

"Target US\$50 Billion: We Need Your Support to Reach It"

Recently, BGMEA and The Daily Star organised a roundtable on "Target US\$ 50 billion: We need your support to reach it". Here we publish a summary of the discussions. - Editor

The Daily Star



Roundtable Discussion on TARGET US\$50 BILLION: WE NEED YOUR SUPPORT TO REACH IT

Date: 30 January 2016

Jointly organised by: The Daily Star & BGMEA
Venue: Azimur Rahman Conference Hall, The Daily Star Centre, Dhaka



Mahfuz Anam, Editor & Publisher, *The Daily Star*
The RMG sector is a vital growth engine for Bangladesh. They are poised to flourish in a vigorous manner. However, there are impediments that need to be removed for speeding up the growth.



Dr Sharif As-Saber, Professor RMIT University, Australia, and Keynote Speaker of the Roundtable
Over the last four years, RMG sector is not performing very well. We need at least 11% growth to reach our target. I want to focus on some priority areas to

achieve this growth rate.

We need better roads and infrastructure. Timely completion of Dhaka-Chittagong four-lane highway is critical in this regard. Another important infrastructural issue is remediation of factories. Bangladeshi factories are spending more than a billion dollar in this effort. Soon our factories will be fully compliant.

Apparel diplomacy is another important area. We need to formulate a strategy and define roles of each stakeholder. We can use tourism in this regard. In India, all the stakeholders are promoting the idea of 'Incredible India'. We should brand our country in similar fashion.

Buyers should pay fair price for products. Here governments of retailing countries can play an important role. I would urge our honourable ambassadors present in today's discussion to make your retailers compliant with the ethical standard of pricing. They should share the burden of the remediation cost incurred by the Bangladeshi factories. If you pay us better we will do better.

There should be a global RMG platform like International Jute Organisation where RMG issue could be considered in a holistic manner. I have been talking about it since the Rana Plaza incident. RMG is a global industry. That's why it needs global attention.

There should be a separate RMG ministry. Or it can be a separate division under the commerce ministry. There should be proper linkage across labour ministry, foreign ministry and commerce ministry. Australia has amalgamated trade and foreign affairs ministry into one Trade and Foreign Affairs Ministry. Our diplomacy should be directed towards trade facilitation.



Md. Nojibur Rahman, Chairman, NBR

NBR and BGMEA have been working as partners. We have deep partnership. The government has been giving various tax benefits to this industry. We will continue this

RECOMMENDATIONS

- Fix infrastructure bottlenecks
- Boost productivity
- Attract investment
- Continue remediation
- Ensure workplace safety
- Apply compliance globally
- Use environment-friendly technologies
- Be revenue-compliant
- Invest in people
- Ensure workers' well-being

support. We will try to give more incentives to this sector in the upcoming budget session.



Mikail Shipar, Secretary, Labour and Employment Ministry

We need proper implementation of the labour laws to reach the target. Safety committees in the factories should be run actively.

BGMEA should give us a clear estimate of how many skilled manpower they need to fulfill their target. It will help us plan our training programmes.



Abdus Salam Murshedy, Former President, BGMEA

We know that 37 factories have been closed due to safety reasons. Now our buyers are discouraging to continue operation in shared buildings. They are reluctant to place order with factories located in such industries.

Those factories will be closed gradually.

Small, medium and women-led factories are facing tough challenges. They have experience but not capability to relocate. The government can facilitate their shift through refinancing and giving utility connection in the new factories on priority basis. Large factories need energy support. I hope that if they get proper support we will see another 200 green factories by 2018. We also need to improve our relations with our workers. It will speed up our growth.



Srinivas B. Reddy, Country Director, ILO

We see three major things that are fundamental for this sector to be sustainable and be able to continue to grow. Number one is respect for labour

rights. Second one is fixing the safety issues and completing remediation process at the earliest possible time. Third one is investing in people. Ensuring labour rights is part of the growth trajectory to make it inclusive. How can we make the workers partners in progress? We need to create a culture of cooperation where there will be no mistrust between employers and workers and full respect for labour rights such as freedom of association and bargaining. Can we have sectoral dialogue in the RMG sector between workers and employers on a regular basis? BGMEA should take the initiative to hold such dialogues. It needs to be institutionalized and government should play an active mediation role. The workers issue should not be looked upon from a crisis management perspective. Rather it should be a continuous process. It has been proven all over the world that promotion of fundamental rights at workplace brings inclusivity and progress to the industry.

We need to remember that inspection of factories is only part one. Many large factories have invested to fix the safety issue of their factories. Still, if a small factory remains non-compliant and any accident happens there it would have huge residual risk for the entire sector. So in this US\$50 billion journey there should be a sense of urgency about safety. Regulators' capacity to offer professional services is another important aspect of the safety issue. Their readiness to offer solutions that are respected by the buyers is very important. Investing in workers' skill and productivity is very important. Promotion of gender equality is a part of this process. We want to see that women move the value chain with their own capacity. On the buying side, we see Bangladeshi youths are involved in the chain. We need to develop their managerial skills. That's why Bangladesh should invest more in the youth population.



Anisur Rahman Sinha, Former President, BGMEA

The retail price of garment products has gone down 30% between 2000 and 2015. Customers are getting this benefit from sourcing. Production cost has increased but the retail price has

decreased. To cope with this reality is the biggest challenge of our industry. We need to think about market access. Our competitors are getting special treatment in the USA and the EU. We need to gear

up our efforts to avail those opportunities for our industries.



Zahid Hussain, Lead Economist, World Bank

McKinsey report 2015 shows that Bangladesh has retained the top position as a sourcing destination for RMG products. They have mentioned Vietnam, India and four African countries as alternative

source countries. Our main threats are Vietnam and India. They are far ahead of Bangladesh in terms of global competitiveness index or corruption perception index. If we fail to transform ourselves quickly it will be a risk for the country. We have to solve the crisis of land and energy. If we cannot implement the SEZ projects we would not be able to solve the land crisis. I agree with the BGMEA President that we need to study which sector should get priority for gas supply. Whether we should prioritize fertilizer production or supply gas to industries that creates more value. Our gas pricing system should be transparent.

Inside the local RMG industry there is a tendency of cut throat competition to drive out competitors by lowering price. They should stop it. There should be coordination among the local businessmen for fixing price of RMG products.



Mohammed Nasir, Vice President (Finance), BGMEA

McKinsey report talks about 5Ps: skilled and efficient people, safe place, uninterrupted power supply, smooth operation of port and stable politics. If we can maintain these 5Ps we would be able to achieve our tar-

get quite easily. We also need support from all the stakeholders.



Professor Sadeka Halim, Dhaka University

We need to formulate a strong public policy for the RMG sector.

If we talk only about the economic side we cannot achieve the expected growth. We also have to look at the social side of the RMG

industry.

BGMEA needs to have a strong research team who will find out various bottlenecks of RMG sector. At the same time, it will counter the propagandas that tarnish the image of the industry.