

Better prices may change factory conditions

German MPs urge retailers to pay more for Bangladesh garments

REZAUL KARIM

INTERNATIONAL buyers should offer Bangladeshi garment manufacturers a better deal for enhancement of factory conditions and workers' living standards, two German lawmakers said recently.

"The workers in the garment industry here do not earn enough money," Renate Künast and Uwe Kekeritz said in a joint written interview.

"The profits should not only be shared by international fashion labels and the factory owners -- workers should also benefit."

To ensure that the money reaches the textile workers, they called for higher minimum wages.

The German members of parliament -- Künast is the chair of the Green Party and Kekeritz is a party representative -- were recently in Dhaka on a four-day visit to have a closer look at the country's garment sector in the aftermath of the Rana Plaza collapse.

"Although we have come to Bangladesh to learn more about this country, it is the development and initiatives that the country has taken as a consequence of the disaster that particularly interest us."

They are also interested in projects dealing with the adaptation to climate change and the implementation of workers' rights and higher social standards.

For that end, they met with Shirin Sharmin Chaudhury, speaker of the House; Saber Hossain Chowdhury, chair of all-party parliamentary group on climate change and environment; Lejo Sibbel, ILO's country representative; and Nobel Laureate



German lawmakers Renate Künast, centre, and Uwe Kekeritz, second from left, visit the Rana Plaza disaster site in Savar recently.

Muhammad Yunus.

The Rana Plaza collapse, they insist, is still a huge issue in the German media. "The situation is widely discussed by the public."

Asked if the US's decision to suspend duty benefits for Bangladesh would have a knock-on effect on the European Union's stance, they said: "Let us first have a look at how we can change the change the situation now."

"What is needed are higher wages, better fire and building safety standards and active trade unions -- and we expect the government of Bangladesh to improve the conditions of the industry. It is overdue that things

change here in Bangladesh."

The reduction of trade benefits would only be a means of last resort, the Green Party MPs added.

Asked how the EU can help Bangladesh in improving the factory conditions, they said that being the largest destination of Bangladesh's garment exports, it is within its rights to demand that the enhanced health and safety conditions are upheld during the entire production process.

"First, the EU Commission is right to request the Bangladesh parliament to amend the labour law to attain higher fire safety standards. And we will ask for

evidence that this is realised in every factory."

"Secondly, as Green politicians we will campaign for the implementation of transparency regulations for the whole production process by the EU -- because consumers have the right to know where and how their garments are produced."

The seasoned German politicians, however, had some words of praise for Bangladesh.

"A lot of progress has been made here. The country has achieved food security, increased literacy rates and reduced infant mortality. The high school enrolment of girls is also very encouraging."

Wal-Mart's fear of commitment

REBECCA SMITH for Reuters

"Seeking an energetic person willing to drop everything when I call. Must be available 24/7, although I will make no long-term commitment to you."

If this were a personal ad, we'd assume the writer would stay single forever. But this is essentially the help-wanted ad that Wal-Mart and other retailers are posting these days.

Retail workers who don't have the benefit of a union contract are all too familiar with low pay, erratic part-time schedules and job insecurity. But industry standards sunk to a new low earlier this month, when Reuters reported that Wal-Mart Stores, Inc. has been hiring only temporary workers at many of its US stores.

These temporary workers must reapply for their jobs after 180 days. Meanwhile, existing full-time employees are seeing their hours cut to part-time, resulting in understaffed stores with long lines and unstocked shelves.

Wages are low -- roughly \$10 per hour -- and the part-time work schedules are irregular and unpredictable. Temporary part-time workers can't make plans of any kind -- for their weekends or their futures.

There's no time to create satisfying relationships with co-workers or customers, the things that make work enjoyable. No way to organise a union, as Wal-Mart is virulently anti-union. And no opportunity to work their way up. Instead, they work their way out, and on to the unemployment rolls.

Of course, retailers commonly hire temporary workers during the holiday season. But it's not clear why Wal-Mart would choose a strategy of hiring temps in mid-summer. Or is it?

Wal-Mart insists that putting workers on temporary contracts is not a cost-cutting move. In particular, it contends that this practice has nothing to do with the Affordable Care Act, set to take effect in January 2014. But surely, Wal-Mart must know that the healthcare law allows companies to delay health coverage for up to a year while they determine whether or not an employee working less than full-time must be offered benefits.

Wal-Mart is notorious for low wages, bad labour practices and shifting costs to taxpayers. Wal-Mart's wages and benefits are so low that many employees are forced to turn to the government for aid and emergency rooms for healthcare, costing taxpayers between \$900,000 and \$1.75 million per year per store, according to a recent report analysing data from Wisconsin's Medicaid programme.

According to that report, taxpayers already pick up a tab totalling \$5,815 per Walmart employee.

This new temp-worker-only scheme could generate a seismic shift in retail jobs beyond Wal-Mart's empire. As the nation's largest employer, Wal-Mart has the power to exert enormous downward pressure on the entire retail industry, where median annual wages are under \$21,000.

One study found that each new Wal-Mart lowers the average hourly wage of retail workers in the surrounding state by two-tenths of a percent. That translates into a 10 percent average wage reduction in states with 50 Wal-Mart stores.

As more and more states are carpeted with Wal-Mart stores, local retailers and grocers and their workers get squeezed.

Retail is projected as the second-largest growth job in the country between now and 2020. Retail jobs need to be improved -- not downgraded -- for the good of both retail sales workers and our economy.

Workers who have money in their pockets can buy things. Since consumer spending accounts for some 70 percent of our national gross domestic product, good jobs create a virtuous cycle of more sales, the need for more employees and revenues to support better wages.

If we want to build a real, sustainable economy for all of us, we have to raise pay and create job security and good benefits in the industries fuelling job growth.

We can reward work. We can save taxpayer dollars. We can create new consumers and grow our economy. But it will require employers like Wal-Mart to let go of their poverty-wage, part-time temp worker schemes -- and get over their fear of commitment.

Rebecca Smith is a senior attorney at the National Employment Law Project, New York.

Spaniards seek future in Morocco as recession bites

AFP, Tangiers, Morocco

MILIO Rodriguez runs a small construction company in Tangiers in northern Morocco where, like many other Spaniards, he has moved in search of fresher professional pastures.

"In Spain at the moment things are going badly," he says.

"Over there I sold everything. There is no work, no bank financing," adds Rodriguez, who moved to Morocco's port city of Tangiers, just spitting distance from the southern tip of Spain, at the beginning of 2012.

For decades Moroccans have been migrating abroad in search of better lives -- they form one of the largest immigrant populations in Europe -- and Spain hosts the second biggest community.

Over the years, Spaniards have also crossed in the opposite direction, looking for business opportunities.

However, the severe crisis in the Spanish economy has seen a noticeable rise in the flow of people heading south, say social workers.

Numbers are difficult to assess because many Spaniards arrive as tourists and return to their homeland every three months to collect their unemployment benefits and ensure they do not overstay their visas.

Official figures show that 2,660 Spaniards registered for social security in Morocco in 2012, slightly up from 2,507 in 2011, but the numbers actually living and working in the country are believed to be far higher.

At a macro-economic level, Morocco's key trading partners are Spain and France, the former colonial power that divided and ruled the country as a protectorate.

On Monday, Spanish King Juan Carlos will begin a three-day state visit to Morocco. His visit reflects the close diplomatic ties between Madrid and Rabat that have steadily improved in the more than five decades since the North African country achieved independence. Jose Manuel Fernandez is among the newcomers exploring what Morocco has to offer.

"I came to see how it goes here. I saw there were lot of facilities, ways of doing things to develop the country, especially in the construction" sector, says Fernandez, who works for a Spanish company that specialises in building golf courses. But Morocco has economic woes of its own. Despite a growth rate in recent years of between 2.5 and 5.0 percent, which is



Maria Galant, a Spanish worker, came to Morocco to work at a call centre after the crises started in Spain.

closely linked to annual agricultural output, youth unemployment stands at more than 20 percent.

This has not deterred the Spanish hopefuls. "I arrived in Tangiers with my daughter three months ago. I'm looking for a job," says Marian Galleand as she sips mint tea in a cafe not far from the old port.

For her too, life in Spain had become difficult. "I earned 1,000 euros (\$1,300) a month, but the cost of living is too high there," she says.

"I prefer to be in Tangiers. Spain is my country, it's true," she adds, watching the ships leaving Tangiers, "but I am more at ease here, where society is not closed as some people think."

Social workers say that some Spaniards work in call centres for wages between 400 to 500 euros per month, while many are employed in small businesses, especially in the construction sector -- one of those most affected by the economic crisis in Spain.

"Many work informally and regularly travel to Spain to receive unemployment benefits and to avoid being illegal" in Morocco, where the law restricts a tourist's stay to three months, says a young Spanish intern with a local NGO.

The Moroccan interior ministry, in an attempt to keep a tighter rein on the process, has urged Spanish newcomers to comply with all the required formalities.

Nissan to unveil Datsun in cheap-car push

REUTERS, Beijing/Mumbai

NISSAN Motor Co takes the veil off the first car in its resurrected Datsun brand in New Delhi on Monday - a sub-400,000-rupee hatchback that is part of a foray by the Japanese auto maker into cheap cars for emerging markets.

With the Datsun hatchback and other Datsun models to follow over the next three years -- one of which could be priced as low as \$4,000 (240,000 rupees) if Nissan can meet its aggressive manufacturing cost objectives -- Nissan is treading ever so closer to the ultra-low-cost car market.

That market in India is now famously occupied by Tata Nano, a barebones car that retails for between 150,000 and 220,000 rupees.

"We try to keep the price positioning for Datsun competitive, so that products are appealing" to the lower half of the auto market in India where Nissan has few products competing today, Nissan's programme director for Datsun, Ashwani Gupta, told Reuters in an interview.

It is a move that has been generally resisted so far by other global auto giants, such as Toyota Motor Corp., out of concern a scruffy, ultra-cheap car model could tarnish their high-value brands.

Top Toyota executives, including current chairman Takeshi Uchiyama, rejected a chief engineer's design for a low-cost emerging market car several years ago, saying it was too cheap to be called a Toyota, an engineering executive said.

The car has since undergone some design iterations and was finally launched in India in 2010 as the Toyota Etios sedan, which starts at 545,000 rupees. A hatchback version of the car, launched in 2011, starts at about 450,000 rupees.

Since Nissan plans to market Datsun cars in India through its existing Nissan-branded dealerships, Datsun could expose the Japanese auto maker to similar risks, though executives downplay the possibility.

They say use of a separate brand name should effectively shield Nissan's brand image. Datsun, which Nissan once used for its cars outside Japan, has a history dating back to the 1930s. "We're serving different customers" with Datsun, said Tatjana Natarova, a Datsun spokeswoman. "That's why we came up with a different brand."

To make Datsun cars affordable, Nissan has been aiming to reduce manufacturing costs to \$3,000 to \$5,000 per vehicle. The first car is due for a launch in India early next year and Gupta said the company has partially achieved the cost goals.



Nissan CEO Carlos Ghosn (C) signs an autograph for a shareholder after the general shareholders' meeting in Yokohama, south of Tokyo, on June 25.

Still, as price-competitive as that may be, it will face formidable competition from Maruti Suzuki and Hyundai Motor Co, which together control two-thirds of India's passenger car market, excluding SUVs and vans.

Maruti has about 1,200 retail stores in India, while Hyundai operates a network of more than 350 stores. Nissan, by contrast, has only about 100 dealers, though it says it plans to triple the number of its stores to 300 by March 2017.

Nissan said last year it would revive the Datsun name as a marquee for emerging markets, starting with India, Russia and Indonesia. Eventually, it wants to expand into Southeast Asia, Latin America, the Middle East and Africa.

To make the new name stick, Nissan does not plan to stop with a sub-400,000-rupee car. It plans to expand the Datsun brand's appeal by following its first car with a second model by the end of next year and a third vehicle by 2016.

Nissan is still trying to meet the goal of producing a Datsun car for as little as \$3,000 per vehicle, said an executive speaking on condition of anonymity.

"If we met that, there would be a good possibility we could offer the car for \$4,000 on the retail market," the executive said.

That is not as cheap as the Nano, but Nissan is not aiming to compete head-on with the Nano any way, the executive said.

By the year ending March 2017, Nissan

wants to capture 10 percent of India's overall passenger vehicle market that includes sedans, sport-utility vehicles and vans. Nissan had a market share of less than 1 percent as of May, data from the Society of Indian Automobile Manufacturers shows.

By then, Datsun aims to generate one third to a half of overall sales in India, which bought 2.7 million passenger vehicles in the year ended March 2013, Gupta said.

To achieve low manufacturing costs, the Datsun product team designed and engineered cars so that "nearly all" the components needed to build them could be procured within India, Gupta said.

India has a relatively limited auto parts supply base so procuring almost all the necessary components locally poses a challenge. Gupta said though that Nissan aims to pull off the feat not only in India, but in Indonesia and Russia as well.

Gupta said Datsun cars would be stripped of features and functions that do not offer "value" to customers in markets they target to make cars affordable.

Nissan thus will likely avoid developing new technology. Instead, it will use tried technology, in particular vehicle underpinnings, engines and transmissions, which are costly to develop. It is also likely to pare down expensive features such as power-windows, navigation systems, and extra safety airbags.