



Prepare for German human rights law for supply chains

Ambassador advises Bangladeshi businesses

DIPLOMATIC CORRESPONDENT

German Ambassador to Bangladesh Achim Troster has advised Bangladeshi companies to prepare for challenges that may arise from 2023 when a German law comes into effect for enhanced human rights protection in supply chains.

The new act on corporate due diligence in supply chain will mandate German companies to ensure that no human rights violations take place in their own business operations and supply chains.

"Therefore, Bangladeshi exports, supplying to German companies, now have huge responsibilities to prepare themselves, especially in light of adoption of this supply chain law," he said.

Troster was addressing 50th anniversary celebrations of diplomatic relations between Bangladesh and Germany organised by the Bangladesh-German Chamber of Commerce and Industry (BGCCI) at the Radisson hotel in Dhaka on Sunday evening.

He also spoke about future challenges

for Bangladesh turning ineligible for the Generalised Scheme of Preferences (GSP) once it makes the United Nations status graduation to a developing country in 2026. The European Union has provided a three-year grace period for the duty free market access.

The EU will then offer GSP Plus, another preferential trade facility, but that comes with conditions for ensuring labour rights, good governance, protection of the environment and human rights etc.

"One doesn't need to be perfect to qualify, but the compliance has to be ensured. I am confident that Bangladesh has an extremely good chance to qualify (for GSP Plus)," Troster said.

He said Bangladesh has progressed much in terms of infrastructure development and there has been political stability altogether, accelerating economic growth. These create new opportunities for strengthening bilateral cooperation, he said.

Trade between Bangladesh and Germany amounts to over \$7 billion, with Germany importing over \$6 billion

worth products, mostly textile. It is Bangladesh's second largest export market after the US.

The German envoy also spoke of the need for Bangladesh to harness new export opportunities.

Bangladeshi businesspeople said there was potential for the trade volume to reach \$10 billion in the next three years but stronger cooperation was required from both ends.

Metropolitan Chamber of Commerce and Industry President Saiful Islam said Germany was a leader in renewable energy and eco-friendly industries and could help Bangladesh, whose contribution in global carbon emissions was 0.4 per cent but was a major victim of climate change.

Also, the UN status graduation would translate to constraints in market access and concessional loans. Therefore, developed countries should share affordable green technologies, he said at the event moderated by BGCCI Executive Adviser and CEO Shahed Akhtar.

Incepta Pharmaceuticals Chairman and Managing Director Abdul Mukhtar

said German engineers have been making significant contributions to skills transfers to Bangladesh in the pharmaceutical sector.

He said his company, however, faces challenges in importing spare parts as it has to do it either from Singapore or India. It would be of much advantage if German companies have their outlets in Bangladesh. He sought the German embassy's support towards this end.

Bangladesh Ambassador to Germany Mosharraf Hossain Bhuiyan, who joined the event online, said he was in talks with German car manufacturers BMW and Mercedes who were eager to set up assembling plants in Bangladesh.

Foreign Minister AK Abdul Momen in a message read out by the ministry Director General (West Europe and EU) Faiyaz Murshid Kazi said the bilateral relations have reached a strategic depth, which would grow further in the coming days.

He sought Germany's help in improving technical skills of Bangladeshi workers and their recruitment in Germany.

Pharmas seek tax exemptions next fiscal year

STAR BUSINESS REPORT

The Bangladesh Association of Pharmaceutical Industries (Bapi) has urged the National Board of Revenue (NBR) to exempt tax deductions at source on various promotional and other expenses from fiscal year 2022-23 to encourage the export of medicine and increase the competitive capacity of the industry in the international market.

Ali Nawaz, chief financial officer (CFO) at Beximco Pharmaceuticals, presented the proposal on behalf of Bapi.

The association placed a few recommendations for the upcoming national budget of fiscal year 2022-23 during a meeting with National Board of Revenue Chairman Abu Hena Md Rahmatul Muneem at the latter's office in Dhaka yesterday.

Different types of expenses of the company arose for the creation of new markets, expansion of markets and legal and regulatory needs of the respective countries, said Nawaz.

He said physicians, individuals and organisations involved in the medical profession have to pay for organising various seminars and symposiums to introduce products.

In each country, doctors, hospitals and other related fields have to undertake sales development activities to introduce medicine. All these sales and marketing activities have to be paid for from related expenses, the association said.

The exemption is essentially necessary for the creation of new export markets and for the development of exports, they said. If tax at source is applied on such expenditures, it will increase the cost of export and greatly reduce Bangladesh's competitiveness, they added.

The association says that according to the demand of the drug administrations of different countries, registration of pharmaceutical products requires submitting various study reports such as bioequivalence study reports, clinical trial reports and other research information.

Bapi said in many cases all these reports have to be outsourced.

In addition, in some cases, special quality control tests are required on the raw materials of the products, most of which cannot be done locally. Companies have to pay companies abroad to get these activities done.

NBR Chairman Muneem said, "We have announced various facilities from the NBR to take the pharmaceutical industry forward."

"Today (yesterday) we will consider all the issues that you have proposed. We will accept what is logical. I will add those in the coming budget," he added.

Pharmaceutical shipments from Bangladesh grew 22.21 per cent year-on-year in the first half of the current fiscal year on the back of continuous addition of anti-coronavirus drugs to the export basket, quality improvements and policy support.

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EU assessing rights progress

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Rahim, however, said the draft of a law on the ILO Convention 138 has already been sent to the law ministry for vetting with approval from the cabinet committee and it is expected that the parliament would pass it soon.

Moreover, the government has been trying to recruit an adequate number of inspectors for the Department of Inspection of Factories and Establishments (DIFE), he said.

Khan also said an export processing zone labour law was also scheduled to be amended as it was also in the law ministry for vetting with approval from the cabinet committee.

Bangladesh has also been working to implement the law to reduce violence against children, as per the condition of the EU, he added.

Bangladesh has been striving to make progress in improvements of labour and human rights to satisfy the EU for the continuation of the zero-duty benefit to the world's largest trade bloc.

The EU delegation is visiting Bangladesh to assess the progress of Bangladesh in amending labour and human rights laws and elimination of child labour from informal sectors as the EU was going to adopt the new GSP scheme from January 2024.

Jordi Curell Gotor, director for International Affairs in the Directorate General for Employment, Social Affairs and Inclusion, and Benedikt Bunker, policy officer, Directorate - General for Employment, Social Affairs and Inclusion, European Commission, have been holding meetings with senior officials of the ministries of labour, commerce and foreign

affairs to assess the progress of the reforms as per their supplied action plan.

Ivo Schutte, deputy head of Division, Asia and the Pacific-Regional Affairs and South Asia, European External Action Service, and Alessandro Tonoli, policy officer, Directorate - General for Trade, European Commission, are also in the EU delegation.

The delegation is also scheduled to hold meetings with Tapan Kanti Ghosh, senior secretary to the commerce ministry, tomorrow to express their opinion regarding the progress of the reforms.

The will also hold meetings with top government officials, leaders of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and labour leaders to assess the progress in ensuring labour and human rights, Ghosh also said.

"We are also negotiating with the EU for availing the GSP Plus," he added.

In the proposed GSP Plus scheme, the EU said if the value of a particular garment item from a country eligible for duty-free export benefit under the bloc's EBA facility crosses 6 per cent of the total imported value of apparel, the zero duty facility will not be applicable for the product even if the GSP Plus status is granted.

As of 2019, the value of apparel imported from Bangladesh to the EU has already gone past the threshold and now stands at more than 9.74 per cent.

"We will talk with the EU so that they soften the condition for Bangladesh," Ghosh said.

The EU is the largest export destination for Bangladesh and more than 58 per cent of it exports is destined for the EU.

IMF in Sri Lanka to discuss worsening economic crisis

AFP, Colombo

An IMF delegation was in Sri Lanka Monday for talks on the island's worsening economic crisis, with the public suffering through months of food, fuel and medicine shortages.

A lack of foreign currency has left traders unable to pay for vital imports in what authorities concede is the South Asian nation's worst financial crisis since independence from Britain in 1948.

Long queues outside gas stations and rolling blackouts have become the norm, while record inflation has caused serious hardship among the island's 22 million people by repeatedly pushing up the cost of groceries, transport and pharmaceuticals.

A senior staffer from the International Monetary Fund "will

hold talks" with President Gotabaya Rajapaksa and his brother, finance minister Basil Rajapaksa, a spokesman for the leader told AFP.

Sri Lanka's government is divided on seeking a bailout, but the international lender said it was "ready to discuss options if requested" in a Monday statement. The IMF warned earlier this month that the country's \$51 billion foreign debt was "unsustainable", and called for a currency devaluation and higher taxes to revive its almost bankrupt economy.

Sri Lanka last week allowed the rupee to float, a move that saw the currency nosedive 25 per cent against the dollar and triggered a fresh wave of price increases. Fuel costs have risen by nearly 80 per cent since early February while food prices rose by a quarter according to January figures.

100pc population comes under

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adviser and senior vice-president of the Consumers' Association of Bangladesh, says 10 to 15 per cent of people could not access electricity in many areas even though the areas were brought under electricity coverage in the past.

"The government has made electricity available for the population. Lifeline tariffs have been extended to provide power at concessional rates. Why are some people still failing to reap the benefit of the expansion in electricity coverage?"

Prof Alam says people still use kerosene to light lamps. "This is one of the indicators that say many people don't have access to electricity."

At the event, Nasrul Hamid said the prime minister would

inaugurate the 1,320MW coal-based power plant in Payra of Patuakhali on March 21.

The power plant will have less impact on the environment than a brick kiln. It will be a Bangladesh-China joint venture, he added.

The state minister said the government is incurring huge losses while importing fuel and liquefied natural gas (LNG) due to Russia's war against Ukraine.

"Bangladesh Petroleum Corporation is losing Tk 80 crore a day," he said, adding that the government is still trying to keep the price of fuel and gas stable even by providing subsidies.

"But if the loss widens, the government may change its decision."

Mentioning his recent visit to

Qatar, Hamid said they have given a proposal to Qatar to import 1.8 billion per million British thermal units (MMBTu) of LNG under a long-term agreement.

"The demand for power is increasing by 200MW every day. So, we have to raise the generation capacity based on the rising demand."

"Qatar will give its decision within a couple of days," he added.

About the capacity of power, Hamid said the gap between peak hours and off-peak hours is about 6,000MW.

"The demand for power is increasing by 200MW every day. So, we have to raise the generation capacity based on the rising demand."

Hamid said many experts criticised the government, arguing it is making capacity payments as it can't utilise the generation capacity.

"But this is part of the investment."

The 30 to 40 per cent reserved capacity is aimed at meeting power demand during peak hours and emergencies. "Otherwise, we will not be able to ensure uninterrupted electricity supply across the country," he said.

The developed countries such as the US and Japan maintain a 100 per cent additional capacity, he added.

Russia gradually resuming Black Sea wheat exports

REUTERS

Russia is gradually resuming wheat exports from its Black Sea ports while navigation in the Azov Sea remains restricted, analysts said on Monday.

Russia invaded Ukraine on February 24, calling its actions a "special military operation".

"Exports are ongoing from all the five Black Sea (grain export) terminals," IKAR agriculture consultancy said in a note. Prices for Russian wheat remain extremely volatile, IKAR said, adding that for wheat with 12.5 per cent protein content from the Black Sea ports they were at \$415 per tonne free on board (FOB) on March 11.

Sovecon, another consultancy, said that Russia's Black Sea terminals loaded 400,000 tonnes of wheat last week, and that vessels were going in and

out of the ports there.

"Full navigation in the Azov Sea is still closed but some vessels are starting to pass through the Kerch Strait (to the Black Sea)," it added.

In the domestic market, Russian farmers started to refuse previously signed contracts amid strong demand from exporters and domestic buyers, Sovecon said. Russia's recent decision to suspend grain exports to some ex-Soviet countries is yet to be approved, but, Sovecon said, market participants already report unofficial restrictions for rail supplies of grain from Siberia to Kazakhstan.

Russian wheat exports are down by 45.4 per cent since the start of the 2021/22 marketing season on July 1 because of a smaller crop and an export tax that had been set at \$86.3 a tonne for March 16-22.