No more Accord, Alliance after 2018: Tofail

STAR BUSINESS REPORT

The government will not extend the stay of Accord and Alliance beyond the expiry of their current tenure in June 2018, Commerce Minister Tofail Ahmed said.

"In 2018, we will take our own responsibility," he said at a meeting with a visiting delegation of the International Labour Organisation at his secretariat in Dhaka on Sunday.

"The Accord and the Alliance are not present anywhere else in the world. They will not be here in Bangladesh after 2018."

The Accord and Alliance are legally binding agreements signed by a total of 228 foreign retailers in the aftermath of the Rana Plaza collapse in 2013 to fix the electrical, fire and structural faults in the garment factories from which they source.

The tenures of Accord, a platform of 200 Europe-based retailers, and Alliance, another platform of 28 North American retailers, will come to an end in June 2018.

After their departure, the proposed remediation coordination cell will monitor the safety progress of the structures, said a senior official of the labour and employment ministry.

The two platforms have inspected a total of 2,198 factories so far, according to Ahmed.

At the meeting, Elizabeth Faith Onuko, minister counsellor of labour of the permanent mission of Kenya to the UN, who led the delegation, said they are concerned about the rights of workers in factories housed with the export processing zones.

"The EPZ labour standards should be up to international standards," she said.

In response, Ahmed said the government had earlier committed to foreign investors that trade unionism will not be allowed inside of EPZ, so it is not possible to renege on that word now.

The zones have a total of $3.74 billion investment from home and abroad, according to the Bangladesh Export Processing Zones Authority.

The foreign investors in EPZ are divided over the issue of trade unionism as they think the workers' productivity might be hampered.

It might also create labour unrest and closure of factories, as a result of which many workers might loss their jobs. And if the workers loss their jobs, there might be a social unrest.

"We do not want any social unrest," the commerce minister said.

Currently, more than 4.40 lakh workers are employed in 453 factories spanning eight EPZs across the country.

So recently, the cabinet agreed in principle to allow the existing Workers Welfare Association (WWAs) in the EPZ factories to act as collective bargaining agents like the trade unions.

"We allowed the WWAs to work similarly as unions in the EPZ factories -- and there is no difference between the WWAs and trade unions."

In Vietnam, only one union is allowed in factories, whereas in Bangladesh at least three are permitted, Ahmed said.

In the US, 35 percent of the public enterprises and 7 percent of the private enterprises allow unions.

Allowing trade unions in the EPZ factories was the last of the 16 conditions put down by the United States Trade Representative, the chief trade negotiation body for the US government, to regain the generalised system of preferences scheme.

"We have now fulfilled all the conditions provided by the US government. I do not see any reason why the US will not restore the GSP for Bangladesh."

"It seems that we will not regain the GSP facility until the doomsday. It's a political issue now."

This fiscal year, Bangladesh's exports to the US will cross the $6 billion-mark, up from last year's $5.7 billion.

Bangladesh's exports to the EU will also cross the $18 billion-mark this year from $17 billion last year, he said.

Ahmed also said the signing of the Trade and Investment Forum Agreement with the US is meaningless if the GSP is not restored for Bangladesh.

Bangladesh signed the Ticfa with the US in November 2013 with high hopes of regaining the trade privilege, suspended five months earlier citing serious shortcomings in workplace safety and poor labour rights.

BSEC gets new member

STAR BUSINESS REPORT

The government has appointed Swapan Kumar Bala as a member of Bangladesh Securities and Exchange Commission for a two-year term.

The public administration ministry yesterday issued a notice announcing the contractual appointment of Bala, the immediate past managing director of Dhaka Stock Exchange.

Bala had served the premier bourse for a three-year term that ended April 12.

Bala, a professor of accounting and information system at Dhaka University, will fill the vacancy created by Arif Khan who stepped down as a commissioner of the BSEC citing health reasons in January.

SWIFT asks local banks to amp up cyber security

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"From what we understand of the threats in question, these seem to aim to exploit weaknesses in the setup of the local operating environment, using these to take control of the environment and enabling the attackers to impersonate genuine operators and successfully transmit fraudulent transactions."

"We reiterate that the SWIFT network itself was not breached and that our messaging systems were not compromised."

In addition to the existing security recommendations, SWIFT encouraged its users to make sure they have implemented and maintained the physical and logical security set-up of the banks' local environment and systems.

It also asked the banks to deploy and activate the appropriate security features in the banks' interfaces to the SWIFT network and other local applications.

In line with cyber best practices, particular attention should be given to detection capabilities including looking at abnormal events, such as failed logins, as these may be early indicators of malicious activities, SWIFT said.

Asked about the security guidance, Anis A Khan, chairperson of SWIFT's user and member group in Bangladesh, said: "We are doing it."

DBBL

The 20th annual general meeting of Dutch-Bangla Bank took place at Pan Pacific Sonargaon Hotel in Dhaka on March 30. The bank declared 40 percent cash dividends for its shareholders. Sayem Ahmed, chairman of the bank, and KS Tabrez, managing director, attended the event.

Steel producers to urge China to cut output

AFP, Brussels

Key players in the world's struggling steel industry gathered in Brussels on Monday to try to push China to scale back overproduction blamed for causing plant closures and job losses.

The meeting by ministers and representatives from 30 countries "will discuss how governments can facilitate market-driven industry restructuring and aims to agree on steps to reduce competition-distorting policies," said a statement by organisers, the OECD.

China produces about half of the globe's steel output and is accused of flooding the world market with oversupply sold at below cost in violation of global trade rules.

Indian giant Tata Steel put its loss-making British operation up for sale last month leaving thousands of jobs at risk, in the latest example of the crisis hitting the steel industry.

Britain's business minister Sajid Javid will join counterparts from Belgium and France to make the case to China that will be represented by Assistant Trade Minister Ji Zhang.

The OECD, the grouping of world industrialised countries, plans to issue a joint statement at the end of the talks, but a source said divisions made any positive outcome uncertain.

Angry steel manufacturers in Europe have urged the EU to mirror the United States in punishing China with fresh tariffs, but the Brussels based bloc has so far proved reluctant to challenge Beijing more directly on the issue.

French Economy Minister Emmanuel Macron will meet the EU's Trade Commissioner Cecilia Malmstroem on the sidelines of the meeting to press for a tougher stance against China.

The EU currently has dozens of anti-dumping measures in place against China, several involving the steel industry, but critics argue these are not enough.

"The Europeans have been more negligent than anybody," said Mario Longhi, chief executive of US Steel, the biggest steelmaker in the United States, in an interview last week.

China made no official declaration before the talks, but an editorial by the official Xinhua news agency accused governments of embracing protectionism which will damage the global economy.

"Blaming other countries is always an easy, sure-fire way for politicians to whip up a storm over domestic economic woes, but finger-pointing and protectionism are counter-productive," the editorial said.

Cyprus tourism on course for record year

AFP, Nicosia

Bailed-out Cyprus recorded a 40-percent hike in tourist arrivals in March, setting the stage for a record year for the holiday island and indicating an economic revival, official data showed Monday.

Tourist arrivals already hit a 14-year high in 2015 reaching 2.65 million, on the back of a cheaper euro.

"The large increase recorded in March ... shows at an early stage that this year, if something unexpected does not occur, will be the year with the highest number of arrivals in the history of Cyprus tourism," state-run Cyprus Tourism Organisation said.

"Already the first quarter recorded a strong increase of 32.4 percent compared to the first quarter of 2015 with nearly all markets showing growth."

Despite the euro faring better this year, experts say Cyprus is attracting more tourists because it is seen as a safe destination in a turbulent region dogged by terror attacks such as in Egypt, Turkey and Tunisia.

The number of tourists arriving on the eastern Mediterranean holiday spot in March reached 137,013 compared to 97,479 in the same month last year, an increase of 40.6 percent, the statistical service said.

This is mainly due to a large increase in the influx of British, German and Russian tourists.

Tourists from Britain -- the island's largest holiday market -- increased 44 percent to 59,282, while the number of German visitors jumped 73 percent (12,917) and Russians were up 63 percent (12,835).

Following a 10-billion-euro ($13 billion at the time) international rescue package to save a crumbling economy and insolvent banks in March 2013, Cyprus returned to growth in 2015 after nearly four years of harsh recession.

Cyprus exited its bailout programme this March garnering praise from international lenders for its impressive turnaround.

Biman to decide if a foreigner will be appointed as its new MD

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Some directors argue that, since Biman is fully owned by the government, a local aviation expert should be appointed, while others think a foreign expert can be appointed as the airline is a public limited company, he said.

The airline has so far appointed two foreigners as its MD. Biman board published advertisements in January seeking applications from foreign and local people. A senior official of Biman said about 40 locals and foreigners applied for the post and a short list has been prepared. Biman got a new board on March 29, which is headed by Air Marshal (retd) Muhammad Enamul Bari.

Opec freeze failure could hasten oil's recovery

ANDY CRITCHLOW

Saudi Arabia's increasingly bitter dispute with Iran is now being played out in the oil market. The kingdom has stubbornly blocked a deal among major oil powers to freeze production, primarily because it refused to allow the Islamic republic to be exempted. The breakdown of talks will almost certainly lead to another rout in oil prices over the next few weeks – but the pain could be short-lived.

There are already signs that output is falling sharply among higher cost producers, and the economic pain caused by cheap oil could eventually lead to price-inflating output cuts instead of a freeze to production when Opec next meets again in June. In its last market report the cartel said it expects production from outside Opec to drop by 730,000 barrels per day, a 4.2 percent increase on its previous estimate.

Analysts had widely expected the talks held in Doha on April 17 to fail. Their skepticism was fueled by Saudi Arabia's powerful deputy Crown Prince Mohammed bin Salman insisting that the kingdom would only rein in its output if Iran also participated in a freeze, thus preventing the latter gaining from higher oil prices. Riyadh is at loggerheads with Tehran across the Middle East, mainly because the two sides oppose each other's political goals and influence.

But a freeze was never an option for Tehran. It has just emerged from the isolation of trade sanctions and is determined to restore its output to pre-embargo levels before it agrees to any production limits within Opec.

Meanwhile, major oil producers from Iraq to Nigeria and Venezuela are suffering severe economic pain. At current export levels these three Opec members – among the most economically strained in the cartel – are losing around $465 million in gross daily revenue at today's prices compared to when they were around $115 per barrel in mid 2014. The longer Saudi Arabia blocks any deal in order to wage economic war on Iran the more it endangers the economies of other Opec members.

All of this could hasten a recovery in oil prices by the end of the year. Crude trading around $40 per barrel throughout the summer will force more marginal producers in the United States out of business and crank up the pressure on Russia to tone down its sabre-rattling in the Middle East. It could also force Saudi and Iran to back down in their proxy war, which is now the biggest obstacle to the oil deal the market needs for long term recovery.

The author is a Reuters Breakingviews columnist.

NRBCB

Farasath Ali, chairman of NRB Commercial Bank, presides over the third annual general meeting of the bank at its boardroom in Dhaka yesterday. The shareholders approved the accounts for the year ended December 31, 2015.

Greece mulls extra cuts to clinch EU-IMF debt talks

AFP, Athens

Greece is examining a proposal by its creditors for additional cuts in return for debt relief, a government source said Monday as reform talks with senior EU-IMF officials were due to resume.

"Among various proposals... is one for additional measures decided now, but applied only if we do not (meet 2018 fiscal targets)," the source said.

"The Greek government has not accepted this proposal, and its final position will depend on the entire package, which will evidently include debt relief," the official added.

Another source close to the talks said the move was designed to overcome IMF reservations to economic forecasts put forward by Greece and the Europeans, which it deems too positive.

Morgan Stanley profit slumps 54.4pc

REUTERS

Morgan Stanley's quarterly profit more than halved as the Wall Street bank's trading and investment banking businesses took a hit from market volatility early in the year.

Earnings applicable Morgan Stanley's common shareholders fell 54.4 percent to $1.06 billion, or 55 cents per share, in the quarter ended March 31, from $2.31 billion, or $1.18 per share, a year earlier. Excluding an accounting adjustment, the bank also earned 55 cents per share.

Analysts on average had expected earnings of 46 cents per share, according to Thomson Reuters I/B/E/S. It was not immediately clear if the reported figures were comparable.

Internet use gains speed

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In the first quarter of 2016, mobile phone operators lost 28.75 lakh of their active SIMs, according to the BTRC. The industry began the year with 13.37 crore active SIMs.

The government launched biometric verification for SIM registration on December 16 last year.

Officials of operators blamed the government move for the drop in active mobile connections.

"New acquisition mostly stopped and some connections dropped from the list for regulatory limitations," said a senior official of an operator, asking not to be named.

Only Grameenphone saw a positive response from the market in March, while the five other operators lost active clients. The operator added 1.53 lakh connections in March to take the total number to 5.62 crore, though it lost active clients in the first two months.

Tarana said, "When the number of active SIMs declines, it does not mean that the market has shrunk; it may rather flourish as real users get the benefits."