed said, "As not well-educated councillors are in the local government bodies, they usually do not have any influence in decision making and they become order bearers of mayors and government officials."

Prof Ayesha Uddin, former teacher of Bhawal Badre Alam Government College in Gazipur, said political identity has become more

law, illiteracy or inadequate education is not a criterion for disqualification in contesting the polls. But I think there should be a standard level of educational qualification for councillors."

However, the experts said imposing a minimum educational qualification for councillor candidates could be considered an elitist move and it could backfire. They said a social movement was required to encourage quali-

fied and educated people to take part in the polls.

Controversial people are in the race. As many as 108 candidates have criminal cases filed against them. Five councillor aspirants and mayor candidate MA Mannan even have murder cases against them.

At least 335 candidates are businessmen but 545 candidates, including three mayoral candidates, do not pay any income tax.