# The dark side of world's lucrative mobile industry


AFP/FILE

**The Democratic Republic of Congo produces more than half of the world's cobalt, says Maria Canadas, head of Amnesty International in the northeastern Spanish region of Catalonia.**

AFP, Barcelona

As the world's largest mobile phone fair hosts the "creme de la creme" in Barcelona, activists slam the dark side of a sector accused of ignoring rights abuses in Chinese factories and Congolese mines.

"Behind this modern, progressive industry lurk dark themes like labour exploitation or minerals stained with blood that come from conflict zones," says Alba Trepat, campaigns officer for SETEM, a federation of 10 NGOs that promotes an alternative fair with a social twist.

Just a few blocks from the main Mobile World Congress (MWC), the so-called Mobile Social Congress has even showcased its very own superstar smartphone -- the Fairphone 2, which a Dutch firm tries to manufacture as ethically as possible.

"Traceability is quite a difficult issue," recognises Daria Koreniushkina, public engagement manager at Fairphone.

"The supply chain involves hundreds of actors globally and just for one mineral you have at least five steps where the mineral goes.

"To make sure that every step of it is ethical is a very challenging exercise."

The firm's first model tried to use tin and tantalum from the Democratic Republic of Congo (DRC) that was not linked to the country's armed conflict.

For its second phone -- launched in 2015 -- Fairphone used gold extracted from Peru respecting fair trade standards.

In its Chinese factory, meanwhile, the company promotes social programmes for employees, bettering worker representation and publishing independent reports on labour conditions.

"We cannot magically find the fair factory in Asia but a first step is transparency and willingness of the factory to work towards improvements," said Koreniushkina.

According to Electronics Watch, a watchdog working to better labour rights in the global electronics industry, workers in many Chinese factories toil for more than 80 hours a week, with low salaries and high exposure to carcinogens.

In 2012, Apple even admitted that some of its suppliers had committed labour abuses after a wave of suicides hit Taiwan's Foxconn company, which makes components for the US giant.

The sector is lucrative. In 2015, it contributed \$3.1 trillion (2.8 trillion euros) to world output, according to GSMA, organiser of Barcelona's main mobile phone fair.

"This industry would be the world's fourth largest economy," says Josep Maria Royo, a researcher at the Autonomous University of Barcelona who studies armed conflicts.

"They boast about having these resources, so they should be responsible."

Royo is also part of a small, local NGO that denounces how the mobile industry indirectly finances armed conflict in the DRC, one of the main producers of cobalt and coltan -- essential components for many smartphones.

"The DRC produces more than half of the world's cobalt," says Maria Canadas, head of Amnesty International in the northeastern Spanish region of Catalonia, where Barcelona is located.

"Some 20 percent of the cobalt it exports comes from makeshift mines in the country's south, where workers excavate with their hands, without any tools or protection."

In January, Amnesty published a report denouncing conditions in these mines for workers -- many of them children -- who toil away from dawn to dusk, seven days a week, sometimes mistreated.

"UNICEF estimates there are around 40,000 children working in these mines," she says.

"Some of those we interviewed -- as young as seven -- said that they had not seen sunlight for a long time as they spent the day in the mines.

"I can't believe that the people at the MWC don't know this. But they're not interested in talking about it, and even less in resolving it."

Fairphone wants to become a leading player in the fair trade mobile sector.

Some 60,000 people in Europe bought its first model, and 30,000 units of its second phone have been sold so far.

"By showing there is a demand for more ethical products, we can inspire the whole industry to act more responsibly," says Koreniushkina.

"And maybe one day Mobile World Congress and Mobile Social Congress are going to become synonyms."


WOMAN'S WORLD

**Asaduzzaman Khan, home minister; Nasir Hossain, national cricketer, and Kona Alam, managing director of Woman's World, unveil NH69, Woman's World's new perfume, at an event at Le Meridian hotel in Dhaka on Monday.**


NRB BANK

**Muklesur Rahman, managing director of NRB Bank, and Ahasanul Islam, managing director of Sandhani Life Insurance, pose at the signing of an agreement in Dhaka for the services under the Bangladesh Electronic Fund Transfer Network.**

# Oil falls on oversupply, global economic growth concerns

REUTERS, London

Oil prices fell on Thursday on concerns about oversupply amid a slowing global economy, although strong US gasoline demand helped limit losses.

The lack of any immediate action by the world's largest exporters to follow through on a proposal to freeze production at January's levels also continued to undermine the market.

Brent crude futures LCOc1 were down 45 cents, or more than 1 percent, at \$33.96 a barrel at 0950 GMT, while US West Texas Intermediate (WTI) crude futures CLc1 were down 35 cents at \$31.80 per barrel.

"The basic overriding position in the oil market at the moment is that the global production exceeds global demand by quite a wide margin," said Ric Spooner, chief market analyst, CMC Markets.

In a sign of the excess supply, US crude stockpiles rose 3.5 million barrels last week to an all-time peak above 507 million barrels, data from the Department of Energy showed on Wednesday.

A slowing global economy also risks hurting demand for oil and keeping prices very low. Citi cut its forecast for global economic growth this year to just 2.5 percent, from a previous forecast of 2.7 percent.

DHAKA BANK

**Syed Mahbubur Rahman, managing director of Dhaka Bank, opens the bank's 87th branch at Murapara of Narayanganj yesterday. Emranul Huq, deputy managing director, was also present.**

# US wins WTO dispute against India's solar rules

REUTERS, Geneva

The United States won a ruling against India at the World Trade Organization on Wednesday after challenging the rules on the origin of solar cells and solar modules used in India's national solar power program.

In a statement, the US Trade Representative's office called the ruling a significant victory that would hasten the spread of solar energy across the world and support clean-energy jobs in the United States.

The United States complained to the WTO in 2013 about the Indian solar program, which sought to ease chronic energy shortages in Asia's third-largest economy without creating pollution.

But a requirement that certain cells and modules be made in India fell afoul of WTO rules on discriminating against imports. The United States said its solar exports to India had fallen by 90 percent from 2011, when India imposed the rules.

The WTO ruling, which can be appealed within 60 days, was repeatedly delayed as the two sides tried to negotiate a settlement. An Indian official had said a compromise might let India subsidize state projects such as defense or railway projects.

Indian officials were not immediately available to comment on the WTO ruling.

# HP Inc says to accelerate job cuts by 2016

REUTERS

HP Inc said it was accelerating its restructuring programme and now expects about 3,000 people will exit by the end of fiscal 2016 instead of over three years as it announced in September.

Then, Hewlett-Packard Co had said it expected to cut about 33,300 jobs over three years, of which up to 3,300 were to be cut in HP Inc. It said then that 1,200 people would leave the company by the end of 2016.

The restructuring will result in charges and associated cash payments of about \$300 million in the current year, the company said.

"This move is basically HP Inc embracing the tough pricing environment and shifting their focus to building their portfolio," says Shannon Cross, an analyst for Cross Research.

HP Inc, which houses former Hewlett-Packard Co's legacy hardware business, reported a near 12 percent drop in quarterly revenue, as it struggles with weak demand for PCs and printers.

ORION GROUP

**Arzuda Karim, a director of Orion Pharma, and Salman Obaidul Karim, managing director of Orion Group, pose at the launch of Rovex, to treat hyperlipidemia, at Orion's corporate headquarters on Tuesday.**

# StanChart's landmark bid to claw back bonuses faces legal quagmire

REUTERS, London

Standard Chartered's landmark attempt to claw back bonuses paid to staff deemed responsible for its current woes could be fraught with practical and legal difficulties, lawyers and investors said.

Chief Executive Bill Winters said on Tuesday the bank could recover the bonuses of up to 150 senior staff, if they are found culpable of breaching internal rules during a freewheeling lending era under his predecessor Peter Sands, who left last June.

The attempted clawbacks could represent a test case as to the enforceability of tough new rules put in place by Britain last year, as a response to the financial crisis, allowing banks to seek recovery of bonuses from bankers deemed to have acted irresponsibly up to 10 years after they are paid out.

Lawyers said it would be the first time a bank has sought such clawbacks en masse since the new regulations were put in place. Attempts to recover bonuses have so far been rare, and have focused on individuals accused of clear misconduct.

Winters' announcement of "robust accountability reviews" came as StanChart reported its first annual loss in 26 years, with bad loans jumping from \$7.5 billion at the end of 2014 to \$12.8 billion by the end of 2015.

Some investors, however, are not holding their breath for material windfalls from the plan, particularly from those executives who are no longer employed by the bank.

"It is a very reasonable idea, but probably a nightmare to enforce," one senior manager at a fund that owns Standard Chartered shares told Reuters, while a second investor said it may be more practical to design stricter remuneration structures than to try and claw money back.

A spokesman for StanChart in London declined to comment.

Britain has among the world's toughest rules on banker pay, introduced following public and political anger over lenders being bailed out by taxpayers in the crisis and bankers pocketing big payouts at a time of austerity for many people.

The rules allow for bonuses to be cut, stopped or clawed back where bankers are subsequently found to have acted irresponsibly or breached risk or compliance regulations.


REUTERS/FILE

**People walk outside the main branch of Standard Chartered Bank in Hong Kong.**

Lawyers familiar with laws governing banker pay said the key distinction was between so-called malus - the cancellation of an intended future payment - and clawbacks, where a bank tries to recover monies already paid out.

The latter is much harder to enforce.

"Even if you have a very well crafted clawback clause, it can be hard in practice to demonstrate that an individual's behaviour has led to a particular result," said Anna McCaffrey, senior associate in the employment practice at Taylor Wessing.

Clawbacks face several other challenges, including the difficulty of claiming back funds where a banker has moved to another part of the world or another company.

The Bank of England proposed new rules in January to close the loophole for such so-called "roving bad apples" but they are not yet in force so would not apply to the StanChart plan.

Lawyers said that recovering money in such cases, or proving that specific individuals could be blamed for a given failure in risk management by the bank, could be extremely difficult.

"We haven't seen a big legal fight about clawback yet, and no one really knows how these arguments will play out," said Jon Gilligan, partner at GQ Employment Law.

StanChart CEO Winters said on Tuesday that some former senior executives at the bank had already paid a price for the lender's problems, without naming them.

Long-term share incentives awarded in 2013 expired worthless after some senior executives failed to meet performance targets, the bank's annual report said. Former finance director Richard Meddings and former consumer banking head Steve Bertamini were among those who failed to meet performance measures and saw those incentives lapse, according to the report.

StanChart has also held back a total of \$61 million worth of unvested shares pledged to senior managers and "risk takers" such as traders and loan officers in 2015 due to 'performance adjustments,' according to a Reuters calculation from the company's annual report. Unvested shares are those that will be awarded at a future date, subject to conditions.

Among the most high-profile StanChart bankers at risk of clawback is Mike Rees, the 26-year veteran of the bank and former deputy CEO, who will leave the bank at the end of this year. StanChart said on Jan. 7 that Rees's unvested share bonuses "remain subject to ... potential clawback".

Rees was key to the shaping and execution of the bank's strategy under former CEO Sands.

Lawyers said that while enforcing clawbacks could be fraught with difficulties, the mere attempt could reassure bruised investors - who have seen StanChart shares plunge 31 percent this year - that the lender is trying to promote accountability for risk-takers.

"Pressure may be coming from shareholders, who have lost a lot of money recently, and it's unlikely you will be able to claw back anything like what they have lost, but it is a symbolic action," said GQ Employment Law's Jon Gilligan.