

Time to put excessive apparel work hours to bed

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IT seems that in the Bangladesh garment industry today, the only way to make a profit or a decent livelihood is to work more and more hours. Average work hours in apparel factories currently stand at 66-70 hours per week. However, during peak production periods, times when buyers increase their purchase orders due to seasonal demands in their countries, working hours can increase to 80-90 hours weekly.

Besides the effect on the life of the worker and their families, the factory suffers too. There is clear evidence that factories with excessive hours have the lowest worker retention rates. High turnover in personnel is costly. Every month, these factories have to hire dozens of new workers just to keep up with a full workforce and meet their production demands. Think of the time and cost implications in recruitment and training alone, not to mention the cost of terminating old work contracts.

Furthermore, study after study shows that after ten hours of work a day, productivity from a worker begins to significantly decrease. Look at the daily production records of garment factories worldwide and you will immediately notice that in the first half of the day the workers' output far exceeds what they can produce in the afternoon. Once evening comes, everyone is just wasting time.

Working excessive hours is also a violation of the Bangladesh Labour Act's hours work standards, and violates the spirit of the International Labour Organisation's hours of work conventions.

However, all of us who work in and with the industry know that tackling this problem is

complicated.

To begin to address the issue and give people some well-deserved rest, requires an understanding of supply chain pressures on the factory, collaboration from top factory management, the buyers who source from these factories, and yes, the workers themselves.

The first step is to acknowledge that working more than ten hours a day is a problem, and that in Bangladesh the industry is trapped in a vicious cycle of trying to meet the demands of buyers who continue to demand shorter and shorter lead times and strict on time delivery standards.

This is further exacerbated by factory owners who feel the only way they can increase profits is by adding more and more production and by workers who have been conditioned to wages that can support their needs only if they work more hours.

Solving this problem requires collaboration between buyers who are sourcing from the factory and the factory itself. It cannot just be factory owner's responsibility alone. As long as buyers overload factories and make demands for short lead times that do not leave the factories any options the problem will persist.

Buyers need to look more closely at capacity before they put production into a facility. Many will say they do but when there are multiple buyers sourcing from a factory it is hard. You cannot see what orders other buyers have put in while factories are unwilling to say through the fear that they may lose orders.

Better methods are needed of keeping track of factory capacity. If for example, buyers know that if there is only room for 50,000 pieces but they need 100,000 then they would need to look elsewhere. Factory owners will understandably say that they will



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raise capacity to meet any order, but if that is the case, capacity needs to be built before and not after orders are placed.

Rather than looking at the total number of pieces a factory says it can produce buyers should consider how many minutes it takes to produce one piece. If a factory has a thousand workers and they work 48 hours a week then you know what the capacity will be and whether lead-times can be met without working all night.

Production efficiency should also be increased. Rather than simply piling on the hours, the skills of workers and middle management should be enhanced. Upgrading certain equipment can further boost capacity and output. Improving work processes such as line balancing, conducting loss time analysis, and improving HR

systems will make a huge difference to the bottom line.

Business owners will often say that workers are demanding the overtime as they need the income and will quit if they do not get the hours. This may well be true, but in reality what workers are doing is not demanding more hours but higher wages.

The low cost of production is a major competitive advantage for the Bangladesh industry. Yet there is considerable discussion over whether the minimum wage is a living wage. Many say that if wages rise the industry will shrink however evidence worldwide points to the fact that raising wage levels does not lead to job losses.

Workers want higher incomes but they should seek to achieve this through negotiation and collective bargaining rather than working 80-90 hours a week.

However, in order to get there, we need stronger social dialogue environments.

The labour inspectorate can of course seek to limit excessive hours. Yet aggressive enforcement is not always the answer. It may force factories to recognise that they could get into trouble but it is not the way forward. We need solutions which help the industry, not punish it.

Doing too many hours is no good. Buyers and factories must address this challenge together for it is an industry-wide issue that extends far beyond the factory walls.

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EU nears tougher rules on China dumping

AFP, Brussels

EUROPEAN Union trade ministers said Friday they must not be "naive" in the face of alleged China price dumping, as they tried to agree tougher measures to fight unfairly low prices.

China is the EU's second-largest trade partner but the two blocs have had a series of disputes over cheap Chinese exports that Europeans say are unfairly flooding their market.

"Europe cannot be naive and must protect its interests especially when it comes to dumping," said Peter Ziga, trade minister from Slovakia, which holds the EU's six-month rotating presidency.

However, differences remained at a meeting of the 28 ministers in Brussels, with free-trade purists such as Britain, Sweden and the Netherlands fearing a lurch towards protectionism and angering China.

"There is still not the necessary majority, but we are sure that we can have a decision," said French Trade Minister Matthias Fekl.

"It is indispensable," he added. The most controversial idea -- on the table since 2013 -- is to soften the "lesser duty rule" by which tariffs are imposed systematically at the lowest possible level. Changing this rule would allow the EU to impose higher tariffs than now.

Steelmakers are especially keen for the changes after being battered by a collapse in prices due to China-led oversupply and a wave of cheap imports.

China makes more than half the world's steel and is accused of massive dumping as its own market slows sharply. About 15,000 steelworkers protested in Brussels on Wednesday demanding the EU pass the tougher rules.

But some countries are worried that tougher rules will make imports too expensive for industry.

"The Swedes are really against it. Volvo needs 10,000 parts to build an auto," an EU diplomat said on condition of anonymity.

These extra defences are seen as key with China in December widely expected to receive the official World Trade Organization designation of Market Economy Status (MES). This new standing means that China's trade partners will no longer be allowed to use alternative methods to measure potential price dumping, handing much more power to Beijing in trade fights.

To counter this, the European Commission's proposal introduces several criteria to assess trade partners, such as state policies and influence, the widespread presence of state-owned companies and the independence of the financial sector.

Beijing on Thursday said the EU's tougher proposals were wrong, leaving China as a "surrogate country" in the eyes of the WTO.

"These new measures have no basis in World Trade Organization rules," said China's commerce ministry spokesman Shen Danyang, adding that the EU was illegally stripping China of its WTO rights.

Chinese spend billions on Singles' Day



REUTERS

Attendants celebrate in front of a screen displaying the total value of goods sold during Alibaba Group's 11.11 Singles' Day global shopping festival in Shenzhen, China yesterday.

AFP, Shanghai

CHINESE shoppers unleashed a record deluge of cash online for Singles Day on Friday, Alibaba said, spending almost \$18 billion with the e-commerce giant in the world's biggest online shopping promotion.

Singles' Day -- named for the repeated digit 1 in the date November 11 -- was created by Alibaba in 2009.

Now in just 24 hours it surpasses the main US online spending spree, the five days from Thanksgiving to Cyber Monday. Gross merchandise volume, Alibaba's key measure of online sales, was 120.7 billion yuan (\$17.8 billion) this year -- more than the GDP of Jamaica and well up from 91.2 billion yuan in 2015.

Consumers spent more than \$1 billion in the first five minutes of the sales, the firm said. Rival e-commerce giant JD.com, which focuses more on electronics, said its sales total -- which it did not specify -- surpassed last year's figure at 1:33 pm.

Some shoppers stayed up until midnight to purchase discounted goods the moment Singles Day got under way.

Among them was Shanghai white-collar worker Chen Yang, 29, who tried to buy things she had her eyes on earlier and spent about 1,000 yuan on purchases from shoes to shampoo.

"I'm so happy after I finished my shopping, though I still need to pay my credit card later," she said. "But I'm just so looking forward to getting my packages now."

In the US, total online sales for the five days from Thanksgiving through Cyber Monday last year stood at \$11.1 billion, according to Adobe Digital Index.

Alibaba's New York-listed stock has been buoyant this year in spite of worries over slowing growth in China, as consumer spending has expanded while the old industrial economy struggles due to overcapacity and sluggish demand.

China's economy expanded at its slowest rate in a quarter of a century last year and has eased further this year, as Beijing tries to shift growth drivers from investment and exports to domestic consumption.

Alibaba kicked off this year's event with a gala in the southern city of Shenzhen on Thursday night, inviting international and domestic stars from basketball player Kobe Bryant to pop rock band OneRepublic.

Singer Katy Perry was also originally scheduled to perform but cancelled at the last minute due to a family emergency, she said on China's Twitter-like Weibo.

Analysts said the event, which has gained more and more traction in the past few years, is key to Alibaba.

The day's turnover was only "a very small fraction of its total annual sales", independent e-commerce analyst Li Chengdong said, but was "a confidence index for the firm".

"If they do well in this, it is a boost to investors' confidence," he told AFP.

But sales growth may not match last year's 60 percent rise, he warned, in the face of economic worries and stricter regulation.

Anger rising in India as banks slow to dispense cash to millions

REUTERS, New Delhi

ANGER rose across India on Saturday as banks struggled to dispense cash after the government withdrew large denomination notes in a shock move aimed at uncovering billions of dollars of unaccounted wealth hidden from the taxman.

Hundreds of thousands of people stood outside banks for a third day for long hours trying to replace 500 and 1,000 rupee bank notes that were abolished earlier in the week.

These bills made up more than 80 percent of the currency in circulation, leaving millions of people without cash and threatening to grind large parts of the cash-driven economy to a halt.

"There is chaos everywhere," said Delhi Chief Minister Arvind Kejriwal and a bitter foe of Prime Minister Narendra Modi. He said Modi's move had upended the lives of the poor and working while the rich - whose wealth he had sought to target - had found loopholes to get around the new rules.

People argued and banged the glass doors of a branch of Standard Chartered bank in southern Delhi after the security guards blocked entry, saying there were already too many people inside the bank.

Others turned on Modi, criticising his ongoing visit to Japan while countrymen suffered at home. "He is taking bullet train rides in Japan and here you have old people knocking on bank doors for cash," said Prabhat Kumar, a college student who said he had spent six hours at the queue. "He has made a terrible mistake."

But Modi said he would pursue the war against corruption and tax defaulters even if it meant going back decades to examine records.

"If unaccounted money is found out during the current clean up drive, accounts of tax evaders dating back to the country's independence in 1947 will be checked.



REUTERS

People queue to exchange and deposit their old high denomination banknotes outside a bank in Guwahati, India yesterday.

If required I will hire people for this task," Modi said in a speech to the Indian community in Kobe.

He said he recognised people faced difficulties as the transition to the new series of bank notes takes place but he was confident they would stand by the decision as part of the war on corruption and to rid India of endemic poverty.

Nearly half of India's 202,000 ATMs were shut on Friday and those that operated quickly ran out of the new notes as scores of people descended upon them.

Traders in Delhi's vegetable market said they were considering shutting down the market as cash was running out and banks were dispensing a limited amount.

"We might have to close down until the situation stabilises," said Metharam Kriplani, the president of the Chambers of Azadpur Fruit and Vegetable Traders.

People in Mumbai said grocers were charging 10 times the price of old in return for accepting the old cash notes and in Bengaluru

some people were using their old notes to buy one-time insurance policies.

The government has asked people to redeem the old 500 and 1,000 rupees notes by Dec. 30. The central bank said there was enough cash available with banks and that it had made arrangements to deliver the new bank notes all over the country.

Modi's move was aimed at shrinking the "black economy", the term widely used to describe transactions that take place outside formal channels and which could be as high as 20 percent of gross domestic product, according to investment firm Ambit.

India has unearthed 1.25 trillion rupees (\$18.51 billion) of black money, including 670 billion rupees in the recent income disclosure scheme, since his government came to power in 2014, Modi said.

"Money that has been looted has to be recovered," he said, warning there could be more

tough measures against the hoard of illegal money.

But in Dudko, about 75 kms (45 miles) from Delhi, villagers said they were struggling to pay for food and fuel, four days into the cash crunch.

One family was marrying off their daughter later this month and were worrying about their money stuck in the bank. "Bank officials are saying they will give the money on Monday. How will we make purchases," said Sunita, the mother.

Much of India's rural economy is powered by cash transactions with few people having bank accounts or operating one even if they have an account.

Bribe and crime proceeds also go into this underground economy. While announcing the demonetisation decision earlier this week Modi had said he also wanted to strike against counterfeit 500 and 1,000 rupee notes that anti-India militants were using to finance acts of violence.