



Although textile and garments is the biggest and most successful sector in terms of contribution to the economy, employment generation and women empowerment, businesspeople in the industry are facing some challenges due to labour unrest, said Tapan Chowdhury, chief executive officer of Square Group.

PHOTO: RAJIB RAIHAN

Some RMG work orders shifted to other countries for unrest

Square Group CEO Tapan Chowdhury says in conversation with ERF members

STAR BUSINESS REPORT

Some garment work orders have shifted to competitor countries as a result of the recent spell of labour unrest in major apparel manufacturing belts across Bangladesh.

Renowned entrepreneur and garment exporter Tapan Chowdhury made the remark during a conversation with members of the Economic Reporters' Forum (ERF) at its office in Dhaka yesterday.

Chowdhury, chief executive officer of Square Group, said his company, which produces garment items for leading clothing brands, had seen a portion of work orders shift to other countries, especially Sri Lanka, as buyers want to avoid uncertainty and ensure smooth and timely supply of goods.

However, it is expected that these brands will return with a handful of work orders for his company and Bangladesh as a whole if stability and normalcy are restored.

Chowdhury, also managing director of Square Pharmaceuticals, said the law-and-order situation in major garment-producing areas is better now than it was during the initial days after the interim government was formed.

Replying to queries, he said Bangladesh's graduation from the group of Least Developed Countries (LDCs) should be postponed as the sudden erosion of the preferential trade benefits may present challenges for businesses.

He added that investors had delayed plans to set up industries in the Active Pharmaceutical Ingredients (API) Industrial Park in Gazaria of Munshiganj



as gas connections were yet to be provided.

He further said that Square Group plans to list more companies under the conglomerate on the stock markets if better opportunities arrive in the future, although he conceded they are now facing difficulties in managing their two listed companies.

"We are feeling very comfortable after a big change," he said regarding the political changeover and the business environment in the country.

"We are hopeful as the interim government's tenure is short and they want to bring a positive change. The advisers to the interim government are also saying that such an opportunity will not come again."

During a recent visit to the US to attend the United Nations General Assembly, chief adviser Prof Muhammad Yunus asked major clothing brands to source

OBSERVATIONS

- ❖ Some garment work orders were shifted to other countries due to labour unrest
- ❖ LDC graduation needs to be delayed so that the country can enjoy preferential trade benefit for few more years
- ❖ Stability in garment industrial belts is being restored gradually
- ❖ It is expected that the incumbent government will bring some positive changes

more garment items from Bangladesh, Chowdhury said.

The Square Group CEO also voiced his support for the action being taken by the interim government against corrupt businessmen.

He recalled how he was involved in the family business with his father, where he learned not just to manage day-to-day operations, but also the importance of values and ethics in running businesses.

Chowdhury also mentioned a few instances of how some leading pharmaceutical companies failed to survive due to their tendency to dodge taxes.

He said it was very unfortunate that the reforms adopted by the previous caretaker government were not continued by the immediate past government.

"I want to believe change will come. I hope the interim government will be successful. The political leaders should

also know that power does not exist forever."

Although the textile and garment sectors are the biggest and most successful sectors in terms of contribution to the economy, employment generation and women empowerment, they have been facing some challenges due to labour unrest.

However, Chowdhury said the employees of Square are considered family members and this is the main strength of the company's values.

The workers, especially female workers, also have a huge contribution to the sector's success, he said.

"They spend their primes working in the garment sector and then contribute to their families, but it does not affect their productivity," he said, adding that female garment workers in Bangladesh are extremely disciplined.

"We want stability in the country. The decision of who will run the country will come through a vote," he added.

Large industries are investing in the heavy industrial sector and if the opportunity presents itself, Square Group also has plans to invest in large and heavy industries.

Since the county does not have a petrochemical industry, there is a lack of APIs.

Chowdhury added that the price of medicine is fixed through stringent consultation among regulators. As the drug administration monitors the process, companies cannot fix prices at will.

However, he said prices of oncology medicines are higher as most are imported.

The egg price dilemma and public health

SAZZADUL HASSAN

Article 18:1 of the constitution of Bangladesh articulates that the state will consider the development of nutritional levels and improvement of public health in the country as a primary duty.

But despite making significant progress in upgrading the nutritional status of its population, malnutrition remains a key concern for Bangladesh.

According to a study, around 6 lakh children are suffering from severe malnutrition. The Bangladesh Demographic and Health Survey (BDHS) 2022 revealed that 24 percent of the children aged under 5 are stunted while 22 percent are underweight, and 11 percent are wasted.

Also, almost half of the women in the country are suffering from anaemia mainly due to malnutrition.

One of the critical reasons for malnutrition is protein deficiency. Due to exorbitant prices, almost two-thirds of our population can hardly afford to consume meat, fish or milk, which are the main sources of improved protein.

The only affordable source of protein available for common people used to be eggs. However, the way egg prices have skyrocketed, it has gone beyond the reach of the people with lower income.

And although the authority has implemented a number of measures, like fixing egg prices and importing them from India, the price of egg only seems to be shooting up further.

We need to really go underneath the challenges to find a win-win solution for all the stakeholders —producers, traders and off course, consumers. Quite often we hear, compared to India and Pakistan, our egg price is almost 85 percent higher. Why so? The production cost of egg in Bangladesh as opposed to our neighbouring countries is also significantly higher.

The main cost element of egg production is the poultry feed, which contributes to almost 65-70 percent of the total cost. The cost of poultry feed in Bangladesh is almost 50 percent higher compared to that of India and Pakistan. Major ingredients for poultry feed are corn and soyabean, which are mostly imported to Bangladesh whereas India and Pakistan meet their demand with domestic production.

The cost of layer chickens is also higher in Bangladesh; sometimes nearly double as opposed to our neighbours.

Now the question comes: how can we minimise our egg production cost? Firstly, we need to ensure the importers, who supply corn and soybean, charge fair prices. Here comes monitoring from the authority. To reduce our dependency on import, we need to maximise the local production of both crops. We also need to find a way to minimise the cost of chicks.

Also, the government could consider supplying eggs at a subsidised rate to lower income groups.

If we look at the total egg supply chain landscape, 30 percent is supplied by large corporates and the rest is controlled by the stockists/Arotdars. So, the concerned authority should have a mechanism in place to make sure there is no manipulation being done here.

Importing eggs from India could be counterproductive as it may jeopardise the local poultry industry. Approximately 2.5 million workers are directly employed in poultry sector and, so far, investment in this industry is about Tk 35,000 crore.

This industry needs to be nurtured with the utmost priority and proper planning so that our people get enough protein at an affordable price and thus, we build a healthier nation.

The author is chairman and managing director of BASF Bangladesh Limited. The views expressed here are his own



Govt to import another 33,000 tonnes of LNG

STAR BUSINESS REPORT

The interim government of Bangladesh is going to purchase another 33,000 tonnes of liquefied natural gas (LNG) for Tk 657 crore from the spot market.

The advisory committee on government purchases yesterday approved the LNG import, with Singapore-based MS Gunvor Singapore Pte set to supply the fuel at \$13.93 for each million British thermal unit.

The government already bought two consignments of LNG early this month, with MS Gunvor Singapore Pte set to supply those as well for \$13.57 and \$13.77 per million British thermal unit.

The interim government also yesterday decided to buy 10,000 tonnes of lentil at a cost of about Tk 96 per kilogramme.

Additionally, the committee approved the purchase of 60,000 tonnes of Urea fertiliser and 30,000 tonnes TSP fertiliser. Of the 60,000 tonnes, 30,000 tonnes will cost \$343 per tonne while the remainder will cost \$356 per tonne for having separate sourcing destinations.

Meanwhile, the 30,000 tonnes of TSP fertiliser will be imported from Morocco at \$415 per tonne.

Following the advisory council meeting, Finance Adviser Salehuddin Ahmed told reporters that inflation is complex and does not increase suddenly.

"There are many reasons for the inflation," he said while informing that although the interim government is trying to tame commodity prices, it will need more time to achieve this goal.

The US economy is solid: Why are voters gloomy?

AFP, Washington

Cooling inflation, low unemployment, robust economic growth and... downbeat voters.

Despite indicators showing the US economy is moving in a healthy direction, many Americans remain pessimistic about business and job prospects — a mood that poses a frustrating problem for Vice President Kamala Harris in her neck-and-neck race with Donald Trump for the White House.

Less than a month before November's presidential election, the US economy added around 100,000 more jobs than expected in September, saw wages grow further and inflation approach striking distance of policymakers' two percent target.

Yet, almost half the respondents of a New York Times/Siena College poll released Tuesday rated current economic conditions "poor."

Poll after poll has also found the economy — particularly inflation — to be a top voter concern by far.

While Harris has narrowed Trump's lead, polls have suggested voters favor the former president on economic issues.

Economists point to a cumulative rise in costs since the pandemic, still-high



People line up for free food, groceries and clothing at a weekly food distribution event in Huntington, West Virginia.

PHOTO: AFP/FILE

home prices and uneven job gains in explaining a seeming disconnect between data and voter sentiment.

"At the same time that they're aware that inflation has slowed, (consumers) remain frustrated by high prices," said

Joanne Hsu of the University of Michigan.

For politicians, "the low-hanging fruit is trying to take aim at prices that people see on a day-to-day basis," economist Ryan Sweet of Oxford Economics said, referring to food and gas.

"This election cycle just highlights inflation is extremely unpopular," he added.

"Over the last few years, consumers have gone through a period of very large price increases," Sweet told AFP.

"You'd have to go back to the 1970s and 1980s to see the last time that the US economy had inflation that high."

Inflation climbed to over 14 percent in 1980. Consumers again saw price increases soar to a painful 9.1 percent in mid-2022.

"For many voters, that's the first time they experienced (such) inflation," Sweet said.

While the Consumer Price Index (CPI) fell to 2.5 percent in August, Sweet said "it's the price level that matters to the consumer" and not inflation numbers.

The CPI for food has risen 26 percent since February 2020 during the pandemic, he noted. The cost of gas also increased, while that of new and used vehicles are around 20 percent above 2020 levels.

Trump appears to be tapping into such sentiment.

"Inflation has devastated our economy," he told reporters last week. Trump also linked last week's dockworkers strike to inflation, saying it badly hit workers.