Nat'l committee formed for free trade zones

STAR BUSINESS REPORT

The authorities have formed a national committee to examine the feasibility of establishing free trade zones (FTZs) -- designated areas where goods can be imported, processed, and re-exported without interference from customs authorities.

The move comes on the heels of the Bangladesh Investment Summit last month, where discussions focused on drawing foreign investment, generating employment and increasing export capacity.

The concept of FTZs, often situated near major seaports, airports or border points, was highlighted at the summit as an avenue for accelerating industrial growth.

On Tuesday, the Bangladesh Economic Zones Authority (Beza) announced the formation of the committee on April 21, which will lead efforts to assess the potential of FTZs across the country.

The announcement was made from the Office of the Chief Adviser, according to a press release, and has been welcomed by business leaders as a major step towards industrial modernisation and deeper global economic integration.

FTZs have gained global traction for creating business-friendly environments and streamlining cross-border trade. With this in mind, Beza formed the national committee to initiate the process of establishing FTZs in Bangladesh.

The committee includes representatives from several key government bodies, including Beza itself, the Ministry of Commerce, the Economic Relations Division (ERD), the Ministry of Industries, the National Board of Revenue, the Chattogram Port Authority, and the Bangladesh Investment Development Authority.

It will be led by the commerce adviser and Beza's executive chairman.

One of the committee's main tasks will be to review existing legislation, such as the Bangladesh Economic Zones Act, as well as customs and import-export regulations, to identify legal changes or new policies required to support free trade zones.

It will also examine successful free trade zone models in other countries, identify suitable sites in Bangladesh, and evaluate infrastructure needs, logistics networks and stakeholder engagement strategies.

The committee's first meeting is scheduled for May 6, and will be chaired by Beza Executive Chairman Ashik Chowdhury.

Marico Bangladesh's profit jumped 28% in FY25

STAR BUSINESS REPORT

Marico Bangladesh's profit grew in its fiscal year 2024-25 thanks to higher revenue and finance income.

The company reported a 28 percent year-on-year rise in profit to Tk 590.6 crore for the financial year that ended on March 31, 2025.

The fast-moving consumer goods company posted revenue of Tk 1,630.93 crore, up 12 percent from the previous year, according to its financial statements.

The board of directors recommended a final cash dividend of 1,950 percent, or Tk 195 per share of Tk 10 each, bringing the total cash dividend for FY24-25 to 3,840 percent.

This includes the 1,890 percent interim cash dividend already paid, according to a disclosure on the Dhaka Stock Exchange (DSE) yesterday.

Its earnings per share rose to Tk 187.49 in FY24-25 from Tk 146.23 a year earlier, driven by higher revenue, an improved gross profit margin, and increased net finance income, the company said.

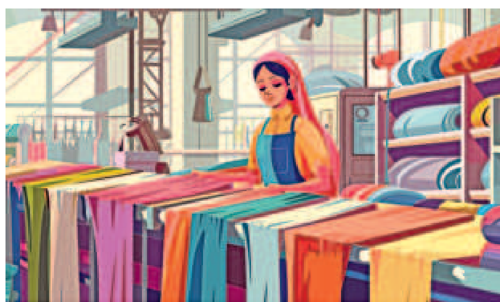
However, net operating cash flow per share (NOCFPS) fell to Tk 146.23 from Tk 195.25 in FY23-24, which the company attributed to higher payments to suppliers.

The net asset value per share also declined year-on-year, which the company said was due to the higher dividend payout in FY24-25.

Shares of Marico rose 2.15 percent to close at Tk 2,541.2 yesterday on the DSE.

One third of RMG factories yet to implement new wage: study

All the non-compliant factories are located outside EPZs



BRAND & COST CHALLENGES

Salary costs rose 31-38% after wage hike	82.9% factories got no external support	Small factories least supported by brands	Only 33% non-EPZ factories saw price increase

WAGE IMPLEMENTATION

32% factories noncompliant—all outside EPZs	100% EPZ factories implemented revised wages
81% workers reported receiving new wages	35.1% workers still underpaid or misclassified

WORKER IMPACT & SYSTEM GAPS

Real wages dropped 12-15% since 2018

Prices of essentials rose sharply in 2024

Gender pay gap: women earn 8.7% less

No national wage floor or inflation indexing

STAR BUSINESS REPORT

In spite of a government directive given in December 2023 for increasing minimum wages in the readymade garment (RMG) sector, nearly one third of factories have failed to implement a revised pay scale, according to a new study.

All of the non-compliant factories are located outside the country's export processing zones (EPZs), the research revealed.

The study was conducted by STITCH, a consortium advancing improved working conditions, in collaboration with BRAC University between September and December 2024. It was made public on Tuesday.

It surveyed 385 RMG factories and 1,113 workers to assess the wage implementation status, socio-economic impact on workers, and structural challenges in wage governance.

The wage revision set a new minimum of Tk 12,500 for non-EPZ factories and Tk 12,800 for those inside EPZs.

While the increase was expected to improve the lives of workers in the country's largest export sector, the findings suggest a significant portion of factories—32 percent—have not complied.

However, the report said, 100 percent of the non-compliant factories were from the non-EPZ segment.

In contrast, all surveyed EPZ factories were found to have fully implemented the new wage. Large factories and those with active trade unions or participation committees also showed complete compliance.

Most compliant factories were affiliated with major industry associations, which appear to influence better wage practices, the report said.

On the workers' side, most reported receiving the revised pay.

The report said that still, a notable number remain underpaid—often due to confusion about job grades or lack of information about their entitlements.

While the increase was expected to improve the lives of workers in the country's largest export sector, the findings suggest a significant portion of factories—32 percent—have not complied

Many workers could not even identify their current grade under the new wage scale, pointing to gaps in communication and awareness.

However, it said the wage increase has put financial pressure on factories. Operating costs have risen significantly, but most have received no help from buyers or government sources.

A very small fraction of factories benefited from any wage-related support, either in the form of higher prices or direct assistance.

The situation was worse for smaller factories, which received the least support from buyers. Even when prices were adjusted, the changes were modest.

Western brands, especially from Europe and North America, offered better support than others, but the gap remains wide, it added.

For many factories, the increased cost of doing business has become difficult to bear. Rising expenses, paired with minimal buyer cooperation, were the main reasons cited for non-compliance with the new wage.

The study pointed out that workers, meanwhile, are seeing their purchasing power decline. Inflation of essentials like food, rent, education, and healthcare has eroded the benefits of higher wages.

At the same time, many workers report increased workloads and longer hours.

The study also highlighted gender-based pay gaps. Women remain concentrated in repetitive, lower-paid roles, while men dominate technical and better-paying positions. Even when doing similar jobs, men often earn more.

The current process lacks true worker representation, and planning between factories and buyers is weak.

Without urgent reforms and better coordination, the intended benefits of the wage hike may not reach the workers it was meant to support.

Future of garment industry hinges on worker welfare

MD MOHIUDDIN RUBEL

The Bangladeshi manufacturing sector, particularly textiles and garments, is vital to the global supply chain. Despite its strategic importance, the sector faces significant headwinds, especially in terms of worker welfare.

In recent years, Bangladesh's garment industry has striven to evolve beyond basic, low-cost production. With increasing innovation and product diversification, the sector aims to become a $100-billion global hub. However, this ambition is unlikely to materialise without fully investing in its most valuable resource: the workers. They are not just contributors but essential partners in the industry's collective success.

Key challenges inhibiting progress

One of the core obstacles to industry reform lies in buyer practices. Many international buyers exploit market oversupply, pressuring manufacturers to accept prices that don't reflect the true cost of ethical production. This squeezes margins and stifles investment in worker welfare.

Meanwhile, compliance with stringent global labour and safety standards, while necessary for sustainability, often imposes substantial financial burdens, especially in the absence of fair compensation from buyers.

Labour rights advocacy also presents a complicated picture. On one hand, a weak presence of workers' organisations hampers collective bargaining. On the other, some demands from labour rights groups can clash with economic realities. A middle ground must be found, where owners and workers engage in honest dialogue and shared responsibility, not adversarial negotiations.

Rising operational costs further complicate matters. With shrinking profit margins, many factories struggle to invest in worker-centric initiatives. Continued financial strain could force closures, resulting in massive job losses. Lastly, global market volatility exacerbated by tariff uncertainties and trade policy shifts has created unpredictable pricing dynamics. The lack of clarity leaves both buyers and sellers unsure whether to commit or renegotiate, which undermines stability across the sector.

A roadmap for worker-centric growth

Boosting productivity is key to Bangladesh's aspiration to become a global manufacturing leader and that starts with treating workers as growth partners.

Wage increases that reflect inflation and the cost of living should be phased in to reward effort and support retention. Better wages translate into better livelihoods, which, in turn, drive higher productivity and competitiveness, provided workers increase productivity in alignment with wage increases.

Investing in affordable housing, accessible healthcare -- including mental health services -- and safe working conditions will improve both well-being and performance on the factory floor. With women comprising the majority of the RMG workforce, targeted support, such as childcare centres and upscaling programmes, is vital to empower female workers and ensure equitable growth.

Supplemental initiatives, such as subsidised food and essentials through ration programmes, can further reduce economic stress and ensure that basic needs are met. Most importantly, the industry must move beyond outdated hierarchies. Bridging the owner-labour divide by promoting a "we" mindset—where all stakeholders see themselves as partners—can transform how the industry navigates both crisis and opportunity.

A multi-stakeholder path to sustainability

Sustainable reform demands joint efforts from manufacturers, buyers, and policymakers. Manufacturers must adopt ethical practices and communicate openly about profitability and other challenges. Buyers must move beyond price-driven relationships and commit to fair pricing that supports ethical sourcing and long-term resilience. Policymakers play a critical role in enforcing labour protections, incentivising responsible business practices, and creating trade policies that reinforce the domestic manufacturing ecosystem. Infrastructure development and streamlined regulation can also reduce operating costs and unlock further potential.

Worker welfare and industry growth are not competing interests, but deeply intertwined concepts. Achieving Bangladesh's ambitious manufacturing goals depends on whether all stakeholders are willing to make that synergistic connection and implement it. A future where Bangladesh leads in global manufacturing is more than just about exports or profit margins. It's about shared prosperity, where progress is measured not only by numbers, but by the dignity and well-being of those who make it possible.

The author is a former director of the Bangladesh Garment Manufacturers and Exporters Association

Square Pharma's Q3 profit jumps 18%

Square Textile sees modest growth

STAR BUSINESS REPORT

Two entities of Square Group -- Square Pharmaceuticals and Square Textiles -- reported positive growth in the third quarter of the 2024-25 fiscal year.

Square Pharma posted a profit of Tk 605 crore in the third quarter of the 2024-25 fiscal year, up 18 percent year-on-year, according to its financial statements.

The company's revenue during the January-March 2025 period rose 22 percent year-on-year to Tk 2,012 crore.

Its consolidated earnings per share (EPS) stood at Tk 6.83 in the third quarter, up from Tk 5.55 in the same period a year earlier.

For the nine months from July 2024 to March 2025, Square's EPS was Tk 21.15, up from Tk 18.24 in the same period of the previous financial year.

Shares of the leading drug maker declined 0.42 percent to close at Tk 214.1 at the Dhaka Stock Exchange yesterday.

Square's consolidated net operating cash flow per share (NOCFPS), however, declined to Tk 11.90 for July 2024 to March 2025 from Tk 17.32 in the same period a year ago.

The company attributed the higher NOCFPS in the previous year to two one-off events: additional credit facilities extended to local customers due to the Eid holidays in June 2023, which were realised in July, and an insurance claim received for damages related to a fire at one of its plants.

These factors were absent in the current period, leading to the decrease in operating cash flow, it said in a DSE disclosure.

Meanwhile, Square Textiles PLC reported a profit of Tk 25 crore in the third quarter of 2024-25, marking a 7 percent year-on-year rise, according to its financial statement.

The company's revenue rose marginally to Tk 580 crore during the period, from Tk 576 crore in the same period a year earlier.

Its consolidated EPS stood at Tk 1.27 in January-March 2025, up from Tk 1.18 a year earlier. For the July-March period, Square Textiles' EPS rose to Tk 5.10 from Tk 4.24 the previous year.

The company credited the rise in EPS to increased yarn output from its new project in Habiganj and balancing, modernisation, rehabilitation, and expansion initiatives at its Gazipur plant.

The company's NOCFPS was Tk 2.24 in the current period, compared to a negative Tk 2.39 a year ago.

Shares of the leading textiles maker declined 1.01 percent to close at Tk 49.1 at the DSE.

Trump tariffs expose US weak flank in services

REUTERS, *New York*

If an angry trading partner wanted to go for US President Donald Trump's jugular, its head of state might make a speech something like this: "My fellow citizens, for years our nation has been looted and pillaged by American banks, tech giants and law firms. The United States has ransacked our universities and hollowed out our entertainment industry. Our wonderful software engineers, advertising copywriters and insurance specialists have suffered greatly. All that stops today. I will shortly be imposing reciprocal charges on imports of US services, just as the US has threatened tariffs on goods we export. Today will forever be remembered as Retaliation Day."

This scenario, while highly implausible, contains a serious point. Trump's assault on American trading partners has exposed a weak flank in services. The president and his advisers are fixated on ending the country's supposed disadvantage when it comes to trade in goods. His administration's "reciprocal" tariffs, now on hold until at least early July, punish countries that send more electronics, agricultural products and other items to the United States than they buy in return.

Yet in services it is the United States that often has the upper hand. The imbalance creates an opportunity for other countries to retaliate against Trump - and creates a vulnerability for American technology groups and financial institutions.

PHOTO: AFP/FILE

A container ship sits docked at the Port of Oakland in California. The US president and his advisers are fixated on ending the country's supposed disadvantage when it comes to trade in goods.

Services dominate the US economy, accounting for more than 70 percent of the country's economic activity last year, according to the Bureau of Economic Analysis. Much of that stays inside the country: you cannot, as trade economists are fond of pointing out, export haircuts. Nevertheless, a decent chunk crosses the border. Last year, the United States exported services worth $1.1 trillion to the rest of the world, while importing $812 billion. The US trade surplus in services has exceeded $200 billion every year for over a decade. That's very different from the picture in goods, where the US last year received items worth $3.3 trillion from other countries, while shipping $2.1 trillion in products abroad.