Bangladesh says the European Union should extend trade facilities well past its United Nations status graduation to a developing country as the country's trade was badly impacted from the severe impacts of the Covid-19 pandemic and Russia-Ukraine war. Moreover, the garment sector has been playing a major role in empowering women by creating jobs for thousands of female workers while Bangladesh has sheltered a massive number of displaced Rohingyas. PHOTO: STAR

POST-LDC TRADE WITH EU

Bangladesh reiterates demand for extension of benefits

REFAYET ULLAH MIRDHA

Bangladesh has again demanded that the European Union (EU) extend its trade facilities meant for least developed countries (LDC) for six more years instead of three years to ensure the country's smooth graduation to a developing nation.

A delegation of Bangladesh placed the demand at different meetings with high-ups of the EU at its headquarters in Brussels in Belgium over the last two days.

Bangladesh is scheduled to make the United Nations status graduation from November 24, 2026.

The EU will continue to provide Bangladesh the LDC trade benefits up to 2029, with the three extra years being a grace period the world's largest trade bloc allows for graduating countries.

Bangladesh wants the extension to last up to 2032 to take more preparations for the graduation.

Moreover, Bangladesh has also demanded that the EU withdraw a rule in a new Generalised Scheme of Preferences (GSP).

The rule stipulates that if the value of a product imported from a country eligible for duty-free benefits under the Everything But Arms initiative crosses 6 per cent of the bloc's total imports, then the zero-duty facility will not be applicable even if GSP status is granted.

Bangladesh has crossed the 6 per cent threshold a lot earlier.

"We have already demanded to some EU parliamentary members, those who are involved in the trade affairs, for the removal," said Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), over the phone.

He is one of the members of the delegation, which is led by Mohammad Tofazzel Hossain Miah, principal secretary to the prime minister, and which includes Tapan Kanti Ghosh, senior secretary to the commerce ministry.

Despite repeated efforts, Ghosh could not be reached over phone. He also did not reply to a query sent over WhatsApp.

During the meetings, Bangladesh demanded the trade facility extension citing that its trade was badly impacted from the severe impacts of the Covid-19 pandemic and Russia-Ukraine war, Hassan said.

Moreover, the garment sector played a major role in empowering women by creating jobs for thousands of female workers while Bangladesh has sheltered a massive number of displaced Rohingyas, he said.

Some members of the private sector also participated in the meetings, including Nihad Kabir, former president of the Metropolitan Chamber of Commerce and Industry and chairperson of the trustee board of Business Initiative Leading Development, said Hassan.

Farooq Ahmed, secretary general and CEO of Bangladesh Employers' Federation, also participated in the meetings, Hassan added.

Hassan said earlier the EU had removed another threshold of 7.4 per cent for which Bangladesh gained eligibility for GSP Plus of the EU after the LDC graduation.

The old import share criterion stipulated that a country's share in EU GSP-covered imports in 2019 could not be more than 7.4 per cent.

As Bangladesh is a large clothing exporter and as almost all of it is exported duty-free, Bangladesh's share in EU-GSP covered imports was much higher than the 7.4 per cent.

The EU is going to introduce its new GSP rules for eligible countries from January 2024 to be continued up to 2034.

The delegation is also scheduled to hold meetings with the director general for trade of the EU to place the demand.

Bangladesh along with other LDCs have been lobbying with different developing and developed countries over the last few years to extend the LDC trade benefits.

Of the total exports from the country, over 73 per cent is LDC induced as Bangladesh enjoys preferential trade benefit as an LDC in 38 countries now.

However, once the country graduates to become a developing country, it will lose its preferential trade benefits.

The BGMEA in a press release also informed of the demands being placed with the EU.

Garment export to EU soars 36%

STAR BUSINESS REPORT

Bangladesh's apparel export to the European Union increased 35.69 per cent year-on-year in 2022, according to data from the Eurostat.

The bloc's imports from the world grew by 20.97 per cent.

The EU imported $22.89 billion worth of clothing items from Bangladesh last year, data from the statistical office of the EU showed.

Thanks to a 22.20 per cent share in the EU's total garment import, Bangladesh remains the second largest apparel sourcing destination for the bloc.

The EU's import from the top sourcing nation, China, was up 17.01 per cent to $30.14 billion in 2022, while the import from Turkey, the third-largest apparel supplier, increased by 10.09 per cent $11.98 billion.

It rose 21.02 per cent and 35 per cent from India and Vietnam, respectively.

Great resignation to unprecedented tech layoffs

MAHTAB UDDIN AHMED

A college friend who was once an outstanding student failed to do well in his IT career. His family of two university students barely managed with his single income until the pandemic. But since then, the price of his basket of goods has increased significantly. As a result, the family is finding it very hard to make ends meet with his monthly income of Tk 60,000.

To make matters worse, he recently got fired by his struggling IT company, which is heavily dependent on the export market. Completely devastated, he turned to his friends for support of any kind.

He is just one of the many I know who fell into troubled waters recently with no salary to pay for house and car mortgages.

While technology companies announced massive layoffs last year, 2023 is looking even worse. Tech giants, including Amazon, Facebook, Microsoft, Google, IBM, SAP, and Salesforce and many smaller tech companies announced sweeping job cuts.

In the US alone, approximately 150,000 jobs were lost in 2022, which is shockingly similar to the first three months of the current year. In India, 166 IT companies fired more than 65,000 workers in 2022, and the trend is continuing in 2023.

The primary reason behind this job crisis in the tech sector was the hiring spree of big tech companies during the pandemic when lockdowns sparked a tech buying binge to support remote work coupled with abnormal uptake in e-commerce. Persisting supply chain issues, inflation and the war in Ukraine also impacted business and consumer spending, leading to fears of a global recession.

The recent impact of artificial intelligence on people's productivity is also to be considered. With the dismal global economic scenario and if we consider Bangladesh's high inflation, the forex reserve crisis and the poor banking system, we can foresee a perfect storm brewing!

Why is there a sudden shift from an employee-driven market (Great Resignation) to the unprecedented scale of tech layoffs?

Amid a strong labour market, companies were competing for talent worldwide. At the same time, trends like quiet-quitting and the Great Resignation made way for employees to make more demands. At the same time, reports of rampant hiring freezes and layoffs left many workers nervous.

People who left their jobs are now worried about keeping their new positions. Other workers are wondering if 2023 is the right time to switch careers.

There is debate among billionaire CEOs regarding the reasons for the layoff. Investor Keith Rabois recently said firms had over-hired IT engineers who do "fake work."

Investor David Sacks, a friend of Elon Musk, commented: "Does anyone still work?" Musk replied with a cry-laugh emoji. Most CEOs in this category admit that they made a mistake by excessively recruiting during the pandemic.

Since Bangladesh is in short supply of tech workers, the impact on tech companies may not be that harsh in the short term. But the crash will be more significant in industries dependent on the export market, like IT and garments.

Bangladesh's job market has fortunately not seen many challenges since our liberation. The nation has only seen progress. Our workers and employers are yet to learn how to deal with the Great Migration or the high lay-off scenario. Under the circumstance, options like salary cuts, lower working days, and new skill development may be considered in balancing the interest of both parties.

One last piece of advice: be less adventurous as an employee with job changes, as it is always better to take shelter under a big tree during a storm.

The author is founder and managing director of BuildCon Consultancies Ltd

Mutual funds allowed to invest more in stocks

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission (BSEC) has given go-ahead to mutual funds to invest up to 80 per cent of their funds in the stock market.

The stock market watchdog took the decision today to raise the investment limit for mutual funds from the existing 60 per cent in a bid to increase institutional investors' participation in the market, said a top official of the BSEC.

Mutual funds pool money from investors to channel it into securities such as stocks, bonds, and other assets. Depending on the profits earned, investors are then paid their share as dividends.

Some companies invest in non-listed securities and in most of the cases these investment decisions ultimately give low yield, the BSEC official said.

So, for the betterment of the investors' interest, the BSEC took the decision to allow them to invest more in the stock market, he added.

However, a top official of an asset management company, preferring anonymity, said the BSEC's decision would leave little impact on the stock market because the asset manager invests only in stocks, which they think have potential to grow. Until they see the potential, their investment would not come, he said.

Normally, when the stock market becomes bearish, the fund managers go to the non-listed securities to safeguard peoples' funds and ensure their return.

If any asset manager invests up to 80 per cent of their fund in the stock market, it will make them riskier considering the risk of the stock market, he added.

Farmers pick out chilli that has dried properly in Char Deluabari, a remote char in the middle of the Jamuna river, under Gaibandha's Phulchari upazila. Chili is one of the cash crops in the area, providing a profit of Tk 50,000 to Tk 70,000 on every Tk 20,000 invested on one bigha of land, according to the farmers. Around 492,681 tonnes were produced across the country in fiscal year 2020-21, as per the Bangladesh Bureau of Statistics. The photo was taken recently. PHOTO: MOSTAFA SHABUJ

Two firms to provide internet in 2,600 unions

STAR BUSINESS REPORT

The government has awarded Summit Communications and Fiber@Home the task of providing high-speed internet connections in 2,600 unions across Bangladesh.

The Executive Committee of the National Economic Council (ECNEC) yesterday approved a draft public-private partnership agreement with the internet infrastructure providers for revenue sharing.

The deal also includes the maintenance, upgradation, replacement, operation and connection of broadband internet infrastructure, namely optical fibre cable installed under the government project titled "Development of National ICT Infra-network for Bangladesh Government Phase-III (Info-Sarker Phase-3)".

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