

H&M rapidly expands empire, but safety upgrades at factories 'painfully slow'

THE SYDNEY MORNING HERALD

As H&M rapidly expands its retail empire in Australia, the chain is being criticised for widespread labour rights violations and the "painfully slow" progress of safety renovations at factories.

An Asia Floor Wage Alliance report, based on 251 interviews with workers from 17 H&M supplier factories in Cambodia and India, found women were being routinely fired during their pregnancy.

Other common workplace abuses included illegal short-term contracts, low wages and forced overtime. Women in nine of 12 factories reported sexual harassment at work.

"H&M's response to our report has been completely inadequate," the alliance's Anannya Bhattacharjee told Fairfax Media from India.

"H&M has told us they are testing out new practices with pilot factories, but when we asked them for the names of the factories they refused to tell us."

Armed with the report, the group will urge leaders at the International Labour Conference, starting in Geneva on Monday, to establish a global standard for supply chains, including the recognition of a living wage as a human right.

The fast fashion business, spearheaded by Zara, Topshop and H&M, has enjoyed phenomenal growth in recent years, swiftly offering the latest catwalk looks for a fraction of the price in their multi-level stores.

H&M alone has opened nine stores in Australia in two years, with plans to double the number by the year's end. But the global supply chain, heavily reliant on cheap labour, has seen

workers suffer and their lives placed at risk.

A separate report on H&M's safety efforts in Bangladesh - three years after the Rana Plaza factory collapse and signing of a pact to protect workers - revealed most of its factories were behind schedule, with 70 per cent of its 54 "gold and platinum" suppliers lacking adequate fire exits.

"The pace of progress remains painfully slow. On average each of these factories still has 26 uncompleted renovations and the majority lack adequate fire exits," Liana Foxvog, from the International Labour Rights Forum, told Fairfax Media from the United States.

"It is unacceptable in the majority of H&M factories in Bangladesh workers still run the risk of being trapped in the building in case of a fire."

There are about 140,000 workers

in H&M's "gold and platinum" factories.

H&M Australia's spokeswoman said delays in the "huge and complex work" were partly caused by import delays of safety equipment and the lack of technical expertise in Bangladesh.

"Initial timelines for remediation set up by the Accord were also too optimistic," she said.

She said safety upgrades were being "gradually implemented" and its suppliers have reported all locking features as well as all collapsible, sliding or rolling shutter doors have been removed - which the Clean Clothes Campaign disputes.

In regards to the Asia Flood Wage Alliance report, the spokeswoman said the labour rights violations highlighted were industry-wide problems.

"They are often difficult to address

as an individual company and we firmly believe that collaboration is key," she said.

"That is why partnerships with organisations such as the ILO, Better Work, SIDA as well as global and local trade unions are important."

H&M was awarded a "B+", based on the self-reported strength of its labour rights efforts, in the latest Australian Fashion Report by Baptist World Aid.

H&M said the high grade was obtained by providing "accurate information of [their] efforts".

But founder of ethical clothing brand Etiko, which nabbed an A+, said the report, in its effort to scrutinise local and global brands, had potential to confuse consumers.

"Paying 100 per cent living wage nets an A+ rating, while some respondents who could only show that a living wage is paid in 1 per

cent to 25 per cent of facilities still achieved an A rating," said Etiko's Nick Savaidis.

He also pointed out his claims were backed up by third-party certification, such as Fairtrade, unlike most others.

"It is also important for consumers to remember the underlying fast fashion model, of high volume and low margin, is a big part of why there have been so many problems for so long in garment supply chains," he said.

In the first accounts H&M Australia posted a net profit of \$3,831,000 for the financial year to November 30, 2015, a turnaround from the loss of \$1,475,000 recorded in 2014.

It was the first ever profit; sales for 2015 almost tripled, rising to \$161,940,000 in 2015 against \$67,680,000 in 2014. Gross profit more than doubled to \$111,370,000.



United Hospital
Hasan Mahmood Raja, chairman of United Hospital, presides over the 31st annual general meeting of United Hospital at its seminar hall yesterday. Faridur Rahman Khan, managing director, was also present.



Midland Bank
Md Ahsan-uz Zaman, managing director of Midland Bank, speaks at the inauguration of the bank's training institute at Zahed Plaza in Gulshan 2, Dhaka on Thursday.

Mega-projects to get Tk 18,700cr

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At a pre-budget meeting last month, Finance Minister AMA Muhith said the government plans to formulate a separate budget for transformational mega-projects next fiscal year.

He said the government has to go for transformational projects with expenditure running into billions of dollars.

"We will not rely on concessional loans only for these transformational projects," he said, adding that four countries, including China, are interested in financing them.

Muhith said the capital budget will be somewhat non-concessional but its terms and conditions will be fairly reasonable.

Wahiduddin Mahmud, chairman of the Economic Research Group, a think-tank, while speaking at the same pre-budget meeting, supported the government's emphasis on transformational projects.

Although the big picture of the mega-projects looks good, there is a need to look at the finer details, such as the project design, their quality, the priorities and the projects' social goals, he said.

"Once a large project is implemented it is tough to rectify."

MEGA-PROJECTS

LNG TERMINAL

Costs: Tk 3,900cr or \$500m

Petrobranga on March 31 signed a contract with US-based Exxcelerate Bangladesh to build the floating terminal within 2 years

A 90km gas pipeline from Maheshkhali to Chittagong will be built and it will be connected with the national grid

Govt will spend \$1.5b a year to import 500m cubic feet of LNG per day from Qatar after 2017

The project will diversify primary energy sources and ensure supply to gas-based industries and installations

RAMPAL POWER PROJECT

Costs: Tk 15,998cr or \$2.05b -- to be implemented by Bangladesh-India joint venture

Construction work of the 1320MW plant has already started and may end in 2018

MATARBARI COAL POWER PROJECT

Costs: Tk 35,984cr -- Jica to provide more than 80%

The work of the 1,200MW power project will be completed in 2023

Till March, Tk 2,910cr has been spent. In the next fiscal year, Tk 1,200cr is likely to be allocated

PADMA BRIDGE RAIL LINK

Costs: Tk 34,702cr -- China to provide 72% of the fund

The project will be completed in 2022

More than Tk 4,100cr may be allocated for the next fiscal year

DOHAZARI-GUNDAM RAIL LINE

Costs: Tk 18,034 crore -- ADB to give about Tk 16,000cr

The expected date of completion is 2022

KARNAPHULI TUNNEL

Costs: Tk 8,446cr -- two thirds to be financed by China

The project may be completed in 2020

In the next fiscal year, Tk 1,981cr may be allocated for the project

PAYRA DEEP-SEA PORT

Costs: Tk 85,800cr or \$11b

Expected completion time is 2023

The work is still at an initial stage. The project will have 19 components including capital dredging

Bid to sell Kuwait's top food firm fails

AFP, Kuwait City

A bid by a group of Gulf investors to purchase a majority stake of Kuwait's top food company and a regional leader, Americana, has failed, an official statement said Sunday.

"No final agreement has been reached," said Al-Khair National for Stocks and Real Estate, which manages billions of dollars of stocks held by the Kharafi family, Kuwait's wealthiest merchant family, which wanted to sell its 69-percent stake in Americana.

"The two sides have agreed to end negotiations of the planned sale," Al-Khair said in a statement sent to the Kuwait Stock Exchange. The consortium carried out a

due diligence investigation before making an offer that was never disclosed.

It was the Kharafi family's second failed attempt to sell Americana after Saudi-based food company Savola reportedly offered around \$4 billion to acquire the firm last year. That offer was rejected.

Established in 1964, Americana, or Kuwait Food Company, is the parent group that brought to the Middle East more than a dozen major food brands like KFC, Costa Coffee and TGI Friday's. It owns more than 1,690 outlets and employs 63,000 workers in the Middle East and North Africa region.

It also has 17 factories in the region and abroad and produces a variety of food products.

Nobody ready for VAT law yet: economists

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There should be much more serious attention to transformative projects both in terms of budgetary provisions and implementation support, he said.

Hussain, who has been working for the WB for more than two decades now, said maintenance has always eluded the country. "We have failed to grow out of the 'build, neglect, and rehabilitate' culture. It's time to think out of the box on budgeting for maintenance and maintenance management," he added.

Islam said the budget should have a realistic basis.

For the last few years, the gap between the budget's targets on spending, ADP or revenue generation and their actual realisation at the end of the year has been widening. "As a result, the credibility of budgets becomes subject to questions."

Education, health and social safety nets should receive more allocation in terms of numbers as well as the budget size, as money going into these sectors is declining.

For example, the allocation in education and health sectors is half the standard allocation of the United Nations Educational, Scientific and Cultural Organisation and the World Health Organisation.

The budget should provide clear guidelines on how to implement the ADP efficiently, Islam also said.

The ADP size is always trimmed in the revised budget, and even that amount is not used in the end.

Furthermore, of the implementation, about 40-45 percent is carried out in the last two to three months of the fiscal year. "We have to come out of this tendency."

The former adviser said high priority projects should be given priority in ADP allocation so they are completed within the schedule.

Islam said the government would have to take a hard look at unprofitable state-owned enterprises, both financial and non-financial enterprises. "Privatisation can be one option."

He said money going to the state enterprises are shown as loan and are not shown in the budget.

"These enterprises never repay the loans. But no direction has been given in the budget since 2009-10 on the issue."

Islam said subsidies for public utilities might be acceptable, but commercial enterprises should be closed if they cannot meet their operating costs.

He also said through regulatory and supplementary duties the government is forcing people to buy goods and services at higher prices. The import duty structured should be re-examined, he added.

Rahman of the CPD said the budget should strengthen resource mobilisation, maintain the efficiency of their distribution and utilise them with a high degree of efficacy.

The budget should also look at widening the base of direct tax.

Rahman, who is a former professor of Dhaka University, said the budget needs to come up with fiscal policies and incentives to stimulate private sector investment and entrepreneurship.

There should be more investment on infrastructure and more allocation for skill development training for youths, both male and female, said Nazneen Ahmed, senior research fellow at Bangladesh Institute of Development Studies.

She said there should be a report every three years on the quality of development projects and an update on implementation of the women's development policy in the gender budget report.

The economist called for imposition of higher tax on low-quality tobacco products.

ACC arrests two officials of Bank Asia over loan scam

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Later, they again disbursed Tk 44.48 crore to Giasuddin from the bank's Bhatiari branch against an LC opened in the name of Al Modina Enterprise to import an oil tanker as scrap.

Both Shah Amanat Iron Mart and Al Modina Enterprise are owned by Giasuddin.

At that time, Hosnezzaman was the manager, while Mizanur was the manger (operations) of the bank's Bhatiari branch.

When the bank officials came to know that the borrower was absconding, they filed a case with Sitakunda Police Station in February 2014 accusing Giasuddin of fraudulence.

According to Rahamatullah who is also the investigation officer of the case, the ACC found that these two officials misappropriated the bank's money by granting loans to Giasuddin in illegal ways.

Giasuddin is a loan defaulter of around Tk 1,000 crore to Tk 1,200 crore of differ-

ent banks, said another ACC official.

The ACC official said the two bankers granted the loans before getting the required approval order from the corporate head office of the bank.

Rahamatullah said seven people are involved with the embezzlement.

"We are trying to arrest the other accused," he said, adding that the ACC is going to submit the charge sheet against the seven accused within a short time.

But the investigation officer declined to disclose the names of the remaining five.

A Bank Asia official, however, said its two officials were not involved in the loan scam.

"Our investigation found that these two officials did nothing wrong relating to the loans. Even, a Bangladesh Bank audit found nothing against them," said the official.

He also said the ACC did not contact the bank's head office nor did it send any notice or letter before arresting the two officials.



Southeast Bank
Mohammed Gofran, additional managing director of Southeast Bank, opens the bank's Malibagh branch at ABN Tower on Siddheswari Circular Road, Dhaka yesterday.



Uttara Bank
Azharul Islam, chairman of Uttara Bank, speaks at a conference of branch managers organised by the bank at its training institute in Dhaka. Mohammed Rabul Hossain, managing director, was also present.

About 3cr SIMs to be suspended on June 1

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The deadline had been extended considering public sufferings following high traffic in the national identity database (NID) server, which slowed the process.

People can call the short code, 16103, for help if they face any problem with their NID cards, the state minister said.