

Give insurance coverage to all factory workers: ILO country director

REFAYET ULLAH MIRDHA

BANGLADESH should launch the National Employment Injury Insurance Programme to bring all factory workers under insurance coverage, said Srinivas B Reddy, country director for International Labour Organisation.

At present, only 25 workers of each factory enjoy insurance benefits -- and they are chosen randomly. But under the proposed programme, all workers will be included.

The insurance, which will be mandatory for all factories, will cover health, unfortunate death and other workplace accidents, and factory owners will need to pay less than Tk 60 as premium for each worker every month.

"We have to learn from the faults of the Rana Plaza. We have to integrate the workers with the national system. We have to look to the future," he told The Daily Star in an interview.

Of the 1,138 workers that died in the Rana Plaza collapse two years ago, the families of only 100 of them received insurance benefit worth Tk 1 lakh each.

The ILO country director also touched upon the issues of compensation disbursement to the victims, imparting financial know-how to them to ensure best use of the money, workplace safety and so on.

He said every victim of the Rana Plaza has already received 70 percent of their compensation amount and the remaining payment will be disbursed to them soon.

So far, a total of Tk 126 crore, or \$16.4 million, has been disbursed to 4,969 victims or their families as compensation over the last two years.

A total of \$24 million has been deposited in the Rana Plaza Trust Fund, but the fund is still short of \$6 million.

Initially, the trust fund aimed to collect \$40 million, but the target was later brought down to \$30 million after reluctance from many international retailers and donors to follow through on their commitments.

He said the ILO has been offering training to the surviving victims and dependants of the deceased on how to make the best use of their money.



Srinivas B Reddy

Officials of the International Organisation for Migration (IOM) and Bangladesh Institute of Labour Studies (BILS) have already imparted trainings to some batches of compensation beneficiaries over the last one year.

Regarding the progress of workplace safety in the garment sector, he said the country has improved a lot in that area since the ill-fated event on April 24, 2013, as the government and private sector entrepreneurs have taken a lot of positive initiatives.

Reddy went on to recommend the government to strengthen the capacities of RAJUK, the newly-formed Department of Inspection of Factories and Establishments and the Department of Fire Service and Civil Defence such that they can continue with their safety improvement activities in factories.

He also suggested for building long-term

partnerships with the trade unions for sustainability of the garment business in the country.

"Allowing 305 trade unions in the factories within one and a half years is a good sign of practising trade unionism in the country."

"Now, Bangladesh needs to launch social dialogues involving trade union leaders, retailers, government officials, rights groups and owners to avoid any misunderstanding in the sector."

Reddy said the country has a very bright future in garment business as it has successfully navigated the troubled waters after the Rana Plaza collapse.

"I am very optimistic that Bangladesh's garment sector will continue to grow, as very positive trends are already being seen in the form of higher export volumes despite odds like Rana Plaza."

World Bank slashes war-torn Ukraine's economic outlook

AFP, Kiev

The World Bank sharply cut its outlook for war-torn Ukraine Wednesday, forecasting its economy will shrink by a massive 7.5 percent this year due to the conflict with pro-Russian separatists.

The international lender lowered its 2015 economic outlook from its previous estimate of a 2.3 percent contraction.

The new forecast is even grimmer than estimates by the Ukrainian government and IMF of a 5.5 percent decline in gross domestic product.

Ukraine's economic output had already fallen by 6.8 percent in 2014.

After two years of recession, Ukraine has been brought close to economic and financial collapse by the past year of conflict in its industrial east.

The government in Kiev is fighting pro-Russian separatists who have taken control of parts of two key eastern regions.

"The conflict in the east has become the main driving force behind the fall," the World Bank said in its report, presented in Kiev on Wednesday.

"Ukraine has considerable potential,

but its implementation is possible only if the situation in the east is stabilised and the banking system recovers."

The government has passed new laws to start curbing corruption and clean up Ukrainian banks and allies are pushing it to deepen those reforms.

Ukrainian officials pleaded at a conference with international financiers and officials on Tuesday for more investment to boost the economy.

Qimiao Fan, the World Bank's director for Ukraine, warned Wednesday that "the top concern of investors is that they do not feel secure when they invest in this country because of corruption."

For the economy, "external factors not directly under the government's control still have a substantial influence," said World Bank expert Anastasia Golovach at a news conference presenting Wednesday's forecast.

"First of all there is the conflict, which intensified over the first few months of the year. But there is also fairly weak external demand and quite low prices of raw materials, of which Ukraine is an exporter."

LG Electronics Q1 net profit drops 58.5pc

AFP, Seoul

South Korea's LG Electronics Wednesday reported a 58.5 percent slump in first-quarter net profit as losses caused by currency swings in overseas markets offset profits from its record smartphone sales.

Net profit for January-March was 38.4 billion won (\$35.9 million), the company said in a statement.

Operating profit dropped 36.2 percent year-on-year to 305.2 billion won, while sales remained unchanged at 14 trillion won.

The firm -- the world's second-largest TV maker -- said the dramatic weakening

of local currencies in Europe and emerging markets like Russia and Brazil dealt a blow to its TV sales.

The firm's TV unit posted an operating loss of 620 million won in the first quarter, a big turnaround from an operating profit of 216.1 billion a year earlier.

LG's bigger rival Samsung said on the same day the weakening of the euro, real and ruble currencies had a negative impact worth 800 billion won on its first-quarter earnings.

LG's mobile unit however recorded an operating profit of 72.9 billion won, from a loss of 730 million won a year earlier, thanks to solid sales of its popular flagship smartphone G3.



REUTERS/FILE

A worker shifts a sack of sugar at a godown inside a sugar factory at Sanyan village in Gujarat. India has raised the import tax on sugar to 40 percent from 25 percent to help prop up falling local prices and protect local farmers who have not been paid by money-losing mills, the government said in a statement on Wednesday. The country also slapped the tax on imports of raw sugar.

Twitter cuts revenue forecast

REUTERS

TWITTER Inc reported quarterly revenue that fell short of Wall Street estimates and cut its full-year forecast because of weak demand for its new direct response advertising, sending shares down as much as 24 percent on Tuesday.

User growth was off to a slow start in April, the company said, even though it hit its own target for the just-ended first quarter.

Twitter forecast 2015 revenue of \$2.17 billion to \$2.27 billion, down from its earlier forecast of \$2.3 billion to \$2.35 billion. Analysts on average had been expecting \$2.37 billion.

Twitter said its new direct response ads, intended to encourage actions such as clicking on a link to an advertiser's website, did not produce the revenue expected. Advertisers limited their spending and the click rate on Twitter's ads fell, but the company expects improvement in the second half of 2015, Chief Financial Officer Officer Noto said on a call with analysts.

The company, which allows users to broadcast 140-character messages, said revenue rose to \$436 million in the first quarter, from \$250.5 million a year earlier. This was below the average analyst estimate of \$456.8 million.

Concerns about Twitter were exacerbated when the results were leaked before the market closed. Market data firm

Selerity tweeted the figures, saying it had found the release on Twitter's investor relations website. Twitter blamed the Nasdaq, which it said managed its investor relations website.

"Everything looked weaker than expected," said Arvind Bhatia, a SterneAgee CRT analyst. "This sort of loss of momentum is probably going to cause a bigger outside reaction than in normal circumstances."

The company's monthly active users rose 18 percent from the previous year to 302 million, in line with some analysts' expectations.

Twitter's net loss widened to \$162.4 million, or 25 cents per share, for the quarter, from \$132.4 million, or 23 cents per share, a year earlier.

Excluding items, the company earned 7 cents per share, above the 4 cents per share expected by analysts.

Selerity's tweet about Twitter's earnings raised questions about the social media company's internal controls, said Brian Jacobsen, chief portfolio strategist at Wells Fargo Fund Management.

Ahead of earnings on Tuesday, Twitter said it had acquired marketing technology company TellApart to ramp up its direct response advertising.

Twitter shares closed down 18.2 percent at \$42.27 on the New York Stock Exchange, and fell further to \$41.89 after hours.

Taiwan to launch stock trading link with Singapore

AFP, Taipei

Taiwan's plan for a share trading link-up with Singapore took a step forward Wednesday with the opening of an office, as the island tries to internationalise its markets and lure overseas investment.

The cross-border trading -- the first ever in Taiwan -- will start in July, the Taiwan Stock Exchange Corp (TWSE) said without specifying the date.

On Wednesday the TWSE opened an office to prepare for the establishment of a subsidiary company responsible for the trading.

Singapore Exchange Limited will set up a similar subsidiary.

"Discussions on details of the trading are shifting into high gear, as cross-border trading is on top of the TWSE agenda this year," the Taiwan exchange said in a statement.

Under the scheme brokers from each side will be able to place orders for stocks, warrants and other products listed on the other's exchange rather than trading through brokers.

"This way local investors can see their cost cut, so can Singapore's investors," Rebecca Chen, executive vice president of the TWSE trading department, told AFP. "Hopefully the link can help attract investors from abroad."

The plan follows a link-up between the Hong Kong and Shanghai bourses.

Also on Wednesday the TWSE announced that the daily price fluctuation limit for shares would be expanded to 10 percent from June 1. A seven percent limit has been in place since 1989 after it was expanded from three percent.

Art of the Japanese company apology: it's all in the bow

AFP, Tokyo

IMAGINE you're the head of a US fast-food chain in Japan that has been scandalised by a tooth-in-french-fries disaster. How do you repair the damage? Bow deeply -- and be convincing.

So it was for Sarah Casanova, the Canadian president of McDonald's Japan, whose less-than-textbook corporate mea culpa this month was an attempt at the tightly choreographed script routinely used by crisis-hit organisations.

With cameras rolling and reporters at the ready, apology press conferences are a must-do piece of theatre for Japanese firms that wandered from the straight-and-narrow in a country that has a dozen expressions for saying sorry.

Act 1: Wear dark colours, look grim and apologise profusely. Add a liberal sprinkling of words like "unfortunate" and "deeply regrettable".

Act 2: Take a deep bow -- better keep limber since you have got to make like a right angle or you will look like an amateur.

Act 3: Forget about buying a Porsche this year. You've got to cut your pay temporarily or forgo a bonus. Senior managers too.

Acts 4 and 5: Optional add-ons (depending on circumstances) -- quit outright, or more likely step aside and put someone else in as CEO. Promise sweeping changes to avoid further scandals.

"This is part of a broader cultural phenomenon where the leader takes a hit for the team, then hopefully... society at large moves on," says Jun Okumura, an independent analyst and visiting researcher at the Meiji Institute for Global Affairs.

But what's most important?

"I don't know. All of it? After all, it's a script. I don't think Shakespeare said, 'So-and-so got killed in a fight? Okay, we'll just drop all the scenes with Mercutio'," he adds.

"The bow should be as close to 90 degrees as anatomically possible."

A group of pharmaceutical bosses once took bowing to a legendary level when they dropped to their knees and touched their noses to the floor after supplying HIV-tainted blood products.

No bow low enough

Television and social media have made it all the more important to convince a Japanese public sensitive to visual cues, says Mitsuru Fukuda, a professor of crisis management and risk communications at Nihon University in Tokyo.

"A big difference is that in the West, facts matter," he says.

"Japanese journalists... focus on top leaders' apologies."

Business communication specialist Yasuyuki Mogi adds: "Unless words of apology are at the forefront, many Japanese feel (it) lacks sincerity."

The boss of disgraced auto parts maker Takata chopped his own pay in half for several months after an exploding airbag crisis was linked to at least five deaths, while the top brass at Sony went without bonuses to atone for awful financial results.

"Well, you need something other than 'Off with their

Art of corporate apology in Japan

Whether for bad financial performance or defective products, there are many ways for a boss to apologise in Japan

- 1 Apologise profusely.** Use words like "unfortunate" and "deeply regrettable"
- 2 Take a deep bow**
- 3 Take a temporary pay cut or forgo bonus.** Senior managers should do the same too
- 4 Quit immediately, or step aside and put someone else in as CEO**
- 5 Promise sweeping changes to avoid further scandals**

heads, don't you?" says Okumura.

"It's a financial hit, but as long as they are restored before retirement, the hit to their severance pay and pensions will be small."

But it will certainly sting in the short run. Japanese CEOs tend to be rank-and-file company veterans who worked their way up the ladder and are paid much less than overseas counterparts with their boatload of stock options -- and egos to match.

"US CEOs are typically hired guns... who market their expertise to the highest bidders -- that is not an environment conducive to taking a hit for the company," Okumura says.

Casanova's performance got mixed reviews from apology watchers. Some say her foreigner status doomed her chances of being convincing, but others thought her gender could mean reporters would have been easier on her.

But even a picture-perfect effort on Casanova's part might not have helped much to make up for mounting losses and allay public concerns after a string of food scares, including the human tooth found in a box of french fries, says Jeff Kingston, a professor of Asian Studies at Temple University's Tokyo campus.

"When you are in the business of selling food and your food is found wanting and considered unhealthy there is no bow low enough to right what is wrong."