

Govt rushes to amend labour law

Progress to be presented before Int'l Labour Conference on May 28

STAR BUSINESS REPORT

The government is rushing to amend the labour law to ease the conditions for formation of trade unions and allow inspection of factories housed inside the export processing zones before the International Labour Conference kicks off on May 28.

Bangladesh will have to submit the progress report on labour law amendment at the annual 10-day convention in Geneva after missing the previous deadline in November last year.

Although the workers' right to associate has been enhanced in the amendment, the government will stick to its previous position to not allow trade unions in EPZ but allow

formation of 'workers' welfare associations'.

The association will be empowered by law to negotiate with the employers on various issues, including working conditions, remuneration or payment for productivity enhancement and workers' educational programmes in the EPZs.

The percentage of workers whose consent is required for forming trade unions in industries or factories will be brought down from existing 30 percent to 20 percent.

The government's decision to bring changes to the labour law was officially conveyed at an interactive session yesterday with the diplomatic community and the development partners at the foreign ministry.

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Exports climb on apparel boost

REFAYET ULLAH MIRDHA

Exports grew 7.11 percent year-on-year to \$2.95 billion in April riding on the higher shipment of garment items.

Although the receipt is 0.51 percent higher than the monthly target of \$2.94 billion, it was the lowest in six months.

Overall, exports rose 6.41 percent year-on-year to \$30.40 billion in the July-April period. The earnings narrowly missed the periodic target of \$30.49 billion, according to data from the Export Promotion Bureau.

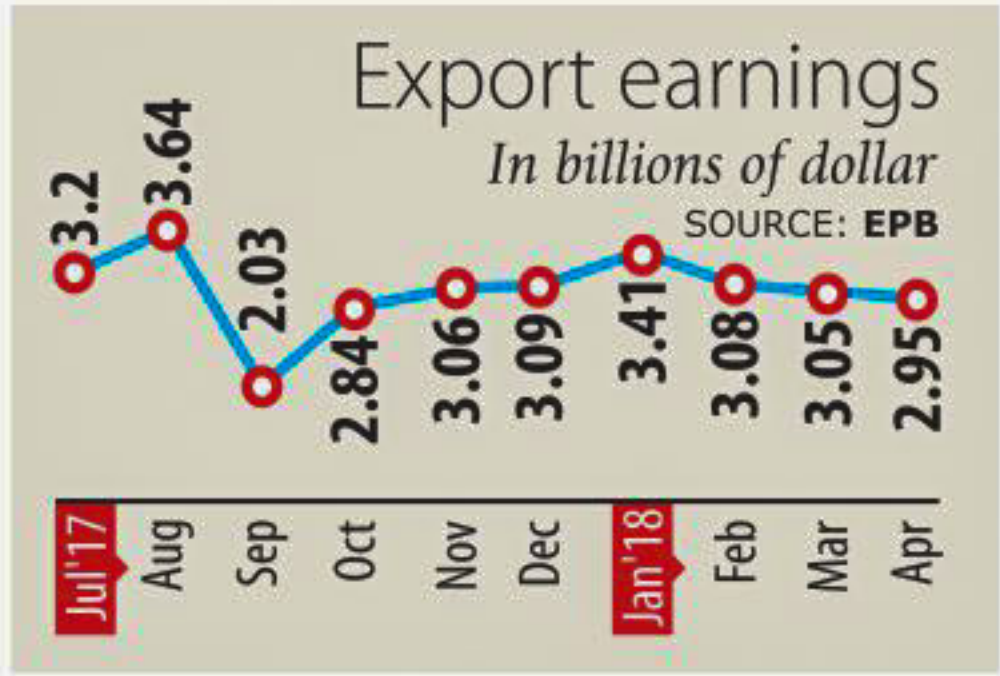
Garments exports grew 9.37 percent year-on-year to \$25.30 billion in the first 10 months of the fiscal year.

Knitwear exports rose 11.43 percent to \$12.54 billion and woven garments exports were up 7.42 percent to \$12.76 billion.

The shipment of garments, which account for more than 80 percent of the national export, grew because of the increased sales of high-value items and the depreciation of the local currency against the US dollar, according to exporters.

"We will be able to achieve more than 10 percent garment export growth at the end of the fiscal year as the trend in the international market shows very bright prospects," said Siddiqur Rahman, president of the Bangladesh Garment Manufacturers and Exporters Association.

"At the end of the current fiscal year, we will



be able to surpass the garment export of \$30 billion for the first time," he said.

He said the country's garment factories are full of orders from international retailers and brands, thanks to the massive progress in workplace safety carried out by the Accord, the Alliance and the government.

The exporters also benefitted from the depreciated exchange value of the taka.

On Wednesday, the interbank exchange rate was Tk 83.10 per US dollar, up from Tk 80.50 a year earlier, according to central bank data.

Frozen and live fish exports grew 2.32 percent to \$434.97 million on the back of the higher demand in Europe.

Shipment of agricultural products such as fruits and spices was up 16.77 percent to \$543.18 million.

Cement, salt and stone fetched \$11.08 million, up 33.01 percent, and pharmaceuticals brought home \$85.96 million, an increase of 14.84 percent.

Cotton, cotton products, and yarn exports went up by 19.01 percent to \$108.22 million in the July-April period.

Jute and jute goods also fared well as the demand for the goods made in Bangladesh from the natural fibre is rising.

In July-April, jute and jute goods fetched \$889.74 million, up 7.66 percent.

Home textile export rose 13.07 percent to \$751.67 million, footwear 5.29 percent to \$205.30 million and furniture 21.86 percent to 51.68 million.

On the other hand, exports of plastic goods fell 19.92 percent to \$81.19 million in July-April.

Leather and leather goods sector, the second largest export earner after garments, fetched \$916.74 million in the 10-month period, down 10.02 percent.

The shipment of leather and leather goods was hit largely by the relocation of tanneries from Hazaribagh to Savar as production was hampered.

All the 155 tanneries have been relocated, but only 25 of them have so far been able to start production in their new location, industry people said.

Accord to stay on for 6 more months

STAR BUSINESS REPORT

The Accord, the EU-based factory inspection and remediation agency, got the extension to stay on in Bangladesh for six more months after its original five-year tenure ends on May 31.

Initially, the platform of 220 European retailers sought an extension for three years mainly to monitor the trade union activities of garment workers -- a prospect that was met with much animosity by the government and factory owners.

Furthermore, the High Court last month had restrained the government from extending the inspection agency's tenure following a writ petition filed by Smart Jeans, which felt wronged by the platform.

The decision of the extension was formally announced yesterday at a joint press conference at the office of the Bangladesh Garment Manufacturers and Exporters Association in Dhaka.

Quizzed about the High Court decision at the press conference, Edward David Southall, a member of the Accord steering committee, declined to answer the question.

The Accord will now work with the Transition Monitoring Committee, which is comprised of Accord brands, global trade unions, the BGMEA, the International Labour Organization and the Bangladesh government.

The TMC will review after six months whether the Remediation Coordination Cell -- an organisation formed with representation from the ILO, the BGMEA and the government to monitor building safety -- is ready to take over from the Accord.

"If these criteria are not met, the Accord will continue," said Joris Oldenziel, deputy director for implementation of the Accord.

The Accord will leave the country after six months if it sees that the RCC is capable of running the inspection and remediation of factory buildings meeting global standards, the Accord officials said at the press conference.

The government has established the TMC for the purpose of determining when the agreed conditions for a handover of the Accord's work to a fully-functional and competent national regulatory body are met.

The criteria include: demonstrated proficiency in inspection capacity; remediation of hazards; enforcement of the law against non-compliant factories; full transparency of governance and remediation progress; and investigation and fair resolution of workers' safety complaints.

The overall progress rate of remediation at the 1,620 Accord-covered factories is 85 percent, said a statement from the agency, which was formed after the Rana Plaza collapse.

As a result of the efforts, millions of workers now work in safer factories.

Bangladesh's garment factories also benefit materially, because buyers recognise that a factory that has completed its safety work presents far fewer risks for them, the statement added.

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A visitor goes through products on display at the eighth edition of Bangladesh Denim Expo at International Convention City Bashundhara in Dhaka yesterday.

Current account deficit hits record high

AKM ZAMIR UDDIN

Bangladesh's current account deficit recorded an all-time high of \$7.08 billion in the first nine months of the fiscal year as the country's capacity to export is failing to keep up with the appetite for imports.

At this point last fiscal year, the deficit was \$1.37 billion.

The previous highest deficit was registered in 2015-16 when it stood at \$4.26 billion.

Higher import payments and a moderate growth of remittance inflow and export earnings are mainly responsible for the widening deficit.

In July-March, imports surged 24.50 percent year-on-year whereas exports grew 6.98 percent.

The record current account deficit has already weakened the local currency against the US dollar.

On Wednesday, the interbank exchange rate was Tk 83.10 per USD,

up from Tk 80.50 a year earlier, according to central bank data.

The dollar will appreciate further if the deficit is not halted in the months to come, said a central banker.

"The production cost will increase significantly due to the appreciating trend of the greenback as the country has to import a large quantity of industrial raw materials to produce essential goods," he said.

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Mannan alleges plotters eyeing his BIFC shares

STAR BUSINESS REPORT

Maj (ret'd) Abdul Mannan, former chairman of BIFC, yesterday claimed that a vested quarter was plotting to acquire his shares in the non-bank financial institution.

"I am a victim of conspiracy and the vested quarter has been trying to acquire the full ownership of Bangladesh Industrial Finance Company (BIFC) illegally," he told a press conference at National Press Club in Dhaka, protesting the propaganda against the BIFC.

The vested quarter purchased 5 percent of the BIFC shares from the capital market in 2015 and two persons of the group later got directorship in line with the central bank's instruction, he said.

The group later took over the company's board by raising false allegations against the sponsor shareholders, said Mannan, who served as chairman and director of the BIFC from 2000 to 2010.

"As a sponsor shareholder, I now fear for losing my shares. Besides, hundreds of shareholders are also now in frustration because of the ongoing uncertain situation," he said.

Mannan said he owns 15 percent stakes in the BIFC, three foreign companies 50 percent while the public the rest 35 percent.

Mannan said a central bank audit report in 2015 stated that 42 organisations linked to him and his family members had taken loans amounting to Tk 394 crore from the BIFC, which was not correct.

"The central bank also sought explanation from me in this regard but I do not have any information about the majority of the organisations," he said.

"Despite that, I have already recovered Tk 120 crore from 42 organisations as part of my responsibility and in the interest of my ownership in the BIFC," said the former BNP lawmaker.

He said he was still trying to recover the rest of the overdue loans.

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