

DHAKA TUESDAY DECEMBER 9, 2014, e-mail: business@thedailystar.net

# Factory relocations to cost \$3b

## The fund is manageable, a leading economist says at Apparel Summit

STAR BUSINESS REPORT

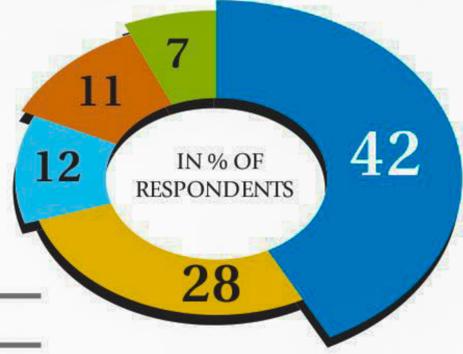
The apparel sector needs around \$3 billion to relocate factories from the capital, which is necessary to ensure workplace safety and environment compliance, a leading economist said yesterday.

to transform the garment industry, he said. Around 1,000 factories need to be relocated from the capital, according to Bangladesh Garment Manufacturers and Exporters Association. "Relocation will help the sector attain \$50 billion in annual exports by 2021," Mansur said.

He spoke at a session on remediation financing to transform Bangladesh's garment

### WHAT ARE MAJOR CHALLENGES IN RELOCATION?

- Access to low-cost finance
- Sharing remediation cost
- Lack of land
- High-cost and VAT on import of safety equipment
- Lack of facility for certification of safety items



SOURCE: SMS OPINION POLL AT DHAKA APPAREL SUMMIT

amount," said Ahsan H Mansur, executive director of Policy Research Institute.

The government should discuss the matter with global lenders, such as the World Bank, Asian Development Bank and Japan International Cooperation Agency to find a finance mechanism with low interest rates

industry, at Dhaka Apparel Summit organised by BGMEA at Bangabandhu International Conference Centre in the capital.

Suppliers are facing some challenges in getting access to low-cost finances due to the lack of a workable mechanism, he said.

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# Three apparel units get \$1.3m funds from US retailer for safety upgrade

STAR BUSINESS DESK

US-based VF Corporation and IFC have provided loans worth \$1.3 million to three Bangladeshi garment factories under a new programme for funding fire and building safety improvements.

Through the financing arrangement, VF Corporation, a global leader for branded apparel, footwear and accessories, provides a full corporate guarantee for up to \$10 million that the IFC and its partner Brac Bank lend to VF's contract suppliers.

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Middle, Shahriar Alam, state minister for foreign affairs, attends a discussion on responsible buying and better productivity at Dhaka Apparel Summit at Bangabandhu International Conference Centre in the capital. Story on page 1

# Need of the time: Fix safety flaws

## Analysts say Bangladesh can become the largest RMG exporter by tackling challenges

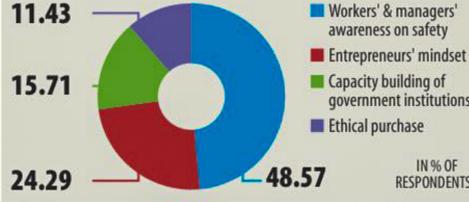
STAR BUSINESS REPORT

Bangladesh can become the largest garment exporter in the world if it overcomes certain challenges, including worker safety, which came to the fore since the Tazreen Fashions fire and Rana Plaza collapse.

The observation came at a discussion on the future of workers: workplace safety and sustainable production, on the second day of Dhaka Apparel Summit yesterday.

There are real challenges, but these can be overcome with commitments from the government, factory owners and all other stakeholders, US Ambassador Dan

### WHAT IS THE MOST IMPORTANT FACTOR IN ENSURING SAFE WORKPLACE?



W Mozena said.

"Every factory must be inspected and must be confirmed to be safe," he said, referring to the Tazreen fire and Rana Plaza collapse as dark chapters. The two tragedies killed at least 1,250 workers.

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# Act before it's too late: analyst

## Apparel summit underscores workplace tranquillity

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Employers should be proactive in resolving workplace tension and conflict before they erupt into major disruptions, said an analyst at a session at Dhaka Apparel Summit yesterday.

"If that is not done, then efforts to achieve your vision, your mission your efforts to become a middle income country is not going to be successful," said Thomas A Kochan, professor of Work And Employment Relations, Sloan School of Management, Massachusetts Institute of Technology (MIT), USA.

"In fact, it (efforts to become a middle income country) is going to be held back by major kinds of disruptions, which other countries have experienced," he added.

His caution came at a discussion on 'Assuring Workplace Tranquillity' at the seminar organised by Bangladesh Garment Manufacturers and Exporters Association at Bangabandhu International Conference Centre.

He suggested negotiation and mediation to resolve disputes. Garment makers also need to move up the value chain and bring the workforce into that process, he added.

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# Exports bounce back in Nov

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Exports rebounded in the month of November, propelled by a pick-up in garment exports.

Last month, exports raked in \$2.42 billion, up 9.5 percent year-on-year, according to data from the Export Promotion Bureau. The figure also surpassed the monthly export target by 5.68 percent. Export receipts in October were \$1.96 billion.

Garment products, which typically account for the bulk of export receipts, brought in \$1.94 billion in November, up 10.22 percent year-on-year but down 3 percent from the previous month.

Worryingly, garment exports in the first five months of the fiscal year appear to be below the target: between July and

November, \$9.69 billion was earned against the target of \$10.32 billion.

Leather and leather products, a promising export opening, raked in \$463.12 million in the first five months of fiscal 2014-15, up 4.15 percent but fell short of its target for the period.

Jute and jute goods appear to be doing well by its standards. The sector earned \$348.64 million between July and November, a 4.89 percent rise year-on-year and 8.8 percent over its export target.

Shrimp exports, often susceptible to price fluctuations, fetched \$276 million in overseas sales in the first five months, which, although exceeded the target by \$32.22 million, is a decline of 4.55 percent over previous year's.

# Expatriates allowed to take money abroad

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Non-resident Bangladeshis (NRBs) will now be able to transfer the money in their bank accounts in the home country to the country of their residence, the central bank said.

The outward remittances will be allowed for subsistence expenses of individual account holders and their family members in their country of residence, according to a Bangladesh Bank notice.

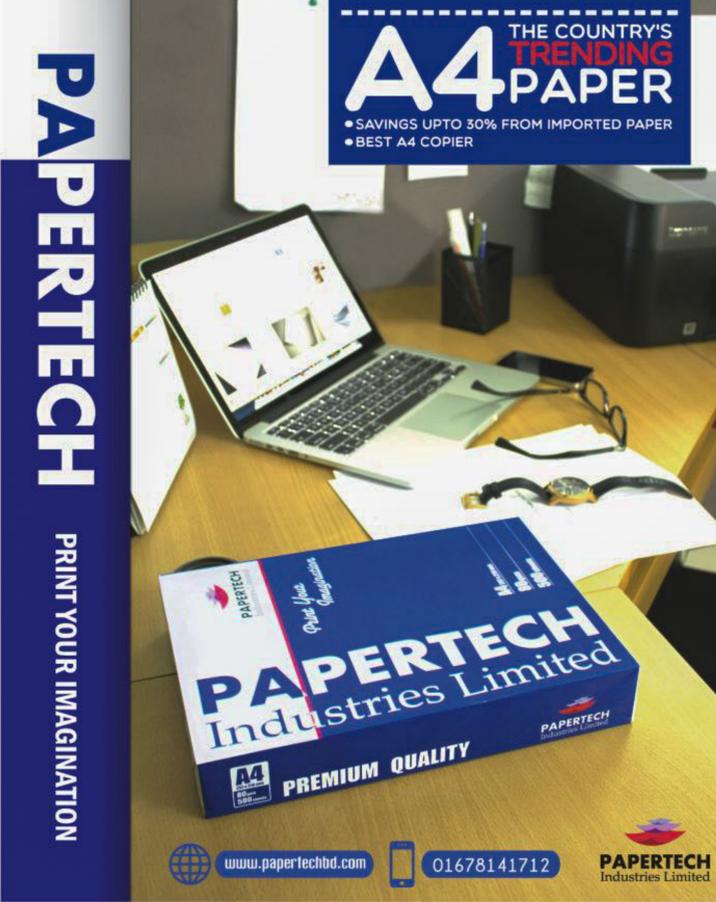
The amounts can also be used for payments abroad by institutional

account holders for procurement of goods and services from their country of residence, it said. However, a BB approval will be required for the fund transfer.

A central bank official said they have taken the decision to curb remittance outflow through illegal channels such as hundi.

However, the official said, to qualify for the opportunity, an expatriate must be a permanent resident of the country he lives in. He will have to provide an explanation for taking the money abroad and the BB will give a go-ahead after examining the cause.

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