Retailers may water down factory inspection standards

Jyrki Raina of IndustriALL says there will be no compromise on worker safety

REFAYET ULLAH MIRDHA

THE Accord on Fire and Building Safety in Bangladesh, a platform of 150 clothing retailers and brands, mostly European, will be flexible in inspections in some cases, as garment makers are saying the standards are too strict, said a top official of IndustriALL Global Union.

Jyrki Raina, general secretary of IndustriALL Global Union, a federation of global trade unions, said garment makers opposed some clauses of the standards on the onset of inspection as those are expensive and difficult to follow.

Engineers hired by the Accord began factory inspections last week and will complete initial inspections of 1,600 factories by the end of September. After the Tazreen Fashions fire and Rana Plaza building collapse, IndustriALL initiated the Accord that has so far been signed by 150 retailers and brands.

"We will be flexible in inspections, as garment makers have been complaining about some of the clauses, especially setting up the sprinkler system in the factories. We will allow more time in inspection, but we will never compromise on the safety of the workers," Raina said in an interview with The Daily Star in Dhaka on Saturday.

The standards have been set in line with the National Action Plan (NAP), Bangladesh's factory inspection code, but without consulting the government, he said.

On financing the factory renovations after inspection, Raina said the retailers will have to pay more to the garment makers to source items from the factories. The garment makers will also bear costs from their profits, he added.

"Basically, whatever the situation,

Jyrki Raina

the retailers will have to pay more to buy t-shirts from Bangladesh and they cannot leave Bangladesh in the next five years."

The retailers are bound to stay with the garment makers until inspections are completed in the next five years, as they have signed the legally binding Accord on May 13 last year.

If any factory building requires renovation, operations may stop for some months and the workers will become unemployed; but the workers will receive their salaries that will be paid by the retailers and garment makers, said Raina. "The workers will not lose anything during an absence of work."

The initial costs for factory repairs will be borne by the manufacturers, and Raina warned them to be transparent in spending the money received in additional prices from the retailers.

The total cost of factory repairs will cross $3 billion in five years, according to a preliminary estimate.

The highest contribution by the retailers has been fixed at $500,000 and the lowest at $1,000 a year over the next five years, according to rules of the Accord. Some retailers have already paid their annual contribution since July last year, he said.

The money from this fund will be spent mainly for three purposes—administrative, training and inspection; $12 million has been fixed for administrative purposes alone every year, said Raina.

The Bangladesh government has nothing to do with financing in the fund, although it is part of the Accord, he added.

"We also have plans to pay the compensation money to victims of the Rana Plaza building collapse before the first anniversary of the incident that took place on April 24 last year." He says the compensation will be paid according to the convention of International Labour Organisation.

In addition, he criticised the government-appointed committee's recommendations as it suggested the highest of Tk 14.5 lakh for the family of a dead worker, which is half of the compensation package recommended by ILO.

So far, only four companies that sourced garments from the five factories in the building committed to contributing to the compensation fund; a total of 29 companies used to source garments from the five factories at the time of collapse.

"We will name and shame the factories that do not want contribute to the $40 million compensation fund."

Raina is optimistic about the future of the garments industry in Bangladesh. "Once inspections are completed successfully, the image of the sector will be brighter to the world and more buyers will come to Bangladesh with more work orders. The workers will feel safe and the business will be more sustainable."

MCCI

Fourth from left, **Pankaj Saran, Indian high commissioner, speaks at a luncheon meeting of the Metropolitan Chamber of Commerce and Industry at the chamber's office in Dhaka yesterday. Rokia Afzal Rahman, MCCI president, and Latifur Rahman, chairman of Transcom Group, were also present. Story on page 16**

Five clothing brands roll out cash for Rana Plaza victims

THE NEW YORK TIMES, ROME

FIVE global clothing brands and retailers on Sunday became the first contributors to a new fund raising $40 million for victims of the Rana Plaza factory disaster in Bangladesh, and activists are campaigning to pressure other brands to also make donations.

The collapse of the Rana Plaza building on April 24, killing more than 1,100 workers, was the deadliest disaster in the history of the garment industry. It focused global attention on the unsafe working conditions in some Bangladeshi factories, the rock-bottom wages earned by workers, and the lack of accountability and oversight in the supply chains for many global brands.

Compensating the victims has been an especially complicated issue, involving months of negotiations among clothing companies, labour groups, Bangladesh government and factory owners.

Those negotiations produced the Rana Plaza Donors Trust Fund, which on Sunday night reported the names of the first five companies to contribute: El Corte Inglés; Inditex, which includes the brand Zara; Loblaw; Mango; and Mascot.

Labour groups in Bangladesh were expected to hold public events to draw attention to the hardships faced by Rana Plaza victims with the anniversary of the accident two months away.

Ineke Zeldenrust, the international coordinator of the Clean Clothes Campaign, a European anti-sweatshop group, said labour groups were also pushing for companies like Walmart, Children's Place and Benetton—which have been linked to Rana Plaza—to make contributions so that payments can begin as soon as possible.

Dan Rees, a representative of the International Labour Organisation, which is managing the fund, said formulas and a claims process had been established to pay lost wages, medical bills and other compensation to the roughly 4,000 victims, including survivors of the factory collapse, those who were injured and the families of the dead.

"The significance of this is we have a mechanism that the whole industry can support," Rees said.

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HSBC's global head for trade in town

STAR BUSINESS DESK

James Emmett, global head for trade and receivables finance of HSBC, arrived in Bangladesh yesterday, the bank said in a statement.

Emmett will meet a number of key HSBC clients, stakeholders and local colleagues before leaving Bangladesh on February 27.

Emmett is responsible for HSBC's global trade and receivables finance business, which provides customers, from SMEs to multinationals, with the financing and risk mitigation solutions to meet their international and domestic trade requirements.

These include products which finance the supply chain end-to-end, from raw materials – to manufacturing and shipment – to discounting and collecting invoices, across more than 60 countries.

AFP

Visitors arrive at the 2014 the Mobile World Congress centre in Barcelona. The congress runs from February 24-27 where participants and visitors alike can attend conferences, network, discover cutting-edge products and technologies at among the 1,700 exhibitors as well as seek industry opportunities and make deals.

China's Huawei unveils smart watch to rival Samsung

AFP, *Barcelona*

RISING Chinese smartphone maker Huawei launched Sunday a connected watch to rival Samsung's Gear 2, both unveiled on the eve of the world's biggest mobile fair in Barcelona, Spain.

Huawei, already a major force in building mobile networks and the world number three smartphone maker in 2013, showed off its TalkBand, to be sold for 99 euros ($136).

Connected by Bluetooth to a smartphone, the watch lets you receive calls and messages without removing your mobile from your pocket, as well as measuring the steps you take with a podometer and even following your sleep pattern.

"When you look around us, everything is getting connected", Huawei consumer business unit vice president Colin Giles said.

"We will launch it first in China, then in the rest of the world," he told AFP ahead of the February 24-27 World Mobile Conference.

To take a call, the user lifts the face off the watch and puts it to his or her ear, like a hands-free kit, he said.

It works only with Huawei smartphones for the moment but is to be made compatible with other brands later.

Just a few hours earlier, Samsung launched the Gear 2, after a first version won over few critics, adding new features and ditching Google's Android in favour of its own operating system.

REUTERS

Huawei CEO Richard Yu shows MediaPad X1, priced at 399 euros, the world's slimmest 7-inch LTE Cat4-enabled all-in-one phablet, during a presentation before the start of the Mobile World Congress in Barcelona on Sunday.

The South Korean electronics giant revealed the new watch in a statement before unveiling on Monday its new flagship smartphone, almost certainly the Galaxy S5.

Besides an array of features including sports tracking software and a heart rate monitor, the Gear 2 marks an important and widely anticipated step towards independence from Android.

Nokia succumbs to Android appeal in low-cost phone battle

REUTERS, *Barcelona*

NOKIA, soon to be acquired by Microsoft Corp, is turning to software created by arch-rival Google for a new line of phones it hopes will make it a late contender in the dynamic low-cost smartphone market.

Its first model, the Nokia X, will rely upon an open version of the Android mobile software system created by Google that has become the world's most popular software used in smartphones.

The release of the phone just days before Nokia sells its handset business to Microsoft for $7.2 billion deal, is an attempt to stay relevant in emerging markets, where low-cost Android phones are being snapped up by hundreds of millions of buyers.

But the strategy shift underlines the many missteps made by the Finnish company since Apple launched its ground-breaking iPhone in 2007.

Nokia was caught between a rock and a hard place—committed to using Microsoft's Windows Phone software but needing Android software to reach more cost-sensitive customers, CCS Insight's head of research Ben Wood said.

"That a soon-to-be Microsoft-owned company, which is the owner of the original operating system, is moving to Android is almost an admission of failure," he said.

Global smartphone shipments grew 41 percent annually to reach nearly 1 billion units in 2013, according to market research firm Strategy Analytics. Android phones from dozens of handset makers accounted for almost four out of every five smartphones sold, or 781.2 million units.

In the past year, Apple phones grew 13 percent and shipped 153.4 million smartphones worldwide for a 15 percent share of the market, making it the second largest smartphone platform after Android.

Microsoft was a distant third in market share terms, shipping 35.7 million units worldwide with its Windows Mobile software platform, but still struggling to gain traction in

REUTERS

Nokia's Chief Executive Stephen Elop holds up the Nokia X at its unveiling at the Mobile World Congress in Barcelona yesterday.

the low-tier and premium-tier smartphone categories, Strategy Analytics said. Android and Apple hold sway, respectively, in the low-tier and premium-tier segments.

Nokia's main strategy remains to rely on Microsoft Windows Phone software for its premium models while adapting Android to participate in the low end of the smartphone market.

In February 2011, Nokia's Chief Executive Stephen Elop famously compared Nokia's failing smartphone strategy - based on multiple software platforms of its own making - to a man on a burning platform.

He chose to jump into the arms of Microsoft, producing high-end Lumia-branded smartphones that have been well received by critics, but less popular with customers and app developers, the people who make the software that turns phones into multi-purpose tools.

The Microsoft technology also does not work on the chip sets found in cheaper smartphones, the fast-growing market crowding out Nokia's Asha feature phones, which lack the full Internet capabilities of smartphones.

The company rejected Android three years ago, when it tied its fortunes to Microsoft's Windows Phone. But Monday's announcement shows it has quietly been working on an open Android device for months.

Product Marketing Vice President Jussi Nevanlinna said the number one requirement from customers was access to Android apps.

"Our fans often times tell us 'We love your hardware, we love your products, but we also love our Android apps'," he said. "Can you make something happen so the Android apps magically run here?'"

"Asha has failed to deliver the volumes they needed to be competitive in the low-cost smartphone space, while Android remains completely rampant," CCS Insight's Wood said.

The Nokia X uses the open source version of Android, which runs most apps without the right to customize Google's basic software.

For Nokia, it was a question of making this humiliating reversal in its strategy or facing irrelevance in this category of phones, Wood said.

Rather than a complete about-face, however, Nokia's adoption of Android for the Nokia X appears to be a tactical reversal, albeit one that amounts to throwing the cat among the pigeons.