

Continue reforms to retain trade after LDC graduation

Says ILO assistant director-general in an interview with The Daily Star

REFAYET ULLAH MIRDHA

The reform initiatives taken by the interim government should be continued as these reforms may pave the way towards a more modern, equal and inclusive Bangladesh, said a top official of the International Labour Organization (ILO).

In an interview with The Daily Star in Dhaka, Manuela Tomei, assistant director-general for Governance, Rights and Dialogue at the ILO, said adapting to changes after Bangladesh's graduation from a least developed country (LDC) in 2026 would not be easy for the country as all preferential market treatments would no longer be available.

"That is why the current reforms are so important," she emphasised.

"It is very important that these reforms do not remain on paper but actually pave the way for a journey towards a much more modern, equal, inclusive and high-performing Bangladesh," Tomei said.



Manuela Tomei

of them. According to Tomei, Bangladesh should also ratify all the conventions as decided by all states in the 2022 ILO Conference.

Regarding her visit to Dhaka, Tomei said that the interim government in November of this year made an appearance to the governing body of the ILO regarding measures they were about to take in response to a complaint filed against the government of Bangladesh.

The complaint is about Bangladesh's breaching three conventions that the government has ratified – freedom of association convention, the convention on the right to collective bargaining and the convention on labour inspection to ensure proper respect of labour rights.

She said the ILO received a very encouraging message from the interim government with a clear commitment to act upon the requests made and chart a number of measures with specific timeframes.

"So, my visit here is to express of course the support of the ILO office to the commitments of the interim government as well as the commitment taken by our social partners and the workers and employers organisations to push forward these reforms to deliver on decent work and social justice."

According to her, the purpose of the visit was also to see to what extent, besides the much-needed labour law reforms, the ILO could support ongoing efforts and commitments taken by workers, their organisations and the government to move jointly towards a more effective and transparent social dialogue to maintain and sustain the outcomes of labour law reforms.

Tomei said labour law reforms and implementation are quite important for the post-graduation period because of

increasing requirements and expectations in major markets for Bangladesh's exports.

Other countries require compliance with human rights, due diligence and 10 fundamental principles at work, including occupational safety and health, she commented. "This package of rights is regarded as enabling the country to improve the realisation of other labour rights because of freedom of association and collective bargaining."

If you are able to speak with one voice for a large number of businesses or workers, you can reduce transaction costs and negotiate for better wages, Tomei said.

"Change in the law does not guarantee that the law will be implemented or respected, and it is very important to have a tripartite joint commitment to engage in meaningful dialogue to achieve balanced outcomes."

"Because we have the interests of workers, the government and employers, we need to find a middle ground," she said.

"So, social dialogue is very important from that viewpoint," said the top ILO official, adding that another critical issue relates to supporting the efforts the interim government has committed to engaging in, which refers to managing grievances to precisely avoid potential major concerns escalating into strikes or riots.

She advocated for having a mechanism in place that is independent and transparent and allows for properly addressing disputes arising from work and employment relationships.

"So, let me start by saying that labour rights are human rights. Because all these, not only the fundamental principle rights at work, even the right to a living wage recognised by the covenants and social

and economic rights, all these rights have been articulated also in the human rights declaration," she added.

"Labour rights and human rights are absolutely essential," she said. "Often, there is a perception that respecting these rights would translate into additional costs and therefore increase production costs for employers, resulting in lower competitiveness for enterprises respecting these rights."

But the evidence actually shows that respecting these fundamental principles, rights and conventions, including freedom of association and collective bargaining, does not compromise a country's competitive position, she commented.

"We have substantial empirical evidence demonstrating this."

Undoubtedly, to reduce labour costs, you need to improve productivity. Better working conditions are essential for enhancing productivity, but you also need other interventions such as skills enhancement to compete, Tomei said.

Bangladesh has already done some work in this respect immediately after the Rana Plaza garment factory collapse in 2013, and the current government is committed to delivering on this particular piece of a broader set of reforms, she added.

"I think there is no doubt about the political commitment and, as I said, the commitment from social partners, workers and employers are absolutely essential for this to work in practice."

Moving towards a new status will also translate into the elimination of several preferential treatments Bangladesh previously had access to as an LDC country.

However, the various reforms being envisioned – not only in terms of labour law content but also in modernising and improving the industrial relations system, determining national wage policies including the minimum wage and identifying social protection – are absolutely essential to act as a reference and facilitate the transition, she added.

"So, I am confident that Bangladesh will be able to be up to the task," she also said.

"As I said, there is growing pressure on investors and buyers to do business with countries that uphold certain rights. This is no longer an option."

"This is why investing in labour law improvement, transparency, and a well-functioning and fair industrial relations system is crucial to diversifying the economy."

"I mean Bangladesh definitely needs to diversify and cannot just rely essentially or mainly on the revenue coming from the ready-made garment industry," she added.

Gen Z: Shaping the future of business

SAZZADUL HASSAN

Generation Z, popularly known as Gen Z, is a term used to represent people born between the late 1990s and early 2000s. This demographic cohort presently accounts for approximately 30 percent of the global population. It is estimated that Gen Z will account for 27 percent of the global workforce by 2025.

The situation in Bangladesh is no different. It is a young country with a median age of around 28 years. Individuals aged 10 to 24 years, which includes a substantial portion of Gen Z, make up about 30 percent of the country's total population.

As this generation comes of age and enters the workforce and consumer markets, their distinct characteristics, values, and behaviours will significantly influence how businesses operate and engage with customers. Gen Z exhibits certain attributes that differentiate them from previous generations, such as Millennials, Generation X, and Baby Boomers. Understanding these attributes is crucial for businesses.

This generation is overwhelmingly tech-savvy; highly proficient in using technology and digital tools for communication, entertainment, education and shopping. This digital fluency shapes their preferences for instant access to information and services.

As this generation grew up at the peak of globalisation, they are very inclusive and value diversity. Gen Z is genuinely concerned about social issues like climate change, racism, inequality, etc. They tend to be very pragmatic and realistic as they have experienced economic uncertainty, political instability and global crises.

This generation appreciates collaboration and teamwork but authenticity and self-expression do matter to them as well. While they have relatively shorter attention spans caused by social media, it is because of the internet and social media that they are exposed to different cultures, ideas and lifestyles, leading to a broader understanding of global issues and a desire for interconnectedness.

This cohort prefers to spend money on travel, events and activities that enrich their experiences rather than on traditional consumer goods. Mental health is a foremost concern for them.

Organisations need to understand and adapt to Gen Z's preferences to thrive in an increasingly competitive landscape. Businesses need to invest in social media marketing, influencer collaborations and interactive content to effectively reach and engage this generation. Companies have to develop sustainable products, prioritise ethical sourcing and create offerings that align with the social issues important to this generation.

Organisations that connect with this cohort emotionally and demonstrate a commitment to their values will foster loyalty. Companies have to embrace technology to meet the expectations of this tech-savvy generation. Flexible work arrangements, mental health support and professional development opportunities are some of the critical topics to attract and retain this group.

Some global companies have already adapted their business strategies, marketing approaches and product offerings to align with the values and preferences of Gen Z. For example, Nike has incorporated sustainable practices into its production processes, creating eco-friendly product lines like the "Move to Zero" initiative, which aims to reduce waste and carbon emissions. Starbucks engages with Gen Z through its social media presence, promoting causes like racial equality. Netflix has adapted its content strategy to cater to Gen Z's diverse tastes and preferences. The streaming service produces original content that reflects the experiences and challenges faced by this generation, such as shows addressing mental health, social justice, and identity.

Bangladeshi businesses should gear up to understand and adapt to these characteristics of Gen Z for engaging effectively with this influential cohort as they continue to shape the business.

The author is chairman and managing director of BASF Bangladesh Limited

Rupee drops to all-time low

REUTERS, Mumbai

The Indian rupee declined to a lifetime low on Tuesday, pressured by the US dollar's rally against its major peers and on concerns over the Asian country's slowing growth rate.

The rupee dipped to a record low of 84.7425 against the dollar, inching past its previous all-time low of 84.7050 hit on Monday. Its Asian peers were mostly weaker, with the offshore Chinese yuan dropping to its lowest in a year, while the dollar index rose to 106.50 on back of weakness in the euro.

The decline in the rupee from 84.50 to the current level "has been without much resistance, relatively speaking", a currency trader at a bank said.

"The price action suggests that either the Reserve Bank of India's (RBI) intervention has been comparatively mild or that the underlying dollar demand is too much. Either way, it is a worrying sign (for the rupee)," the trader said.

The rupee declined by 0.25 percent on Monday in the wake of India's disappointing GDP data. This is the currency's biggest percentage fall in six months.

The extent of the rupee's decline, while broadly in line with Asian peers, was a surprise for bankers and corporates considering that the RBI over the last several months has been persistently intervening to hold up the currency at key levels. India's weak GDP growth will likely further dent portfolio investor sentiment, Dhiraj Nim, an FX strategist and economist at ANZ, said in a note.

The country's "inferior macro configuration" alongside the recent decline in the RBI's FX reserves sharply suggest that a "weakening path for the rupee looks inevitable", he said.

India's foreign exchange reserves have dropped for eight straight weeks to fall to their lowest in five months.

Jamuna Oil's profit jumps 48% in Q1

STAR BUSINESS REPORT

Jamuna Oil Company Limited recorded strong earnings in the July-September quarter of the current fiscal year 2024-25 on the back of higher interest income.

Additionally, the oil producer posted a strong result in the 2023-24 fiscal year, leading to a robust cash dividend payout.

Profit grew an impressive 48 percent year-on-year in the first quarter of the current fiscal year, reaching Tk 124.09 crore.

The company's earnings per share (EPS) for July-September 2024 rose to Tk 11.24, up from Tk 7.59 in the same period last year, according to a recent disclosure on the Dhaka Stock Exchange website.

Jamuna Oil attributed the growth in EPS to higher interest income from bank deposits.

Its net operating cash flow per share (NOCFPS) also improved, standing at Tk 55.58 in Q1, compared to Tk 40.85 in the same period in 2023.

This positive performance follows a profit of Tk 441.67 crore in the 2023-24 fiscal year, with the company's annual EPS increasing to Tk 40 from Tk 30.87 the year prior.

Buoyed by the higher profit, the company's board has recommended a 150 percent cash dividend for the year that ended on June 30, 2024, marking the highest payout in nine years.

Trump vows to defend US dollar hegemony, but is it under threat?

AFP, New York

US President-elect Donald Trump has threatened retaliation against governments that challenge the US dollar, vowing "100 percent tariffs" on countries that undercut the US currency.

The Republican vowed the action on states that "create a new BRICS Currency" or otherwise "replace the mighty US dollar," according to a post on Truth Social on Monday.

BRICS refers to a grouping that includes Brazil, Russia, India, China and South Africa, and has expanded in recent years to include Iran, Egypt, Ethiopia and the United Arab Emirates.

Trump's statement, however, comes at a time when the greenback's hegemony does not appear to be facing an immediate threat, having been the world's reserve currency for decades.

Is the dollar's influence diminishing?

The US dollar currently comprises 58 percent of foreign exchange reserves held worldwide, according to the International Monetary Fund (IMF), down from 67 percent in 2000.

But the greenback accounts for 74 percent of export invoices in the Asia-Pacific region, which is the most active in terms of international trade, the IMF says.

The dollar has maintained its unique position globally since the 1944 Bretton Woods accords, the international agreement that established the IMF and required signatories to peg their currencies to the US currency.

The system has evolved since that time and several countries have stopped indexing their currencies to the dollar, but without challenging its status as the global reserve currency.

The United States' massive role in monetary policy also reflects the country's position as the world's largest consumer of goods and services and the source of more than \$8 trillion in government debt held by foreign investors.

The dominance of the US currency has not



PHOTO: REUTERS/FILE

An employee of a bank counts US dollar notes at a branch in Hanoi, Vietnam.

been affected by the huge scale of its debt, nor by the shakiness of its financial system during the 2008 global financial crisis.

"The US dollar remains as dominant as ever as a global funding currency, a payment currency for international transactions, and a reserve currency," said Eswar Prasad, a professor of international trade policy at Cornell University in New York state.

"Without the dollar as the dominant international currency, the multilateral trading system would effectively cease to exist – making the global economy much less efficient," said Benn Steil, a senior fellow at the US-based Council on Foreign Relations.

Is the dollar being threatened?

Trump's comments came on the heels of a BRICS summit in October in Kazan, Russia, where members discussed boosting non-dollar transactions and strengthening local currencies.

"The BRICS today might be where Europe was in the 1970s and that's optimistic in

terms of integrating," said Adam Button, chief currency analyst at ForexLive.

Recent years have seen an uptick in transactions involving local currencies, especially between China and Russia, in light of international sanctions on Moscow following its invasion of Ukraine in 2022.

There has not, however, been an official effort to employ a currency throughout the group, or at forming an official monetary union.

"I don't know if there (are) any of those countries (that) would give up monetary sovereignty," Button said. "So it's a wholly fringe idea, and I'm not even sure why Trump decided to validate it."

While China and India are by far the world's two most populous states, their currencies are not widely used outside of their borders.

Trump's broadside did not mention the euro, which plays a key role in facilitating commerce within the eurozone but has not been envisioned as having global aspirations.