

Transshipment via India: What has changed?

New cabinet with new faces

People's interest should predominate decisions

THE prime minister has taken a bold step in infusing the cabinet, more than 60 percent, with new faces, a good number of them young and first-time MPs. This is perhaps the first cabinet of Sheikh Hasina where so many old stalwarts of the party, and of her allies, have made way for so many untried ones.

Such a move is welcome, and we say so being fully aware that while new faces will bring in new ideas to administer and govern the country better, they will be short on experience, and experience is gained only over time. But be that as it may, we hope that the new ministers would inject more verve in their work. After all, the proof of the pudding is in the eating.

Thus, while we wait to see how the new cabinet fares, there are a few suggestions that we feel are in order. It should not be lost upon the ministers, the new ones particularly, that administering a ministry is not the same as doing politics. As a minister, one would have to take hard and bold decisions, and that may not always be popular. But any decision that is based on sound rationale and for the benefit of the people, and not for a few individuals or a vested group, will be eventually welcomed by the public. Populism should be shunned for the greater good of the greater majority, and partisan consideration should never find space in their discourse or thinking.

While we welcome the new cabinet and hope that the people's mandate will be fulfilled, we would like to end by reminding the new cabinet members of the PM's words that political clout must never be exploited for personal aggrandisement, an advice observed mostly in its breach.

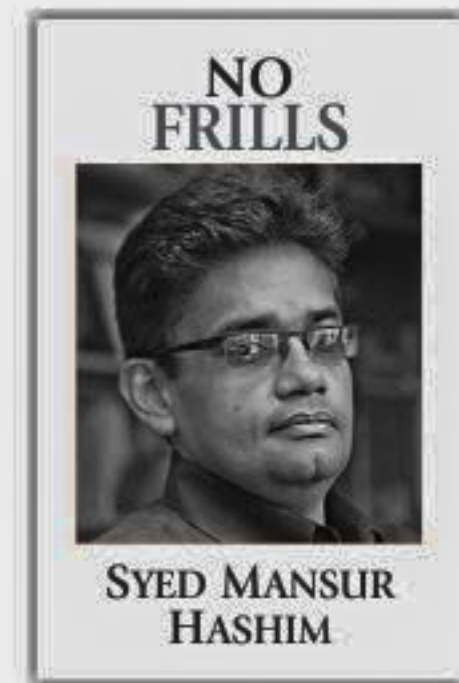
Deadly skin whitening

Ban products with high mercury content

A recent study by a coalition of NGOs from around the world, the Zero Mercury Working Group, has found that levels of mercury in skin-whitening products being sold in the country are dangerously high—ranging from 90 to 16,000 times higher than the 1ppm (parts per million) limit set by 2013 Minamata Convention on Mercury. Given the deadly nature of mercury, which has the potential to cause permanent skin damage, kidney failure, skin cancer and other fatal diseases, this signifies a gross failure of the Bangladesh Standard Testing Institute (BSTI).

The group's study found that of the 32 samples used in their tests, 50 percent contained more than 1ppm mercury. And even though Bangladesh is a signatory to the Minamata Convention, it is yet to ratify it. The BSTI claims that their hands are tied since the government allows import of specialised whitening and other medicated creams.

Three crucial factors need to be addressed here immediately, because ultimately this boils down to an issue of public health. Firstly, the government and BSTI need to come to a decision that import and sales of such products with absurdly high levels of mercury content need to be banned. The BSTI must take the initiative to convince the government that these products are not safe. Secondly, Bangladesh should initiate the process of ratifying the Minamata Convention, which would entail banning the use of mercury in products above 1ppm after 2020. Lastly, it is for the government to address through awareness campaigns our cultural perception that "fair is better"—and that dark skin is somehow worse than fair skin. Curbing the demand side for such products is crucial, because ultimately it is our cultural prejudice which fuels the sales.



NO FRILLS
AS per a report published in this paper on January 7, Bangladeshi RMG shipment to Europe will be expedited with the "introduction of transshipment facility from Kolkata's Netaji International Airport on a pilot basis." The report also mentioned that the first-ever bonded cargo from Bangladesh flew out of Kolkata airport last week; the cargo was carried to the Benapole land port where it was transferred on to Indian trucks which carried it to Kolkata airport. This is a window of opportunity that has been largely welcomed by exporters who need to ship goods by air to Europe. The agreement was worked out at the policy level in October and this mode of transport will, on the one hand, cut lead time and, on the other, reduce the cost of carrying goods.

Experts and industry insiders alike agree that the use of Indian transshipment will boost Bangladesh's international trade by enhancing competitiveness for the European market, which is the destination for the bulk of our RMG exports. Although there will be voices of dissent regarding the present arrangement, transshipment is hardly news in international trade. The security issues involved in the movement of goods across national boundaries, if handled properly, can only help our exporters who must airfreight their products to European destinations where time is a factor.

The fact that we have to rely on an airport of another country to ship our goods on time—and where shipment costs are lower than those at our own Hazrat Shahjalal International Airport (HSIA)—is unfortunate and a matter of shame. It also drives home the issue raised by Bangladeshi economists who point out that our authorities need to raise competitiveness of our airports by increasing the capacity of air cargo handling facilities. Our exporters are being forced to use the transshipment facility because the Civil Aviation Authority of Bangladesh (CAAB), which



manages HSIA, the country's only international standard airport, has not been able to get its act together on the air cargo handling issue. It is as simple as that.

The security situation at HSIA has improved over the years. The International Civil Aviation Organization (ICAO) carried out the security audit of HSIA from November 25 to December 4, 2018 (after a gap of nine years) and will submit its findings within two months. The CAAB chairman has stated to the press that the ICAO team had found no major security loophole and that measures undertaken by Bangladesh are satisfactory. For the sake of argument, let us take that statement at face value.

While security issues have been proactively addressed, the same cannot be said about the sorry state of air cargo handling at HSIA. Indeed, one freight forwarding company official has recently pointed out that if it costs Tk 5 per kilo to carry goods by air freight from Bangladesh to Europe, it will cost Tk 3.5 per kilo (a saving of nearly 43 percent) to use the Dhaka-Kolkata-Europe route (as reported in *The Daily Star* report on January 7). This gives us some idea of

how expensive it is to ship from our country as opposed to shipping from a neighbouring country where goods have to travel from Bangladesh (by road) to the border, physically be transferred to trucks on the other side of the border before reaching a foreign airport, and then being air freighted to the ultimate European destination.

While the above illustrates the reality in cost savings, when it comes to time-bound shipments, our international airport in Dhaka remains in the black. Unfortunately, HSIA has a long history of mismanagement whereby goods are left unattended at the cargo village. Forget about the issue of pilferage, air shipments are made by exporters to reduce the lead-time and by the time our goods actually get shipped out, it is often too late. What is the point of air shipment then? If deadlines cannot be met, why on earth would any company ship out any exportable item from HSIA?

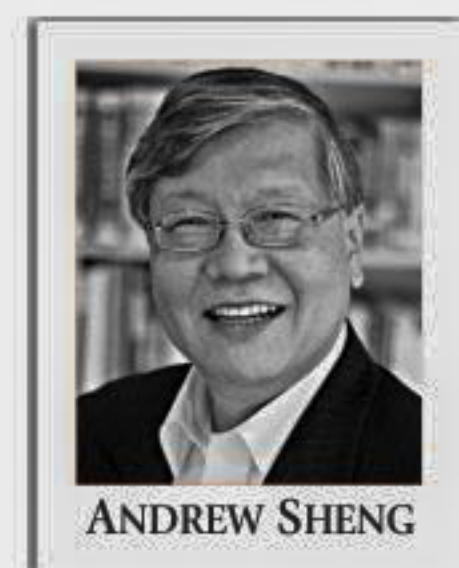
At the end of 2015, press reports started to emerge with regard to the problems of financing a third terminal at HSIA. While international lenders and even aid agencies had initially been keen to invest in the project, that interest seems to have withered. The airport

expansion project isn't new. According to a report in *airport-technology.com*, the construction was supposed to begin in April 2018 and it was envisaged that along with all the facilities that came under the expansion master plan, a 41,200m² (square metre) cargo building would be constructed which would increase cargo capacity from 200,000 to 500,000 tonnes. In mid-2017, we were told that CAAB had signed a deal with four joint-venture companies to finally construct the terminal.

The issue here is of the time expended to come to a decision, award a contract and then start construction which was in the making for years. Business will not wait around for our ports of exit, in this case HSIA, to be brought up to the capacity to handle the ever-increasing exports. The revenue being lost today because we can't deliver on infrastructure is our fault—and no one else's. Now that the new cabinet has been sworn in with a lot of new faces, perhaps we can change our mindset about getting the wheels of the bureaucracy moving at a pace that the times dictate.

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2018: The year of competing dangerously



politics. As competition guru, Professor Michael Porter wrote last year, "competition in the politics industry is failing America" (Harvard Business School, 2017).

Polarisation stems from the two-party arrangement trying to outdo each other by distorting the rules of the game in their favour, through gerrymandering, political funding and putting partisan interests above public interests. The capture of party politics by vested interests has corrupted democratic governance across the world, with growing discontent from rising social inequality. When the politicians refused to deal with the global financial crisis of 2008 by letting off bad

THE year 2018 was not one of living dangerously, as most of us mere mortals want more than ever to live a quiet life. The year has also not been easy for any leader, as Theresa May knows all too well. Since the great recession of 2008, competition has been a race to the bottom in almost every sphere, but more so in

among the general population fell 9 points to 43, whereas trust among the informed public plunged 23 points to 45 percent.

This capture of the state by the market was simultaneously accompanied by corruption of the market by politics in supporting even greater concentration in markets. Funding democratic politics is expensive, with the last US presidential elections costing USD 16 billion. And since government spending comprises 38 percent of GDP, it was not surprising that businesses seek to influence policies through lobbying and political funding.

Consequently, competition in business also became corrupted by competition in politics, with growing concentration in market power. This trend can be seen in many countries.

An illustration of why even professional institutions are now failing the public interest through lack of competition is in the audit profession. The audit of corporate information is a public good because fair, reliable and timely information is the lifeblood of markets. Many of the recent corporate failures, which can only increase as the world enters into a recession

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recommended the replacement by a fully statutory body, with full powers to do the job properly.

The CMA has finally tackled the unsustainable position of only four audit firms accounting for the audit work of 97 percent of the FTSE 350 companies, compared with eight firms in 1987. These audit giants were widely criticised for many corporate failures in the wake of the 2007 global financial crisis, but their regulators were always concerned that if any one of them were sanctioned to the degree of failure, the concentration would be made worse. In its 2018 Audit Quality Review, the FRC found that there was a decline in quality for audit work by all of the Big Four, and an "unacceptable deterioration" at one of them. Indeed, the Big Four earned 79 percent of their revenue from non-audit services, which means that there is an underlying tension between profits from providing high-quality audit services versus profits from non-audit services.

The proposed reform involves splitting the audit and non-audit business at the big audit firms, and an innovative "joint audit regime" for FTSE 350 companies. This means that one of the joint auditors will be from the smaller audit firms outside the Big Four. These reforms suggest that the public agenda is finally shifting towards competition failure as one of the major causes of our present dilemma.

If you think about it, in almost every field, competition is now among a handful of giants, be it 5G telecoms, finance, health care, technology, news media, geo-politics or even national parties. The outcome of such "managed competition" is often at the expense of the less privileged. Some may call this behaviour predatory for the uninformed consumer.

Even in climate change policies, there is greater awareness that failure to tackle climate warming is hurting the poor and rural areas more than anyone else. The old rules of competition are clearly broken, but there is no clear way of how we can change these rules and who can enforce them fairly.

The market is not working for all, but is the state the right institution to fix these problems, especially if it can be biased by the few? That is why the New Year brings new dangers, and for the optimistic, new hope for change.

Andrew Sheng writes on global issues from an Asian perspective. Copyright: Asia News Network

LETTERS TO THE EDITOR

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We need a pluralistic society

It is said that violence is part and parcel of the sub-continental politics. Numerous historical events over hundreds of years in this region were marked by some sort of violence. Even the most significant events in the history of our nation—the language movement, mass uprising and the Liberation War—were tainted by violence for which those involved in the movements had to suffer. They suffered, often willingly, and sacrificed their lives so their descendants could have a better life.

But we have to remember that the way forward for a nation is not violence but unity and reconciliation. Bangladesh is an emerging country in terms of economy, social security and different other dimensions. For these reasons, we need a stable, tolerant and pluralistic society where everyone and their opinion will be respected. This is especially relevant now that the 11th parliamentary election is over and we have a new government waiting to take charge. It is expected that the members of both the ruling and opposition parties/camps will show respect and tolerance to each other, instead of resorting to vengeance or violence, and help build a pluralistic society. Akmal Hossain, University of Dhaka



When politicians refused to deal with the global financial crisis of 2008 by letting off bad bankers and solving it instead by printing more money, the result was rising asset prices and greater social polarisation.

PHOTO: AFP

bankers and solving it instead by printing more money, the result was rising asset prices and even greater social polarisation.

Once technology and migration threatened jobs, the populist vote for change moved further to both the right and left. The biggest casualties from the crises were not financial, but political, with loss in public trust in the system as a whole.

When "fake news" is being thrown around, no one knows who to believe anymore. The Edelman Trust Barometer, which is an online survey in 28 markets with 33,000 respondents, suggested that in 2017, trust was in crisis and in 2018, there was a battle for truth. Interestingly enough, amongst the general population, trust in institutions (non-governmental organisations, business, government and media) was highest in China, Indonesia and India. In the US, trust in institutions

period, were due to disclosure of false and misleading information. If we cannot even trust basic accounting information, how can investors trust markets?

Amidst all the noise of Brexit, the British Competition and Markets Authority (CMA) has published a consultation paper on how to reform the British audit profession. Earlier in the year, the British government commissioned the Kingman report on the Financial Reporting Council's role in setting the governance standards for UK companies, including the quality of audit work on the corporate financial accounts. The Kingman report essentially suggested that the old Financial Reporting Council (FRC) does not have the powers and resources to do its job properly, since it is funded by the audit profession, and not "where necessary feared by those whom it regulates." Since the Council still smacks of the old self-regulatory structure, the Report