

## SME Foundation, UNESCAP make 7-year plan

For women entrepreneur dev

STAR BUSINESS DESK

State-run SME Foundation and the Economic and Social Commission for Asia and the Pacific (ESCAP) of the United Nations have jointly formulated a seven-year strategy paper for the development of women entrepreneurs in Bangladesh.

The strategy identified 10 areas and suggested government and private organisations to work together to increase support in this aspect.

The areas are institutional and policy support, human resource development, network development, harnessing the potential of women, increasing financing, market linkages, digital and ICT development,

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## Consumers protest cancellation of 3-day internet packages

STAR BUSINESS REPORT

Bangladesh Mobile Consumers Association yesterday demanded the reinstatement of short-term and low-cost internet packages mostly used by low-income and marginal consumers.

The demand came at a rally and subsequent protest in front of the National Press Club.

Addressing the rally, speakers said if the short-term packages are scrapped in the name of reducing the number of products, it will undermine the freedom of customers to choose the package, increasing the cost of internet usage.

On the other hand, it will increase the business of certain mobile operators and hurt the competition in the market, they said.

This comes as the Bangladesh Telecommunication Regulatory Commission (BTRC) recently issued a directive, slated to take effect on October 15, discontinuing internet data packages with a tenure of three and 15 days.

The move has been met with opposition from both

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## Asia apparel hubs face \$65b export hit from extreme weather: study

REUTERS, London

Extreme heat and flooding could erase \$65 billion in apparel export earnings from four Asian countries by 2030, as workers struggle under high temperatures and factories close, research from Schroders and Cornell University showed on Wednesday.

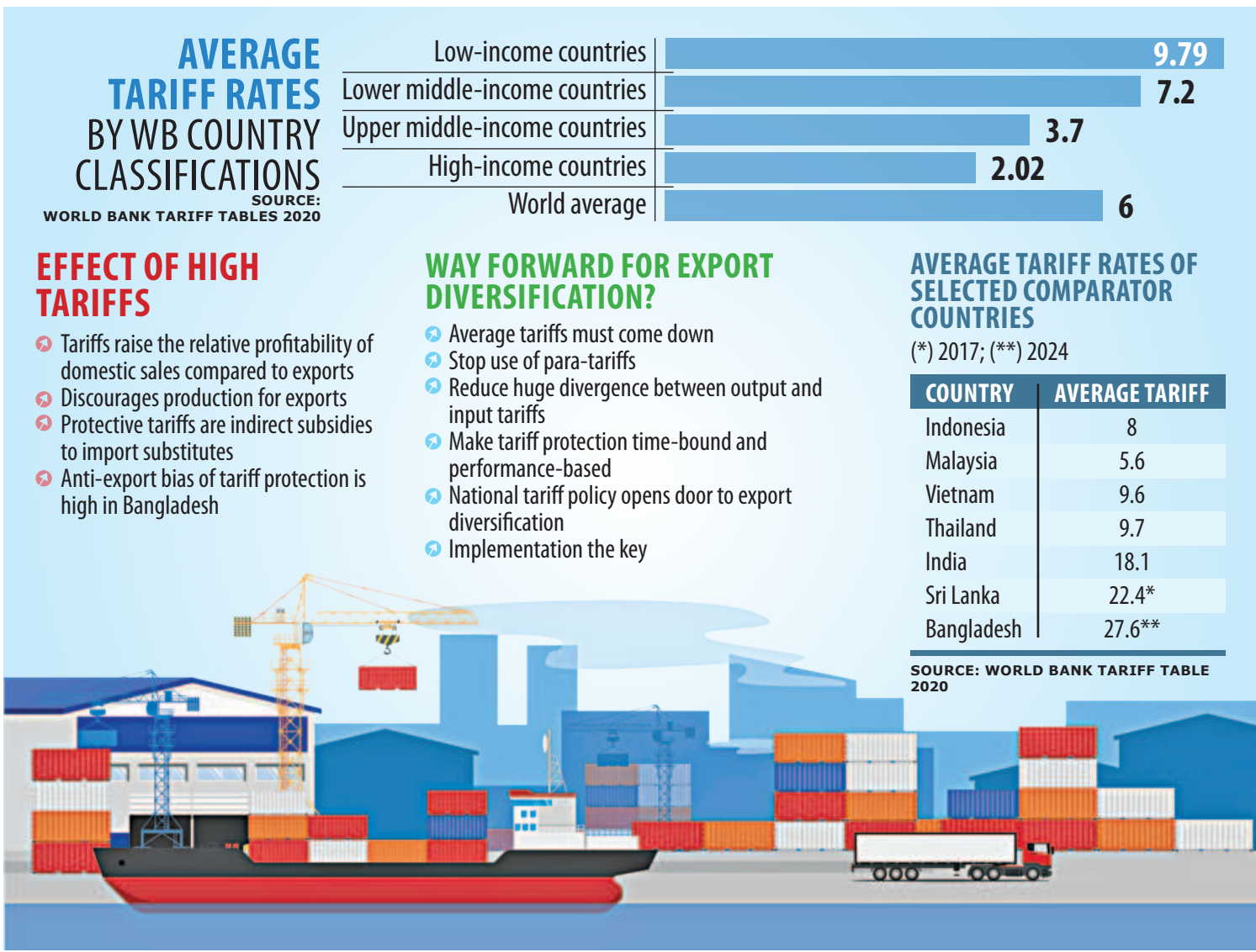
The study also mapped out the supply chains of six unidentified global apparel brands operating in the four countries studied - Bangladesh, Cambodia, Pakistan and Vietnam - and found all six would be hit materially. For one sample brand that could amount to 5 percent of annual group operating profits.

The findings should act as a wake-up call to both an apparel industry facing significant financial costs, and to investors confronted with sparse information on companies' exposures, the report's authors told Reuters.

"Among the suppliers and the buyers, we talked to, not one had their eye on these two issues (heat and flooding)," said Jason Judd, executive director of Cornell Global Labor Institute.

"The climate response by the industry is all about mitigation, about emissions and recycling, and little or nothing with respect to flooding and heat," Judd said.

Understanding climate-related physical risks to companies in a warming world is critical, but the process is in its infancy with few businesses disclosing enough information and few investors undertaking proper assessments.



# Bangladesh's average import tariffs higher than in most countries

STAR BUSINESS REPORT

Bangladesh's average nominal tariffs are higher than in low-income, middle-income and high-income countries, as well as most of its comparators, said an economist yesterday.

Such a high tariff on imported items raises relative profitability for domestic market-oriented industries compared to exports, discourages production for overseas markets, and acts as a major barrier to export diversification, said Zaidi Sattar, chairman of the Policy Research Institute of Bangladesh (PRI).

He made the remarks while presenting a paper at a seminar on "Tariff protection and export diversification are not mutually exclusive: The Bangladesh phenomenon" organised by the Bangladesh Institute of Development Studies (BIDS) at its conference room in the capital.

The nominal tariff is 27.6 percent in Bangladesh.

It is 22.4 percent in Sri Lanka, 18.1 percent in India, 9.7 percent in Thailand, 9.6 percent in Vietnam, 5.6 percent in Malaysia, and 8 percent in Indonesia.

"Tariffs are now the principal instrument of protection, an incentive to import-substitute production," Sattar said.

The economist described higher tariffs as a critical requirement for sustaining so-called infant industries without regard to their period of establishment or the efficiency implication of long-term protection.

Sattar said almost all consumer goods

produced domestically reap the benefit of extremely high and differentiated levels of nominal and effective protection.

The effective rates of protection for most import-substitute industries could range from 100 percent to 400 percent or more, he said.

**The country ships 346 types of non-RMG products that earn around \$1 million annually, but the segments do not get the bonded warehouse facility, which allows exporters to import raw materials duty-free**

Anti-export bias is also one of the bottlenecks for export diversification, according to Sattar.

He said Bangladesh exports 1,377 non-ready-made garment products. Of them, 174 products are highly competitive, 408 items are moderately competitive and 795 are marginally competitive.

The country ships 346 types of non-RMG products that earn around \$1 million annually, but the segments do not get the bonded warehouse facility, which allows exporters to import raw materials duty-free.

"These products can play a significant role in accelerating export diversification if they are brought under the bonded warehouse facility," he said, adding that products made by jute, leather goods and home textile

industries are largely competitive in the world market.

"Non-RMG exporters can compete in the world market purely on the basis of labour cost advantage."

He said the National Tariff Policy 2023 has opened the door for export diversification.

According to the PRI chief, the focus of the policy will be on import taxes such as customs duty, regulatory duty and supplementary duty, which are not "trade neutral".

The value-added tax, the advance income tax and the advance VAT are considered trade neutral and are not under the purview of the trade policy, he said.

The economist pointed out that export diversification is not getting traction despite two decades of policy focus on "thrust sectors", "high priority sectors", and "special development sectors".

Salehuddin Ahmed, a former governor of the Bangladesh Bank, stressed cash incentives and other benefits like the bonded warehouse facility to increase export diversification.

He, however, added that the National Tariff Policy alone will not be effective in giving a boost to export diversification.

Ferdous Ara Begum, chief executive officer of the Business Initiative Leading Development, said there are a number of sectors that have the potential to contribute more to export diversification, but they don't enjoy the bonded warehouse facility.

She called for extending the facility to them instead of giving incentives.

BIDS Director General Binayak Sen chaired the seminar.

## Leading transformation a CEO's agenda

ARIJIT CHAKRABORTI

As the uncertainties brought about by the Covid-19 pandemic are gradually dissipating, companies worldwide are reviewing and revising their strategic priorities. Business leaders are increasingly changing their stance from managing crises to seizing new opportunities. Under these circumstances, the time has come for business leaders, more specifically the CEOs of companies in Bangladesh, to review their strategic priorities as well.

According to the 26th Annual Global CEO Survey 2023 conducted by PwC, CEOs in Bangladesh cited highlighted inflation as their top business risk. They also highlighted supply chain disruptions as one of their major business challenges.

Despite such headwinds, leading organisations have successfully grown their businesses in the recent past. Export revenue grew 33.4 percent in 2021-22 and continues to grow, albeit at a lower rate of 9.8 percent in 2022-23, according to the Asian Development Bank.

With the objective of reviewing and revising their strategic priorities regularly, CEOs should start weighing in the choices between managing uncertainties and investing for the future. Many leading organisations in Bangladesh are successfully transforming themselves with enterprise-wide digital solution implementation and process re-engineering. It's time to make a choice between cost-cutting exercises vis a vis allocation of resources for the initiatives of the future.

While investing for the future, a CEO must lead from the front by fostering a culture of innovation and willingness to adopt changes which come with it. Innovation can happen anywhere and everywhere within an organisation.

The CEO of an organisation can foster a culture of innovation by supporting the incubation of innovative ideas and rolling out the successful ones. Organisations that are culturally ready to embrace and

adopt new solutions across all their functions are more likely to witness successful rollouts of innovations in which they have invested.

Investing for the future also means undertaking a few bold transformation decisions.

A CEO should be mindful of the fact that any transformation must address a few hard questions. First, the transformation should be able to show measurable value for the stakeholders. Often, an organisation embarks on a transformation journey by implementing a new technology. However, sometimes it's not easy to determine and identify quantifiable outcomes of such endeavours. The CEO should lead discussions on measurable outcomes and encourage each executive of the organisation to participate in determining the measurable value of a programme.

Next, the operating model of an organisation is likely to undergo changes during the transformation journey. The CEO should stay focused on aligning the new operating model with a renewed vision, revise strategic priorities and guide the transformation team to successfully implement the operating model.

Additionally, no transformation can succeed without the successful participation and contribution of an organisation's workforce. The CEO must understand the necessity of upskilling the organisation's workforce as part of the transformation agenda.

Finally, it should be noted that no business is immune to climate risks. While an organisation's transformation agenda continues to focus on delivering measurable value, the CEO should take a long view and lead the conversation on the risks arising due to climate change. Such a holistic approach is likely to make the transformation successful as well as the organisation fit for the future.

The author is a partner at PwC. The views are personal



Commuters and vehicles move on a flooded street after rain in Dhaka on August 4.

PHOTO: REUTERS

## TCB starts selling four essentials at subsidised rate

STAR BUSINESS REPORT

The state-run Trading Corporation of Bangladesh (TCB) yesterday began selling four essential commodities at a rate lower than the market prices.

Sales in Dhaka will start today.

Under the initiative, one crore family cardholders will get rice, edible oil, lentil and sugar for the month of September, the TCB stated in a press release.

Cardholders will get rice at Tk 30 per kilogramme and a litre of soybean or rice bran oil for Tk 100 per litre. The TCB will also sell lentil at Tk 60 per kg and sugar at Tk 70 per kg.

This is far lower than current retail prices, which list each kilogramme of rice at Tk 48, sugar at Tk 130, lentil at Tk 105 and

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