Insurance sector faces demand-supply gap

Overlooks rural needs, says an expert

STAR BUSINESS REPORT

The insurance sector is facing a serious gap between demand and supply, as most products, designed by urban elites, ignore the needs of rural and low-income people, said Md Main Uddin, professor of the Department of Banking and Insurance at the University of Dhaka.

"Insurers need to engage directly with potential policyholders and move away from forced sales towards voluntary, trust-based adoption," he said.

Prof Uddin made the statements at a seminar titled "Prospects of Insurance in Bangladesh", organised by the Department of Banking and Insurance at the University of Dhaka, held at the Faculty of Business Studies yesterday.

He added that despite Bangladesh's large population and growing middle class, insurance penetration remains below 0.5 percent, reflecting deep structural and governance problems rather than a lack of market potential.

"The country needs to view insurance not just as a capitalistic transaction, but as a welfare-oriented social tool," he said.

Despite Bangladesh's large population and growing middle class, insurance penetration remains below 0.5 percent

Citing global examples such as Japan, Prof Uddin explained that insurance works through collective pooling, where the underuse of services by some allows life-saving support for others during disasters.

"This mindset is crucial for building long-term resilience and intergenerational security," he added.

On governance, he described the sector's challenges as a "crisis of will" rather than a lack of technical skill.

He criticised cases where companies misuse funds instead of settling legitimate claims, warning that such actions harm public trust and threaten financial stability.

To prevent a wider economic crisis, he stressed the importance of strengthening and balancing Bangladesh's four key financial pillars -- banks, insurance, bonds, and capital markets -- through consolidation, ethical enforcement, and policy reform.

Md Shahidul Islam Zahid, professor and chairman of the Department of Banking and Insurance, said that although the insurance sector has long been underestimated, Bangladesh's rapid economic growth has greatly increased assets and risks, making insurance essential for sustainable development.

He added, "By engaging industry leaders and understanding the skills needed over the next five to ten years, the department aims to continuously update its curriculum and research focus.

"Our ultimate goal is to produce competent graduates with strong practical knowledge who can provide high-quality service and contribute meaningfully to the financial and insurance sectors."

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Plastic products are on display at the International Plastics, Printing and Packaging Industry Fair at International Convention City Bashundhara in Dhaka yesterday. PHOTO: FIROZ AHMED

Packaging makers see $10b export potential

Industry leaders say stronger policy support and infrastructure could expand overseas sales

STAR BUSINESS REPORT

The local plastic and flexible packaging sector, which now earns $2.2 billion a year from direct and indirect exports, has the potential to grow to $10 billion and emerge as a major export earner with targeted policy support, according to industry leaders.

They highlighted the sector's growing role as a critical backward linkage to export-driven industries such as readymade garments, food, pharmaceuticals and fast-moving consumer goods.

"Bangladesh's flexible packaging industry has significant potential to become a high-value export sector with the right policy and infrastructure support," said Md Anisur Rahman, deputy executive director of Premiaflex Plastics Limited of ACI PLC.

He made the remarks at a seminar titled "Packaging Export Potentiality and Identification", jointly organised by the Plastic Products Business Promotion Council (PPBPC) and the Bangladesh Plastic Goods Manufacturers and Exporters Association (BPGMEA).

The event was held yesterday at the International Convention City Bashundhara in Kuril on the occasion of the International Plastics, Printing and Packaging Industry Fair.

Presenting the keynote paper, Rahman said flexible packaging used in food, pharmaceuticals, garments and FMCG has become a vital backbone of the country's export ecosystem.

The sector has an estimated market size of Tk 3,500 crore and an annual production capacity of 115,000 tonnes, supported by more than 100 manufacturers. Yet only about 3 percent of locally produced packaging materials are exported directly.

Rahman pointed to skilled manpower and competitive production costs as key strengths but said the sector remained constrained by the lack of bonded warehouse facilities, limited export incentives and inadequate certification services.

He also stressed the need for stronger support for eco-friendly packaging and suggested introducing a national label, "Produced and Packaged in Bangladesh", to improve branding in global markets.

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Md Obaidur Rahman, secretary of the Ministry of Industries, said plastic packaging held immense export potential, especially as Bangladesh seeks to diversify beyond garments.

"Plastic packaging is no longer just a support industry; it has the potential to become a billion-dollar export sector," he said.

The secretary urged closer collaboration between industry stakeholders, policymakers and development partners, adding that Bangladesh could tap a global market worth up to $10 billion in plastic packaging exports.

Md Nuruzzaman, additional secretary at the Ministry of Industries, called for stronger engagement between the public and private sectors.

"Oftentimes, policies are made without direct input from the business community. But seminars like this allow us to better understand your challenges and align our policies accordingly," he said.

Highlighting the changing role of packaging, he said, "Packaging is no longer just a supportive sector; it is essential. Without proper packaging, even the best products fail to attract consumers, both locally and globally."

"We must bring novelty to the packaging sector so our products stand out and meet evolving market demands," he said.

Hafizur Rahman, former head of the WTO Cell at the commerce ministry, said packaging plays an important role in export competitiveness.

"Packaging is not just about carrying products; it determines shelf life, quality, and global competitiveness," he said.

He noted that weaknesses in the domestic packaging sector contribute to post-harvest losses of up to 30 percent and called for bonded warehouse facilities and lower tariffs on imported packaging materials to support exporters.

"Packaging can transform our exports with the right policy support," he said.

Kazi Anwarul Haque, vice-president of BPGMEA, highlighted growing global demand for PP woven and FIBC bags and urged local manufacturers to look beyond the domestic market.

He said reusable and recyclable packaging products offer strong export prospects if producers focus on quality, compliance and market access.

The session was moderated by Shamim Ahmed, president of BPGMEA. Senior vice-president KM Iqbal Hossain and vice-presidents Md Enamul Haque and Quazi Anwarul Haque of the association also spoke at the event.

The fixed pie fallacy

MAHTAB UDDIN AHMED

The CEO and board spent three meetings arguing over his bonus, quoting KPIs and "current market conditions." The consultant calmly billed for conflict management and facilitation, earning more than the bonus, even though they did not attend the final meeting.

Negotiation often begins with an unspoken assumption that the pie is already baked, its size fixed, and its slices limited. Whoever takes a bigger piece must be stealing from the other. This belief quietly shapes boardroom arguments, salary discussions, regulatory debates, and even family business conversations. The moment this mindset enters the room, creativity exits. What follows is not negotiation, but a slow tug-of-war where everyone pulls hard, and the rope eventually snaps.

This is what negotiation scholars describe as the fixed-pie mentality, or the Trump model. It is the belief that one party's gain automatically requires another's loss. Global research suggests this belief is not just common but deeply flawed. Studies from Harvard's Program on Negotiation show that a majority of negotiators systematically fail to identify opportunities for mutual gain, leaving significant value on the table simply because they assume it does not exist. McKinsey's work on complex negotiations further indicates that organisations that move beyond zero-sum thinking generate materially higher long-term value and more durable agreements than those that focus only on who wins today.

In Bangladesh, the fixed-pie mindset is visible across sectors. Employers assume employees want more pay at the cost of profitability, while employees assume management wants profit at the cost of dignity. Boards treat management as cost centres, management treats boards as threats, regulators see industries as adversaries, and businesses view policy as punishment. Everyone negotiates defensively, as if survival depends on extracting concessions rather than creating solutions. The outcome is predictable. Deals get delayed, relationships erode, and mistrust becomes institutionalised. Eventually, the pie shrinks for everyone.

The irony is that most negotiations are not inherently zero-sum. Compensation discussions are not only about money but also about growth, learning, flexibility, and recognition. Corporate deals are rarely just about valuation; they involve risk allocation, timelines, governance, reputation, and future opportunities. National-level negotiations around investment, energy, or infrastructure are never about a single transaction. They are about credibility, continuity, and confidence. When negotiators obsess over one variable and ignore the rest, they fight fiercely over a small slice while ignoring the bakery next door.

Evidence from Asia offers useful lessons. Economies that have successfully attracted long-term investment tend to negotiate on multiple dimensions simultaneously. By aligning interests rather than rigid positions, they expand the value pool and then share it. Research from the World Bank shows that countries with higher trust and collaborative negotiation cultures experience lower transaction costs, faster deal closures, and stronger private sector participation. These are not abstract theories. They translate directly into jobs, investment, and growth.

Overcoming the fixed-pie mentality requires a shift in mindset rather than tactics. It starts with curiosity rather than suspicion, and with asking why the other side wants something rather than assuming bad faith. It requires the maturity to separate ego from outcome and to recognise that walking away with a sustainable agreement is more powerful than winning a loud argument. Most importantly, it demands an understanding that negotiation is rarely a one-time event. In a small economy like ours, today's opponent is tomorrow's partner.

The real cost of fixed-pie thinking is not a bad deal. It is the normalisation of conflict, the erosion of trust, and the gradual weakening of institutions. When leaders negotiate as if value is finite, they create scarcity where none is necessary. When they negotiate to create value, they strengthen themselves, their organisations, and the nation as a whole. A country does not grow by fighting over slices. It grows by learning how to bake a bigger pie and, wisely, agreeing on how to share it.

The writer is the president of the Institute of Cost and Management Accountants of Bangladesh and founder of BuildCon Consultancies Ltd

Trump-era trade stress leads Western powers to China

AFP, *Tokyo*

Britain's Keir Starmer is the latest Western leader to thaw trade ties with China in a shift analysts say is driven by US tariff pressure and unease over Donald Trump's volatile policy playbook.

The prime minister's Beijing visit this week to promote "pragmatic" co-operation comes on the heels of advances from the leaders of Canada, Ireland, France and Finland.

Most were making the trip for the first time in years to refresh their partnership with the world's second-largest economy.

"There is a veritable race among European heads of government to meet with (Chinese President) Xi Jinping," Hosuk Lee-Makiyama, director of the European Centre for International Political Economy, told AFP.

This is "driven by internal rivalry to secure investments and market access before the China-US summits in February and April", he said.

It's not just China looking more appealing these days: on Tuesday, India and the European Union announced a huge trade pact two decades in the making, a move to open new markets in the face of a strained status quo.

Vietnam and the European Union also on Thursday committed to deeper cooperation on trade, technology and security.

India and other emerging markets such as South America "are too small to sustain the world's most export-dependent economies, which are in Europe", Lee-Makiyama said.

So they have no choice but to turn to Beijing -- despite concern over its human rights record, and accusations of economic coercion. "Half of economic growth is generated by either the United States or China," Lee-Makiyama said, adding that "the United States is hardly opening up".

Trump's unpredictable tariff onslaught signals that "the United States is no longer a reliable trading partner", said William Alan Reinsch at the Washington-based Center for Strategic and International Studies.

For the new EU-India Free Trade Agreement, "you can argue that, ironically, Trump's policies have pushed it across the finish line" 20 years since negotiations began, Reinsch told AFP.

Starmer told Xi on Thursday it was "vital" to develop the two countries' relationship, with the Chinese leader also stressing the need for stronger ties in the face of geopolitical headwinds.

London and Beijing enjoyed what they described as a "Golden Era" a decade ago but relations deteriorated from 2020 when Beijing imposed a national security law on Hong Kong.

Nonetheless, China remains Britain's third-largest trading partner, and Starmer's centre-left government is keen to boost UK economic growth.

Britain's Prime Minister Keir Starmer (left) and Chinese Premier Li Qiang shake hands after a signing ceremony held at the Great Hall of the People in Beijing on January 29. Chinese President Xi Jinping told Starmer their countries must "strengthen" ties to counter geopolitical headwinds. PHOTO: AFP

While the European Union also wants stronger ties with China, it is alarmed by the current trade imbalance, with a gaping deficit of more than $350 billion to Brussels's disadvantage.

Irish Prime Minister Micheal Martin urged "open trade" in his talks with Xi in early January, while France's Emmanuel Macron denounced the trade imbalance on a visit to Beijing in December.

China and India are also seeking ways to cope with Trump's tariffs designed to boost US manufacturing and "make America great again".

"A select few countries should not have privileges based on self-interest, and the world cannot revert to the law of the jungle where the strong prey on the weak," Chinese Vice Premier He Lifeng said at the World Economic Forum this month.

In some cases, Trump has retaliated with more tariff threats, including a new 100 percent levy on all Canadian goods if the US neighbour makes a trade deal with China.

Canadian Prime Minister Mark Carney hailed a "new strategic partnership" with China in Beijing this month, touting a "preliminary but landmark trade agreement" to reduce tariffs.

Under the deal, China, which used to be Canada's largest market for canola seed, is expected to reduce tariffs on the products to around 15 percent, down from the current 84 percent. In return, Canada will import 49,000 Chinese electric vehicles under a preferential tariff rate.

Carney's visit "signalled a fundamentally new approach to how Ottawa intends to navigate a more fragmented, contested and uncertain world", wrote Vina Nadjibulla, vice-president of research and strategy at APF Canada.

But she warned it could risk being misinterpreted as "a softening of Canada's assessment of the national and economic security challenges China poses".

Reinsch at the CSIS predicted that the latest agreements would leave the United States at a disadvantage in the long run, while noting they were "surprisingly traditional".