Trapped for $500 debt: the misery of Pakistan's 'slaves'

AFP, *Hyderabad, Pakistan*

Ranjhan has spent 40 years working in a Pakistani brick kiln as a bonded labourer, tied to his employer by a debt his pitiful salary will never enable him to repay.

He is one of more than two million Pakistanis that campaigners say are trapped in "modern-day slavery", condemned to a lifetime of hardship and toil.

There are laws in place to outlaw bonded labour, but still the cycle continues, with thousands of children sucked in every year by their parents' supposed debts.

At an open-air factory on the edge of Hyderabad, around 150 kilometres north of Karachi, tall, tapering chimneys belch out noxious smoke.

Crouching children gather lumps of clay and pack them into rectangular moulds. On the ground, long rows of unbaked bricks wait to go into the kiln.

These are the scenes that have been the backdrop to Ranjhan's life since he was a child.

"I've spent the last 40-odd years in this grind, sometimes in one factory, sometimes in another," he said.

He works every day of the week at the coal-fired kiln, where 1,000 bricks will earn him around $2, every cent of which goes straight back to his employer.

"I borrowed 40,000-50,000 rupees ($400-500) to buy food for my children. I will never pay it back before I die -- my debt will die with me," the father-of-three told AFP away from the eyes of his boss.

AFP/FILE

Pakistani labourer Jheny makes bricks at a factory on the outskirts of Hyderabad.

A global survey of slavery published last month by the Australian campaign group the Walk Free Foundation said Pakistan had the third most "slaves" in the world, after India and China, most of them working in brick making or agriculture.

Walk Free says the government needs to act to tackle the problem, including by regulating brick kilns and enforcing anti-slavery laws.

About the origin of his debt and that of his parents before him, Ranjhan says little.

From buying food to wedding dowries to hospital visits -- there is no shortage of reasons why these impoverished workers would go to their boss for a loan which they can then never pay back.

Once the debt begins, the employer too has no shortage of reasons to keep adding to it -- exorbitant charges for accommodation and food are typical -- so the worker has no chance of ever paying it off.

"Everything we earn goes to our creditor who gives us food to eat," said Ranjhan.

Brick factories and farms across the country run on these workers, who are fed for a pittance on bread, lentils, oil, sugar and onions.

Some small trade unions are trying improve the situation, lobbying bosses to raise salaries to the equivalent of $5 dollars a day and not to trap their workers in the debt cycle.

"Before the union, the workers here didn't even have names, just numbers. If someone came and asked them their name, they'd say 'Ask the boss, he'll tell you'," said Puno Bheel, who set up a brickworkers' union in Hyderabad a few years ago.

But despite their best efforts the unions are fighting a difficult battle. A few employers may have improved wages and conditions, but the unions have not persuaded any to free bonded labourers. But some, like Sajan Kumar, have been able to escape.

Five years ago the owner of a rice and pepper farm where he had worked for years with his family demanded $4,500, claiming their work had not covered the cost of feeding them.

Kumar's uncle went to the Green Rural Development Organisation, a campaign group, which took the matter to court.

The owner and his men threw Kumar and his family in vehicles and drove them into the desert "chained like animals", Kumar says.

After days being held in the desert, the 87 members of Kumar's extended family, all from the Hindu minority, were recovered by the police.

"It was slavery, what else would you call it? We were treated like animals, we worked day and night," said Kumar.

Once freed, the family pursued the matter further, accusing the landowner of illegal detention, an unusually audacious move in a country where the rich and powerful rule virtually unchallenged in rural areas.

Kumar and his family got more than $20,000 in an out-of-court settlement -- a rare victory despite a law banning bonded labour being on the statute books since the early 1990s.

He now lives in the village of Azad Nagar, near Hyderabad, which is populated by former bonded labourers. The family bought a minibus and Kumar opened a grocery, but those leaving the practice face a difficult and uncertain future.

PUBALI BANK

Helal Ahmed Chowdhury, managing director of Pubali Bank, receives the certificate of merit from Finance Minister AMA Muhith for best presented annual report in 2013 in private banks category at the ICAB National Awards, organised by the Institute of Chartered Accountants of Bangladesh, at Sonargaon Hotel in Dhaka recently.

Telenor and TeliaSonera signal truce with Danish mobile merger

REUTERS, *Oslo*

Norwegian telecoms company Telenor and Sweden's TeliaSonera have agreed to combine their Danish mobile businesses to boost margins in their toughest market.

The plan to put their Danish operations into a 50-50 joint venture, which aims to save 800 million Danish crowns ($133 million) a year by 2019, lifted the share price of both companies and their main rival on investor hopes of an end to cut-throat price competition.

The combined business would be broadly on a par with Denmark's former national telecoms operator TDC and could raise competition concerns because the new top two players would each hold 40 percent of the market. It would also leave Hi3G, marketed under the name 3 and majority owned by Hutchison Whampoa, a distant third.

But the move is not without precedent. The European Union has already cleared deals that cut the number of players to three from four in Austria, Germany and Ireland, requiring only minor concessions.

"There's a huge need for consolidation in Europe, and we can't allow ourselves to fall behind the United States and China," Kjell-Morten Johnsen, head of Telenor's European operations, told Reuters.

Shares in Telenor and TeliaSonera, which had tried to merge more than a decade ago, both rose by about 2 percent while TDC gained 5 percent, with analysts citing expectations that competition would focus less on the low prices that have depressed margins. "The main beneficiary of the Telia/Telenor merger announcement is clearly TDC," Nordea said in a note to clients.

The deal, which will require European Commission approval, is expected to result in about 800 million Danish crowns in integration expenses between 2015 and 2017, Telenor added.

"We have no expectations of this aggravating competition; quite the contrary. This will create broader competition when it comes to quality and innovation instead of the unilateral focus on pricing," TDC Chief Executive Carsten Dilling told Reuters.

Approval is not a foregone conclusion. TeliaSonera hit a regulatory hurdle this week when a preliminary ruling by Norwegian regulators blocked its acquisition of Tele2's local unit on concerns it would lead to higher prices.

India eases FDI rules for construction sector

REUTERS, *New Delhi*

India has eased foreign direct investment rules for the construction sector, the government said on Wednesday, in an effort to attract more money into the country to build new hotels, housing and townships.

Under the new rules, foreign investment is now allowed in projects with a minimum built area of 20,000 square metres, down from a previous 50,000 threshold. The minimum capital investment by foreign companies has also been halved to $5 million, the government said in a statement.

Prime Minister Narendra Modi has a vision to create 100 new "smart cities" by 2020, and to make that a reality foreign capital is likely to play a part.

India's construction industry, worth an estimated $126 billion, attracted 11 percent of all foreign investment into the country between 2000 and 2013, the second highest of any sector, but the pace of investment has slowed in recent years.

India received $1.2 billion of foreign direct investment in the year to March 31 compared with $1.3 billion the previous year. Between April and August this year, foreign investment totalled $446 million.

Finnair orders another eight Airbus 350-900

AFP, *Helsinki*

Finnish airline Finnair has added another eight Airbus A350-900 to a previous order from the European aerospace giant, bringing the total to 19 aircraft, the companies announced Wednesday.

The estimated value of the transaction, calculated from catalogue prices, amounts to 1.9 billion euros ($2.4 billion).

"Finnair was launch customer of the A350, and in 2007 placed an order for 11 A350-900s, including an option for further eight. This agreement brings the total committed order to 19 A350-900s," Airbus said in a statement.

Finnair is expected in late 2015 to become the first European carrier to receive the A350-900, which will have a seat capacity of 297 economy and business passengers, according to the manufacturer.

$50b by 50th birthday: Is it possible?

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In addition, countries like Cambodia and Vietnam are also ready and capable of taking a portion of the cake. Last but not the least, starting from some of the African nations to even some developed nations with slow economic growth are in the race to grab a portion of the large chunk that China controls. Thus, the next question is -- Can Bangladesh have sustainable growth under the prevalent competitive scenario?

The Bangladesh apparel sector is in reality at a crossroad and suggesting that the target is necessarily easy to achieve perhaps may become a suicidal decision as a result of complacency. In addition, if one ignores India or Myanmar, one may also fail to transform the threats into opportunity. It is also worthy of mention that compliance and maintaining a safe workplace is a prerequisite, not an option.

Let us assess the competitive scenario here:

- Bangladesh has a strategic advantage in terms of wages, however, India and Myanmar are breathing over its shoulder. One must clearly understand that price is the deciding factor for selecting a sourcing destination. This is truer when one observes that the purchasing intent for consumer goods is falling in major destinations and commodities, such as apparel, is considered highly price elastic. Lest we get overshadowed by price alone, we should be reminded that fashion still dominates the brand purse and supersedes generics.
- India, Myanmar and Cambodia have enough capacity to build their industries even further. Bangladesh should consider concentrating on productivity and capacity utilisation to start with. A 10 percent hike in productivity in the next 6-7 years will result in a net increase of $5.5 billion on top of the predicted $48 billion. In addition, enhancing capacity at the lower tier manufacturing units will add another $1.5 billion. Thus, concentrating on these should be able to push exports to $55 billion. The above scenario can also help to increase workers' wages by at least 20 percent by 2021.
- A decline in the interest rate can directly be transferred as wages to the workers. This alone can increase annual wages by atleast 9 percent, considering that almost 70 percent of costs are attributed to raw material and supplies, which are mostly imported. This can further add to enhancing productivity by utilising resources for higher skills and a professional workforce. This could further add another $2-5 billion by 2021.
- India is strategically poised to attract US interest to counter Chinese supremacy, while China is likely to use Myanmar as a strategic hub for cost minimisation. Here, it is essential that Bangladesh tries to look at Myanmar not only as a joint venture partner but also as a haven for reallocation. We must understand that the reallocation cost for Bangladeshi manufacturers ($0.5 million for each factory) is going to be extremely high and this will seriously affect their competitiveness at the lower end of the product pyramid. On the other hand, joint ventures accompanied by reallocation possibilities in Myanmar will not only help them continue with the business, but more importantly, will be the first step towards a greater value added alternative. This will also cut down import costs from China for supplies and raw materials. This strategic move with Myanmar and China can actually result in geometric growth. Bangladesh should be able to undertake such an initiative within five years and start earning by its 50th birthday.
- Bangladesh should start working on value addition with fabric designs, which takes away a substantial portion of its competitive advantage. Centres focusing on collection of fashion apparel and fabric from various destinations must be set up to participate in setting fashion trends at both the top and bottom of the pyramid. This can easily enhance returns by 5-10 percent in the immediate future.
- Bangladesh is today considered a power house in the apparel sector, being well known for a competitive and young workforce. Bangladesh can further take advantage of these two assets by setting up of Bangladesh Export Processing Zones in selected countries. One may think of Myanmar as a starting point because of its geographic proximity and strategic alliance with China; however, the major production hub should be near the major markets with a view to further cut costs in the form of freight and time. This is a multidimensional strategy and requires separate elaboration.
- The Bangladesh based manufacturing units employ a large number of expatriates at managerial levels who have in the past, diligently contributed towards building our sector. However, it is time now to also look for local talent to ensure that they stay within our hub rather than become competition. Second, the major buyers' representatives for Bangladesh are invariably representatives of competing countries. This is another reason why Bangladesh is so frequently loosing orders to competition. Last, but not the least, Bangladesh is losing its workforce to competing countries.
- Factory classification has become essential based on reports submitted by inspection teams. It is clear that a large number of factories are involved as subcontracting agents and are capable of producing quality goods but do not qualify under the definitional parameter set by the government and international agencies. The factories falling at the bottom of the pyramid may be placed under the SME umbrella and brought under formal clusters within the framework of Bangladesh Small and Cottage Industries (BSCIC) estates. This is part of the sustainability strategy.
- The sector must also classify factories by category of products and value addition. This will help to identify the strengths and weaknesses of each category and develop a prospective market profile. Furthermore, with Bangladesh having a clear competitive advantage in terms of price, one should start looking at the prospects at the bottom of the pyramid and match it with our SME clusters.
- Bangladesh must continue to work on improving infrastructure, ensuring power and compliance, and maintaining a world class working environment.

It can be stated that the opportunities for Bangladesh even under severe economic, strategic and geopolitical challenges are immense. The 'Made in Bangladesh' tag has made inroads at the highest echelon of global society. Thus, $50 billion by our 50th birthday in fact is not a difficult target at all. The above analysis shows that we should be able to achieve $60 billion within the time frame if we work on areas such as productivity, capacity utilisation, categorisation of manufacturing units, creating new markets at bottom of the pyramid, and creation and placement of home grown talents at the decision level.

It is also time for us to focus on the second most important finding of McKinsey, strengthen trade linkages through looking at joint ventures with major buyers and also signing bilateral and multilateral agreements with nations. This will ensure sustainable results and help create a multinational 'Made in Bangladesh' brand focusing at the top and creating new brands for the bottom.

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LANKABANGLA

Khurshed Alam, head of retail finance at LankaBangla Finance, and Humayun Parvez, managing director of ANZ Properties, attend the signing of a deal in Dhaka recently for providing ANZ's customers with special home and mortgage loan facility.

FOOD PANDA

Officials of Foodpanda cut a cake to mark the completion of one year of the company's operations in Bangladesh at a programme on Monday.

EBL

M Nazeem A Choudhury, head of consumer banking at Eastern Bank, and Wan Mohd Ebrahem, general manager of Malaysia Airlines in Bangladesh, attend the signing of a deal in Dhaka recently. EBL cardholders along with a companion travelling with Malaysia Airlines will enjoy 50 percent discount on companion's air fare.