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Star BUSINESS

Bangladesh may not regain US GSP soon

Finance adviser says

STAR BUSINESS REPORT

Bangladesh is unlikely to regain benefits offered under the generalised system of preferences (GSP) from the United States if the programme is revived in the near future because of several issues related to labour rights in the country, Finance Adviser Salehuddin Ahmed said yesterday.

Ahmed, who is currently in the US to take part in the annual meetings between the World Bank and the International Monetary Fund, said he raised the topic during a meeting with the US Department of the Treasury on the sidelines of the event.

"If the GSP benefits are reinstated, we may not be able to avail them. They have some labour-related concerns. The US Congress is also involved in decisions regarding GSP facilities," the finance adviser said while speaking to journalists after the meeting.

However, he did elaborate on the US Congress' involvement in the process.

Introduced in 1976, the GSP was a trade scheme that allowed least developed and developing countries to export goods to the US at a low duty or none at all in some cases.

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>
> **Salehuddin Ahmed**
> Finance adviser

However, such benefits were suspended for Bangladesh in June 2013 over serious shortcomings in labour rights and workplace safety standards after twin industrial disasters: the Tazreen Fashions fire and Rana Plaza building collapse.

The scheme was then cancelled for all beneficiary countries in December 2020.

Bangladesh has tried several times to regain duty-free access to the US market to boost exports.

The country has fulfilled 16 conditions for reinstatement of GSP benefits and submitted progress reports to the United States Trade Representative twice.

However, the US has repeatedly said that Bangladesh needs to do more.

Ahmed also shared that the World Bank would provide $250 million in grants to repair the damage caused by recent floods in Bangladesh.

He shared the information after meetings with members of different multinational development partners, including World Bank officials.

STOCKS

DSEX ▼	CASPI ▼
1.06%	1.37%
5,114.59	14,302.59

COMMODITIES

Gold ▲	Oil ▲
$2,738.72 (per ounce)	$72.28 (per barrel)

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.02%	▲ 0.10%	▼ 0.12%	▼ 0.68%
80,065.16	38,143.29	3,604.95	3,280.26

Experts attend a roundtable on "Implementing GRI in the RMG Sector of Bangladesh", jointly organised by The Daily Star and Swisscontact at The Daily Star Centre in Dhaka yesterday. PHOTO: STAR

RMG units struggle to adopt global reporting standards

Keynote paper blames a lack of data, expertise

STAR BUSINESS REPORT

Local garment factories are struggling to implement the Global Reporting Initiatives (GRI) standards, a set of 246 globally accepted standard issues, owing to a raft of factors, including a lack of data, local expertise, national policy directives and incentives, according to a keynote paper presented yesterday.

The GRI standards represent global best practices for reporting publicly on a range of environmental, social and governance (ESG) impacts.

But so far, only 33 local garment factories have implemented GRI standards for reporting.

The paper also said that 66 percent of global consumers, including 73 percent of millennials, are willing to pay more for sustainable goods.

By 2026, ESG-related assets under management (AuM) are expected to increase to $33.9 trillion, which would account for over one-fifth of total global AuM.

Even more importantly, the EU Sustainability Reporting Standard (ESRS) will be enforced by 2026, said Mohammad Monowar Hossain, head of sustainability at Team Group, while presenting the paper at a roundtable on "Implementing GRI in the RMG Sector of Bangladesh."

The discussion was jointly organised by The Daily Star and Swisscontact at The Daily Star Centre in Dhaka yesterday. Tanjim Ferdous, in-charge (NGOs and foreign missions) of The Daily Star, moderated the roundtable, which featured experts, exporters, professionals, entrepreneurs and officials of different diplomatic missions.

Asif Ashraf, managing director of Urmi Garments Ltd, said the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) was the first trade body in the country that had helped its members implement GRI standards in their factories.

However, many small and medium enterprises do not have the financial capabilities or human resources to implement the standards, he said.

"International retailers and brands are not ready to pay higher prices, but every such initiative costs money," Ashraf added.

Melita Mehjabeen, a professor at the Institute of Business Administration of the University of Dhaka, said GRI standards also need to be implemented in sectors such as steel.

She added that a number of companies did not have an adequate understanding of GRI standards.

Md Akhter Hossain Apurbo, vice-president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), said local exporters are eager to learn how to increase trade while adhering to rules and regulations.

However, Apurbo added that Bangladesh's graduation from the group of least developed countries to a developing nation in 2026 may pose a challenge because of the erosion of trade preference that the country enjoys given its current status.

Mohammad Rashed, another vice-president of the BKMEA, said huge costs are associated with the implementation of such initiatives.

"Moreover, different buyers raise different compliance issues. But many small and medium enterprises do not have the capability to implement those rules and become more compliant."

Michael Klode, project manager at the Programme for Sustainability in the Textile and Leather Sector of the GIZ, identified the unavailability of data as another barrier to the implementation of GRI standards, saying it is sometimes difficult to know what is happening in factories.

Khondaker Golam Moazzem, research director at the Centre for Policy Dialogue (CPD), said global partnerships and new rules and laws were on the horizon and that the country would have to adapt.

Although Bangladesh is still struggling with social challenges, environmental issues are being given increasing importance, he added.

"Social issues like human rights and labour rights should not be sidelined," he said, pointing to progress in occupational safety and workers' health and nutritional issues.

He also highlighted the lack of functional trade unions and said it is important to comply with international financial reporting standards.

Thijs Woudstra, deputy head of mission at the Embassy of the Kingdom of the Netherlands, appreciated that Bangladesh has the highest number of green garment factories in the world despite facing a lot of setbacks.

GRI is a more data-driven initiative, he said, adding that a country should be able to address these issues.

"ILO's fundamental principles and rights at work guarantee fair and decent working conditions for all. These principles are at the core of the social reporting framework. Bangladesh's garment industry can lead the advocacy effort for a single framework on sustainability reporting," said Anis Nugroho, programme manager of Better Work.

He added that Better Work has been working with 100 global retailers and brands and 470 garment factories in Bangladesh.

Zahedul Hoque, managing director of Kido BD, said the country was moving in the right direction in terms of compliance, but also acknowledged challenges.

"We have to develop by ourselves," Hoque said.

Ainee Islam, programme director at Asia Foundation, said they launched a programme named Oporajita for female garment workers in Bangladesh.

Mohammad Abdullah Yousuf Khan, programme manager at Solidaridad Network, said transparency in

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BB eases rules for industrial imports

STAR BUSINESS REPORT

The Bangladesh Bank (BB) has eased the process for industrial imports, allowing importers to proceed with purchases using a letter of agreement instead of the traditional letter of credit (LC).

In this regard, the Foreign Exchange and Policy Department of the central bank issued a circular yesterday.

The new directives aim to facilitate imports primarily into specialised economic zones, such as Export Processing Zones (EPZs) and Economic Zones (EZs).

The directives also outline provisions for short-term import credit, ensuring that businesses have access to foreign goods under standard arrangements.

Importers can now independently secure short-term foreign loans to settle their import

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Meeting $100b garment export target by 2030 tough, but feasible

Say manufacturers, business leaders

REFAYET ULLAH MIRDHA

Bangladesh's ambitious $100 billion garment export target by 2030 is currently facing a number of challenges both at home and abroad, but local manufacturers and business leaders are still optimistic about achieving the goal.

To meet the target, readymade garment exporters seek government policy support, a stable political environment and overall security for their production units.

In fiscal year 2023-24, Bangladesh, the second largest apparel exporter of the world, shipped readymade garments worth over $36 billion.

Now domestic challenges facing manufacturers include a poor business and investment climate, disruptions to production and shipments and shortages of gas and power for production lines.

These issues are compounded by global inflationary pressures and declining prices for apparel items in key markets.

Moreover, the country's scheduled graduation from the least developed country club in 2026 will strip away preferential market access facilities for Bangladesh RMG items, estimated at $7.77 billion by the World Trade Organization (WTO).

CHALLENGES

At home

- Poor business, investment climate
- Disrupted production and shipment
- Inconsistent energy supplies

Abroad

- Global inflationary pressure
- Falling prices in key markets

"Buyers are returning to Bangladesh. Therefore, achieving the target is possible if the government can improve gas and power supply," said Faruque Hassan, former president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

During his tenure at the BGMEA, Hassan set the export target in 2022. To achieve this goal, the BGMEA then identified adequate gas and power supply, new investment, product and market diversification and investment in man-made fibre products as crucial factors.

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Stocks witness sharp decline

STAR BUSINESS REPORT

Stocks in Bangladesh saw a sharp decline yesterday, with the shares of Square Pharmaceuticals and Islami Bank Bangladesh leading the plunge by collectively shedding more than 30 points.

Square Pharmaceuticals, a leading drug maker in the country, witnessed the steepest fall as its shares took 17.70 points off the prime index while that of Islami Bank eroded 13.50 points.

The shares of BAT Bangladesh, Grameenphone, Renata, Robi Axiata, Pragati Life Insurance, Singer Bangladesh, Taufika Foods and Lovello Ice-cream, and National Bank also suffered losses.

Investments were mostly focused on the shares of Pubali Bank, Beximco Pharmaceuticals, Beacon Pharmaceuticals, Uttara Bank, MJL Bangladesh, United Commercial Bank, Padma Oil Company, Far Chemicals Industries and Trust Bank, according to a daily market update by LankaBangla Financial Portal.

However, none of them saw double-digit growth in share prices, with Pubali Bank logging the highest gain of 8.41 percent.

As such, the DSEX dropped 1.07 percent from the day prior and sank to a four-month low of 5,114 points. The last time the DSEX had reached such a level was on June 19, when it stood at 5,161 points.

Similarly, the DSES index that represents the performance of Shariah-based companies, dropped 1.60 percent to 1,144 points while the DS30 index comprising blue-chip firms dropped 0.72 percent to 1,879 points.

Of the issues traded at the Dhaka Stock Exchange, 83

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