

# Garment success will erode without better safety records

## British minister Alan Duncan urges Bangladesh to take factory standards to next level

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**B**ANGLADESH will go a long way if it improves standards in the apparel industry. However, if it stumbles, the industry will shrink and its contacts will shift to other countries such as Nepal, Myanmar, China and India.

These are the views of the UK government on the Bangladesh garment industry, which is under pressure from the government and buyers in the West to improve working conditions in the factories.

Alan Duncan, UK minister of state for international development, shared these views in an interview with The Daily Star at the British High Commission last week during a three-day visit to Bangladesh.

"The Rana Plaza collapse was a wakeup call. Bangladesh has to be recognised as a high-standard garment manufacturing country and if that happens, the industry will never go backwards."

The minister visited Dhaka to check progress in health and safety standards in the garment industry and to see how important the sector is for the economic and social development of workers in Bangladesh, including the number of women it employs.

Presently, UK provides around \$300 million a year as aid to Bangladesh. It is also an important trade partner for the



UK Minister for International Development Alan Duncan meets Rana Plaza survivors in Savar.

BRITISH HIGH COMMISSION

country.

Bangladesh exported products and services worth nearly \$3 billion to the UK in 2013, up 6 percent from the previous year. Meanwhile, UK's exports to Bangladesh were worth \$234 million, witnessing a whopping 36 percent year-on-year growth.

Duncan, an Oxford and Harvard graduate who is a conservative MP since 1992, also talked about politics, violence,

trade and other bilateral issues between the two countries.

As the focus of his visit was the garments industry, he mostly discussed working conditions in the units, and workers' health and safety issues and standards.

"The industry has grown big from nowhere 25 years ago. Businessmen began work from single rooms, then got big contracts and expanded their factories in unsuitable buildings,"

Duncan said.

These factories also take sub-contracts illegally, which is totally unacceptable, he added.

On the investments needed to make the factories compliant, Duncan believes the exporters' claim of having insufficient funds to improve the working conditions is untrue.

At the end, business matters and a good brand or company must maintain standards, he

added.

"Good conditions, good health, proper safety and therefore, good business."

On the progress in safety standards improvements, especially after the Rana Plaza collapse on April 24 last year, the minister said things are improving; but Bangladesh still needs to have clean regulations in setting up and monitoring factories.

He hopes global clothing brands will come forward to help Bangladesh improve the working condition in the units.

The UK is providing funds through International Labour Organisation to improve the working conditions in the RMG units in Bangladesh, Duncan added.

During his visit, he also announced to start three new projects, all related to improving the working conditions in the units.

However, Bangladesh has to come out of violent and unstable politics to exploit the benefits the country has, he said.

"The bilateral relationship between the two countries is enormous. But we would feel better if we see political stability and no violence."

After the elections, there is now an opportunity for Bangladesh to escape the nastiness of politics, he said "Ultimately, political stability will ensure economic stability and growth in your country."

# Nigeria poised to become Africa's biggest economy

AFP, Lagos

**N**IGERIA could leap-frog South Africa to become Africa's biggest economy this weekend, when the results of a new way of calculating national output are announced.

Government statisticians will unveil the new figures on Sunday, with widespread expectations that their recalculations will catapult the continent's most populous nation into the top spot.

The figures, which will include new and fast-developing sectors such as telecoms and the local film industry, Nollywood, should give foreign investors a better picture of the country's economy.

Some predictions say the revision could see the size of Nigeria's economy increase by as much as 60 percent, taking it from \$264 billion past South Africa's \$384 billion.

But analysts cautioned against viewing the new figures as a sign of development, noting that South Africa was still way ahead in terms of GDP per capita, infrastructure and governance.

Although pockets of vast wealth exist, the last available World Bank figures from 2010 indicated that a staggering 84.5 percent of Nigeria's 170 million people lived on less than \$2 a day.

Key services such as electricity and water provision remain notoriously poor.

"Nothing will really change in real time. It is not as if everyone is going to have twice as much salary," Chuba Ezekwesili, an analyst with the Nigeria Economic Summit group, told AFP.

"It (the rebasing) is really more cosmetic in nature. But, we do think it will increase investment opportunity in Nigeria."

Dawie Roodt, chief economist at the South Africa-based Efficient Group, added: "In terms of infrastructure and strong monitoring systems, South Africa is still a giant, miles ahead of Nigeria."

United Nations statisticians recommend that countries rebase their gross domestic product calculations every five years to reflect changes in the structure of production and consumption.

But Nigeria has not recalculated GDP since 1990. Africa's leading crude producer has enjoyed high rates of growth, notwithstanding widespread corruption, poor governance, rampant oil theft and a raging Islamist insurgency in the north.

# India drugs giant rejects Novartis patent accusations

AFP, New Delhi

**L**EADING Indian drug company Biocon on Friday rejected allegations by Novartis that it infringed on the Swiss pharmaceutical giant's patent for its blockbuster diabetes drug Galvus.

Novartis announced Thursday it was seeking an injunction in the Delhi High Court to stop Biocon from launching a generic version of Galvus, also known as Vildagliptin.

The suit against Biocon is the latest legal salvo in a campaign by global drugmakers against the nation's huge copycat drugs industry that the pharmaceutical companies say reduces incentives to produce cutting-edge medicines.

"Biocon has a reputation for respecting all valid IP (intellectual property) and intends to operate within the parameters of applicable IP laws in India and elsewhere," the Indian company said in an emailed statement to AFP.

"Biocon has not been issued any injunction on Vildagliptin; nor has Biocon launched the product in India. There is no impact on our immediate plans for this product," added Biocon.

The Bangalore-based company, which is Asia's largest insulin maker, did not elaborate.

India's generic drug industry is a major supplier of cheaper copycat medicines to treat diabetes, cancer and other diseases afflicting its vast poor population who cannot afford expensive branded versions, as well as to other parts of the world.

India also has some of the world's toughest patent laws as the government seeks to make life-saving therapies available locally to lower-income citizens.

Galvus, one of Novartis' top-selling drugs globally with sales of \$1.2 billion last year, is used to treat Type 2 diabetes, which typically strikes later in life and is associated with obesity and sedentary lifestyles.

India has one of the largest number of diabetes sufferers in the world, making it a lucrative market for drugmakers.

Novartis said in an emailed statement it filed the case earlier in the week seeking the injunction against Biocon for alleged "infringement of the Indian basic compound patent" of Vildagliptin.

The patent on Vildagliptin expires in 2019 and it is "fully prepared to defend" it, the company said.

The firm added the court had ordered Biocon not to "manufacture, sell or export Vildagliptin for commercial purposes" until the next hearing, slated for April 28.

# Toyota India output halves amid worker pay dispute

AFP, Bangalore, India

Japan's Toyota said production at its two Indian plants has fallen by half as many of its unionised workers remain off the job over a pay dispute.

The Toyota workers and the company's management at two plants near the southern high-tech city of Bangalore have been negotiating the pay issues for 10 months.

"Production has declined 50 percent to 350 cars from 700 cars a day," senior Toyota Kirloskar Motors executive Shekar Viswanathan told a news conference in Bangalore late Friday.

Toyota Kirloskar Motor Private Ltd is the Indian unit of the world's biggest carmaker.

Its Bangalore complex produces some 310,000 autos annually, including Toyota's flagship Camry sedan, the Corolla, and the Prius hybrid, mostly for the Indian market.

Just 300 of the 4,200 unionised employees have resumed work, with others staging protests outside the plants almost a fortnight since the company lifted an eight-day lockout, Toyota said.

The carmaker had said workers could return to work on March 24 provided they signed a good conduct pledge after it suspended some workers over accusations they had disrupted production and made threats to supervisors.

Viswanathan dismissed the unions claims that the management's "good conduct" pledge had clauses preventing the workers from union activity.

Toyota's plant problems come in the wake of other, sometimes violent, labour disturbances at Indian car factories in recent years.



Myanmar's Defence Minister Lieutenant General Wai Lwin (L) listens as US Secretary of Defence Chuck Hagel (R) speaks during a Minister's Dialogue at the US-Asean Defence Forum in Honolulu, Hawaii on Thursday.

REUTERS

# Vigilant Asean discusses economic risks

AFP, Naypyidaw, Myanmar

**S**OUTHEAST Asian finance ministers are "vigilant" in the face of economic risks such as reduced US monetary stimulus, Myanmar said Saturday at a meeting that underscored its return to the international diplomatic stage.

Officials said the 10-member Association of Southeast Asian Nations (Asean) was well-placed to withstand the impact of the US Federal Reserve's "tapering" of its liquidity-boosting quantitative easing programme.

"We are vigilant to global economic challenges and pledge our commitment to maintain financial stability in our region and beyond," Myanmar Finance Minister Win Shein said in his opening remarks in the capital Naypyidaw.

"We have taken concrete and bold steps in maintaining financial markets and implementing the road map for monetary and financial integration in the region," he said.

Some emerging economies, such as Indonesia, suffered sharp capital outflows and losses to their currencies after the Fed began to reduce its massive stimulus programme, as the

world's largest economy emerges from a crippling financial crisis.

Under quantitative easing, the Fed "creates" money to buy government debt from financial institutions, which helps lower long-term interest rates, in theory stimulating the economy by encouraging companies and individuals to borrow.

Low interest rates in the West following the 2008-2009 financial crisis prompted investors to seek out higher returns elsewhere, such as in buoyant emerging economies such as Indonesia, the Philippines and Thailand.

With markets now turning their attention to the prospect of rising interest rates in the United States, the fear is that a rapid repatriation of investment funds could send stock markets and currencies sliding in emerging Asia.

But experts note that so far the impact has been limited, thanks partly to the region's efforts to strength its defences since the 1997-98 Asian Financial Crisis.

"The macro-economic fundamentals of Asean countries are strong -- much stronger than in 1997," Asian Development Bank president Takehiko Nakao said at the meeting.

"Governments have pursued sound macro-economic policies. Banks are well capitalised. Financial regulations and supervisions have been strengthened. Countries now enjoy larger foreign reserves."

The ADB expects the Asean region to show economic growth of 5.0 percent in 2014 and 5.4 percent in 2015, Nakao said.

"Domestic demand of Asean countries is solid. The US recovery continues to strengthen. The eurozone will return to positive growth this year and Japan's economy today is stronger than before," he said.

Asean, a region of 600 million people, wants to establish a common market and manufacturing base to better compete with China and India.

Win Shein brushed aside doubts about whether it will meet a 2015 target to create an Asean Economic Community, saying the region was committed to achieving its goal.

Myanmar, for years a source of embarrassment for Asean's more democratic states, took over the rotating chairmanship of the regional bloc this year after reforms that included freeing hundreds of political prisoners.



A man and a little girl look at a closed McDonald's in the Crimean capital Simferopol on Friday. McDonald's announced on Friday it had closed its restaurants in Crimea, prompting fears of a backlash as a prominent Moscow politician called for all the US fast food chain's outlets in Russia to be shut.

AFP