Bangladesh jute workers oppose government's privatisation drive

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About 50,000 workers in nine state-owned Bangladesh Jute Mill Corporation (BJMC) factories in the Khulna-Jessore industrial belt staged protests on July 7 and 8 against the government's plans to privatise the corporation. Workers have threatened to resume the campaign after the end of the Eid-ul-Fitr Muslim religious festival, on July 27.

On July 7, workers laid siege to the administrative offices of the nine factories. On July 8, they blocked the railway and highways from Khulna to Jessore for hours, holding demonstrations and rallies. Their protests followed a July 6 strike by private sector jute mill workers, demanding payment of wage arrears and the reopening of closed factories.

In an attempt to deflect workers' anger, Textiles and Jute Minister Mirza Azam declared a "suspension" of the plan to convert the BJMC into a holding company and sell 49 percent on the share market. Azam claimed that it was a finance ministry plan that his ministry did not accept. This so-called suspension is a manoeuvre to buy time and obtain the help of the trade unions to defuse workers' opposition.

Having called the July 8-9 protests to let off steam, the Jute Mill Workers Employees Samannyo Parishad (JMWESP) trade union used Eid-ul-Fitr to postpone the campaign. In the past, the JMWESP and other unions have shut down workers' struggles, saying the government's attacks can be answered through negotiations. For instance, the union postponed a strike scheduled for March 6 after a discussion with the minister.

The Bangladesh jute industry, which makes materials for bags and sacks, is in crisis because of a sharp decline in export markets. The International Monetary Fund (IMF) and World Bank are insisting on privatisation and restructuring, which means retrenching workers.

The privatisation of state-owned enterprises, such as the BJMC, is part of a broader economic restructuring and austerity program, prepared under the direction of the IMF and unveiled in the budget handed down in June. Prime Minister Sheikh Hasina's government has blamed state ventures for making losses and draining away public funds.

Hasina's Awami League government is making every effort to woo foreign investors and meet the demands of big business. The budget proposed setting up more government-controlled Export Development Zones, as well as new "private economic zones." On the demand of the IMF, the government has also reduced energy subsidies by a further 30 percent, which will severely hit workers and the poor, and some industries that have been teetering on the brink.

Business leaders praised the budget for also extending tax holidays for investors by four years from June 2015. The Metropolitan Chamber of Commerce and Industry said tax concessions for garment exporters and other businesses were "bold steps."

IMF deputy managing director Naoyuki Shinohara praised "the prevailing investment-friendly environment in the country" when he visited Dhaka on July 2 to meet with Hasina and Finance Minister M. M. Muhith.

In April, the IMF approved the final instalment of $US140.9 million of a $986 million loan granted in 2012 to avert a balance of payment crisis in Bangladesh. Apart from other restructuring and austerity measures, IMF reiterated its requirement for a widening of the value added tax (VAT). As an initial measure, the government imposed a 15 percent VAT on imported mobile handsets and a 10 percent tax on locally assembled mobile phones. Extending the VAT

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to other goods and services is in the pipeline.

Successive governments, led by both the Bangladesh National Party (BNP) of Khalida Zia and Hasina's Awami League (AL), have systematically implemented privatisations and subsidy cuts on the orders of the IMF and World Bank. In 1993, the BNP government established the Privatisation Board and in 2000 the AL administration formed the Privatisation Commission.

Under these institutions, as of 2010, 74 state ventures had been privatised. More than half of them subsequently closed down, destroying workers' jobs. Another 236 state-owned enterprises (SOE) remain, employing 7 percent of the country's total workforce, after downsizing. At present, the BJMC's 26 jute mills constitute the main SOE industry. Other SOEs exist in textiles, steel, engineering, sugar and food, banking and financial institutions, fisheries and livestock, environment and forestry, chemicals, telecommunications and tourism.

Jute and jute related industries once made up 80 percent of Bangladesh's foreign currency earnings, but they have declined since the 1980s. Between 1990 and 2005, an estimated 120,000 BJMC workers lost their jobs. The monthly wage of a state jute mill worker is just 4,100 takas ($58) but in private mills it is even lower—between 2,050 and 2,610 takas.

The Bangladeshi *Financial Express* reported on July 4 that jute exports from the Khulna-Jessore industrial belt fell by nearly 39 percent during the 2013-2014 financial year. Companies blamed the lack of demand in the global market, particularly because of "political instability" in major importing countries such as Syria, Iraq, Sudan and Egypt.

The jute workers' protests point to rising class tensions in Bangladesh, amid the deepening impact of the post-2008 global recession.

To try to defuse workers' struggles in the garment sector, which has become the country's biggest export earner, the government last year announced an increase in the minimum monthly wage to 5,300 takas, much lower than the workers' demand for 8,000 takas. The *Daily Star* reported in January that only 60 percent of companies paid even this miserable rise.

Despite paying lip service to concerns about workers' dangerous sweatshop conditions, the giant retailers in Europe and the US are demanding ever-cheaper garments in order to reap their super profits.

Hasina's government is making a major assault on workers' jobs, wages, living conditions and social rights, on the orders of international finance capital, setting the stage for a new period of political struggle by the working class.

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