

# Bangladesh needs to diversify products: H&M

Swedish retail giant H&M is the largest apparel buyer in Bangladesh. Every year, it buys more than \$3 billion worth of garment items from the country. Recently, the company appointed a Bangladesh-born country manager for the first time. Last week Refayet Ullah Mirdha, a senior reporter of The Daily Star, sat with Ziaur Rahman, head of H&M for Bangladesh, Pakistan and Ethiopia, for an interview. Here are the excerpts:

**What is your feeling for being the first Bangladeshi country manager for a brand like H&M?**

**Ziaur Rahman:** As an employer, H&M is 100 percent fair and provides equal opportunities to all of its employees so that they can devote their merits and abilities for the growth of the company and also for personal career growth. Each and every one is treated with dignity irrespective of nationality, culture, ethnicity, gender, sexual orientation, or religious belief.

I see this is as another responsibility as well as opportunity. Of course, working in Bangladesh is a matter of pride because it's a very important and strategic market for our company.

**Do you think Bangladesh's garment sector is heading in the right direction in terms of safety, labour rights and productivity?**

**Ziaur Rahman:** Bangladesh has gone through a great journey. I can say, now we have world-class factories where safety and working conditions are not a matter of concern anymore.

Productivity is an area where we have lots of scope to improve. Our average productivity (including all operation) is below 35 percent in many cases. Of course, we have some exceptions as well. If we look at other manufacturing countries, we are really behind many of them.

Sri Lanka's average efficiency is more than 70 percent, for example. We should invest in industrial engineering. We are also lagging behind in the area of product development and diversification. We really need to invest a lot in these areas. We also have a huge scarcity of design knowledge.

In case of labour rights, at H&M factories,



Ziaur Rahman

we have 100 percent-elected participation committees where we have more than 40 percent women leadership. Also we have 19 factories where we have CBA (collective bargaining agent). We believe that freedom of association or freedom of voice is a fundamental right of any human being and the laws in Bangladesh also guarantee the rights.

I think it's a continuous journey. The industry will keep growing. We should be prepared for this. Only trust, mutual understanding and respect for each other can create a better work place. Altogether, we are absolutely in the right direction. We just need

to sharpen our edges for three areas: product development, diversification, and efficiency. Recently, you have said the global garment business will grow by 65 percent by 2030 and Bangladesh's apparel business will also grow. How much can Bangladesh's garment sector be benefited from this growth?

**Ziaur Rahman:** The world's consumption will go up significantly in the coming years. It's up to us what and how we play our role! Traditionally, Bangladesh is a seller's market and we are going through a transformation to become a buyer's market.

We have more capacity than we can sell. We have competition at national and

international levels. To be competitive, product development, diversification, and efficiency improvement are the main three areas that we need to improve.

**Recently, garment shipments from Myanmar and Ethiopia have grown but Bangladesh's export is declining. What is going on here and what may come for Bangladesh?**

**Ziaur Rahman:** I have already told you that we are facing international competition where product development, diversification, and efficiency are keys. Other market dynamics are different.

Myanmar, Vietnam or Cambodia have mainly foreign investments which acquired product development skills or knowledge from matured country like China. They offer product development services much faster than us.

Soon, we will be graduating from a least developed country to a developing country. Bangladesh as a country is doing great. Its per capita income is growing, so the living standard is improving as well. This is very positive.

For textile, which is a highly labour-intensive industry, this development has an opposite effect. When our minimum wages are increasing, we cannot produce basic garments at a very low efficiency.

**Do you think that a lot of work orders are coming to Bangladesh's garment factories owing to the trade war between the US and China? Especially from the US and China.**

**Ziaur Rahman:** Bangladesh has huge opportunities. We need to define our role! Pro-activeness is very important. Many Chinese suppliers have offshore production facilities, while product development is done in matured markets that gives them a unique combination of development and production. We are lagging behind in product development as well as efficiency. That is why we could not make the most of the opportunity.

I think the US-China trade war will certainly bring some positive trade developments for Bangladesh, but it depends on what preparation we take to utilise this

opportunity.

**What is your plan about sourcing from Bangladesh in the next five years?**

**Ziaur Rahman:** At H&M, our strategy is not like travelling circus! Our plan is very solid and we are very committed. We have been here for the last 27 years and we have more than 630 people on the ground.

We are an active participant of the ACT (Action Collaboration Transformation) where we are further committed. We were part of this industry and we will be in the future. We find it very reasonable and responsible to source from here.

**Do you think that enough diversification took place in the garment sector in Bangladesh over the years?**

**Ziaur Rahman:** Product diversification is one where we are very poor. Our dependency on basic or bulk production is huge. The size of the orders is getting smaller because the life cycle of a product is very short. The large capacity of our factories often doesn't match to handle such dynamics.

**After the Accord and the Alliance, the RMG Sustainability Council (RSC), a tripartite compliance and safety monitoring body of the apparel sector, is coming. Do you think the RSC would be able to maintain the safety issues in the garment sector in Bangladesh?**

**Ziaur Rahman:** We have found it to be a great local initiative. The H&M fully supports it and believes in the RSC leadership and the importance of a national monitoring mechanism.

**What is your message to the younger generation in the country?**

**Ziaur Rahman:** The message I want to give to our youngsters is: It's your world and you can shape it the way you want. Step forward, use your talent, and be confident.

Bangladesh has changed a lot in the last few decades. We have so many opportunities around to start a business, or work in national or multinational companies. You can be an entrepreneur and you can be a very important resource for a company. Think big, always!

## EU bank to stop funding fossil fuels in 'landmark decision'

AFP, Brussels

THE European Union's investment arm said Thursday it will stop funding fossil fuel projects from 2022 as part of a new strategy aimed at fighting climate change, in a decision environmental campaigners hailed as a "significant victory".

The European Investment Bank, the world's largest multilateral lender, had been criticised by climate groups for funding gas projects that potentially threatened the EU's commitment to the Paris climate goals.

But despite gas proving a potential sticking point, the EIB's board of directors -- composed of state representatives and the European Commission -- approved the new energy policy on Thursday.

"We will stop financing fossil fuels, and we will launch the most ambitious climate investment strategy of any public financial institution

anywhere," EIB President Werner Hoyer said in a statement.

The EIB said the new energy plan would also "unlock" one trillion euros (\$1.1 trillion) of climate action and environmentally sustainable investment over the next decade.

The decision comes after European Commission president-elect Ursula von der Leyen called for the EIB to turn into a "Climate Bank".

French Economy Minister Bruno Le Maire said it was "a landmark decision" that confirmed the EU had "financial means to match its climate ambitions".

Many environmental activists welcomed the bank's move.

"Today's decision is a significant victory for the climate movement," Colin Roche, fossil-free campaigner at Friends of the Earth Europe.

"Finally, the world's largest public bank has bowed to public pressure and recognised that funding for all fossil fuels must end -- and now all other banks, public and private must

follow their lead." Markus Trilling of the Climate Action Network said it was "a clear call for all EU funds to follow suit and rule out all activities that worsen climate change from funding possibilities".

The EIB has been criticised for dragging its feet on gas investments, after providing 2.5 billion euros for fossil fuel projects last year, the bulk of which went towards gas pipelines.

Andrew McDowell, EIB vice president in charge of energy, said that the decision came after the lender's "largest ever public consultation".

"This is aligning our energy-lending strategy with the EU policy ambitions, the EU climate and energy targets by 2030 as well as the requirement of the Paris accord," he said in a conference call.

The 2015 Paris climate deal saw the EU join world nations in committing to limit global temperature rises to "well below" two degrees Celsius and to a 1.5C cap if possible.

## Untimely rains hit India's summer crops

*Delay rural economy recovery*



REUTERS/FILE

**A farmer harvests damaged soybean crops at Kalamb village in Pune.**

KALAMB, India

HEAVY rains in October and November have brought more misery to India's farmers, after summer-sown crops such as soybean, cotton, rice and vegetables suffered rain and flood damage during the wettest June-September monsoon season in 25 years.

"We couldn't harvest soybeans last month due to continuous rainfall," said Shantabai Chikhale, 65, while harvesting with her son on a one acre plot in Maharashtra, India's second largest soybean production state.

Chikhale had been expecting a bumper crop, but now estimates that two-thirds of the soybean pods on her farm in Kalamb village were knocked off by the rains, while much of the remaining crop has been damaged.

The recent wet spell is also forcing farmers, like Chikhale, to delay sowing winter crops, placing a further drag on the rural economy at a time when India's economic growth has slumped to a six-year low.

After the ample monsoon rains, The Solvent Extractors' Association (SEA) had expected India soybean harvest to be more than 10 million tonnes, just a little down on 2018's 10.3 million tonnes.

But heavy recent rains damaged the crop in Maharashtra and Madhya Pradesh, which account for more than 85 percent of India's output, and forced the trade body to cut that estimate to below 9 million tonnes, said B.V. Mehta, executive director of the SEA.

As a result local soybean prices have risen to their highest in 3-1/2 years, making exports of soymeal uncompetitive, traders said.

Lower soybean production could force India, the world's biggest importer of edible oils, to import more in 2019/20 marketing year that started on Oct.1, said a Mumbai-based dealer with a global trading firm.

The deluge also hit cotton in the world's biggest producer.

Cotton bolls were damaged by late rains in Maharashtra and Gujarat,

which account for over half of the country's output, said Arun Sekhsaria, managing director of exporter D.D. Cotton.0

Until a few weeks ago, industry officials such as Pradeep Jain, president of Khandesh Ginning and Pressing Factory Owners and Traders Association, were expecting a 20 percent jump in cotton production in 2019 from a year ago.

But now Jain says the production could rise by 10 to 12 percent.

Cyclone Bulbul also soaked the eastern states of Odisha and West Bengal last week, damaging rice crops in these key producing states, said Nitin Gupta, vice president for Olam India's rice business.

"Supplies from the new season crop for exports have been delayed by around two weeks," Gupta said.

Sugar mills in Maharashtra, the No. 2 sugar state, were forced to delay the start of the new crushing season by a few weeks due to wet fields, said Prakash Naiknavare, head of the National Federation of Cooperative Sugar Factories Ltd.

## US to extend licence for its companies to continue business with Huawei

REUTERS, Washington

THE Trump administration is set to issue a two-week extension of a license allowing US companies to continue doing business with China's Huawei Technologies Co Ltd, two sources familiar with the deliberations said.

The extension of around two weeks is far shorter than the prior 90-day extension and a longer extension is in the works but has not yet been finalized due to regulatory hurdles, said one source who was briefed on the matter.

After adding Huawei to an economic blacklist in May citing national security concerns, the US Commerce Department has allowed it to purchase some American-made goods in a move aimed at minimizing disruption for its customers, many of which operate networks in rural America.

The extension will be announced on Monday, when the earlier reprieve is set to expire, the sources said, declining to be identified as the extension has not been publicly

announced.

A spokesman for Huawei, the world's biggest maker of telecom network equipment, said the company does not comment on rumors and speculation. The Commerce Department declined to

comment.

Commerce Secretary Wilbur Ross told Fox Business Network on Friday that some rural carriers need the temporary licenses and are dependent on Huawei for 3G and 4G networks.



AFF/FILE

**People visit the stand of Chinese telecom giant Huawei during the Web Summit in Lisbon.**