Importers count losses as conflict in Myanmar halts trade

MOKAMMEL SHUVO

Importers expressed grave concerns as bilateral trade between Bangladesh and Myanmar through the Teknaf land port has remained suspended since November 14 due to the ongoing conflict between the Arakan Army (AA) and Myanmar's military junta in the Rakhine state.

This suspension of trade is costing the government of Bangladesh around Tk 3 crore in revenue each day, with total accumulated losses reaching over Tk 15 crore, said ASM Mosharaf Hossain, revenue officer of Teknaf Customs.

Bilateral trade occurs between the Teknaf port in Bangladesh and the Maungdaw port in Myanmar. The ports are situated at a distance of around five kilometres across the Naf river, which marks the border of southeastern Bangladesh and northwestern Myanmar.

Md Jasim Uddin, general manager of United Land Port Limited, the private body operating the lone gateway to trade with Myanmar, said the last ship bearing imports came to the port on November 14.

No further ships came to the port after, nor did any ships leave with exported goods, he added.

The main import items include ginger, garlic, onions, dried fish, frozen fish, coconut, pickles, betel nuts, and logs.

Before trade came to a halt last Wednesday, an average of five to six ships came from Myanmar per day, Jasim said.

PHOTO: STAR

A view of the United Land Port office in Teknaf.

Abdul Amin, president of Teknaf Clearing and Forwarding Agents' Association, lamented the situation.

"We are worried about the perishable items that are yet to ship to Bangladesh. Businessmen have to incur huge losses if the conflict in Myanmar continues as our goods will be rotten," he told The Daily Star.

He added that businessmen in Myanmar had told him that many roads and bridges in the Rakhine state were damaged due to the ongoing conflict, hampering the transportation of goods.

"We don't know how many days it will take for the situation to return to normal and for trade to start".

Md Showkat Ali, owner of Chowdhury Trader, an importing firm, said two of his trucks laden with ginger and frozen fish were trapped in Myanmar.

"I have paid the money but could not bring the goods due to the conflict in Myanmar. I will incur huge losses if the goods rot," he told The Daily Star.

"Other businessmen that depend on the land port are facing the same ordeal as me," he added.

Mosharaf added that exports were also hampered due to the suspension of business.

Previously, goods worth around $50,000 -- including potatoes, garment items, plastic products, aluminium and other products -- were exported to Myanmar through the Teknaf land port each month. So far this fiscal year, goods worth $200,812 were exported, he added.

In the last fiscal year, goods worth around $192 million were imported from Myanmar through the Teknaf land port, according to the Cox's Bazar Customs data.

Fighting between the Arakan Army and junta troops in Rakhine state has intensified in recent days. Amid a surge in fighting on several fronts, Myanmar's junta has imposed a curfew in the western city of Sittwe, according to a government document and media reports.

PHOTO: COLLECTED

Foodpanda gives importance to fair compensation for delivery persons, and offers flexible working hours and higher earnings compared to professionals in similar fields, an official said.

Foodpanda here for the long run

Says co-founder and MD of Foodpanda Bangladesh

MAHMUDUL HASAN

Foodpanda and its parent company Delivery Hero maintain an unwavering commitment to the Bangladeshi market, driven by the immense growth opportunity it presents, said Zubair BA Siddiky, co-founder and managing director of Foodpanda Bangladesh.

"Not only Bangladesh, Delivery Hero has such a commitment to all similar markets. And unit economics is also strong in Bangladesh," Siddiky said.

He also dismissed rumours that Foodpanda would cease operations in Bangladesh amid the potential sale of its activities under the Foodpanda brand in selected markets in Southeast Asia, saying: "Foodpanda is here to stay for long term."

Uncertainty grew over the future of Foodpanda Bangladesh in September when Delivery Hero confirmed negotiations regarding a potential sale of businesses under its Foodpanda brand in Singapore, Malaysia, the Philippines, Thailand, Cambodia, Myanmar and Laos in a disclosure.

According to Siddiky, it is common for Delivery Hero to engage in the buying and selling of operations in different markets every year. Typically, such negotiations and deals do not become public before their finalisation.

Zubair BA Siddiky

However, this time, the information was made public through the media. Some news outlets approached the company regarding these negotiations and the company acknowledged them.

As a publicly-listed company, Delivery Hero disclosed the information on its website to avoid potential regulatory scrutiny for sharing price-sensitive news selectively with specific news outlets.

"Notably, five Asian markets -- South Korea, Taiwan, Hong Kong, Bangladesh, and Pakistan -- were not specified in this disclosure," Siddiky said.

"So, in general, these five markets are not under discussion. However, some individuals have approached me expressing concerns about the possibility of operations in Bangladesh closing down. It's important for them to comprehend that Delivery Hero operates in a total of 70 markets, and closure in a few markets does not mean a shutdown of other operations."

He also addressed the losses of 24.22 million euros incurred by Foodpanda Bangladesh, including Pandamart and its cloud kitchens, in 2022.

He explained that the burn in 2022 was primarily attributed to the grocery unit, Pandamart, which was launched at the onset of the Covid-19 pandemic.

"It's a new business venture and significant investments are necessary. Currently, we are in the process of establishing 32 stores across Bangladesh, indicating substantial infrastructure investments with long-term considerations."

However, in the financial statement for 2023, a distinct shift will be evident, Siddiky said.

"Yet, there is no pressure from Delivery Hero to make Bangladesh or any other frontier market profitable. While maintaining a strong gross merchandise value is crucial, profitability is not our foremost priority. Instead, our primary focus lies in enhancing market share and fostering growth. Consequently, our efforts have been dedicated to market development, penetration, and the expansion of our user base."

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Minimum wage – the way forward

SAZZADUL HASSAN

For the last few days, the minimum wage for garment workers has been one of the hot topics in the country. Aggrieved RMG workers rejected the minimum wage proposed by the authorities as there was a substantial gap between their expectations and the proposed wage.

Consequently, RMG workers' protests engulfed Dhaka and surrounding areas, causing damage to valuable assets and leading to the loss of two innocent workers' lives. By having a robust, caring, and responsible process in place, we surely could avoid such tragic incidences.

Bangladesh does have a process to fix the minimum wage. We have an authority known as the Bangladesh Minimum Wages Board, established in 1959 following the ILO convention. As per the guidelines, the board forms a tripartite committee -- comprised of representatives from the government, factory owners and workers -- who recommend the minimum wage.

According to Bangladesh's labour laws, the minimum wage needs to be reviewed every five years. While fixing the wage, the committee considers the overall condition of the specific industry, cost of living of workers, standards of living, cost of production, productivity, inflation, type of work, risks and standards, business potential, the socio-economic condition of the country and other relevant factors.

It sounds like a comprehensive list and a well-defined process. Then why couldn't we reach an amicable solution?

Apparently, the gap between what the owners had proposed and what the labour organisations demanded was significant.

Labour organisations emphasised the unprecedented levels of inflation while owners accentuated an unfavorable global macro-economic environment which has led to less demand while unbearably higher cost of production and increased logistics costs are also adding to their woes.

They also highlighted the low productivity of our workforce.

It is true that Bangladesh is behind all seven garment-producing Asian countries except Nepal and Cambodia in terms of labour productivity despite being the second-largest garment exporter in the world after China.

According to the APO Productivity Data Book-2022, Bangladesh's labour productivity is 9.20 percent. The average labour productivity in South Asia is 10.90 percent.

One of the Bangladesh Knitwear Manufacturers and Exporters (BKMEA) leaders commented: "Workers in Vietnam produce 300 T-shirts an hour, in Sri Lanka the number is 350 and in China 400 while it is only 200 in our country. As a result, the wages of our workers are in no way lower than those of competing countries."

We need to keep in mind that productivity is a function of a better working environment, efficient technology, and nutrition. According to the World Health Organization, adequate nourishment can raise national productivity by 20 per cent.

A report by Global Alliance for Improved Nutrition (GAIN) says about 43 percent of garment workers were suffering from malnutrition. This challenge can be addressed by ensuring better pay to workers so they can afford nutritious food.

While fixing the minimum wage, we need to be absolutely fact-based. We can develop a mathematical formula to set the minimum wage as it is done in France so that any unnecessary dispute can be avoided. In France, the minimum wage is tied to the consumer price index and updated annually.

The time has come to revamp the process of fixing the minimum wage for the sake of all stakeholders and the country above all.

The writer is chairman and managing director of BASF Bangladesh Limited. Views expressed here are personal.

DHL to use electric vehicles in delivery fleet

STAR BUSINESS REPORT

DHL Express Bangladesh has announced plans to use electric vehicles in its delivery fleet in Bangladesh to reduce the environmental footprint of express parcel delivery services.

DHL Express Bangladesh aims to have 60 percent of its delivery vehicles running on electricity by 2030, according to a press release.

The company has already started to use sustainable aviation fuel, which reduces carbon emissions by up to 80 percent and will also welcome it first fully electric plane, "Alice" by Eviation, by the end of 2026, it said.

"We are actively progressing toward reaching net-zero emissions by 2050 with a focus on clean operations," said Md Miarul Haque, managing director of DHL Express Bangladesh.

"Our customers can now enjoy the same high-quality express delivery services while knowing that their shipments are being delivered with a lower environmental impact," he said.

US retailers brace for a tough holiday season

REUTERS

US retailers across apparel, electronics and home improvement are bracing for a challenging holiday season, a sign that higher discounts might not spark the level of spending the companies are hoping for during their most important period of the year.

Economic demand in the United States has slowed, as October's retail sales figures showed. Numerous retailers said on Tuesday that holiday outlook is mixed after a choppy start to the fourth quarter, when most Americans gear up for Christmas shopping.

Retailers plan to lean on competitive promotions and kicked off holiday deals early to motivate customers to open up their wallets during the Thanksgiving weekend.

However, home improvement retailer Lowe's , electronics retailer Best Buy and department store chain Kohl's all said sales at stores open at least a year were lower in the most recent quarter, and cut their sales forecasts for the year.

"In the more recent macro environment, consumer demand has been even more uneven and difficult to predict," Best Buy CEO Corie Barry said.

The S&P 500 consumer discretionary sector was down about 1 percent on Tuesday, while so far in 2023 the index had risen more than 31 percent.

U.S. holiday sales are expected to rise at its slowest pace in five years, according to data from the National Retail Federation, as Americans are likely to pull back on holiday shopping.

Last week, industry bellwether Walmart warned of cautious consumer spending as the holiday shopping season gets underway.

"We think that discretionary goods categories will continue to be challenged as we saw in the third quarter, categories like home and apparel and consumer electronics are likely to remain difficult or down as they have been" Fitch analyst David Silverman said.

Retail executives said higher interest rates, inflation and a resumption in student loan repayments will keep consumer wallets under pressure.

Shoppers are seen at a Target store in Chicago on November 21 ahead of the Thanksgiving holiday and traditional Black Friday sales.

PHOTO: REUTERS

Lowe's CEO Marvin Ellison said on a call with analysts that while consumer spending remained relatively resilient "they're spending on what I call activities - services, concerts, restaurants, travel - but that discretionary dollar is being spent across more activities today than a year ago."

Still, some investors expect holiday sales starting Black Friday to hold "some positive surprises."

"With inflation numbers better and rates having stopped going up, people have some hope ... I wouldn't be surprised if Black Friday and Cyber Monday are a bit better than expected," Thomas Hayes, chairman of hedge fund Great Hill Capital, said.

Apparel retailers Abercrombie & Fitch and American Eagle Outfitters posted upbeat quarterly results on Tuesday, but their shares still dropped due to broader concerns about consumer spending declining.

"With so many retailers warning about falling demand for discretionary goods, investors may be skeptical about American Eagle's and Abercrombie's ability to maintain their upward trajectories," said Rachel Wolff, senior analyst at Insider Intelligence.