

# EU investors want single law inside, outside EPZs: envoy

REFAYET ULLAH MIRDHA

THE European Union (EU) has long been suggesting that Bangladesh introduce a single labour law for factories inside and outside the export processing zones.

The EU recently sent a letter to the government threatening temporary suspension of the trade privileges for Bangladesh, if necessary amendments to the EPZ law are not completed by the middle of this year.

EU Ambassador to Bangladesh Pierre Mayaudon sheds light on the issue while talking to The Daily Star.

He spoke at a time when the preparations for the International Labour Conference (ILC) of the International Labour Organisation are going on that will be held in Geneva in June.

The Daily Star (TDS): What kind of progress would the EU like to see in the amendments to the labour law of Bangladesh?

**Pierre Mayaudon (Mayaudon):** In the immediate aftermath of the Rana Plaza tragedy four years ago, the EU and the Bangladesh government together with the ILO signed the Sustainability Compact. The deal was soon joined by the US and Canada as well.

This was a collective and holistic response meant at avoiding such a horrendous human disaster ever again in Bangladesh.

Over the first years of implementation of the deal, safety at the workplace has drawn much attention with really satisfactory outcomes.

Other issues such as labour rights and social dialogue were discussed at each annual review meeting, the next being scheduled to take place in Dhaka on May 18. It is now gaining prominence.

At the last ILC in Geneva in June 2016, Bangladesh was subject to a 'Special Paragraph', advocating alignment of the laws of the country with the UN core labour conventions that Bangladesh has signed and ratified.

It is in that context that the garment unrest situation in

Ashulia last December called additional attention on matters relating to freedom of association and activities of trade unions.

Therefore, all partners of Bangladesh are supporting the demarche engaged locally to adjust the national legislation, be it already in existence (Bangladesh Labour Act) or in preparation (draft EPZ law), to Bangladesh's international commitments.

I must say that we feel encouraged by our latest interactions with multiple stakeholders, the government and the manufacturers, who are well aware that in a

Quality of infrastructure, guaranteed access to energy supply and clarity of procedures are the driving factors that lead investors to select – or not – the EPZ option.

On September 25, hearings organised by the standing committee on law, justice and parliamentary affairs gave an opportunity to gather opinions from all relevant stakeholders on the draft EPZ law.

Foreign investors made it clear on that occasion that they favour a solution where the same law would regulate labour relations inside and outside the EPZs. This

ing by 2021. Once adopted in parliament, the new EPZ law, provided that it is ILO-compliant, would be a real asset in that context.

**TDS: What is the outlook for Bangladesh's garments sector, including exports to the EU?**

**Mayaudon:** The Bangladeshi apparel industry is the great discovery of my stay in your country. It is a matter of pride for the EU that the generalised system of preferences under the Everything but Arms (EBA) regime has been a driver for the enhancement of this economic sector.

As you know, 65 percent of all the goods that enter the EU single market under this EBA regime are made in Bangladesh, garments essentially.

In that way, the EU has contributed to the empowerment of millions of Bangladeshi women.

This is an achievement that we have to collectively preserve and further promote. There is no shortage of success stories throughout the garment industry.

I have personally visited a number of state-of-the-art factories that hardly have their equivalent, not just in the region but in the world. They are setting the reference in terms of excellence in the garment sector.

In order to encourage this expansion, we know where the effort is needed, in line with the objectives of the Sustainability Compact.

The attention now focuses on labour rights and time is of the essence. Should the issues pointed out in the ILO's Special Paragraph be diligently addressed, the relationships not only between the Compact partners but also the manufacturers, buyers and labour representatives would be further strengthened, thus providing the industry with a solid ground to bring its development forward.

In addition, solutions would have to be found related to key issues such as energy supply, infrastructure enhancement and training of labour. But on these various fronts, we are confident that work is already in progress.



Pierre Mayaudon

globalised economy, foreign brands and consumers have growing expectations regarding the respect for labour rights.

Bangladesh is a prime actor on the apparel world scene. Therefore, what happens here gets immediate visibility in many foreign capitals.

**TDS: Do you think freedom of association in the EPZs will discourage foreign direct investment there?**

**Mayaudon:** When the EPZs were first established in Bangladesh in the 1980s, the socio-economic context was quite different from what it is today, and so were the expectations of local and foreign investors.

In 2017, the merits of the EPZ are perceived under a new perspec-

is actually what they already observe in other countries where they operate. It didn't come as a surprise.

Rather it is the alternate scenario that would be disconcerting. European investors in 2017 would not be inclined to invest in EPZs anywhere until and unless they have the assurance that the corresponding legislation is fully aligned with UN core labour conventions. For that reason, the current draft EPZ law has become quite a hot topic.

The EU supports a more conducive climate for foreign investment and salutes the objective set by the prime minister to reach a double-digit position in the annual World Bank Ease of Doing Business rank-

# Cut import duties on green tech equipment: analysts

STAR BUSINESS REPORT

ANALYSTS yesterday urged the government to cut duties on imports of green technologies and interest rate on eco-friendly products promoted under the central bank's refinancing scheme.

The cut will encourage the industries to embrace energy-efficient solutions, they said. For example, they said, equipment used in the eco cooler is more expensive than the conventional air conditioners because of high import duties, refraining big firms from using green technologies to save energy.

They spoke at a conference on "Green growth solutions" at Radisson Blu Dhaka

proposals for the upcoming budget. AH Mahmood Ali, foreign affairs minister, said awareness among stakeholders and a specific policy for green economy can promote inclusive and green growth in Bangladesh.

"Bangladesh has put greater emphasis on energy efficiency, energy conservation and utilisation of renewable energy in industries and the housing sector."

More than 4 million solar home systems have been installed across the country, serving 16 million people. In industries, the country promotes cleaner production with the principle of resource efficiency and recycling, according to the minister.

Mikael Hemniti Winther, Denmark's



AH Mahmood Ali, foreign affairs minister, speaks at a conference on "Green growth solutions" at the Radisson hotel in Dhaka yesterday. Mikael Hemniti Winther, Denmark's ambassador to Bangladesh, and Nihad Kabir, president of the Metropolitan Chamber of Commerce and Industry, were also present.

Water Garden hotel.

The Nordic Chamber of Commerce and Industry in Bangladesh in partnership with Danish Embassy, the foreign affairs ministry and the Metropolitan Chamber of Commerce and Industry (MCCI) in Dhaka hosted the event.

A number of speakers said the 9 percent interest rate levied on green products prompted by the BB scheme is very high compared to the market average rate.

"The existing interest rate on refinancing loan is high," said Siddique Zohair, a member of the Sustainable and Renewable Energy Development Authority (SREDA).

The SREDA is in talks with the central bank to bring down the rate, he said.

He also said the SREDA plans to include the demand for cutting the tax on renewable energy equipment imports in its

ambassador to Bangladesh, said there is a huge potential to employ Danish-inspired energy-efficient solutions in Bangladesh to boost the country's transition to a green economy.

Tawfiq-e-Elahi Chowdhury, energy adviser to the prime minister, said the gas shortage would go by October this year but the price will be higher.

A price slab may be put in place for different levels of consumers, he said. He urged the business community to be energy-efficient in order to remain competitive when the gas price goes up.

Nihad Kabir, president of MCCI, said green energy solutions should be part of the mainstream economy.

"A green growth should be adopted by the government to encourage energy efficiency."

# Cashless society getting closer, survey finds



Samsung's new Samsung Pay mobile wallet system is demonstrated at its Australian launch in Sydney.

REUTERS, London

More than a third of Europeans and Americans would be happy to go without cash and rely on electronic forms of payment if they could, and at least 20 percent already pretty much do so, a study showed on Wednesday.

The study, which was conducted in 13 European countries, the United States and Australia, also found that in many places where cash is most used, people are among the keenest to ditch it.

Overall, 34 percent of respondents in Europe and 38 percent in the United States said they would be willing to go cash-free, according to the survey conducted by Ipsos for the ING bank website eZonomics.

Twenty-one percent and 34 percent in Europe and the United States, respectively, said they already rarely use cash.

The trend was also clear. More than half of the European respondents said they had used less cash in the past 12 months than previously and 78 percent said they

expected to use it even less over the coming 12 months.

Payment systems such as contactless cards and mobile-phone digital wallets have become so prevalent the issue has become political in some countries.

Cash-loving Germans, for example, have been concerned that a move by the European Central Bank to phase out the 500 euro note by the end of next year is the start of a slippery slope.

Germany is one of the countries that uses cash the most. The ING survey showed only 10 percent of Germans saying they rarely use cash, compared, for example, with 33 percent and 35 percent, respectively, in neighbours Poland and France.

The survey also showed that, in general, countries where cash is much in use were most likely to want to go cashless.

Only 19 percent of Italians said they rarely used cash but 41 percent said they would be willing to go cash. There was a similar trend in Turkey, Romania, the Czech Republic, Spain and even Germany.

# Alibaba chief champions UN e-commerce drive for development

REUTERS, Geneva

Alibaba Executive Chairman Jack Ma said on Tuesday the Internet should be a utility available to the whole world, putting his weight behind a UN call for e-commerce to boost developing economies and help fight poverty.

Ma, who advises the United Nations trade and development agency UNCTAD on small business and young entrepreneurs, was the star attraction at a conference on e-commerce for development.

"The Internet should be treated as a utility and should be treated also as the infrastructure of global development," he said. "Everything will be online and everything online will have data. And data will be the energy for innovation."

UNCTAD Secretary-General Mukhisa Kituyi said he and Ma would meet in Kigali in July with 10 African presidents and young entrepreneurs, aiming to persuade the politicians of their responsibility to help their young populations realize their potential.

Ma said his first trip to Africa would focus on e-commerce payment to support inclusive and sustainable development, as well as education and environmental protection.

# Mosul businesses start reconstruction without waiting for final IS defeat



Workers stand next to bags of cement for sale, in eastern Mosul, Iraq.

REUTERS, Mosul, Iraq

SOME businessmen in Mosul have begun rebuilding their shattered premises without waiting for financial support from the cash-strapped Iraqi government or for the final defeat of Islamic State in the city.

"If we wait for support, it could take a long time," said Rafah Ghanem, who owns an automotive spare-parts business in the eastern side of the city.

An airstrike in January reduced the two-storey building that houses his shop and dozens of others to a heap of rubble and twisted steel rods. US-backed Iraqi forces took back the eastern side of Mosul in

January, after 100 days of fighting. They are now fighting Islamic State in districts lying west of the Tigris river that bisects the city.

Ghanem said he and the 25 other businesses that rent space in the building agreed to contribute funds to help the landlord clear the debris and rebuild one of the two storeys.

Reconstruction started on April 11 and Ghanem hopes to return to business in three to four months.

He says waiting is of no use since the price of building materials is expected to rise as more reconstruction projects get under way, boosting demand for steel and cement.

The city, captured by IS in 2014, has suffered extensive damage as hundreds of houses and public

buildings including the airport, the main railway station and the university have been destroyed.

Cement and steel prices have gone down steeply since the militants were defeated in eastern Mosul, as road connections have opened up with the rest of Iraq and Turkey, allowing supplies to resume.

A metric ton of cement used to sell for up to 350,000 Iraqi dinars (\$300) after the militants took over nearly three years ago. It now costs 80,000 to 90,000, said an importer, Saif Ibrahim.

For Ghanem, there is no other choice but to rebuild the city which had a pre-war population of more than 2 million. "We live in this city, we have to bring it back."