

# 200 garment plants shut since Rana Plaza disaster: BGMEA

AFP, Dhaka

More than 200 garment factories have shut down in Bangladesh since the country's worst industrial disaster prompted a massive clean-up of the world's second-largest textile sector, an industry group said Thursday.

The closures have cost tens of thousands of jobs and led to a fall in exports, raising worries about the \$24.5 billion industry -- the key economic mainstay for the impoverished nation of 155 million people.

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA), which represents 4,500 factories and compiled the figures, said the industry was going through a painful transition since the Rana Plaza collapsed in April 2013, killing 1,138 people.

"According to our tally, 218 garment factories have been closed since the Rana Plaza tragedy," BGMEA vice president Shahidullah Azim told AFP.

"Most of these plants are small and medium-sized, employing between 300 and 800 workers. Twenty-one of them were closed at the recommendations of two groups of Western retailers. Others were shut down on their own," he added.

Divided into two groups called the Accord and the Alliance, nearly 200 European and American brands such as Walmart and H&M have launched massive clean-ups of their Bangladeshi supplier factories after they came under heavy flak from Western consumers.

The Accord has already inspected nearly 1,100 factories and the Alliance another 600. On

their orders, hundreds of factories were forced to undergo safety upgrades including retrofitting structures and replacing shoddy electric wiring.

Azim said the closures mainly hit small factories, which were set up in shared buildings, and subcontracting plants, as Western retailers cut orders for them in an effort to prevent further disasters.

Political instability stemming from a disputed general election in January, a 76 percent wage hike late last year and structural concerns over many factory buildings also prompted some manufacturers to draw shutters on their plants.

"Some owners closed down their plants as they were convinced that retrofitting won't fix their problems," Azim said.

He said overseas sales had been

hit, with the shipment of woven garments -- the biggest component in Bangladesh's export basket -- falling 1.6 percent in the first two months of the fiscal year beginning in July.

Knitted garments such as sweaters, another key export item, grew only five percent during the period. Last year, garment shipments grew more than 12 percent.

However, Khandaker Moazzem Hossain of the Centre for Policy Dialogue, a local think tank, cast doubt on the BGMEA's factory closure figures, saying many of those listed were actually shut before the Rana Plaza disaster.

He told AFP the shipments may have been hit by reduced demand in major markets such as Germany and the United States, rather than supply constraints.



BANGLADESH EMBASSY, BERLIN

From left, M Abdur Rauf, commercial counselor for Bangladesh Embassy in Berlin; Alexander Rost, regional head for Indian sub-continent at Commerzbank AG; Andreas Dietrich, former German ambassador to Bangladesh, and Muhammad Ali Sorcar, Bangladeshi ambassador to Germany, attend Bangladesh Business Day organised by Bangladesh's embassy in Berlin to mark Asia Pacific Forum's Embassy Day-Asia Pacific 2014, in Germany on Wednesday.

## Bangladesh seeks to get ITU membership

STAR BUSINESS REPORT

The government has urged Commonwealth countries to support Bangladesh in becoming a member of International Telecommunication Union (ITU), a United Nations agency.

The call was made at a press conference at Radisson Hotel in Dhaka on Wednesday to mark the closing of a three-day CTO Forum.

Twenty-one of the 53 member countries of Commonwealth Telecommunication Organisation (CTO) took part in the event.

The election for Bangladesh's membership of the ITU will take place in November in Korea. Bangladesh has been

a member of ITU's governing body for the last four years.

One of the main reasons behind hosting the event was to drum up support for the ITU membership, said Sunil Kanti Bose, chairman of Bangladesh Telecommunication Regulatory Commission.

"We talked to the representatives of the countries having voting rights and got a positive response."

Bangladesh has made remarkable progress in telecom and ICT in recent years, said Tim Unwin, secretary general of CTO.

Sharing and learning the experiences of solving common problems was one of the main purposes of the forum, Unwin said.

## Next development plan targets growth, empowering citizens

FROM PAGE B1

The seventh plan will emphasise worker safety in manufacturing, speed up export diversification and promote trade and economic cooperation with neighbouring countries, including India, Myanmar, Nepal and Bhutan.

The plan would seek to raise the investment-GDP ratio and look to implement projects under the public private partnership framework. Investment has remained stagnant in the last three years and no major PPP project has been implemented.

Alam said the next five-year development strategy will boost efforts to extend financial services to the poor.

The plan will take a deeper look at land administration issues and provide some strategic input to make it more efficient and market friendly, he said.

The seventh plan will take a more strategic approach to social protection in light of resource constraints and explore ways to improve the quality and implementation of social protection programmes, as progress so far is far slower than expected, said Alam.

The member said civil administration has to be made dynamic and productivity enhanced. Mohammad Farasuddin, a former central bank governor, said the next plan should focus on equity and social protection in addition to accelerating growth.

"We will not be able to empower every citizen, but we will be able to provide them with social protection."

He questioned credibility of the data on employment, and believed their number would be much higher than the official estimation of 4.5 percent.

"We will have to reduce poverty through creation of jobs, as the trickle-down theory is a thing of the past. Emphasis has to be placed on micro, small and medium enterprises."

Farasuddin said achieving a middle-income country status should be driven by performance in the Human Development Index, not by that of per capita income. "Becoming a middle income country on the basis of per capita income is misleading."

The economist also said the country would have to invest heavily at the tertiary level to move to a knowledge economy, in a shift from the Sixth Plan, which is focused on primary and secondary education. "We are not getting enough PhDs."

Fahmida Khatun, research director of CPD, called for institutional and public service reform to achieve targets.

Gour Gobinda Goswami, a professor of economics at North South University, said the next plan must spell out a clear outline on maritime resources that Bangladesh recently gained. He also called for decentralisation of administration, as urban management has come under strain. "Land management has to be digitised."

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Rushidan Islam Rahman, research director of Bangladesh Institute of Development Studies, said the quality of jobs has to be improved. "We have to look at recruitment terms and wages particularly."

Ahsan H Mansur, executive director of Policy Research Institute, urged the government to be realistic in setting targets, and backed the government's 'Look East' policy.

The professor also said coordination among ministries running social protection projects is imperative, as most are full of waste, overlap and leakage.

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## Ctg aims to reach tax receipt target

STAFF CORRESPONDENT, Chittagong

The income tax department in Chittagong hopes to reach the tax collection target of Tk 7,800 crore in the current fiscal if no political instability arises, although it failed to reach the target in the last two fiscal years.

Senior officials of four taxation zones under the region expressed hope at a press meet on Wednesday ahead of the Income Tax Day and a seven-day income tax fair.

All the four zones achieved their targets till August this fiscal year, officials said.

At the event, Md Dabir Uddin, commissioner of Taxes Zone-1 in Chittagong, said the region failed to achieve the target last fiscal year due to political instability in the three months to December.

The National Board of Revenue collected Tk 5,442 crore in 2012-13, down from its target of Tk 5,890 crore, while the amount of total receipt increased 17.48 percent to Tk 6,393 crore in 2013-14, down from the target of Tk 6,750 crore. The Income Tax Day will be observed on September 15 amid daylong programme, which will be inaugurated by Housing and Public Works Minister Engineer Mosharraf Hossain.

There will be separate booths for all 88 circles under the four tax zones of Chittagong in the fair, which will begin on September 16, Dabir Uddin said.

New taxpayers would be able to receive tax identification number certificates while people would be able to pay their returns at the fair easily, he said.

The fair would offer the taxpayers suggestions about the ways of obtaining TIN and income tax certificates while officials would help the taxpayers in filling out the forms of income tax returns.

## Noi Solutions hand-holds garment makers to global domination

FROM PAGE B1

As part of the expansion plans, she launched a new brand, Grey State, last month to sell products. While the company also sources from China, Taiwan, India and Sri Lanka, 95 percent of its items are procured from Bangladesh.

Garment exports accounted for 81.18 percent of the country's total overseas sales of \$30.18 billion in fiscal 2013-14, according to Export Promotion Bureau. Bangladesh exports garments worth more than \$5 billion a year to the US, the single largest export destination for the country.

Manufacturing in the developing world is challenging, she said. "Every day, there is a different problem -- it could be not getting the buttons you need on time from China or dealing with political turmoil."

"At the end of the day, I am responsible for anything that goes wrong -- my job is to figure out how to solve crises so my customers don't have to."

Her ability to handle pressure comes from years of watching her father -- A Matin Chowdhury, managing director of Malek Spinning Mills -- run his apparel factories.

"He has been a huge influence in my life. I have seen him under enormous pressure but he never panicked, even when he faced a really big crisis."

Chowdhury, who also served as corporate manager of New Asia Limited in Bangladesh, urged the government and garment makers to address the issue of workplace safety and labour rights seriously.

"We are still suffering from the after-effects of Rana Plaza -- we don't want to see any such man-made disasters in the future."

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**Recruiting agencies may face restrictions on sending workers to Iraq, Libya**

STAR BUSINESS REPORT

Private recruiting agencies may face restrictions on sending jobseekers to Iraq and Libya, in addition to the existing curbs on Malaysia.

The parliamentary standing committee on expatriates' welfare and overseas employment ministry yesterday recommended that the government should ban the agencies' business with these three countries.

The recruiting agencies take high and irrational migration fees from poor jobseekers for providing them jobs abroad, especially in Malaysia, Iraq and Libya," whip Md Shahabuddin, also a member of the committee, told reporters after the meeting in the parliament building.

The committee recommended strict supervision for the activities of Bangladesh Association of International Recruiting Agencies (Baira).

It also advised the expatriates' welfare ministry to take necessary steps to ensure

the protection of Bangladeshi migrants in violence-torn Iraq and Libya.

Currently, private agencies are not allowed to send workers to Malaysia as Bangladesh has been sending jobseekers there under a government-to-government arrangement since last year.

The government's steps would affect manpower export seriously, said Mohammad Abul Bashar, president of Baira.

"If the private agencies face restrictions in sending workers to Iraq, Libya and other countries, the country's manpower export will be reduced significantly and the number of the unemployed will increase," he told The Daily Star.

Bashar urged the government to fix quotas for the agencies to send workers abroad.

"We want to send people abroad with low costs that should be fixed by the government. If any agency takes additional money violating the rules, the ministry can cancel the agency's licence."