The Daily Star
FOUNDER EDITOR: **LATE S. M. ALI**

What is the point of attacking BNP rallies?

The ruling regime must ensure opposition's constitutional rights

As the next parliamentary election approaches, it is becoming increasingly clearer that the promises of a "level playing field" for the opposition are nothing beyond mere rhetoric. Yet again, BNP rallies in at least four districts have allegedly been foiled by members of the ruling party and law enforcement agencies. According to our report, at least 40 people were injured in Khulna, and at least 30 people in Patuakhali town, with the police using firearms and tear gas shells during clashes between AL and BNP activists during the first two days of the latter's countrywide demonstrations. BNP members also alleged that members of the ruling party, aided by police, attacked them in Rajbari, Netrakona and Mymensingh.

In an inevitable unfolding of the narrative, law enforcers have claimed that it was the BNP activists who started attacking members of the ruling party and the law enforcement. They have already filed cases against 48 BNP activists and hundreds of unnamed people in Khulna, and are planning to do the same in other districts. We may have had doubts about the veracity of the BNP's claims, had similar incidents of provocation and violence not taken place across the country over the past year whenever the party declared agitations. At this point, it seems almost futile to ask what logic there might be in BNP attacking law enforcers and risking mass arrests at such a crucial time of their movement. It is even more pointless to have to point out the uncanny coincidence of AL holding counter-programmes at the same place and time as the BNP, resulting in inescapable clashes.

Surely, the ruling regime understands that the more it attacks the BNP, the less reassuring its promises of ensuring a free, fair and participatory election appears to those concerned. If it cannot even provide space for an opposition to carry out its constitutional right of freedom of expression and assembly, how can we be confident that it can take a backseat and allow the Election Commission to do its job during the elections? The only way it can convince anyone of its commitment to a fair election is by engaging in fair play. Unfortunately, the AL and its prominent leaders seem more bent on playing their usual game of confrontation and intimidation, and in the process, proving the BNP's claims that a fair election is simply not possible under the present government.

For all concerned, particularly the people of this country, we urge the AL to respect the constitutional rights of the opposition. They need to have faith in their own programmes and pledges to the people, instead of needlessly engaging in confrontational politics.

Too out of track

The chronic inefficiencies of Bangladesh Railway must be addressed

For the Bangladesh Railway, old habits die *too* hard. The state-run organisation has once again dwindled on its lofty promises and failed to procure 70 locomotives for a single project they embarked upon in 2011. The long-delayed project, along with another project to overhaul 21 MG locomotives, will now be cancelled. According to the latest report by this daily, authorities have already spent Tk 5.15 crore on this project, wasting valuable taxpayers' money.

The BR has time and time again shown its incompetency to execute ambitious projects undertaken in the name of "development." We are, frankly, tired of reading reports after reports on railway projects gone awry. Corruption and irregularities, flawed project design, poor feasibility studies, issues over land acquisition and so on have been reported as some of the underlying reasons. Yet, no steps have been taken to address them.

A report in just December last year revealed that 35 ongoing projects are running behind schedule. The delays and revisions escalated costs to an amount higher than the cost of constructing the Padma Bridge. The transport agency poses a significant burden on the government and the nation's citizens. It is unacceptable that the organisation is being allowed to run in the same old lacklustre fashion.

The BR has now reportedly prepared a new plan to buy 30 locomotives at a cost of Tk 2,247 crore, which is Tk 301 crore more than the failed 70 locomotive procurement project. Before jumping on costlier new investments to replace collapsed plans, the railway authorities must critically solve the systemic failures that caused the collapse in the first place. With the overwhelming precedence of underperformance, how can we trust that the new plan will not reach the same fate as the previous ones?

Curtailing financial losses from the BR's inefficiency should be prioritised during the economic turmoil. Bangladesh aspires to become a powerful economy and to graduate to an economically-developed nation by 2041. But with chronic unpreparedness of state-run agencies and copious amounts of money wasted on development projects, it is hard to imagine how that dream will be fulfilled. We strongly urge the authorities to address the chronic inefficiencies of the Bangladesh Railway and overhaul it.

LETTERS TO THE EDITOR

letters@thedailystar.net

Solve the nurse crisis

According to the World Health Organization (WHO) standards, a country should have 23 nurses for every 10,000 people. But there are only three nurses against every 10,000 people in Bangladesh. Due to this situation, a nurse has to take six times more pressure than the norm. Overworked nurses quickly get exhausted and their enthusiasm for work also decreases. The issues faced by nurses, as caregivers, also adversely affects the quality of medical care. The persistent crisis must be addressed urgently.

Ashikujjaman Syed
Center for Research Innovation and Development (CRID)

The untapped potential of Bangladesh-Japan trade

MACRO MIRROR

Dr Fahmida Khatun
is executive director at the Centre for Policy Dialogue (CPD). Views expressed in this article are the author's own.

FAHMIDA KHATUN

Over the last five decades, the relationship between Bangladesh and Japan has flourished and evolved into a mutually beneficial and symbiotic partnership, bringing about positive outcomes for both countries. The bilateral relationship has undergone significant growth – trade and investment have emerged as crucial factors contributing to this progress. Japan has established itself as one of Bangladesh's primary trading partners, alongside the US and the European Union (EU). Over the years, Bangladesh's exports of apparels and ready-made garment (RMG) products to Japan have experienced a steady rise, currently constituting approximately 83 percent of the country's total exports to Japan. Furthermore, the export of footwear and leather products to Japan holds notable significance, although it only accounts for 2.4 percent of the total exports to the East Asian country. Notably, the export of leather products has exhibited consistent growth, reaching its highest share of 4.1 percent in FY2020-21. Bangladesh's export of fisheries to Japan has been gradually increasing, too, albeit at a slow pace.

Prime Minister Sheikh Hasina meets with her Japanese counterpart Kishida Fumio during her visit to Japan in April 2023.

FILE PHOTO: **PID**

Bangladesh has also experienced a notable increase in its imports from Japan. Japan serves as a significant source for various raw materials, including steel and iron. In 2020, the highest imports from Japan to Bangladesh consisted primarily of iron and steel, followed by Japanese vehicles, vehicle parts and accessories, and man-made staple fibres.

Despite all this, there remains untapped trade potential on both sides. The actual export value of certain items falls below their potential export value, indicating an opportunity for Bangladesh to expand the supply of these items to the Japanese markets. Notably, there are significantly unexplored export avenues such as knitwear, textile, shrimps, and frozen goods. Likewise, Japan can also expand its range of export products for Bangladesh, including diesel-powered trucks, compression-ignition internal engines, waste and scrap iron and steel, and other machinery items.

The bilateral trade between the two countries increased because of the Comprehensive Economic Partnership launched in 2014. Japan has granted Bangladesh the General System of Preference (GSP) facility, which allows lower tariffs compared to the general rates. Additionally, as a least developed country (LDC) at the moment, Bangladesh benefits from special preferential tariffs, allowing duty-free and quota-free (DFQF) market access to Japan for 97.9 percent of its exported products, excluding fishery products, rice, sugar, and articles of leather. The implementation of a free trade agreement (FTA) between Bangladesh and Japan would create investment opportunities and enhance market access for both nations. Without a bilateral trade agreement, when Bangladesh graduates to the developing country category in a few years, it will lose the preferential tariffs for its export goods. According to estimates based on data from the International Trade Centre, manufactured goods, particularly textiles and RMG items, would be imposed with higher tariffs, ranging from approximately 7.4 percent to 12.8 percent, after Bangladesh's LDC graduation.

Trade in services also presents significant opportunities for these two countries. A notable opportunity lies in Japan's growing demand for caregivers, driven by its ageing population and increased life expectancy. Bangladesh has a sizable young workforce; capitalising on this demographic advantage, young people from Bangladesh can find employment in Japan's healthcare sector. To facilitate this mutually beneficial arrangement, collaborative partnerships between both the governments and private sectors can establish training programmes to this end. By seizing the opportunity to send caregivers to Japan, Bangladesh stands to gain through remittance and the enhancement of interconnected relationship between the two nations. Simultaneously, Japan would greatly benefit as its expanding elderly population receives the invaluable support and compassionate care provided by these caregivers.

The Japanese foreign direct investment (FDI) in Bangladesh commenced in the mid-1970s and gained momentum during the early 1990s with the implementation of liberalisation policies in Bangladesh. Though the Japanese FDI in Bangladesh has experienced fluctuations, it increased in 2022, when Bangladesh received the highest influx of FDI from Japan, totalling a little over $120 million. Currently, approximately 300 Japanese companies are operating within Bangladesh. Recognising the significance of Japanese investment, the government has designated places in Araihazar, Narayanganj to establish the Japanese Economic Zone (JEZ). Spanning 1,000 acres initially, the JEZ holds the potential for future expansion. The completion of the JEZ is expected in 2034, with operations commencing in the same year.

Companies operating within the economic zones of Bangladesh, including the JEZ, will enjoy various benefits such as tax exemptions, 50 percent income tax immunity on export earnings, duty-free exports, cash incentives, facilities for bonded warehouses, and duty drawbacks. Additionally, the JEZ in Narayanganj will offer basic healthcare facilities for companies located within its premises. Projections indicate that by 2034, the JEZ will reach the maximum occupancy of industrial space, accommodating over 120 industrial units. These industrial units are expected to create more than 60,000 job opportunities. This development is likely to attract more Japanese investments, ultimately bolstering the bilateral trade.

In order to have a fruitful collaboration, Bangladesh must focus on diversifying its economy, enhancing the skills of its workforce, and improving production efficiency. To ensure greater efficiency and competitiveness, we should expedite the adoption and adaptation of technology. In facilitating a seamless transition towards a developing country, Japan has the potential to collaborate with Bangladesh by increasing investments in technology, physical and soft infrastructure, and fostering improved trade and financial integration. Japan is expected to remain a crucial and strategic partner for Bangladesh throughout its upcoming developmental journey, particularly during the Fourth Industrial Revolution and beyond LDC graduation.

As the largest bilateral development partner of Bangladesh, Japan has been a dedicated collaborator, working closely with the nation in numerous initiatives. Their joint efforts have been focused on infrastructure development, fostering industrialisation, improving access to healthcare and education, and addressing vulnerabilities. The long-standing friendship between Bangladesh and Japan provides a strong foundation for propelling their partnership forward into the next phase. By leveraging the substantial demographic, investment, trade, and technological complementarities between the two countries, this partnership can create a mutually advantageous alliance for their shared journey of progress.

Environmental compliance may weed out smaller garment factories

RMG NOTES

Mostafiz Uddin
is the managing director of Denim Expert Limited. He is also the founder and CEO of Bangladesh Denim Expo and Bangladesh Apparel Exchange (BAE).

MOSTAFIZ UDDIN

The pressure on supply chains to reduce CO_2 emissions intensifies as dates for meeting global climate targets inch closer. There are concerns that CO_2 levels are heading in the wrong direction at precisely the wrong time.

Many measures can be introduced to reduce the environmental burden of garment production. The one thing they all have in common, though, is the cost. In some cases, there are exorbitant costs involved. There are several reasons for this. The first is the technology involved. The second is that it is often easier – and more beneficial – to build a completely new factory to the highest possible environmental specifications than to "retrofit" an existing production unit.

It is my firm belief that as global fashion supply chains are "greened" we will see more and more newbuild factories, with access to renewable energy, the latest and most efficient effluent treatment technology, and all other kinds of benefits.

And yet, the cost of a newbuild garment factory is significant. These costs can vary around the world depending on various factors, such as location, size, construction quality, labour, machinery and equipment, and any additional features or requirements specific to the factory. To provide a rough estimate, this cost can range from a few hundred thousand dollars for a small-scale facility to several million dollars for a larger state-of-the-art factory. The latter is what we are looking at and what many of the world's leading garment factories (in terms of reduced environmental footprint) will spend to build.

The relevance of all this is that it does raise a vital question: will the shift towards sustainable fashion supply chains lead to a corresponding consolidation of the industry? Will we see an industry which has fewer and larger players? In Bangladesh, we once had more than 5,000 garment factories. That number has diminished in recent years and I am doubtful as to whether we will ever reach 5,000 again. We have seen smaller operators go bust or find themselves unable to keep up with the pace of change. Sub-contracting has also reduced as buyers have demanded that less production is outsourced to poorly regulated operators. The pandemic also led to some factories falling by the wayside.

But I also think we could be starting to see a trend whereby garment production becomes more and more consolidated into fewer, larger factories that have the financial clout to meet the highest environmental standards. When one considers this issue logically, it is the only rational way forward.

It is worth pointing out that, in recent years, we have already seen some of the world's largest textile chemical companies merge. Joint ventures and acquisitions have become common in that segment as the cost of regulation makes economies of scale vital.

I expect garment production itself to follow suit. I believe we could see the rise of the super-factory, not just in Bangladesh, but also in other textile production hubs such as India, Pakistan and Vietnam.

Is this necessarily a bad thing? Is it wrong that only the largest players will be in a position to successfully compete while also meeting environmental and compliance issues? I think in the shift towards larger conglomerates, we may lose something along the way in regards to the rich and varied nature of our proud garment industry.

At the same time, size and scale might also bring benefits. Larger players are better structured at an operational level. They might have whole teams in place, whereas smaller factories may have just one person. They are more sophisticated in terms of human resource management, marketing, public relations and legal issues. In short, they have much more in common with the multinational buyers they are working with.

This, in turn, could ensure they are treated more fairly as equal partners than in the past when the buyer-supplier relationship felt unequal and adversarial at times. Another factor is that the more factories you have, the more likely there will be one factory prepared to undercut the rest on pricing issues. As the saying goes, you are only as good as your weakest link. At times, our weakest link(s) has often been our undoing as an industry. The vast, sprawling and often fragmented nature of our garment industry has probably worked against us when it comes to pricing and negotiating with buyers.

By way of contrast, a smaller batch of genuinely world-class operators is arguably a much better fit for our country moving forward. Such an industry will better suited to evolve, innovate and introduce the kind of continuous improvement and best practice programmes that our global client base is increasingly demanding as a prerequisite for doing business.

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64-65 Kazi Nazrul Islam Avenue, Dhaka-1215
Phone: 09610222222
Newsroom: Fax- 58156306
reporting@thedailystar.net
Advertisement: 01711623910
advertisement@thedailystar.net
GPO Box: 3257
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