

Bangladesh protecting workers' interests

Law Minister Anisul tells ILO director general

STAFF CORRESPONDENT

Bangladesh has taken initiatives to amend the labour law to protect the interests of workers in line with instructions from the International Labour Organisation (ILO), said Law Minister Anisul Huq yesterday.

The draft of the Export Processing Zone Act has been brought back from the parliamentary standing committee to incorporate provisions aimed at easing formation of trade unions, he said.

Huq made the comments during a meeting with ILO Director General Guy Ryder at the United Nations building in Geneva. He is now in the Swiss city to attend the 106th International Labour Conference, which began on June 4.

Bangladesh's progress on implementing ILO conventions and protecting labour rights will be discussed on June 14.

Gulf crisis threatens Qatar Airways transit business: experts

AFP, Dubai

Qatar Airways has made Doha a global hub in just a few years, but barring it from Gulf states' airspace threatens its position as a major transcontinental carrier, experts say.

Along with its Gulf peers -- Dubai's Emirates Airlines and Abu Dhabi's Etihad -- Qatar's national carrier has captured a sizable portion of transit travel, capitalising on the Gulf's central geographic location.

But political differences between Qatar and neighbouring Saudi Arabia, the United Arab Emirates and Bahrain, as well as Egypt, exploded last week into a full-blown regional crisis, including severing air links.

The measures meant cancelling dozens of daily flights by Qatar Airways and carriers from those countries, and also mean Qatari aircraft have to make long diversions, mainly around Bahrain and the vast airspace of Saudi Arabia.

"The impact is already bad because it has driven up flight times and therefore costs. As the airspace tightens, the problem

grows much worse," said aviation analyst Addison Schonland from US-based AirInsight.

"Operationally, this is a constraint for the airline that is almost certainly now seeing its profits cut deeply," he added.

Qatar is almost completely encircled by Bahraini airspace that covers a large part of Gulf waters, and its planes usually cross Saudi airspace on their way to the rest of the Middle East, Africa and South America.

Qatari planes are now instead using Iran's airspace to get to Europe and skirting the southeastern tip of the Arabian Peninsula to avoid Saudi territory.

The flight time for a Qatar Airways trip to Sao Paulo in Brazil, for example, has increased by around two hours, according to flight detecting websites.

Flights to North Africa are now travelling over Iran and Turkey towards the Mediterranean, instead of flying more directly over Saudi Arabia and Egypt.

However, flights to Europe appear largely unaffected as they continue to use the Iran route, with a just small diversion to avoid

Bahraini airspace.

The Islamic republic has opened its airspace to around 100 more Qatari flights daily, increasing Iranian air traffic by 17 percent.

"For the future, Qatar flights' routes and fuel burn will be increased as a result of this," said aviation analyst Kyle Bailey.

Longer routes will bring passenger numbers down, argued Schonland.

"Future long-haul reservations will come down, because even with the high service and excellent amenities, who wants to sit for longer on an airplane?" he said.

About 90 percent of Qatar Airways traffic through Doha is transit, according to a report by CAPA Centre for Aviation.

Saudi Arabia and the UAE represent the two largest markets for Qatar Airways, said Bailey.

Losing these "will no doubt be devastating to the carrier's financial bottom line, wiping out about 30 percent of revenue," he said.

Qatar Airways is also the largest foreign carrier operating in the UAE, and the fifth overall after the country's own airlines, according to the CAPA report.

Part of this transit traffic is likely to be scooped up by Qatar Airways' regional competitors Emirates and Etihad, experts say.

"No question about it. Especially Emirates because they have the A380 (superjumbo) capacity to catch the traffic without even a hiccup," said Schonland.

"There is no doubt that Emirates and Etihad would surely be reaping the benefits... In the long term, the increased passenger loads on the other carriers may push up demand causing ticket prices to go up on the other carriers," said Bailey.

The two UAE carriers have wide global networks, and together with Qatar Airways have drawn the ire of European and US legacy carriers who accused them of benefiting from state subsidies to expand into their traditional markets.

But Emirates and Etihad, as well as other carriers from countries involved such as the UAE's flydubai and Air Arabia, will also lose out with the suspension of their Doha routes.

"There can be few winners" from the ban, according to the CAPA analysis.

New top brass for Peoples Insurance



Shahjada Mahamud



Jafar Ahmed Patwari

STAR BUSINESS DESK

Shahjada Mahamud Chowdhury has recently been elected as the chairman of Peoples Insurance Company Ltd.

The company also elected Jafar Ahmed Patwari as vice chairman.

Chowdhury is the chairman of Progati Shipping (BD) Ltd and managing director of MNC Packages Ltd, Peoples Insurance said in a statement yesterday.

Patwari is the managing director of the Sonali Aansh Trading Ltd. He completed his MBA from City of London College, London, UK.

Qatar Central Bank says operating normally despite crisis

AFP, Doha

Qatar's Central Bank said on Monday banking transactions at home and abroad were continuing normally despite the diplomatic crisis which has seen several Gulf countries sever ties with the emirate.

In a statement released on the state-run Qatar News Agency (QNA), Central Bank governor Sheikh Abdullah bin Saud Al-Thani dismissed concerns over liquidity levels.

"The banking and banking transactions and procedures in the State of Qatar continue to be normal, both at the level of local financial transactions and between the Qatari banking sector and foreign banks," the statement read.

It added that the governor "stressed that the liquidity levels in the Qatari banking sector are good and meet all customer requirements".

Doha is seeking to reassure customers as it is gripped by the biggest diplomatic crisis to hit the region in years.

Qatar has found itself isolated following a decision last week by Saudi Arabia, the United Arab Emirates, Bahrain and others to cut ties with Doha over its support for "terrorism", a charge the emirate vehemently rejects.

Saudi Arabia on June 5 sealed Qatar's only land border, and the country has been banned from using the airspace of both Saudi Arabia and the United Arab Emirates.

Qatari citizens have been ordered to leave the two countries within two weeks.

The UAE has also ordered its banks to stop dealing with major Qatari lenders.

Greek debt deal not far: French finance minister

AFP, Athens

A deal on debt relief for Greece is "not far," France's new finance minister Bruno Le Maire said Monday ahead of crunch eurozone talks on the issue on Thursday.

"I am optimistic that we will have a good solution. We are not far from agreement," Le Maire said ahead of a meeting with Greek Prime Minister Alexis Tsipras.

The issue of debt relief for Greece has sharply divided its international creditors, the European Union and the International Monetary Fund, for months in the latest round of talks. The impasse has held up a tranche of bailout cash which Greece needs to repay loans in July, and Athens says its fragile recovery has also been impaired.

The Europeans expect Greece's economy to grow strongly and its government to bring in large surpluses in revenue in the coming years, allowing it to pay down its debts.

But the IMF is less optimistic, arguing there must be further relief for Athens before it can label its debt sustainable and justify loaning Greece any more cash.



MA Mannan, state minister for finance, attends a seminar on "Islamic investment for socio-economic development: the better alternative", organised by the Islamic Banks Consultative Forum at Sonargaon Hotel in Dhaka on June 10.

BTRC calls for termination of Citycell's licence

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The telecom regulator found that the operator has violated the terms of its licence and the directive of the court.

Earlier in October last year, the BTRC brought down the curtains on the country's oldest mobile phone operator over dues amounting to Tk 377 crore pertaining to spectrum and licence fees, revenue sharing and late penalty.

After the cancellation of its spectrum, Citycell had paid Tk 230.19 crore to the BTRC along with Tk 14 crore as tax to the National Board of Revenue, according to court documents.

Citycell disputed the amount claimed by the BTRC, prompting the court to form a three-member committee to work out the exact amount.

But in the meantime, the court asked the operator to continue to clear its remaining dues to the BTRC.

Citycell did not make any payments between October last year and March this year, meaning it violated the court's order as well, according to BTRC officials.

The Section 46 of the Telecommunication Act allows the BTRC to cancel the licence of any entity for non-payment of dues.

The commission's latest move comes one and a half months after it issued a show-cause notice to the mobile phone operator over its failure to pay off the fresh dues incurred for the period between October 2016 and March 2017.

In its reply, Citycell claimed it had made Tk 129.27 crore of overpayment to the BTRC.

The operator has paid Tk 476.27 crore as

spectrum charge, licence fee, revenue sharing and social obligation fund to the telecom regulator, said Pacific Bangladesh Telecom Ltd, Citycell's parent company.

Its due until October last year was Tk 346.99 crore, meaning that an additional Tk 129.27 crore has already been furnished to the telecom regulator, said PBTL.

So the dues incurred since October 2016 should be adjusted against the additional Tk 129.27 crore paid by PBTL, it added.

The three-member committee formed by the court has already submitted its report.

"And that report also acknowledges our claim, so now we will be tough on the issue," Mahmood said.

Besides its dues to the BTRC, Citycell is about Tk 3,000-4,000 crore in the red.

Micro enterprises to get Tk 333cr challenge fund

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A huge segment of the rural people still does not have access to financial services, said SK Sur Chowdhury, deputy governor of Bangladesh Bank.

The challenge fund has come forward at a time when banks are intentionally refraining from providing rural people with loans because of repayment risks, he said.

The challenge fund would work as a good substitute for collateral, Chowdhury said.

The fund would be very helpful to provide the unbanked with financial services by reducing the cost of financial inclusion, he added.

Agent banking can be a good solution for the banks to reach the remote people, he suggested.

The challenge fund has invested in Diganta, an agent banking led financial programme of Bank Asia for micro and small enterprises, according to the project.

The project aims at rapidly extending funds to such enterprises with agent touch points.

Bank Asia targets reaching 10,000 entrepreneurs through its agent banking network with an investment of Tk 300 crore, said Md Arfan Ali, the bank's managing director.

The bank has been working on creating a database of the small enterprises for the

last one and a half years, he said.

The bank has digitalised the lending process, as the cost for making physical movement to reach the poor is very high, he said.

The challenge fund also invested in different projects of Trust Bank, Dutch-Bangla Bank and Green Delta Insurance.

Bangladesh Bank is the implementing agency of the fund and the financial institutions division of the finance ministry is the executing agency.

Nathan Associates London in consortium with its partner Oxford Policy Management is the management agency of the fund.

It is designed to couple social and economic welfare objectives through the Making Markets Work for the Poor approach to increase access to finance for small entrepreneurs, especially who are currently underserved by the formal financial sector.

Parveen Mahmud, chairman of MIDAS, and KAM Majedur Rahman, managing director of Dhaka Stock Exchange, also attended the event.

Mustafa K Mujeri, executive director of the Institute for Inclusive Finance and Development was the moderator of the programme while Ahsan H Mansur, executive director of the Policy Research Institute, was also present, among others.

Slow remittance to weigh on consumption

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It however was upbeat about the growth prospect of the garment sector.

Bangladesh's sovereign credit profile, now Ba3 stable, is supported by the robust growth of an economy that is bolstered by garment manufacturing industry exports, said Moody's.

The garment industry makes up about 70 percent of Bangladesh's total merchandise exports, as measured in local currency terms, and also accounts for significant foreign investment inflows.

While the agricultural sector is still the biggest employer in Bangladesh, the garment industry employs over three million workers and offers continued opportunity for labour productivity gains that will support future economic development and growth.

"Bangladesh will continue to invest in its garment manufacturing sector to capitalise on its strong comparative advantage of abundant low-cost labour," said William Foster, a vice-president at Moody's.

"It will remain a leading global supplier of basic garments and the industry will continue to drive the nation's growth, exports and job creation."

The ratings agency said the country's focus on low-value garment exports helps insulate it from the impact of higher trade tariffs that could result from greater protectionism globally.

Nonetheless, while Bangladesh's garment industry benefits from some of the lowest wage levels in the world, the country's overall economic competitiveness lags behind that of its peers such as Vietnam (B1 positive), Cambodia (B2 stable) and Sri Lanka (B1 negative).

"When factoring in the quality of its physical infrastructure, skill levels and transparency of the business environment, the country's low competitiveness hampers the ability of its economy to absorb shocks."

Eid shopping made stress-free

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Crescent has signed agreements with Janata, Brac, City, Dutch Bangla, Mutual Trust, Standard, Premier and Prime banks to facilitate the smooth running of the scheme.

Crescent Group entered the tannery business in 1977 and has since become a strong brand.

The company has been exporting footwear since 2003. Its export destinations include most European countries, the US, Canada, Japan and China. It exports about six lakh pairs of footwear every year.

Crescent set up a separate company in 2015 to cater to the local market. It was an instant hit since the sales totalled more than US \$200,000 in the first year of operations, according to its website.

It has four up and running footwear factories in Hazaribagh and Savar.

The company's finished products include shoes, sandals, ladies bags and wallets. It has

a tannery to process raw materials.

"Thanks to the vertical integration of the factories and retail shops, Crescent can sell quality products at prices much lower than competitors," Kader said.

Crescent Leather Products Ltd, the group's export-oriented company set up in 2005, manufactures top class leather products and exports under the brand name of Nodi.

The company's annual turnover was more than US \$121 million in 2014, according to its website.

Kader, who owns 50 percent of the group's shares, said the group's vision is to make "Crescent" a household name in Bangladesh in the coming years and become a leader in leather exports.

"When I find people, especially in Europe and the US using our products I feel very proud. I think we can contribute to the nation," said Kader.

Cabinet for ratifying change to APTA

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Currently, waivers are available on 4,648 items under the agreement, formerly known as the Bangkok Agreement which was signed in 1975, MN Ziaul Alam, cabinet secretary for coordination and reforms, told reporters at the secretariat.

The APTA's objective is to set up a preferential tariff arrangement to promote intra-regional trade through the exchange of reciprocally agreed concessions among member countries: Bangladesh, China, India, South Korea, Laos, Mongolia and Sri Lanka.

The weekly cabinet meeting was held at the Jatiya Sangsad Bhaban with Prime

Minister Sheikh Hasina in the chair.

It also approved the draft of the Bangladesh Livestock Research Institute Act-2017, turning the existing 1984 ordinance into Bangla in line with a Supreme Court order.

The cabinet also congratulated three Bangladesh-origin candidates for their re-election in UK parliamentary polls.

Tulip Rizwana Siddiq, a granddaughter of Bangabandhu Sheikh Mujibur Rahman and niece of Prime Minister Sheikh Hasina, was re-elected in the Hampstead and Kilburn constituency.

Rupa Huq retained the Ealing Central and Acton seat and Rushanara Ali secured a third consecutive victory in her Bethnal Green and Bow constituency in Bangalee dominated East London.

Vegetable exports drop on cargo ban

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Under contract farming, mangoes are grown following the rules and regulations of the EU, he said.

Moreover, the exporters have been availing the facility of central packaging, set up on three bigahas of land in Shyampur by the DAE, Khan said.

The central packaging house, which is now partially open and will go into full operations soon, has washing, sorting, grading, packaging and cooling facilities for fruit and vegetable exporters to ensure hygienic processing before shipment.

Previously, 60 percent of the fruit and

vegetable consignments were sent to the EU, but now the share has come down to less than 40 percent, said Mohammad Mansur, general secretary of Bangladesh Fruits, Vegetables & Allied Products Exporters' Association.

Now, 60 percent of the shipments go to the Middle East, Mansur said.

Besides, airlines have increased their fare for carrying fruits and vegetables to any European country because of the need for re-screening the cargo in a third country.

Airlines increased their fare by Tk 10 per kg to Tk 165 for carrying goods from Dhaka to Europe, he said.