

Keep up safety efforts: analyst

Thomas Anton Kochan, George Maverick Bunker professor of work and employment relations at Massachusetts Institute of Technology's (MIT) Sloan School of Management, stresses the need to form organisations that give workers a voice. He visited Bangladesh to attend a session on Assuring Workplace Tranquillity at Dhaka Apparel Summit that ended on December 9. Kochan sat with The Daily Star for a brief interview.

SOHEL PARVEZ

The Daily Star (TDS): What should Bangladesh prioritise to improve labour relations in the garment industry?

Thomas Anton Kochan (TAK): I believe the most important thing for Bangladesh is to respect workers' rights to form organisations that work best to give workers voices and serve their interests at their workplaces. There are not many unions in Bangladesh today, but I believe we are not going to solve the safety challenges, upgrade labour standards or improve living conditions without stronger independent, democratic legitimate unions for worker organisations. Fostering and sustaining these should be the number one priority.

TDS: Consumers in the West are observing Bangladesh's development after the Rana Plaza building collapse. What is their reaction and impression now?

TAK: I think the western world has been observing Bangladesh with a critical eye for the last several years, given the tragedies it has experienced. Everyone was appalled at the loss of life and at the same time, everyone is noticing that Bangladesh is working on these issues. And for the first time, I believe people in the West are saying that the country is on the right track; stay on it.

TDS: Bangladesh has made some progress in upgrading safety and labour standards. Do you see complacency now?

TAK: There is always a flurry of activity after a tragedy. And the



Thomas Anton Kochan

country has stepped up, responded to and met the challenge. But real leadership comes in by continuing efforts when pressures begin to fade. That is a sign of leadership and that is what the world expects of Bangladesh.

TDS: What do you say for international retailers?

TAK: The brands have special responsibility to work together, coordinate their efforts and be

diligent in holding each other accountable for best practices. It is no longer adequate for one company to try to do this on its own. It needs to bring in its competitors to work together in their common interest to improve safety and labour standards.

TDS: What's your take on the apparel sector's target to raise exports to \$50 billion by 2021?

TAK: I believe it is an ambitious

goal. It is a bold statement but I think it is achievable if the industry addresses the workplace problems. Unless it resolves conflicts effectively, monitors and improves safety conditions, meets world class levels of employment standards, and invests in its workforce to improve productivity with training and engagement, it will never meet this objective. But if it pursues these, I believe it can be successful by 2021.

TDS: What words of wisdom do you want to convey to the garment entrepreneurs and the government?

TAK: The business community has an enormous opportunity to take the next step in improving productivity and workers' welfare. By working with NGOs, international brands, International Labour Organisation, institutions like the Accord and Alliance, and making sure that all employers are disciplined to meet the highest standards of workplace safety should be the number of priority of all of business leaders in Bangladesh. The sector has had tremendous progress but it will not be enough until all the factories are safe. We know there is a long way to go in meeting the objective and so, progress has to stay on course.

The government has to increase its investment in building a credible, professional department of labour that takes on more inspections and regulatory responsibilities and enforces internationally accepted labour standards. That should be the number one priority of the Bangladesh government.

Excess liquidity: challenge or opportunity?

PRASHANTA KUMAR BANERJEE

BANGLADESH has positioned itself as a forward-looking nation in the world economy through its steady and stable growth performance over the years amid natural calamities, external shock and political turmoil. The growth potential of Bangladesh has been recognised by many global surveys. JP Morgan Chase placed Bangladesh as one of the frontier five markets and Goldman Sachs ranked the country among 11 emerging markets after BRICS (a bloc of Brazil, Russia, India, China and South Africa). The country has also achieved Ba3 and BB ratings with stable outlook in consecutive years (2010-13) by S&P and Moody's, respectively.

Banks through financing production and consumption act as a catalyst in the economic growth of the country. It is also empirically documented because the entire economy of Bangladesh distinctly depends on bank financing leaving other two sources of financing, namely, equity and bond financing underutilised or almost non-utilised. Bank financing has both short- and long-term positive and significant impacts on economic growth. As banks' assets and economic growth have bi-directional causality, bank assets go up congruent with the economic growth of the country. London-based research firm Business Monitor International finds that total banking assets in Bangladesh witnessed a 19.1 percent compound average growth rate in the past five years followed by 18 percent in Sri Lanka, 17.2 percent in Pakistan, and 16.7 percent in India.

But the current excess liquidity of banks is a cause of concern for both policymakers and practitioners. Outstanding bank credit during 2013 rose by Tk 36,558 crore or 8.88 percent as against an increase of 18.40 percent in 2012 (Bangladesh Bank, Annual Report 2012-1013). This slowdown is partly due to sluggish investment demand in the

lead-up to the national elections, less penetration of bank credit services except in Dhaka and Chittagong, tighter lending practices by banks, reducing investment opportunity in the stockmarket as well as the fact that entrepreneurs can access overseas lenders who offer low-cost financing. As a result, apparently the banking sector is under pressure of excess liquidity. The overall excess liquidity with commercial banks stood at Tk 102,223 crore as on May 1, 2014, which is now mostly invested in government approved securities.

Does this excess liquidity mean that the real economy is flooded with finance and it does not have the capacity to absorb this excess liquidity? If we look at our neighboring countries, we will get a different picture. The percentage of private sector credit to GDP was 68.98 percent in Bangladesh in 2012. However, the corresponding rates were 155.12 percent, 128.7 percent and 75.88 percent in China, Malaysia and India, respectively, at the same time. It indicates that Bangladesh has still more space to increase its bank finance GDP ratio through financing all types of investments, particularly private investment.

Factors like congenial investment climate, good infrastructure, rationalisation of interest rate, openness of the economy, overall growth of GDP, and status of international economy are considered as determinants of growth of private investment, which creates demand for bank financing. Apart from ensuring the above factors, the government's investment in the productive sector is an important driving force for private investment. A large body of empirical studies supports this relationship.

In the 2014-2015 budget, allocation for annual development programme (ADP) has been of a hefty amount of Tk 86,000 crore. Sectors like transport, power, education, physical planning, water supply, housing, rural development, agriculture, and health will get priority in ADP allocation.

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Amazon workers strike in Germany as Christmas orders peak

REUTERS, Berlin

WORKERS at Amazon warehouses in Germany started a fresh three-day strike on Monday to press their demands for better pay and conditions as the online retailer races to ensure Christmas orders are delivered on time.

Labour union Verdi said the strike had started at five of Amazon's nine distribution centres in Germany but added it would only know later in the day how many workers participated. The walkouts are set to run until the end of Wednesday's late shift.

Verdi said delays to deliveries could not be ruled out due to the strikes, but Amazon said customers could order up until midnight on Dec. 21 to get gifts in

time for Christmas, or even on Dec. 23 or 24 if they pay for "express" delivery.

"We deliver reliably," an Amazon spokeswoman said.

Last year, Amazon orders in Germany peaked on Dec. 15, when customers bought 4.6 million items, or 53 per second.

Verdi has organised frequent strikes at Amazon since May 2013 as it seeks to force Amazon to raise pay for workers at its distribution centres in accordance with collective bargaining agreements across Germany's mail order and retail industry.

Amazon has repeatedly rejected the union's demands, arguing it regards warehouse staff as logistics workers and says they receive above-average pay by the standards of that industry.



BBC NEWS

Amazon's distribution depot in Rheinberg is one of the centres hit by the strikers.

India rules out banning, limiting iron ore exports

REUTERS, New Delhi

India will not ban or limit exports of iron ore but will adopt "appropriate fiscal measures" to conserve the steelmaking raw material, the junior steel and mines minister said on Monday.

Action against illegal mining has sharply cut production of iron ore in the country at a time when international prices have halved, prompting Indian companies such as JSW Steel to import heavily.

Steel companies have regularly urged

the government to either ban the export of high-quality iron ore or increase the export duty from the current 30 percent to discourage overseas sales. But minister Vishnu Deo Sai ruled out any ban on overseas sales from what used to be the third-largest iron ore exporter.

"The government has decided that although conservation of iron ore resources is of paramount importance, the same may not be achieved by banning or capping export of iron ore but by taking recourse to appropriate fiscal measures," Sai said in a statement.

LuxLeaks suspect says he is not only whistleblower

AFP, Paris

A Frenchman charged over leaking documents that revealed secret tax avoidance deals between Luxembourg and multinational companies has said he believes he is not the only whistleblower in the scandal.

"I am just one element in a larger movement," 28-year-old Antoine Deltour told Monday's edition of the Liberation newspaper, in his first public comments on the controversy.

Deltour, a former employee of auditing firm PriceWaterhouseCoopers (PwC), was on Friday charged with theft, money-laundering and exposing trade secrets before being released by a judge in Luxembourg.

The so-called "LuxLeaks" scandal has exposed deals that saved some of the world's largest companies, including Apple, IKEA and Pepsi, billions of dollars in taxes while Jean-Claude Juncker -- the new president of the European Commission -- was the country's prime minister.

Juncker survived a vote of no confidence over the scandal late last month.

The suspect was charged following a complaint in June 2012 by PwC Luxembourg, which discovered documents had been stolen from the company following a report on tax avoidance by the television channel France 2 a month earlier.

PwC accuses Deltour of making copies of confidential data when he left the firm in 2010. The scandal did not really erupt until last month when newspapers pored over 28,000 pages of documents obtained by the



AFP/FILE

Members of the European Parliament protest against tax havens in Strasbourg on November 27.

International Consortium of Investigative Journalists (ICIJ), revealing the full scale of the tax breaks won by 340 companies.

"On the eve of a departure, one naturally looks to capitalise on one's professional experience," Deltour was quoted as saying.

"I copied training documents, but while searching the PwC database, I also came across these famous tax rulings. Without any particular intention or precise plan, I copied these also because I was appalled by their content," he said.

He said he did not come across any computer protection for the sensitive files.

He also said he was not the ICIJ's sole source of leaked documents in the saga.

Referring to leaked material that made headlines in early November, he said they included several internal documents that date from after he left the firm.

"So I am not alone," he said.

And another flurry of revelations earlier this month detailed the tax structures brokered by other auditing firms such as KPMG, Deloitte, Ernst & Young, he said.

Deltour added that he thought it unfair that most of the criticism was focused on PwC and Luxembourg.

Uber in damage control after Sydney surge price hike

AFP, Sydney

POPULAR web-based taxi firm Uber went into damage control mode Monday, offering free rides to passengers fleeing an armed siege in Sydney after earlier hiking prices upwards of Aus\$100 (US\$82).

The company said it would also refund fares after initially implementing "surge pricing", which increases rates during peak demand, for passengers exiting Sydney's central business district as police surrounded a cafe where a gunman was holding hostages.

Online news website Mashable earlier reported that in the immediate aftermath of the Sydney siege, Uber began charging passengers four times regular fares with a minimum charge of Aus\$100 to leave the area.

Citing Uber customers in the area, it said that a trip from the central business district to the airport, a journey that normally costs around Aus\$60, would cost up to Aus\$185 as a result of surge pricing.

Immediately following the news, Uber tweeted that fares "have increased to encourage

more drivers to come online & pick up passengers in the area."

Replies to the tweet, however, were almost uniformly negative.

"What a shameful disgrace," wrote Twitter user Tyson Armstrong, while Lewis Henshall added: "Despicable @Uber_Sydney. Have you never heard of corporate responsibility?"

The company later issued a statement saying it "will be providing free rides out of the CBD to help Sydneysiders get home safely" and that it was "in the process of refunding rides".

Uber defends surge pricing and argues it effectively matches supply with demand by encouraging drivers to move to areas where there are shortfalls.

It has, however, had to concede to cap its surge pricing throughout the United States during national emergencies after reaching an agreement with regulators.

The controversy was the latest in a string of bad press for the company.

It is battling lawsuits in several countries for unfair competition and rising anger over drivers who are not properly vetted.