

First wage board for EPZ workers formed

STAR BUSINESS REPORT

The government has formed a board to fix the minimum wage of employees of export processing zones (EPZs).

The Prime Minister's Office issued a gazette notification in this regard on November 9.

This will be the first wage board under the Bangladesh EPZ Labour Act 2019, said Abu Syeed Md Anwar Parvez, executive director (public relation) of Bepza.

The last minimum wage board for the EPZ workers was formed in 2018, when the minimum monthly wage was fixed at Tk 8,200, he said.

Previously, Bepza used to form wage boards abiding by the prime minister's instructions and in tune with workers outside of EPZs, he said.

He also said the wage board for workers outside of EPZs would be kept in mind during the declaration of minimum wage for EPZ workers.

The 11-member wage board includes Abul Kalam Mohammad Ziaur Rahman, executive chairman of Bangladesh Export Processing Zones Authority (Bepza), Ali Reza Mazid, member, Tanvir Hossain, executive director (investment promotion), Morsheda Akhter, joint secretary to the labour and employment ministry, Shadad Mosharraf Hossain, chairman of Bangladesh EPZ Investors' Association, and Nazrul Islam, chairman of GH Haewae Co Ltd.

There are eight EPZs around the country, employing a total of 480,235 workers in 449 industrial units.



Rafizuddin waters a patch of land being used to cultivate red amaranth. In around a month's time it will be ready for sale at around Tk 10 to Tk 15 for each bundle of a size that can fit in a fist. The photo was taken in Jhalakathi, a southern coastal district, last week. PHOTO: TITU DAS

POST-LDC CHALLENGES

‘Go for high value garment’

STAR BUSINESS REPORT

Bangladesh's readymade garment sector, a cornerstone of its export earnings, faces substantial trade preference erosion upon graduation from least developed country (LDC) status, said Mohammad Abdur Razzaque, chairman of the Research and Policy Integration for Development (RAPID) Bangladesh, at a seminar yesterday.

To thrive amid heightened competition, Bangladesh must lower margin costs through efficiency enhancements, focus on producing high-value added items with more substantial profit margins and leverage evolving geopolitical dynamics for sustained growth, he added.

Razzaque was presenting a study, titled "Can Bangladesh Absorb LDC Graduation-Induced Tariff Hikes? Evidence Using Product-specific Price Elasticities of Demand and Markups for Apparel Exports to Europe", at a seminar organised by RAPID in collaboration with the International Growth Centre at the Sheraton Dhaka in Banani.

Bangladesh is set to graduate out of the group of LDCs on November 24, 2026, about 50 years after it first became a member of this cohort of nations in December 1975.

Various studies indicate that tariff hikes after LDC graduation will result in a

significant shock to Bangladesh's exports.

The United Nations Conference on Trade and Development estimated Bangladesh's potential export losses to be between 5.5-7.5 percent while the World Trade Organization suggests a decline of more than 14 percent in Bangladesh's exports.

In 2022-23, Europe-bound merchandise exports from Bangladesh amounted to \$30.5 billion, of which apparel exports comprised \$28.6 billion.

The EU and the UK account for more than 60 percent of Bangladesh's garment exports while apparel products constitute more than 93 percent of total exports to the EU and UK.

Currently, as an LDC, Bangladesh enjoys duty-free access to the EU for all exports, barring arms and ammunition.

In his presentation, Razzaque said the sector should consider raising the mark-up on current garment products by capitalising on cost efficiency through improvements in infrastructure, power, utilities, skilled labour and management, modern technologies and advanced supply-chain management techniques.

The sector should explore opportunities to diversify the readymade garment product portfolio by focusing on high-value-added products that inherently offer higher profit margins, he added.

He went on to say that the garment sector should capitalise on the evolving geopolitical landscape.

"Many European countries are increasingly adopting the 'China plus one' policy to diversify their supply chains. Bangladesh can proactively engage in negotiations with these nations to secure a share of these expanding markets."

Bangladesh holds a significant market share in the apparel sectors of both the EU and UK.

According to Razzaque, the introduction of tariffs on its imports could lead to a general rise in garment prices across these markets.

Consequently, higher prices could potentially assist Bangladeshi exporters in cushioning the impact of preference erosion.

China's strategic transition towards producing more technologically-intensive goods and geopolitical developments prompting western buyers to diversify their sourcing could be another boon, he added.

As China's market share diminishes, it opens avenues for other nations, including Bangladesh, to fill the void, he said.

Speaking about challenges after LDC graduation, Razzaque said concerns regarding safety, compliance, and environmental matters should be critically evaluated in the post-LDC era.

StanChart, Channel i launch 9th Agro Award

STAR BUSINESS REPORT

Standard Chartered and Channel i yesterday jointly announced the launch of "Standard Chartered-Channel i Agro Award 2023" to recognise the individuals and institutions for their outstanding contributions for the country's agriculture and food security.

The main goal of the award is to find visionaries, researchers and innovators in agriculture and give them the recognition they deserve, the organisers said at a press conference at Pan Pacific Sonargaon Dhaka.

Initiated by Standard Chartered Bangladesh, this is the ninth edition of the award and it is the fifth time partnership with Channel i, they said.

The award will be given in 12 categories: Lifetime achievement award at the individual level; best female farmer; best male farmer; best talented agricultural warrior-male; best talented agricultural warrior-woman; hero of change; best journalist (agriculture); jury special; best institution at the organization level - agricultural research, innovation and technology; the best institutions - agricultural support and implementation; the best agricultural exporters, and the best climate adapter award.

The best climate adapter award has been added as a new category to recognise the importance of sustainable and measurable solutions, they said.

At the press conference, Faridur Reza Sagar, managing director of Channel i, said agriculture is a unique profession for the whole world and farmers are directly involved in the production of food for survival.

"We don't have the ability to recognise the duties they have been doing for years. But we are happy to host the Standard Chartered - Channel i Agro Awards as an opportunity to acknowledge the debt."

Naser Ezaz Bijoy, chief executive officer of Standard Chartered Bangladesh, said, "Changes and meaningful developments in the country's agriculture sector have the potential to expand our food security and economic opportunities, improve health and education, protect the environment and increase tolerance to climate change."

Shykh Seraj, director and head of news of Channel i, said the youth have contributed to any major achievement in the world.

"The agriculture we are seeing in Bangladesh today has been developed in the hands of the youth. Young people around the world are turning away from agriculture. So this event is to inspire them." Bitopi Das Chowdhury, head, corporate affairs, brand and marketing of Standard Chartered Bangladesh, and Shahidul Alam Sachchu, general manager for drama and tefilem of Channel i and the project director of the Agro Award, also spoke at the event.

Tourism and hospitality awards launched

STAR BUSINESS REPORT

The Bangladesh Monitor, a travel and tourism publication, has launched "Bangladesh Travel, Tourism, and Hospitality Awards" to recognise individuals and organisations for their contribution to the tourism and hospitality sector in the country.

The launching event of the award was held at the Bangabandhu International Conference Centre in Dhaka on Saturday, according to a press release.

Kazi Wahidul Alam, editor of the Bangladesh Monitor, said the award is the first of its kind and its objective is to recognise the people and organisations for their valuable contribution towards developing the tourism and hospitality sector.

The awards will be given in four categories - tourism, travel, hospitality and restaurants - with many sub segments to accommodate different areas of services.

Organisations or individuals will be able to submit their entries until December 31, and the award will be announced at a gala award ceremony in May, 2024.

Among others, Shibli Rubayet Ul Islam, chairman of the Bangladesh Securities and Exchange Commission, and Abu Tahir Muhammad Zaber, chief executive officer of Bangladesh Tourism Board, were present.

Investors pull record sums from Saudi in ME fund flight

REUTERS, London

Foreign investors pulled a record amount of money from US equity funds tracking Saudi Arabia in October as the Middle East's worst violence in decades shook the region's business-friendly narrative.

The iShares MSCI Saudi Arabia ETF saw record net outflows in October of more than \$200 million, LSEG data shows, cutting 20 percent from what it held at the beginning of the month.

Exchange traded funds (ETFs) providing exposure to stocks in Qatar, the UAE and Israel also suffered outflows, with investors worried about instability, and flows have been muted this month.

"Capital flight can be quite indiscriminate," said Torbjorn Soltvedt, principal analyst for the Middle East and North Africa with Verisk Maplecroft.

"It's not necessarily 100 percent based on the fundamentals for each country. And so obviously, right now, there's a perception that risks are increasing throughout the region. And we're seeing a negative impact as a result of that," he added.

The iShares MSCI Qatar ETF lost \$7.7 million in funds in October, while the iShares MSCI UAE ETF suffered outflows of \$2.75 million.

Exchange-traded funds tracking Israel such as the iShares MSCI Israel ETF, ARK Israel Innovative Technology ETF and BlueStar Israel Technology have seen net outflows between \$2.5 million and \$9.3 million since Oct 7 attack by Hamas militants.

Govt publishes gazette

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The minimum monthly salary for a fourth-grade employee has been fixed at Tk 12,800. It is Tk 15,200 for a third-grade employee, Tk 15,950 for second-grade employees, and Tk 18,800 for first-grade employees.

An apprentice employee will receive a minimum gross salary of Tk 9,950.

Jafrul Hasan Sharif, a lawyer of the Supreme Court, said the new wage

structure needed to be analysed by collecting more data.

"The government should check the higher house rent in industrial zones as landlords raise it abnormally after the wage of workers is hiked."

The lawyer said the minimum wage will bring about no benefits for workers if inflation can't be contained effectively.

In 1986, the minimum

Iran's expanding oil trade

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Except for two cargoes in December 2021 and January 2022, China's customs has not recorded any direct imports from Iran since December 2020.

Almost all Iranian oil entering China is branded as originating from Malaysia or other Middle Eastern countries.

The oil is carried by a "dark fleet" of older tankers that typically switch off their transponders when loading at Iranian ports to avoid detection.

Other tactics used by such ships include faking locations and conducting ship-to-ship (STS) operations at locations outside of authorised transfer zones and sometimes in poor weather to conceal activities, raising fears among nations over potential pollution.

These ships sometimes become traceable via satellites near ports in Oman, the UAE and most prominently Malaysia, a top trans-shipment hub, before discharging cargoes mostly at ports in China's Shandong province, according to Vortexa and Kpler.

China regulates crude oil imports by issuing quotas. Earlier this year when quotas were tight, traders labelled a few Iranian heavy crude shipments as bitumen mix, prompting Chinese authorities to step up tanker inspections.

Giant state refiners Sinopec and PetroChina were once key Iranian oil clients, with investments in

oilfields in the country. But they have stopped lifting Iranian oil since late 2019, after then-US President Donald Trump re-imposed sanctions on Tehran's petroleum exports.

The sanctions initially led to a sharp drop in flows to China, but volumes have rebounded as more independent refiners joined the purchases.

Most of the more than 40 independent Chinese refiners, known as teapots, process Iranian oil, according to Chinese traders. Teapots have little exposure to the dollar-based global financial system and don't need to cooperate with western firms on technology. Most of the transactions are believed to be paid in Chinese currency.

Mainly because the oil is cheap and of good quality.

Iranian Light, the main export grade, trades at a discount of about \$13 a barrel to ICE Brent on a deliver-ex-ship basis in Shandong for December arrival. That compares with a premium of about \$5 a barrel for similar-quality Oman crude.

China also buys crude from Russia and Venezuela - which have also faced US sanctions. Beijing has long opposed unilateral sanctions and has said its normal trade deserves respect and protection.

However, China's last Iranian oil cargo officially recorded by customs was in early 2022, destined for state reserves.

Since 2021, Washington

wage for garment workers was fixed for the first time at Tk 627. It was hiked by 48.33 percent to Tk 930 in 1994 and by 78.71 percent to Tk 1,662 in 2006.

In 2010, the salary was revised upwards to Tk 3,000, registering a rise of 80.51 percent.

In 2013, the wage was fixed at Tk 5,300, a rise of 76.67 percent, and in 2018, it went up by 50.94 percent to Tk 8,000.

has sanctioned over 180 individuals and entities related to Iran's petroleum and petrochemical sectors or related to moving and laundering illicit proceeds.

Over 40 vessels have been identified as blocked property of the sanctioned entities.

The US government also regularly engages with other countries to strongly discourage them from taking steps that contravene sanctions on Iran, the State Department told Reuters in October.

Dollar dips

REUTERS, New York

The dollar dipped against the euro on Friday but gained against the yen as investors evaluated comments by Federal Reserve Chair Jerome Powell that the central bank could hike rates again if inflation remains above its target.

The Japanese currency also remained on watch for possible intervention as it holds near a one-year low against the greenback.

Powell and other Fed officials said on Thursday that they are still not sure that interest rates are high enough to finish the battle with inflation, with Powell saying that the Fed may get further help in taming price increases from improvements in the supply of goods, services and labour.

10 lakh policyholders

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He said the Idra has instructed the three insurers to sell properties to clear dues. "It is a good move. However, the process of selling properties in such cases is quite long."

The sector will not return to a good position if the government does not take any strict measures, he added.

AB Mirza Azizul Islam, a former finance adviser to the caretaker government, described the delay in claim settlements as unfortunate.

"As a result, people will lose confidence in keeping money with banks and non-banking financial institutions. Overall, the financial sector will receive a blow."

Mohammad Zainul Bari, chairman of the Idra, said the companies that are not able to pay insurance claims on time all have one common problem: they do not have enough money in their life fund.

He said companies have wasted money in various ways, including spending more than the limit approved.

Some companies have invested in low-returning

and risky sectors, so they are no longer able to make payments, said an official of the Idra.

Bari said some companies have committed irregularities in the name of investments. Some senior officials embezzled money and they are being prosecuted.

Companies have been instructed to pay insurance claims as soon as possible by reducing additional management costs, he added.

There are companies that have settled claims on time, including Alpha Islami Life Insurance, Chartered Life Insurance, LIC Bangladesh, Mercantile Life Insurance, and NRB Islamic Life Insurance.

Of them, Alpha Islami Life Insurance has paid all the claims, according to the Idra.

Nura Alam Siddikie Ovee, CEO of Alpha Islami, said claims are settled within seven days after policies mature.

"The good claim settlement ratio has broadened Alpha's reputation and boosted the general public's confidence in the company."

Popular, Meghna, Pragati, Guardian, Sandhani, Rupali, Sonali, Protective Islami, Padma Islami, Trust Islami, Astha, and Akij Takaful Life Insurance have settled more than 90 percent of the claims during the four-year period.

MetLife, Delta Life and Best Life Insurance made payments against more than 80 percent of the claims they received.

An insurance company may have unsettled claims for a variety of reasons, such as claims submitted without necessary documents or require investigation, said Ala Ahmad, CEO of MetLife Bangladesh.

Jiban Bima Corporation's settlement ratio was 69 percent, Prime Islami 69 percent, Zenith Islami 61 percent, and Jamuna Life 77 percent.

Currently, there are 35 life insurance companies and 46 non-life insurance companies in Bangladesh. The life insurance companies settled 85 percent of their claims in 2020, 58 percent in 2021 and 67 percent in 2022, according to the Idra.

Banks' excess liquidity drops

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A majority of banks have long been struggling to run their day-to-day operations due to the tight liquidity situation. This has forced the lenders, including Islamic banks, to secure liquidity support from the central bank despite the hike in the policy rate.

On Thursday, more than a dozen banks took Tk 19,065 crore from the central bank to meet their liquidity shortage.

The liquidity situation varies from bank to bank with some sitting on excess funds while others are experiencing a crunch.

At least a dozen banks, including six Shariah-compliant banks, are going

through a severe liquidity crisis and have failed to maintain the minimum cash with the central bank, the central bank said in a report.

The Shariah-compliant banks are particularly bearing the brunt of the liquidity crisis after loan irregularities made headlines as the revelation prompted some borrowers to withdraw funds, industry insiders say.

A central banker says the government has started to borrow from commercial banks instead of the BB from the beginning of the current financial year, sending the excess fund level to go down.

From July 1 to September

27, the government borrowed Tk 25,709 crore from scheduled banks and repaid Tk 29,487 crore to the central bank, according to the BB.

The yield of treasury bills and bonds has increased in recent months, which have attracted investments at the expense of banks, the central banker added.

Mirza Elias Uddin Ahmed, managing director of Jamuna Bank, said the loan recovery is not in good shape at all because borrowers are not interested in paying back using the current economic slowdown as an excuse.

"This has tightened the liquidity situation."