

Apparel made with US cotton should face no duty

Says Foreign Minister AK Abdul Momen at the monthly AmCham meeting

STAR BUSINESS REPORT

Garment products made with cotton produced from the US should be provided duty-free access to the American market, said Foreign Minister AK Abdul Momen yesterday.

The US already provides the facility through agreements with sub-Saharan African and Caribbean countries under an African Growth and Opportunity Act (AGOA) and Caribbean Initiative, he said during the monthly luncheon meeting of the American Chamber of Commerce

in Bangladesh (AmCham) at The Westin Dhaka.

The theme of the meeting, which Momen attended as the guest of honour, was strengthening Bangladesh-US economic relationship.

On an average, the US charges 15.6 per cent import duty on Bangladeshi products, which tend to be largely garment.

"This is unfortunate for a least-developed country like Bangladesh as products imported from France, a developed nation, face only 0.5 per cent duty," Momen said, adding that the goods should also not be required to face further testing at the Bangladesh port.

The US is the single biggest export destination for Bangladeshi products. The country recorded earnings of \$6.9 billion from exports to America in fiscal 2018-19.

Bangladesh's apparel shipments to the US edged up in 2019 -- a heartening development given the inclement condition on the export front.

Between the months of July and December last year, Bangladesh's apparel shipments fell 6.21 percent to \$16.02 billion, according to data from the Export Promotion Bureau.

But exports to the US fetched \$5.69 billion, up 9.47 percent from a year earlier, according to data from the Office of Textiles and Apparel.

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COLLECTED

Foreign Minister AK Abdul Momen attends a luncheon meeting of the American Chamber of Commerce in Bangladesh (AmCham) at The Westin Dhaka yesterday. Syed Ershad Ahmed, president of the AmCham, was present.

Saudi Arabia promises to be a big investor

Fruitful end to two-day meeting between two countries

STAR BUSINESS REPORT

Saudi Arabia will soon come bearing big investments as its relations with Bangladesh has never been better, said officials of both the countries.

It is an encouraging development for the country that is earnestly looking to boost its modest levels of foreign direct investment. Last fiscal year, \$3.88 billion of foreign direct investment flew in, according to data from the central bank.

The kingdom nation is the largest trading partner of Bangladesh in the Middle East, with annual trade volume coming to about \$1.5 billion. Also, the oil-rich country is home to some 15 lakh Bangladeshi migrants who sent home about \$3.6 billion last year.

"Our relationship has reached a new height over the last few years, especially after the visit of Prime Minister [in 2018]," said Monowar Ahmed, secretary of the Economic Relations Division (ERD), in a joint press briefing at the conclusion of the 13th session of the two-day Bangladesh-Saudi Arabia Joint Commission meeting yesterday.

AT A GLANCE



- Saudi Arabia wants to recruit skilled nurses
- Aramco is interested to invest in power sector
- The kingdom is also interested in infrastructure, communication, high-tech parks, IT, textiles
- Bangladeshi workers in Saudi Arabia sent home \$3.65b in 2019
- Remittance from S Arabia accounts for 20% of Bangladesh's total remittances

Ahmed led the Bangladesh team, while Mahir Abdul Rahman Gassim, Saudi deputy minister for international affairs of the labour and social development ministry, led the 40-member delegation from the kingdom nation in the talks.

Saudi companies -- ACWA Power, ARAMCO, Al-Bawany, Al Jomiah, Engineering Dimension, Red Sea Gate Way Terminal, Honey and Health -- under Council of Saudi Chambers discussed different issues related to investment in Bangladesh. Gassim appreciated the hospitality provided to the Saudi delegation and constructive and friendly discussion between the two sides.

"We have discussed a number of projects. We will hold meetings on a regular basis and sort out all the issues for our mutual interests," Ahmed said.

One of the projects discussed pertains to a \$1 billion investment by Saudi company Al-Jomiah Group for enhancing Teletalk's 4G and 5G network capabilities.

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Foreign investors scurry off from DSE

AHSAN HABIB

Foreign stock investor are retreating from Bangladesh's capital market as the bear run in the bourse is chipping away their portfolio value.

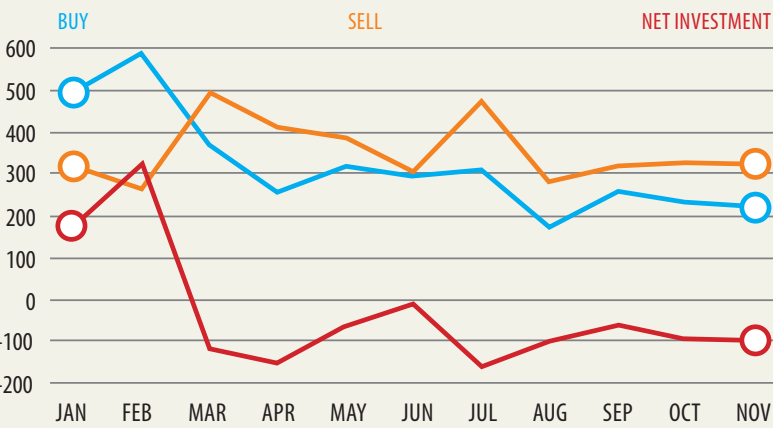
So low have their holdings been in the last few months that the Dhaka Stock Exchange decided not to provide breakdown of their net investment going forward.

In the past two months, their net investment in the capital market have been in the negative: Tk 110 crore in December last year and Tk 129 crore in January this year.

A number of foreign investors says they sold shares as they fear devaluation of the local currency against the greenback in the coming months. However, the government has time and again ruled out the possibility of such a scenario.

But the foreign investors believe that economic indicators of Bangladesh are taking a turn for the worse, which will ultimately force devaluation.

FOREIGN INVESTORS' PARTICIPATION IN DSE LAST YEAR



SOURCE: DSE

If local currency devalues, their investment would face some losses, so they sold off their shares.

Moreover, the protracted tussle between Grameenphone, the stock of choice of foreign investors, and the telecom regulator has dented their

confidence in the Bangladesh market.

On the other hand, a sudden decision change of the Bangladesh Securities and Exchange Commission to extend tenure of closed-end mutual funds also impacted their investment. So, they sold-off their stocks.

Abolish tariff, develop underwriting skills to fuel insurance growth



MR KHAN

THE country has 46 non-life and 32 life insurance companies. Still, there is virtually no local underwriting expertise or capability within the country.

The market remains regulated by the tariff system inherited from the British era. The system is not only outdated but also a barrier to the development of local expertise in underwriting.

The sector is unable to attract local talents to join the industry because of lack of scope for innovation, risk assessment calculations or pricing based on intelligence.

The combined premium revenue in Bangladesh from life and non-life insurance is slightly over \$1 billion, approximately a third of which comes from non-life insurance.

In contrast, our neighbouring country India, which liberalised the insurance market in 2000, licensed only 33 insurance companies in non-life and 24 in life insurance sector.

India currently has a \$100 billion insurance sector, which was regulated by the tariff too until 2000.

Now, a majority of the television advertisements in India come from the insurance sector -- to encourage people to insure everything from life, savings and even luggage.

Liberalisation of the insurance industry fuelled India's growth and attracted talented youth who developed local actuarial and

underwriting capability.

Students also started feeling encouraged to join the insurance, reinsurance and broking industry thanks to its increasing prospect to offer a bright career in the field.

Commission is the only thing that matters in Bangladesh today, as there is no real understanding of risks or the underwriting of risks.

The Insurance Development & Regulatory Authority (IDRA) has taken positive steps to control the maximum allowable commission across the board. This was indeed a strong step by reducing the levels from up to 70 per cent reported at various instances in life and non-life insurance sectors.

Non-life insurance penetration In %

COUNTRY	2018	2012
Netherlands	7.7	9.5
South Korea	5	4.6
Unites States	4.3	4.1
India	0.9	0.7
Vietnam	0.8	0.9
Philippines	0.6	0.4
Indonesia	0.5	0.6
Bangladesh	0.2	0.2

However, there are complaints that some insurance companies are still paying higher commissions, primarily because of pressures from their directors and shareholders.

This is unlikely to change until there is a proper understanding of risks through the process of underwriting.

Currently, the role played by the private insurance companies towards insuring a particular risk depends on the total insurable value (TIV). The insurance company will look up the

published tariff rate and issue the policy if the TIV is below Sadharan Bima Corporation's (SBC) country limit -- Tk 400 crore for property damage.

If the rate is above the country limit, the insurer will then seek rates, terms, conditions from foreign facultative reinsurance underwriters (reinsurance company), either via SBC or directly. The reinsurance underwriter will then provide their rate of premium, based on which the local insurance policy will be issued.

The role played by Sadharan Bima is also similar. Due to specific treaty understandings and limits set with the private insurance companies, Sadharan Bima is generally required to accept and consume the insured value up to its treaty limit.

Again, there is no scope for the due process of underwriting, as the policy is issued under the published tariff rates. If the TIV is above the treaty limit or the country limit, the Sadharan Bima can reach out to foreign facultative reinsurance underwriter for rates and terms.

As per the regulations, all private sector companies must cede at least 50 per cent of their reinsurance portion to Sadharan Bima. More than 80 per cent of the local insurance companies depend on Sadharan Bima, which relies on foreign reinsurance underwriters.

As a result, most of the private sector insurance companies feel there is no real need to develop their own underwriting capabilities. The foreign reinsurance underwriters have a choice to accept or reject a risk based on his or her risk appetite.

While insurance is the process of sharing, transferring or assuming risk exposures by an insurance company, reinsurance is the process through which insurance companies insure themselves.

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NEXT STEP

Making a DIFFERENCE

Bangladesh is rapidly moving towards middle income status by 2021. Our businesses definitely offer immense opportunities for the growing economy and this diversity needs a stage for the stories untold. See Bangladesh make its mark on the global map as Making a Difference brings you our proudest success stories from across the country.

Making the workplace more inclusive

In the age of movements like #me-too, navigating relationships in the workplace can be a tricky ordeal. In Bangladesh, we carry many ingrained biases and stigmas that stem from our upbringing and we inevitably operate with a level of unconsciousness about it. All the biases and differences limit the scope to bring out each other's best.

To create an inclusive workplace, work needs to be put in gradually and it stays in progress. Here are three things you can do to create a more inclusive workplace.

CONNECT WITH EMPLOYEES

To lead by example is a true leader's work. Hence, for the diverse employees to feel comfortable with their respective backgrounds, all employees and leaders should show an initiative to respect differences. A few ways they can show that is by holding office outings in locations where people of all physical abilities feel welcome and be aware of religious dietary restrictions when planning to eat out.

INTERACT WITH EVERYONE

Employees of the same JD usually stick together in silos. While it's inevitable that people of the same work tend to gravitate towards each other, it closes them off to other teams who might want to collaborate. Hence, team leaders and individuals should actively engage with employees whom they don't normally interact



ILLUSTRATION: EHSANUR RAZA RONNY

with. This will open up opportunities for minorities to receive the courage to interact more. Special meetings and exercises could be regularly conducted to encourage employees to learn and unlearn their biases and differences.

HOLD BETTER MEETINGS

While holding meetings or attending one, make sure to allow everyone to participate freely. Leaders can consider setting meeting norms or

guidelines for all to use and follow. Don't interrupt when someone else is speaking and do not stand if anyone else is. It is important to listen to those who have different perspectives and challenges. The meetings should put importance to speakers from women and minorities, and give credit where credit is due.

SHABIBA BENTA HABIB