Bangladesh: Pinned back by politics

THE FINANCIAL TIMES

More than three months after the Rana Plaza building near Dhaka collapsed in one the world's worst industrial accidents, a dozen relatives of the missing still stand forlornly on the roadside next to the site hoping for news.

"We want her, dead or alive," says Rashida, mother of 18-year-old Nasima Akter, who was working at New Wave Bottoms, a garment factory on the third floor, when the building crushed and entombed hundreds of workers.

"Since she went missing, we haven't been compensated and we've seen no trace of her." The mother thrusts a plastic folder holding a picture of her daughter into the hands of a passer-by.

Nothing but rubble is left of the building, now demolished, that killed at least 1,129 people and briefly brought notoriety to Bangladesh and its fast-growing clothing industry. It is almost certain that the remains of Nasima Akter and dozens of her co-workers lie somewhere in the mud.

The Rana Plaza disaster, however, has neither stopped the apparently relentless expansion of the Bangladeshi economy nor greatly disrupted the international clothing trade. The country's total exports—four-fifths of which are clothing—rose to \$2.7bn in June, up 16 per cent from the same month last year, in spite of Rana Plaza and a factory fire at Tazreen Fashions last year in which 112 workers died.

The biggest threat to the economic rise of one of the world's poorest and most populous nations, according to Bangladeshi and foreign analysts, is not the shocking state of some of its factories but the poisonous politics pitting Sheikh Hasina, the prime minister, against Khaleda Zia, who leads the opposition.

A general election due by January, predictions that a military government will take over to keep the peace between the two women and their parties, and recent violence on the streets involving the security forces and Islamist protesters, have served only to shift politicians' attention away from the vital garment industry.

"The irony is that the whole world is finally taking a look at Bangladesh as a potential economic success story," says Mahfuz Anam, editor and publisher of The Daily Star. "We have fumbled, stumbled, bungled but we have arrived. [But] it's at risk from the foolhardiness of our political leadership."

The making of shirts, trousers and jackets remains the mainstay of the economy of Bangladesh and its more than 150m inhabitants. Clothing factories employ nearly 4m people; most of those are women whose jobs have given them social status and a steady income for the first time.

Factory owners, governments and western brands and retailers such as Hennes & Mauritz, Primark and Inditex, owner of the Zara brand, are all jostling to ensure improved safety and working conditions in Bangladesh so that buyers can continue sourcing clothes from one of the world's cheapest manufacturers without damage to their reputations.

Although doubts remain about the efficacy of the various foreign and local programmes to protect garment workers, senior Bangladeshi officials and industrialists are calling the Rana Plaza disaster a "wake-up call" and say they have heeded the warning.

"What this has taught us is that the garment industry is the goose that lays the golden egg, and you don't want to kill it," says Prof Gowher Rizvi, an adviser to the prime minister with the rank of minister. "You have to behave as a global player."

In the west, Bangladesh was once a byword for misery and hunger. Its reputation was sealed by the famine of 1974 less than three years after the war of independence that separated the country from the rest of Pakistan.

Almost unnoticed by the outside world, it has since joined the ranks of Asia's fast-growing economies. On several measures of social wellbeing-such as child mortality-it has overtaken its richer neighbour India. The economy has been growing steadily at about 6 per cent a year, thanks partly to the expansion of the garment sector during the past two decades and the remittances of millions of migrant workers employed in the Gulf and elsewhere.

Bangladesh, where the minimum wage is just \$38 a month and typical take-home pay is closer to \$65, has rapidly become the third biggest clothing exporter in the world after China and Italy.

Factory owners say the business could double again in the next few years, provided the country improves its infrastructure, prevents any more factory fires or accidents that result in mass fatalities, and avoids disruptive Bangladesh's secular constitution. political violence.

Nor does the manufacturing boom have to be confined to clothing. Shipbuilding, which complements the traditional industry of shipbreaking on the shores of the Bay of Bengal, has been expanding quickly. Another growing business is the making of accessories—buttons, for example—for the garment manufacturers.

"There's a huge untapped labour force that could be deployed. Bangladesh could become a mini-China in terms of manufacturing," says Khalid Quadir, managing partner of The Frontier Fund, a \$100m private equity fund backed by Brummer of Sweden. "This is the perfect place to become a manufacturing hub..... Bangladesh with all its problems is still a vibrant economy."

Quadir, who plans to open a second fund for Bangladesh, says the economy could easily grow at 8-9 per cent a year were it not for politics. Hasina's Awami League and Khaleda's Bangladesh Nationalist "believe pretty much the same damn thing," he says. "It's the issue of two families. There's no religious issues, ethnic issues, ideological issues, regional issues—it's purely personality, not even political. 'I hate you'— that's it.

"As long as we have some level of sanity in the political system, this country can grow at double digits."

Unfortunately that sanity is sorely lacking, a failing lamented by Bangladeshis of all political hues, including supporters of both the Awami League and the BNP, and by both Islamists and atheists.

The phrase commonly used to describe Bangladesh's political disease is "winner takes all": members of an incumbent government habitually persecute their opponents and engage in corruption and rent-seeking on a grand scale. Critics say this process is so pervasive in the current government that its popularity has collapsed and it now fears the outcome of a free election.

Anam says: "Our democracy now is under threat from this whole phenomenon of defeat becoming unacceptable. The party that lost was subjected to political oppression, jail terms, harassment. The businessmen who supported the party could not get business. Everybody [from the opposition] is in hibernation for four years while everybody who's on the buttered side of the bread is merrily going on rent- and Khaleda. seeking, using state resources."

Human rights groups, local and international, complain of extra-judicial killings and the jailing of political opponents on trumpedup charges. They say security forces have killed at least 150 protesters since February. Last week, the high court barred Jamaat-e-Islami (JI), an established opposition party, from elections by declaring its charter illegal under

Corruption, meanwhile, has reached dizzying levels, with hundreds of millions of dollars siphoned out of everything from state banks to electricity-generating deals and road maintenance contracts, according to foreign aid officials and Bangladeshi business people. Last year the World Bank withdrew its support for a \$2.9bn bridge across the Padma (Ganges) River that would have benefited 30m people in the southwest of the country, citing evidence of "a high-level corruption conspiracy".

Even her sympathisers say that Hasina, daughter of the country's founder Sheikh Mujibur Rahman, made bad political miscalculations in what is turning out to be a tumultuous year for Bangladesh. She was faced with two sets of protests over the International

Crimes Tribunal, a controversial domestic court established by her government to try war crimes committed by allies of Pakistan during the war for independence.

JI supporters demonstrated against death sentences meted out to two of its leaders, while young, liberal and secular residents of Dhaka took to the streets to demand the death penalty for JI convicts condemned only to life imprisonment.

The Awami League government took sides, persecuting JI and smoothing the way for the liberals, but inadvertently exposed itself to attacks from an unexpected quarter.

When told that liberal bloggers had championed atheism and insulted Islam, tens of thousands of angry supporters of Hefajat-e-Islam, a hitherto rather obscure rural movement based in madrasas or Islamic schools, converged on the capital in early May to demonstrate. At least 58 people were killed and hundreds injured in the subsequent state crackdown.

The list of worries confronting Bangladeshis and those who might invest in the country therefore now includes the long-term threat of rising Islamist fundamentalism, fuelled partly by Gulf money and the presence of 2m Bangladeshi migrant workers in Saudi Arabia.

In the short term, especially after the Eid festival at the end of the Muslim holy month of Ramadan on about August 8, Bangladeshis predict a rise of pre-election violence and say it may herald an interim military government to keep the peace between followers of Hasina

"Bangladesh suffered from day one in respect of extra-judicial killings, enforced disappearances and custodial torture, and it's still going on," says Adilur Rahman Khan, a lawyer who heads Odikhar, a human rights group. "Bangladesh is still struggling to constitute itself as a democratic state."

For the clothing brands and western retailers that are sending construction engineers and fire safety experts to inspect factories from Chittagong to Dhaka, the repeated political hartals-strikes and stoppages that disrupt transport—are becoming as much of a concern as the rising cost of labour or the risk to their reputations from fatal accidents.

Political unrest, even factory disasters, might be seen as growing pains typical of emerging Asian economies. But the rising level of political violence and the sheer scale of the Rana Plaza tragedy have brutally exposed the weaknesses of Bangladesh to the outside world.

Omar Hamid Chowdhury, managing director of Pyramid, a conglomerate that counts garment making among its businesses, says Rana Plaza collapsed not because of a lack of adequate regulations but because of corruption and political failings.

"All the systems are in place for preventing this kind of thing from happening -- but they were not enforced," he says. "So I blame Rana Plaza on the corruption of the political parties.

"As long as we have this confrontational politics going on, I don't see Bangladesh developing that fast. If we could cross that hurdle, we could be the next Malaysia or Thailand or Vietnam in a very short time."

The collapse of the Rana Plaza building in Bangladesh on April 24 this year was not only one of the world's worst industrial disasters. It was also one of the most easily avoidable.

Abul Kalam Azad, aged 43, was a complaints and safety officer for the New Wave Style Company when the eight-storey building fell down, killing more than 1,100 people, most of them garment workers, and sending shockwaves through the global clothing trade.

"The day before, there were cracks on the third floor, two to three feet long, in some of the pillars," says Azad, who survived with an injured foot. "Some of the cement fell off a pillar and on to a worker's head." He called his boss, who called Mohammad Sohel Rana, the building's owner, now in jail.

Rana came to look, as did a government official and a civil engineer. "I showed them the cracks. They told me it's not a major problem," Azad said. Nevertheless it was agreed that an expert from the Bangladesh University of Engineering and Technology should make an inspection the next day, and in the meantime all the garment workers were told to take the day off. The next day, however, they were back at

work, many of them ordered to their sewing machines despite their protests that the building was unsafe. "For five minutes we quarrelled with the production manager," says Rozina, a 23-year-old machine operator who was in the rubble for three days and forced to cut off her own trapped forearm with a carpenter's saw to escape. The body of her younger sister, who was working with her at New Wave Bottoms on the third floor, was never found. It later emerged that Rana, who had links to

the ruling Awami League and was a local leader of its youth wing, had illegally built two extra floors on the building, that construction was poor and that the heavy electric generators used to provide standby electricity may also have contributed to the disaster. Then came the final act of folly by the garment companies-forcing their employees inside when some of the shops below had been abandoned.

"I came to the factory at 8.30am on the day," says Azad. "The power was out. I was on the seventh floor when it happened. I opened my computer and after they switched on the generator there was a loud noise. I told people not to panic. And then it collapsed."

ROOPPUR NUKE PLANT

Russian team starts groundwork for survey

AHMED HUMAYUN KABIR TOPU, Pabna

Russian experts yesterday started preconstruction work for the 2,000 megawatt nuclear power plant to be built in Pabna's Rooppur ahead of the prime minister's official inauguration expected in September.

A four-member team led by Jerman E Kokosadze, executive director of Russia's Orgenergostroy, visited Rooppur.

Around 200 Russian experts will be

The ministry on July 25 sat in a meeting

with the chief executives of the banks to

discuss the cash crisis, and later sent letters

The textiles ministry also informed the

banks that the government would give them

Tk 1,000 crore by August. Once they get the

A Janata Bank official said they have

discussed the ministry's proposal in their

board meeting and decided that the money

will be disbursed only if the finance minis-

try gives a guarantee. The other three banks

have also taken similar decisions, according

When the government institutions face

any problem they put pressure on the state

banks for loans but later do not pay back

the amount on time, the bank officials said.

The finance ministry often issues paper

bonds to them against cash money, the

Panthapath in Dhaka yesterday.

amount, they will pay the Tk 500 crore back.

to the banks asking for the money.

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to their officials.

involved with the pre-construction survey, said KBM Ruhul Kuddus, official in charge of the project site office.

Bangladesh Atomic Energy Commission (BAEC) sources said the Russian consultancy firm will begin a series of tests under the \$46 million contract. BAEC will also conduct dozens of tests on its own. The tests will include feasibility evaluation, environment impact assessment and development and engineering survey.

Textiles ministry seeks Tk 500cr from banks Janata Bank official said, requesting not to be named. He said the rate of interest on these bonds is 7.5 percent, whereas the cost of their fund is more than 10 percent. As a result, they have to count losses.

> The officials said they were given five- to 10-year term bonds against arrear loans of Bangladesh Petroleum Corporation (BPC).

> They said the BPC does not owe any money to Janata Bank but the bank's money has got trapped in bonds from where they are getting return lower than the cost of the fund.

> Till March 31, state-owned enterprises owed to the banks Tk 37,189 crore of which the BJMC owed Tk 546 crore, according to the budget documents of the government.

> According to the available statistics of the last 11 fiscal years, the BJMC has been

> counting losses except for one year. The BJMC's loss was Tk 380 crore last fiscal year. In FY 2010-11, it made profit of around Tk 18 crore.

BTRC proposes to cut call rates

But Bose said they have reined in such illegal calls in recent months. On an average, the country now receives legal calls worth 50 million minutes everyday.

But in the past, the number of illegal calls rose so high that the calls through legal channels dropped to 26 million minutes a day, he said.

Bose said the proposal of the new tariff structure has been sent to the telecom ministry for approval.

According to the proposal, the IGWs will have to share 40 percent of their revenues with the government, down from 51.75 percent now. The cuts in the revenue sharing amount will encourage the IGWs to carry calls legally, Bose said.

However, the regulator said the tariff structure would be temporary and could be readjusted later once the market is stabilised. In 2008, the BTRC issued three IGW licences in the private sector through an open auction, to break the monopoly of the state-run BTCL, when the rate was 6 cents. Later the government had brought down the rate to 3 cents. The government awarded 29 more IGW licences last year. An official of an IGW company said some of the

IGWs now carry international calls at even 0.80 cents to 0.90 cents a minute and do not pay revenue.

Mir Nasir Hossain, president of Telecommunication Infrastructure Operators of Bangladesh, said, "The new tariff proposal will hit the grey market, but the government will have to compensate the IGWs as well. Otherwise, it will not be viable for us." He also demanded further cuts in the revenue sharing amount.

GP clarifies

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ADP spend hits

Meanwhile, some 14 ministries

and divisions outside of the 10

large ones spent 100 to 304 percent

of their allocations. The autono-

mous bodies, however, used up

cent came from the government's

own fund, the same as in previous

In fiscal 2011-12, the ministries

Of the total spending, 98 per-

only 45 percent their allocations.

a 17-year high

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fiscal year.

Grameenphone's majority shareholder is Telenor Group with a 55.8 percent stake, followed by Grameen Telecom at 34.2 percent. The remaining 10 percent of the shares are free floating and are held by 68,000 shareholders.

The clarification comes after Mozammel Huq, Grameen Bank's chairman, on Monday said the mobile operator was supposed to share with Grameen Bank 35 percent of its profits from the first six years' of its operation and 65 percent afterwards.

"The money never came -- rather, it went to Grameen Telecom. In my estimation, it should be at least Tk 10,000 crore," he told reporters.



AKM Shahidul Haque, managing director of Midland Bank, and Kazi Saifuddin Munir, managing director of IT Consultants Ltd, attend the signing of an agreement to set up a Q-cash ATM network for Midland, at the bank's head office in Dhaka recently.

No VAT on revenue sharing under 3G licences

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However, TIM Nurul Kabir, secretary general of the Association of Mobile Telecom Operators of Bangladesh (AMTOB), said the exemption should not be limited to 3G services only.

The operators have to share 5.5 percent revenue with the BTRC under the 2G licensing conditions. So the VAT under 2G services should also go, he said.

The NBR also plans to reduce VAT to 5 percent from the present 7.5 percent on the spectrum charges for 3G licences to be auctioned next month.

The tax administrator has sent a proposal to the finance minister seeking approval to

reduce VAT on the spectrum fees, officials said.

The NBR moves come after a series of meetings with mobile operators last month to settle tax related disputes ahead of the 3G auction. A joint panel has already been formed to

examine an NBR claim of more than Tk 3,000 crore as VAT for SIM replacement from four mobile operators. The committee will determine the exact

amount of VAT on SIM replacement to be paid by the mobile operators.

The AMTOB said the efforts of the tax administrator and the telecom regulator to fix the issues would encourage the operators to participate in the 3G auction.

GD-2945



and divisions spent Tk 38,023 crore, which was 93 percent of the Stanley Tan, country representative of Sony South East Asia, and TIM Latiful Husain, in-charge of Bashundhara City Development Ltd, attend the launch of XPERIA Z Ultra at Bashundhara City Shopping Mall on

allocation. The last time that ADP implementation hit 96 percent was back in fiscal 1995-96.



Gazi Wires Limited (BSEC) 28-F I D C Road, Kalurghat, Chittagong

IS O-9001: 2008 Certificate Holder International Re-Tender Notice

Sealed tenders are invited by Gazi Wires Limited, 28-F I D C Road, Kalurghat, Chittagong-4212 for purchase of the following materials on C&F (C) Chittagong liner terms basis from the genuine manufacturer/supplier-

SI No.	Tender No. & date	Description of materials & quantity	Price of tender schedule (non- refundable	Earnest	Source of fund	Place, date and time of tender opening
01.	International Re- Tender: GW/PUR/028/Case No-01/2013-2014 Dated: 04-08-2013	Wire Enamel Insulating Varnish 64 M. Ton (PVF- 22% or PVF-17% or equivalent)	thousand) per set	1% (one per cent)	Cash/SEM/Grant	01. At the Office of Gazi Wires Ltd., 28- FIDC Road, Kalurghat, Chittagong- 4212 on 26-08-2013 at 11.45am 02. At the Office of General Manager (Pur.), Bangladesh Steel & Engineering Corporation, BSEC Bhaban, 102-Kazi Nazrul Islam Avenue, Dhaka-1215 on 26-08-2013 at 11.45am

01. Cash Section, Gazi Wires Limited, 28-FIDC Road, Kalurghat, Chittagong-4212, Phone. No. 670449, 670815, Fax No. 671272 02. Cash Section, Bangladesh Steel & Engineering Corp., BSEC Bhaban, 102-Kazi Nazrul Islam Avenue, Dhaka-1215. The tender will be opened on the next working day in the same place and same time, if it is not possible to open on the schedule date under any unavoidable circumstances.