

# EU GSP Plus depends on labour laws of int'l standards

Ambassador tells seminar

**STAR BUSINESS REPORT**

European Parliament and European Commission, parts of European Union (EU), will see whether Bangladesh's labour laws conform to international standards to provide preferential trade benefits under a proposed GSP Plus, said EU Ambassador to Bangladesh Charles Whiteley yesterday.

Even though Bangladesh is scheduled to graduate to developing country status in 2026, the EU will continue to provide the country its trade facilities meant for least developed countries (LDC) up to 2029.

Afterwards Bangladesh wants to avail the Generalised Scheme of Preferences (GSP) Plus, a special incentive for developing countries to pursue sustainable development and good governance.

"We are closely following the ongoing amendment of

Bangladesh labour act. We hope that the amendment will be done with full transparency and in consultation with tripartite stakeholders and with technical assistance from ILO," said Whiteley.

He was addressing a seminar on "Unlocking Trade and Investment for European Companies in Bangladesh" jointly organised by the Dhaka Chamber of Commerce and Industry (DCCI) and the EU at Renaissance Dhaka Gulshan Hotel.

The new areas of cooperation are ICT, infrastructure, aviation, renewable energy, agriculture and pharmaceuticals.

Over the past 8 years, over \$5 billion was scheduled to come from the EU to Bangladesh in the form of foreign direct investment, according to Bangladesh Bank.

However, only \$2 billion finally came about, which is far from ideal when compared with

that going to other developing countries, such as \$28 billion in Vietnam, Whiteley said.

Issues like carbon emission and renewable energy will be major factors in garments

sourcing after 2030, said Ziaur Rahman, regional country manager of multinational clothing company H&M.

Bangladesh needs more EU investment for untapped

potentials in leather goods, IT and bicycles, said Syed Nasim Manzur, managing director of Apex Footwear.

Bangladesh's exports to the EU, 93 percent of which was garments, stood at \$25.23 billion in fiscal year 2022-23, said DCCI President Md Sameer Sattar.

Commerce Minister Tipu Munshi, Lokman Hossain Miah, executive chairman of Bangladesh Investment Development Authority, Jurate Merville, counsellor of the EU Delegation to Bangladesh, Morad Bourouffala, country representative of Airbus, Iqbal Chowdhury, CEO of Lafarge Holcim, Massih Niazi, CEO of Petromax LPG, Mushtaque Ahmed, vice president of the Bangladesh Bicycle and Parts Manufacturers and Exporters Association, Miran Ali, vice president of the BGMEA, and Russell T Ahmed, president of the BASIS, also spoke.



PHOTO: STAR/FILE

Issues like carbon emission and renewable energy will be major factors in garments sourcing after 2030, said an official of H&M.

## Long-term spectrum roadmap crucial for operators: experts

**STAR BUSINESS REPORT**

A long-term spectrum roadmap can play a crucial role in providing mobile operators with the certainty needed to plan their investments strategically, experts said yesterday.

Ashish Garg, senior spectrum & policy manager, South Asia for the GSMA, said a spectrum roadmap for at least 10 years would provide necessary assurances to mobile operators.

The GSMA is a global organisation representing mobile operators and organisations across the mobile ecosystem and adjacent industries.

He was speaking on the second day of the three-day "24th South Asian Telecommunication Regulators Council (SATRC 24) Meeting" at Le Meridien Dhaka yesterday.

Garg said four guiding factors needed to be followed by regulators in the South Asian region, including the Bangladesh Telecommunication Regulatory Commission (BTRC), when framing a spectrum policy and management framework.

The first is selecting the right spectrum with a mix of all ranges, including low bands, mid bands and high bands, to support a variety of applications and use cases. The second is making it available when it is needed since delays will also delay the socio-economic benefits.

The third is that pricing must be reasonable and affordable so that operators can invest more in world-class networks. Governments should not be looking at short-term revenue but at secondary and tertiary benefits.

READ FULL STORY ONLINE

## Developing countries facing a debt crunch

**REUTERS, London**

High interest rates, growing investor risk aversion and borrowing that ballooned in recent years have left a range of developing economies mired in debt crises. Helping them claw out of this will be a key agenda item at the annual IMF and World Bank meetings in Morocco's tourist hub of Marrakech which kicks off next week.

Below is a look at countries facing debt troubles, listed in alphabetical order.

North Africa's largest economy needs to repay some \$100 billion of hard-currency debt over the next five years. Cairo currently spends over 40 percent of revenues on interest payments; financing needs for fiscal 2023/204 stand at \$24 billion.

Egypt has a \$3 billion IMF programme and has devalued the pound by roughly 50 percent since February 2022. But a \$2 billion privatisation plan has been slow, and it has delayed the removal of electricity subsidies.

Elections, scheduled for December,

lower the chances of painful reforms, analysts said, and support from wealthy Gulf nations is key to ensuring financing needs are met.

The Covid-19 pandemic hammered Ethiopia's economy, and a two-year civil war from November 2020 heightened the pain with the country losing duty-free access to the US amid rights abuse allegations.

Ethiopia requested a restructuring in early 2021 under the G20 Common Framework - set up during the pandemic to try to streamline debt overhauls.

## BB raises policy rate at sharpest pace

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official of the IMF says now the main target should be bringing down the inflation rate to a reasonable level and making the exchange rate stable.

The taka has lost its value against the US dollar by about 28 percent in the past 18 months.

The rate hike came at a time when private sector credit growth has continued to dip as banks and borrowers adopt a go-slow strategy amidst the stress on the economy and growing apprehensions of a political crisis centring the upcoming

parliamentary elections.

In August, the growth was 9.75 percent whereas it was 9.82 percent in the preceding month.

The central bank took the rate hike measure to tighten the money supply at a time when the overall interest rate is increasing.

In July, the weighted average interest rate on deposits stood at 4.46 percent, up from 4.38 percent a month ago. The weighted average rate on loans edged up to 7.75 percent in July from 7.31 percent in June.

Syed Mahabur Rahman,

managing director and CEO of Mutual Trust Bank Ltd, said the hike in the policy rate will definitely impact the market, especially at a time when the liquidity situation is facing stress.

"The stress will intensify further," Rahman said the deposit rate will increase but the credit flow to the private sector will decline. The net interest margin, the difference between interest expenses and interest revenue, will go down too.

"The move is expected to contain inflation. But let's see how it plays out."

## Financial account deficit keeps widening

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The gross flow of FDI rose 3.14 percent to \$985 million.

"Foreign lenders have lost their confidence in Bangladeshi companies as the country's forex reserves continue to fall," Zahid Hussain, a former lead economist at the World Bank's Dhaka office, told The Daily Star recently.

The gross foreign exchange reserve came down to \$21.11 billion on September 26, owing to rising global commodity prices, supply disruptions, a slowdown in external demand, and a shift in remittance back to informal channels. It was \$40.7 billion in August 2021.

The trade deficit, which takes place when imports surpass exports, narrowed to \$1.01 billion in July-August, against \$4.57 billion during the same period last year, on the back of higher shipments and lower purchases from international

markets.

Exports were up 9.04 percent.

Imports dropped 22.30 percent, driven by the austerity measures put in place by the government to stop the depletion of the reserve and the putting on hold of investment and expansion plans by industries and businesses.

The current account balance returned to the positive territory at \$1.10 billion from a negative \$1.46 billion in July-August. The overall balance was \$1.69 billion negative.

Md Deen Islam, an associate professor of economics at the University of Dhaka, said the widening deficit has both short-term and long-term repercussions for the economy.

"In the short term, it has led to a more pronounced depreciation of the taka and heightened inflationary pressures."

He thinks the deteriorating balance of payments and increased

foreign exchange market volatility could potentially trigger capital flight, as foreign investors might lose confidence, leading them to withdraw their investments.

"This, in turn, could discourage new FDIs and other portfolio investments."

Islam said if Bangladesh continues to grapple with a persistent current account deficit alongside a financial account deficit, the country's import capacity will be curtailed.

"The combined effect of reduced foreign investment and lower imports may result in negative or sluggish growth in both employment and GDP."

"Bangladesh currently stands at a critical economic juncture, and the hard-won growth and prosperity achieved over the last decade could be in jeopardy if prudent macroeconomic policies are not promptly implemented."

## State banks' default loan surges

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As per the central bank data, state banks suffered from the highest provision shortfall against classified loans followed by private banks.

The four state banks fell short of the required Tk 10,690 crore provision against the NPLs while private banks by Tk 11,270 crore.

However, specialised banks and foreign banks operating in Dhaka had excess provision against requirement, according to the central bank report, which also highlights the challenges the Bangladesh economy was facing.

The BB said the Bangladesh economy demonstrated its resilience by achieving a growth rate of 6.03 percent in FY23, maintaining a consistent growth trajectory in the post-Covid era.

"Notably, this growth was propelled by the manufacturing sector, spanning firms of all sizes, and a robust service sector. While the agriculture sector faced crop losses due to natural disasters, it still achieved commendable growth," it said.

For fiscal year 2023-24, the Bangladesh economy faces challenges of high inflation and external sector vulnerabilities, it said.

"Collaborative efforts between the government and Bangladesh Bank will be instrumental in addressing these challenges effectively," it added.

## Reserve below \$18b

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more than \$1 billion worth of US dollars each month.

Besides, the country's foreign currency expenditure against income has remained at a \$1 billion deficit for the past 24 months.

"So, we are not at the satisfactory stage that we had been in the recent past," the economist said.

Hussain warned that if forex usage continues at the current rate, the country would run out of foreign currency at some point.

"Then, the exchange rate can't be contained at the current level and it will go out of control," he added.

Hussain made these comments while speaking to reporters after the annual conference of the International Business Forum of Bangladesh (IBFB) at Gulshan Club Limited in Dhaka.

The event was chaired by IBFB President Humayun Rashid.

Hussain expressed dissatisfaction over the prevalence of income inequality, saying economic growth will not have the expected benefits if the situation continues.

Around 90 percent of the population made less than \$10 per day in 2022 while it was less than \$4 for the bottom 50 percent. On the other hand, the top 1 percent earned nearly \$110 a day that year.

"There is no possibility of becoming a middle-income country by 2031 if the income inequality continues at the current pace," Hussain said.

He also said Bangladesh needs average economic growth of nearly 8 percent to become a middle-income country by 2031 while more than 10 percent growth is needed to achieve high-income status by 2041.

Hussain suggested that Bangladesh needs to increase its productivity and income level of workers in order to tackle this situation.

Speaking as chief guest, Indian High Commissioner to Bangladesh Pranay K Verma said there is a big possibility in the future of bilateral trade through the Indian rupee, which started in July.

"The Indian rupee trading has just begun in response to the long-standing demand of local businesses of the two countries," he said, adding that visa processing should be made easier and faster for the business community.

## WB to give \$500m

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The minister said the government is hopeful that the GDP growth will be higher in 2023-2024 than the 5.6 percent expansion projected by the WB.

"However, everything will depend on the situation in the next few months," he said, indicating to the political situation ahead of the next parliamentary election due in January.

"If the situation remains stable, the GDP growth could be 6 percent."

Mannan said although inflation dropped slightly in September, he is not satisfied.

The Consumer Price Index, which measures the monthly change in prices paid by consumers, rose 9.63 percent in September, down 29 basis points from more than a 12-year high recorded a month earlier.

The minister stressed efforts to reduce inflation further as it affects the common people.

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Memo No. 31.04.0000.000.07.003.2023-1223 Date: 04/10/2023

**Invitation for Tender**  
**Open Tender Method**  
**e-Tender Notice No.**

e-Tender is invited in the National e-GP System Portal (<http://www.eprocure.gov.bd>) for the procurement of following works, details are given below:

SL	Tender ID	Package No.	Name of work	Tender last selling (date & time)	Tender opening & closing (date & time)
1	883050	01	Procurement of Cleaning & Sanitary Materials	17-October-2023 16:00	18-October-2023 11:00
2	883190	01	Procurement of Training Materials (Printing)	17-October-2023 16:00	18-October-2023 11:45
3	883218	01	Procurement of Stationary Items	17-October-2023 16:00	18-October-2023 12:30

These are online tenders, where only e-Tender will be accepted in the National e-GP Portal and no offline/hard copies will be accepted. To submit e-Tender, registration in the National e-GP System Portal (<http://www.eprocure.gov.bd>) is required. Further information and guidelines are available in the National e-GP System Portal, e-GP help desk ([helpdesk@eprocure.gov.bd](mailto:helpdesk@eprocure.gov.bd)) also. Interested persons can communicate with the undersigned during office hours.

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শেখ হাসিনার মূলমন্ত্র

Memo No. 46.11.1600.002.14.23.0109 Date: 04/10/2023

**e-Tender Notice-DRIIDARP/2023/04**

e-Tender is invited in the National e-GP System Portal (<http://www.eprocure.gov.bd>) for the procurement of following works:

Package/Lot No.	Tender ID	Identification of lot	Tender document last selling date and time	Tender closing & opening date and time
DRIIDAR/2023-24/CCC/W20/Lot1/A	883142	Development of Proshanti R/A and Mostafa Hakim College Road at 10 No. Ward	18-October-2023 12:00	18-October-2023 14:00
DRIIDAR/2023-24/CCC/W18/Lot2/C	883143	Development of Borda Boswas Road bylane, Mojumdar Bari Road, Ghosh Bari bylane, Purbo Das Para Road, Choto Kali Bari Mohasomshan & Seba Kholo Mandir Road, Kalir Hat Road last part with drain at 10 No. Ward	18-October-2023 12:00	18-October-2023 14:00
DRIIDAR/2023-24/CCC/W18/Lot1/C	883144	Development of Colonel Jones Road, Amanat Ullah Shah Para Road, Sagorika Shilpo Area Road at 10 No. Ward	18-October-2023 12:00	18-October-2023 14:00
DRIIDAR/2023-24/CCC/W25/Lot1/A	883145	Development of DC Road, Ahmadur Rahman Road and Shantinagar Iqbal Mosque adjacent road 17 No. Ward	18-October-2023 12:00	18-October-2023 14:00
DRIIDAR/2023-24/CCC/W41/Lot2/C	883146	Construction of Abhaymitra Ghat (in front of Sebok Colony) culvert, R.C Church Road culvert, Yakub Nagar Road culvert and Mahim Das Road culvert at 33 No. Ward	18-October-2023 12:00	18-October-2023 14:00

The procuring entity reserves the right to accept or reject all tenders.

This is online tender, where only e-Tender will be accepted in the National e-GP Portal and offline/hard copies will not be accepted. To submit e-Tender, registration in the National e-GP System Portal (<http://www.eprocure.gov.bd>) is required. The fees for downloading the e-Tender documents from the National e-GP System Portal have to be deposited online through any registered bank branches up to particular date and time specified on the tender notice.

Further information and guidelines are available in the National e-GP System Portal and from e-GP help desk ([helpdesk@eprocure.gov.bd](mailto:helpdesk@eprocure.gov.bd)).

**Md. Jashim Uddin**  
Deputy Project Director  
"Different Roads and Important  
Infrastructural Development including  
Airport Road under  
Chattogram City Corporation"  
& Executive Engineer  
Chattogram City Corporation  
(On behalf of PE)

CCC/PRD-70/23-24 (7)\*4  
GD-1535