

# \$60m deal to import potash from Canada

STAR BUSINESS DESK

Canada's Canpotex Ltd will supply potash worth up to \$60 million to Bangladesh, said Ed Fast, Canadian minister for international trade, yesterday, according to a statement from the Canadian Embassy.

An agreement was signed between Canadian Commercial Corporation (CCC) and Bangladesh Agricultural Development Corporation (BADC) that assures the supply of potash worth \$40 million, with a scope for additional supply worth a further \$20 million.

Martin Zablocki, president and chief executive of CCC, and Md Zahir Uddin Ahmed, chairman of BADC, signed the contract.

The potash will be mined from Canpotex members' mines and will be delivered to Bangladesh over the coming year, as facilitated by CCC, the Canadian government's international government-to-government contracting organisation.

"Our government will continue to support our exporters by creating jobs and opportunities as part of the most ambitious pro-trade, pro-export plan in Canada's history," Fast said.

"When our businesses succeed abroad, all Canadians benefit from the jobs and opportunities that are created at home."

"I'm proud that Canadian potash will be used to help farmers in Bangladesh grow their

crops. This is a major accomplishment for Saskatchewan's important potash sector, one that will continue to build the province's economy into the future," said Gerry Ritz, Canada's minister for agriculture and agri-food said, according to the statement.

The deal will increase bilateral trade between Canada and Bangladesh, which should hit the \$2 billion mark by next year, said Heather Cruden, Canadian high commissioner to Bangladesh.

"The sale of potash will also help national food security of Bangladesh by importing high quality potash," she said.

Given the high quality of Canadian potash, Cruden expressed confidence that Canada's share will grow to at least a third of the potash import demand of Bangladesh.

Canada is one of the world's largest producers of potash, accounting for 30 percent of global production. In 2013, Canada exported \$5.8 billion worth of potash to the world. Canada has 46 percent of the world's potash reserves primarily beneath the southern plains of the Saskatchewan province.

Canada Bangladesh trade reached \$1.85 billion last year with a positive trade balance for Bangladesh. Bangladesh mainly exports readymade garment. Canada exports wheat, lentils, various types of seeds, edible oil and base metals, the statement added.

# Framework for climate-related public spending

STAR BUSINESS REPORT

The government has made a climate fiscal framework (CFF) to ensure transparency and accountability of climate-related public expenditure.

The Finance Division and UNDP jointly organised a workshop on the CFF at a local hotel on Wednesday where State Minister for Finance MA Mannan was the chief guest.

A planning ministry report revealed that 6-7 percent of the budget is used for activities related to climate change through different funding modalities, and an institutional framework is required for proper and effective utilisation of this expenditure.

CFF has been formulated in this context with two major objectives: to track all climate-related expenditures incurred by the government at the present time and to estimate potential costs of long-term finance needs to combat harmful effects of climate change, the finance division said.

The recommendations once implemented are expected to help integrate all climate sensitive expenditures into the national budget. It will also help in risk assessment, adaptation and mitigation.

Shamsul Alam, member of the General Economics Division of the Planning Commission; Pauline Tamesis, country director of UNDP Bangladesh; and Fazle Kabir, secretary to the Finance Division, were also present.



BANGLALINK

Officials of Banglalink participate in a rally to mark the mobile service provider's launch of 3G services in Mymensingh on Tuesday.



BASIS

SM Ashfaq Hossain, executive director of Bangladesh Computer Council, and Syed Almas Kabir, acting president of Bangladesh Association of Software and Information Services, sign a deal to organise the Digital World-2014 in June, at a ceremony in Dhaka on Tuesday.



JAMUNA BANK

Kanutosh Majumder, chairman of Jamuna Bank, inaugurates the new premises of the bank's Gulshan branch in Dhaka recently. Shafiqul Alam, managing director, was also present.

# Unilever says Q1 sales down

AFP, The Hague

Dutch food and cosmetics giant Unilever on Thursday posted a first-quarter drop in sales down 6.3 percent which it blamed on unfavourable currency exchange rates.

Turnover totalled 11.4 billion euros (\$15.7 billion), weighed down by a negative currency impact of 8.9 percent, the Rotterdam-based group said in a statement.

Despite lower sales, Unilever said underlying growth was strong, even in emerging markets where the group has been focusing its business in recent years.

"Emerging markets are currently passing through a period of slower demand and volatility, but our strategy remains unchanged," Unilever chief executive Paul Polman said in the statement.

# Global rally for Rana Plaza victims

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Alongside forming a human chain on Oxford Street, the Unison union called on members to observe a minute's silence at 11.38am, while ethical fashion industry players are backing a Fashion Revolution Day.

Campaigners believe the international response to the incident has been underwhelming, with a compensation fund for victims of the disaster remaining less than half full.

Of the 29 western brands who sourced clothes from Rana Plaza factories, about half have deposited \$15 million into the Rana Plaza Trust Fund against the targeted \$40 million despite efforts of the International Labour Organisation, the Clean Clothes Campaign said.

"We urge all the brands that have been working in Bangladesh to contribute to the fund with a considerable sum. They share a collective responsibility for this profoundly unsustainable production model and its hazards, this model that we are now about to change," said Jyrki Raina, general secretary of IndustriALL.

UK International Development Minister Alan Duncan has called on British businesses to act as a "force for good" in Bangladesh.

He said: "One year on, we all need to ask ourselves if we are doing everything we can and this includes British businesses."

"They have the power to bring about profound and positive change, whether by paying into the compensation fund or making their supply chain even more transparent," a Guardian article quoted the minister as saying.

# Is the factory collapse a turning point?

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"I think that this disaster was big enough proportions that it caught the attention of the world in the way that perhaps some of the smaller incidents of the past have not," said Douglas Allen, director of the international MBA programme at the University of Denver's Daniels College of Business. "I know that it's come up in conversations I've had with some of my MBA students in China as well."

There could be another incentive for change: profit. Some investors think Rana Plaza has opened the door to investment opportunities that can also improve safety and working conditions for garment workers in Bangladesh.

"It's not about altruism, it's about money," said Benjamin Skinner, co-founder and senior vice president at Tau Investment Management.

The New York venture investment firm believes that global supply chains have reached a critical point.

"Decades of outsourcing and offshoring have reduced costs for leading corporations," it notes on its website, "but have also brought calamitous risks and inefficiencies."

And what Tau characterises as a "race to the bottom" -- the cost-cutting and focus on productivity and profit ahead of investment in employee training, safety and well-being -- has led to tragedies like Rana Plaza, according to the firm.

Part of the problem, Skinner said, is what he calls "short-termism" at the factory and retail levels. Bangladeshi apparel manufacturers "are looking at 60-to-90-day lead times, [with] extraordinarily, razor-thin margins," he said.

In a country like Bangladesh, with its high interest rates on business loans, factory owners are more likely to invest in

something that cuts down on their lead times, like a new machine, rather than in safety upgrades or new equipment.

"The way these supply chains are run is just not efficient; it's just not good business," said Oliver Niedermaier, Tau Investment's chairman and CEO. "Whoever can provide capital and expertise and access to buyers, and really fixes the problems in global supply chains, will have a huge value creation opportunity -- and therefore it is a very good area to invest."

Niedermaier gives the example of how such investment, combined with the willingness of a hypothetical Bangladeshi factory's majority owners and management, could transform a work environment.

"We're going to buy new machinery, new sewing machines," he imagined. "We're going to realise equal efficiencies by putting in a new boiler system and reducing water consumption; upgrade the management team, inject a middle management layer. We're going to help you train your workers on these new sewing machines, we're going to source more raw materials, we build a proper child care facility."

Changes like these create more efficient and conscientious companies, he said.

But initiating that process across an entire industry is far from easy, and involves bridging daunting cultural and economic challenges to the way business has been done in the past.

But in the long-term, Skinner noted, that effort is "about simplifying your sourcing, going to those vendors that are going to be reliable, where the lead times are going to be as promised, where the quality is extremely consistent and where the cost is eminently fair -- to the point we don't believe that you have to raise costs significantly to the buyer in order to have

# ADP allocation may go up 32pc

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But a Bridges Division official said work orders for three main components of the Padma bridge project, including the main bridge construction and river training, will be awarded in the next fiscal year. So the proposed allocation will be required, he added.

The allocation that the Finance Division gave for the next fiscal year includes ADP's local fund that has been increased by around 33 percent from the revised budget to make the allocation Tk 51,331 crore.

Meanwhile, the allocation for foreign funds has been raised by 32 percent, over the revised budget, to Tk 27,700 crore.

In the proposed allocation for the next fiscal year's ADP, Tk 1,506 crore has been given as a 'block allocation' so that the National Economic Council (NEC) can accommodate the additional demand of the ministries, a Finance Division official said.

In the proposed allocation, the highest sum of money, or Tk 13,017 crore, went to the Local Government Division, and the second highest of Tk 9,273 crore to the Power Division.

Besides, the primary and mass education ministry got Tk 5,578 crore, the education ministry Tk 3,422 crore, Roads Division Tk 4,287 crore and the railways ministry Tk 4,085 crore.

A planning ministry official said the demands they got from different ministries and divisions for the next fiscal year are much higher than the funds allocated by the Finance Division.

The official said they will now prepare the next fiscal year's ADP within the allocated funds and the NEC will decide on the demands for additional funds.

# Rana Plaza episode: let's not repeat it

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Rokia Afzal Rahman, president of Metropolitan Chamber of Commerce and Industry, said she is ashamed of the catastrophe, which propelled Bangladesh into the headlines the world over for all the wrong reasons.

Nazma Akter, president of Sammito Garment Sramik Federation, said the catastrophe took place due to an error of a few, while citing the owners and some corrupt government officials as the culpable parties.

She went on to urge the political leaders and garment owners not to exploit the poor garment workers anymore. "They should treat the workers as resources. The retailers and owners need to stop their greedy thinking."

The labour leader also criticised the Swedish retail giant H&M's Chief Executive Officer Karl-Johan Persson, who warned that the recent wage rise in the country could prompt many companies to shift orders to other countries.

She said the salaries were hiked as per H&M's recommendations, while urging retailers to pay more for per unit of garment items from Bangladesh. "We need fair price and fair wage."

# US unhappy over progress in GSP action plan

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On registration of trade unions, they said registration of 141 trade unions over the last one year is a good job, but the US is "deeply concerned" about reports of harassment, mass firings, threats, and violence that the new union members have faced.

"We understand that, at factory after factory, union leaders are forced by managers to sign blank sheets of paper that are later used to show that the union leaders are resigning or oppose union registration," the letters said.

If union leaders do not sign these blank sheets of paper, they are frequently threatened or beaten.

"The physical attacks against workers reported at the Chunji Knit and Taratex facilities are only two examples of the pattern and practice of garment factory owners using threats and violence."

They urged the government to provide immediate and heightened attention to investigate these incidents and take necessary sanctions.

On the issue of labour law reforms, they said although the amendment to the law is

praiseworthy, recent reports on labour issues in Bangladesh raised a number of concerns regarding implementation.

"The action plan requires Bangladesh to bring its EPZ laws into conformity with international standards," the letter said.

The congressmen also criticised the database on garment factories that was launched on March 30. "This database, however, is far from the tool outlined in the action plan. The database does not contain factory inspection results or descriptions of labour complaints against particular factories."

On the murder of labour leader Aminul Islam, they said the action plan requires the Bangladesh government to advance a transparent investigation into his murder.

"The in absentia trial of Mustafizur Rahman is not satisfactory. We urge the government to reopen the investigation and ensure that a transparent and independent investigator is appointed," the letter said.

"We look forward to working with the government of Bangladesh to achieve full implementation of the action plan and continued and sustained progress with

# Wata Chemicals mulls comeback

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It disbursed 20 percent stock dividends in 2012, 12 percent cash dividends in 2011 and 10 percent cash dividends in 2010.

The majority of the paper shares, 88.97 percent, have been converted into e-shares, Wata Chemicals said in a letter to the DSE.

The company's net profit rose about 64 percent year-on-year to Tk 2 crore in 2012.

Each share of Wata Chemicals last traded at Tk 270 against the face value of Tk 100, before the DSE suspended the trading of the company in 2009.



UTTARA BANK

Shaikh Abdul Aziz, managing director of Uttara Bank, inaugurates the second zonal heads' conference-2014 at the bank's head office in Dhaka recently. The bank's four deputy managing directors were also present.



BANDBOX

Syed Sayeeduddin Ahmed, managing director of Bandbox, attends the launch of the company's outlet at Unimart hypermarket in Gulshan, Dhaka recently. Malik Talha Ismail Bari, managing director of Unimart, was also present.