

Better working conditions raise output

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WORLD leaders gathered at the 71st UN General Assembly in New York recently to review the first year's progress in implementing the sustainable development goals.

Described as nothing less than a 'universal push to transform the world', the goals are the world's plan to eradicate poverty and save the planet by 2030.

As policymakers seek the smartest ways to progress, one strategy is clear to all. Almost every country on earth, especially the poorest, has a desperate need for more jobs.

The World Bank 2013 World Development Report on Jobs estimates that over the next 15 years, an additional 600 million new jobs will be needed to absorb burgeoning working-age population, mainly in Asia and Sub-Saharan Africa.

These are the jobs that transform lives because they offer an escape from poverty and fuel economic growth, and jobs that promote respect for the fundamental freedoms that underpin the development of inclusive societies.

These also ensure freedom from slavery, from child labour and discrimination and freedom to form organisations such as trade unions that advance and protect the rights of the poor.

Most urgent are jobs for those who do not have access to work, including the youth, women and migrants. So where are we going to find them?

One answer is the global garment industry. It provides formal employment to tens of millions of workers in less developed and emerging economies.

For instance, in Bangladesh, garment and textile accounts for 91 percent of export earnings. A global garment industry that uniformly offered decent jobs could lift millions of people out of poverty and help create sustainable development.

But is this possible in a world where our craving for cheap clothing and fast fashion can create enormous downward pressure on working conditions?



STAR/FILE

Garment industry provides formal employment to millions of workers in less developed and emerging economies.

Yes it is, according to new research out recently, which strongly challenges any view that there is a trade-off between treating workers well and a profitable garment industry.

A five-year independent study commissioned by Better Work—a joint programme of the International Labour Organisation and the International Finance Corporation—shows that a smart mix of business incentives, training, monitoring of working conditions and engagement by all actors in the global supply chains can significantly improve working conditions.

And the good news is that it does not come at the expense of businesses' bottom

line. On the contrary, researchers conclude that improving working conditions can actually contribute to increased profitability and productivity.

For example, the study shows that in Vietnam, the garment factories where workers report better working conditions are more productive and more profitable.

For instance, workers with better working conditions reached daily production targets nearly 40 minutes faster than workers in factories with worse conditions.

In an industry characterised by intense price competition, evidence that improving working conditions is not a cost but a critical

component of business success is ground breaking.

Significantly, women are often the major drivers and beneficiaries of this success. For example, investing in training for female supervisors was shown to improve working conditions and increase factory productivity by up to 22 percent, in large part by reducing tensions and improving workplace communication.

Researchers also credit Better Work for significantly closing the gender pay gap in garment factories that it has advised in Haiti, Nicaragua and Vietnam. This is all highly relevant in the global garment industry where

more than three quarters of the total workforce are female.

Research also points to the impacts of good working conditions on workers' families and communities. As take-home pay rises and working hours fall, workers' children have significant better health and their access to education also rises.

Globalisation is here to stay. The key question as the world faces up to the responsibilities of implementing the 2030 agenda is how to ensure global trade delivers on the promise of inclusive growth and shared prosperity.

These results point to the importance of improving job quality and tackling inequality as a key to economic growth that is more just and inclusive. Where does this path lead us next?

Fundamentally, this is a question of governance. We all want improvements in working conditions on the factory floor, but experience shows this must be supported by good law that is effectively implemented, with the strong participation of employers' and workers' organisations. This demands more political will and greater resources so that national institutions can play effective roles.

The UN guiding principles on business and human rights also recognise the key role of the private sector. Industry leaders play a critical role in improving working conditions and this is part of the Better Work story.

The research also shows that the demand for short delivery deadlines and last minute changes to production schedules can negatively impact working hours, safety and health.

This calls for innovation to ensure that the practical realities of providing decent work on the factory floor are integrated into the management of sourcing practices.

Creating jobs and improving working conditions in the global garment industry is everyone's business. We must build collaboration and accountability between public, private and civil institutions to make it a reality.

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India's gold imports drop for ninth straight month



REUTERS/FILE

A saleswoman shows a gold earring to customers at a jewellery showroom in Mumbai.

REUTERS, Mumbai

India's gold imports fell for a ninth straight month in September as weak retail demand and higher discounts prompted banks and refineries to cut overseas purchases of the bullion, provisional data from consultancy GFMS showed on Monday.

Lower demand from the world's No. 2 gold consumer could weigh on global spot prices that have risen by 24 percent so far in 2016, but help the south Asian country to reduce its trade deficit. Gold is one of India's biggest expenses on its import bill.

Gold imports in September are estimated at 30 tonnes, down 43 percent from a year ago, GFMS data showed. Imports in the first nine months of 2016 slumped 59 percent from a year ago to 268.9 tonnes, according to GFMS.

"Importers were not active since gold was trading at a heavy discount last month," said Daman Prakash Rathod, director at Chennai-based wholesaler MNC Bullion.

"Jewellers were running business with low inventory due to weak retail demand."

Last month, dealers had been offering discounts of as much as \$32 per ounce to the official domestic price to lure buyers, but retail demand remained weak with customers more eager to sell old jewellery and bank profits at current high prices.

Local gold prices jumped to 32,455 rupees (\$488) per 10 grams in July, the highest in nearly three years. Gold is trading at a heavy discount also due to rising supplies from unofficial channels. Smuggling of the precious metal has risen in India since the government imposed a 10 percent import duty in 2013.

"In the next few weeks gold may start trading in premium due to festival demand," said a Mumbai-based bank dealer with a private bullion importing bank. "In October imports could rise as discounts are coming down."

Demand for the yellow metal usually strengthens in the final quarter as India gears up for the wedding season as well as festivals such as Diwali and Dussehra, when buying gold is considered auspicious.

Facebook rolls out pared down Messenger app for emerging markets

REUTERS, San Francisco

Facebook Inc launched a stripped down version of its popular Messenger app for emerging markets on Monday as it seeks to expand its international footprint.

Messenger Lite, which uses less data and is designed to work in areas with slower internet connections, will roll out in Kenya, Tunisia, Malaysia, Sri Lanka and Venezuela. Facebook said it will expand to other countries in the coming months.

Facebook has largely saturated Western markets, including North America and Europe, and has set its sights on developing countries, in part by rolling out "lite" versions of its main Facebook app and now Messenger, which have fewer capabilities than the main apps.

Insured crabs, tea help China's farmers avoid extreme weather losses

REUTERS, Hong Kong

MA Rongda, a tea grower for nearly 30 years, knows how badly his business can be affected by extreme weather. But when heavy snow and cold hit his tea garden earlier this year, Ma was not as worried as he used to be.

"I bought insurance for my tea plantations," he explained. For an annual premium of some 7,000 yuan (\$1,050), the 46-year-old received compensation of more than 220,000 yuan (\$32,950) - enough to cover all of his production costs last year.

This is the second year that Ma and his fellow farmers in eastern China's Anji County have had access to insurance. Before that, no policies were available for Chinese tea growers looking to secure their crops.

As erratic weather has become the new norm in China, insurance policies against losses from extreme weather have emerged in a wide range of agricultural businesses, from beekeeping to cattle ranching to seaweed farming. Many are proving hugely popular, thanks in part to cut-rate prices made possible by government subsidies.

Chinese officials say the number of buyers of agriculture-related insurance has more than tripled in the country between 2007 and 2015, while the area of farmland covered by insurance has quintupled.

The fast expansion of insurance is just one thing China is doing to reduce what it sees as a growing risks related to extreme weather and other climate change impacts.

The country now requires infrastructure construction companies to take climate change impacts into consideration when planning new projects.

It has also developed early warning systems for extreme weather events and taken up popular communications tools - such as Weibo, China's version of Twitter - to send out typhoon alerts.

Disaster statistics show why. Over the last 20 years, one out of two people affected by weather-related disasters has been Chinese, according to the United Nations.

Chinese government statistics show that floods, droughts, typhoons and other natural disasters have caused annual economic losses of 200 billion yuan (\$30



REUTERS

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billion) a year, on average, since the 1990s.

Chinese farmers, whose harvests rely on good weather, have been among those hit the hardest.

Ma, the tea grower in Anji County, for instance, had already lost last year's harvest to extreme cold when freezing temperatures hit his plantations again this year, withering the tea leaves.

"The weather is now getting really strange," Ma said in a telephone interview with the Thomson Reuters Foundation. "We used to experience extreme cold weather once every three years. But in 2016 alone, we suffered from (both) heavy snows and cold waves. It was a double whammy."

The insurance he now buys - introduced last year - gives farmers an automatic payout for losses, without a visit from an insurance claims adjuster, when the recorded temperature drops to minus 0.5 degrees Celsius during the harvest season.

With Chinese policymakers promoting market-oriented solutions to help cope with climate change, 65 percent of the insurance premium is being covered by government subsidies, making the new service appealing to cost-conscious farmers.

Concerns over extreme weather drove Ma to buy insurance for all his tea land as soon as the service became available in 2015 - and he

has encouraged many others to do the same, he said. According to the Anji White Tea Association, the scale of insured tea plantations increased from 600 hectares in 2015 to nearly 1,900 hectares (4,700 acres) this year.

PICC Property and Casualty Co. Ltd., which designed the insurance for tea growers, has rolled out 39 insurance products aimed at helping Chinese farmers handle an increase in climate shocks. Other insurance firms also have come up with innovative policies, both in design and the way they are sold.

Shanghai-based Anxin Agricultural Insurance Co. Ltd., for one, recently teamed up with Taobao, a popular Chinese e-commerce site, to sell insurance against crop failures caused by strong winds.

Farmers can buy the insurance online and claim it based on meteorological data, which enables the company to serve farmers whose villages do not have any insurance agents.

There are also growing efforts to create insurance services for climate-related damages that are hard to measure.

Suzhou, a city west of Shanghai, is a major production hub for Chinese mitten crabs, a burrowing crab that is named for its furry claws and that is an autumn delicacy in eastern China.

But since heat waves have begun happening more frequently in

Suzhou, farmers have complained that their mitten crabs - and their wallets - have reduced in size.

Although traditional agricultural insurance covers the loss of crab production, insurance agents and crab growers often argue over the amount of compensations, said Lu Jihui, a spokesman for China Pacific Insurance Group Co. Ltd. That's because high temperature isn't the only cause of smaller crabs, making it challenging to measure the actual damages.

To eliminate the disputes, China Pacific Insurance has designed a new product that directly links the rate of compensation with temperature peaks - and avoids time-consuming, labor-intensive damage assessments.

China's new climate-related insurance services, however, often depend on heavy government subsidies. While the central government and local authorities have opened their wallets to support pilot programs, it remains unknown to which extent they can continue the financial assistance.

There is also a problem with some farmers still hesitating to buy insurance, despite the benefits, insurance companies say. However, this is expected to change as more extreme weather events hit.

One case in point is Suzhou, where extremely hot weather persisted for more than 20 days this summer.