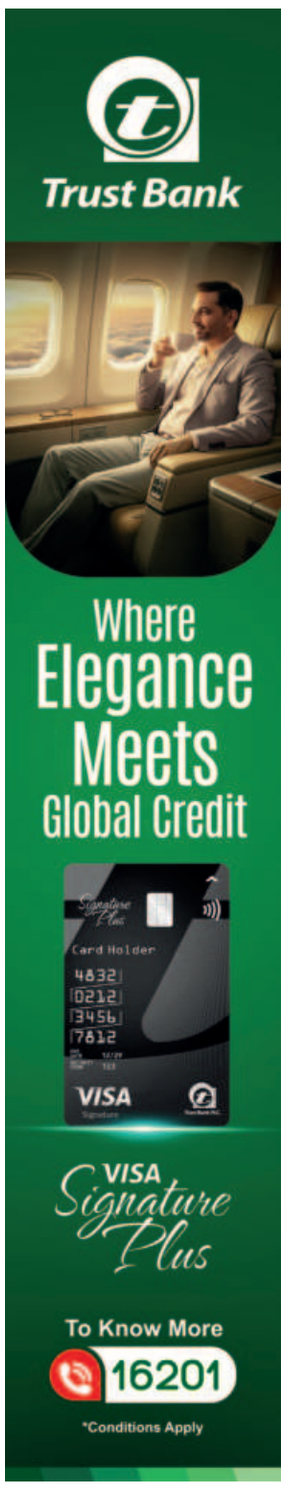
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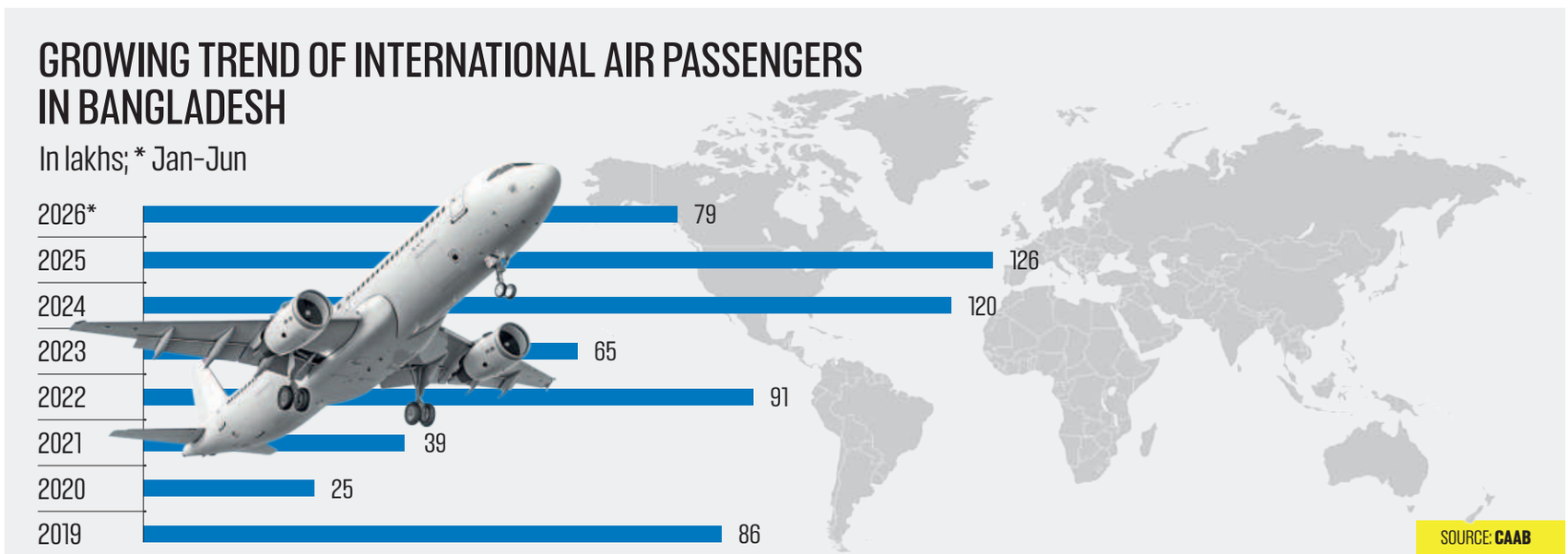
Business



CARD ISSUANCE NEARLY DOUBLES IN 5 YEARS: BB REPORT



International air traffic nearly doubles, but airports can't keep up



MOHAMMAD JAMIL KHAN *and* **SOHEL PARVEZ**

International air passenger traffic in Bangladesh nearly doubled in two years, reaching 1.26 crore in 2025 from 64.5 lakh in 2023. The trend is likely to continue this year as domestic and foreign carriers increase flights and add new routes.

The rise in international passenger numbers is attributed to more Bangladeshis travelling abroad for work, higher disposable incomes and growing demand for religious pilgrimages, overseas medical treatment, tourism and other purposes.

Hazrat Shahjalal International Airport (HSIA) in Dhaka has handled the lion's share of these travellers.

Yet airport infrastructure, particularly at HSIA or Dhaka airport, the country's main international gateway, has failed to keep pace with rising demand.

Besides, national flag carrier Biman Bangladesh Airlines has also been slow to expand its fleet, leaving foreign airlines well placed to capture a larger share of the growing market.

The mismatch between demand and capacity is creating two problems -- congestion and poor services for passengers at airports, and lost opportunities for domestic airlines.

In the January-June period of this year, airlines carried 79 lakh international passengers to and from Bangladesh, according to the Civil Aviation Authority of Bangladesh (CAAB).

"We have seen good movement of travellers so far this year," said Kamrul Islam, general manager of public relations at US-Bangla Airlines Ltd, the country's largest private carrier.

Bangladesh's airports, particularly Dhaka airport, handled around 85.95 lakh passengers in 2019. The number fell to 25.40 lakh in 2020 as countries imposed travel restrictions to contain the spread of Covid-19.

Passenger traffic recovered as restrictions eased and airlines restored services in subsequent years.

"Removal of Covid restrictions fuelled passenger flow while airlines opened new routes and increased flight frequencies," said Kamrul.

Besides four domestic airlines, 34 foreign carriers operate passenger flights from Bangladesh to 25 destinations in 17 countries, according to CAAB.

The Middle East, which employs around three-fourths of Bangladeshi migrant workers, is the largest international market, followed by Asia-Pacific and Europe, according to a report published by the International Air Transport Association (IATA) in February 2025.

Based on 2023 data, the IATA identified Jeddah, Kuala Lumpur and Riyadh as the busiest international routes from Bangladesh, followed by Dubai, Muscat, Doha, Dammam, Kolkata, Sharjah and London.

Bangladesh's aviation sector directly employed nearly 30,000 people and generated $2.4 billion in economic output, equivalent to 0.6 percent of GDP, based on 2023 data.

Aviation and aviation-supported tourism contributed another measure of economic activity, generating $5.3 billion, or 1.2 percent of GDP.

Captain AKM Aminul Islam, director of flight operations at Biman Bangladesh Airlines, attributed the increase in international passenger traffic to overseas employment, higher incomes, more affordable air travel and rising demand for Umrah.

READ MORE ON B3



Clothing brands report better sales this Puja

SUKANTA HALDER

Branded fashion retailers across Bangladesh reported sales growth of 5 to 10 percent during this year's Durga Puja compared with last year, driven by strong festive demand, particularly for women's wear.

Despite the growth, sales fell short of expectations at one retailer as consumers facing tighter budgets bought fewer items than they might have otherwise.

Shaheen Ahmed, owner of fashion brand Anjan's, said sales had increased by around 10 percent year-on-year. "Given the current economic and political situation, we are satisfied with the sales," he said.

Soumik Das, chief executive of Rang Bangladesh, reported sales growth of around 5 percent, half the 10 percent increase the company had expected.

Shopping typically begins about two weeks before Durga Puja. Sarees and salwar-kameez sets are among the biggest draws, traders said

He attributed the shortfall partly to declining purchasing power, saying customers who might previously have bought two outfits were now purchasing only one.

Kazi Maktum Shovon, head of sales and marketing at Mbrella, also reported sales growth of around 5 percent. Demand for women's three-piece outfits, comprising matching salwar-kameez sets, was particularly strong at the brand's outlets during the festive season, he told The Daily Star.

Asad Kabir, a senior executive for marketing at Yellow, said sales during this year's Durga Puja had been moderate so far, partly due to reduced business operating hours. However, he remained optimistic about a stronger finish, with several days of festive shopping still ahead.

Although there are no official figures, industry insiders estimate that the two Eid festivals account for around 70 percent of annual festival-related retail sales, while Durga Puja contributes about 10 percent. Pahela Baishakh and other occasions account for much of the remainder.

Shopping typically begins about two weeks before Durga Puja and continues for several days after the festivities begin.

READ MORE ON B3



Garment workers block a road in Uttara's Azampur area on October 15, protesting over wages as rising living costs erode their earnings, and debate continues over higher wages and the role of international buyers. PHOTO: **MEHEDI HASAN**

Why garment wage unrest keeps returning

TASNEEM TAYEB

For some garment workers, earning Tk 19,000 to Tk 20,000 a month means working 15 to 16 hours a day, including overtime, labour representatives told The Daily Star.

Even then, their earnings barely cover rent, food, children's education and medicine. One representative said monthly rent for accommodation that cost Tk 2,500 a few years ago has risen to around Tk 7,500.

Workers in Uttara took to the streets this month, demanding Tk 30,000 in wages and payment of arrears. The protests led to clashes with police on October 17, leaving at least 50 people, including 18 police personnel, injured.

"Our only demand is either to lower the prices of essential commodities or raise our wages so that we can afford to make ends meet," protester Sharifa Begum told The Daily Star during an earlier blockade.

The protests come nearly three years after the last minimum-wage revision, followed by a separate agreement with workers and an increase in annual increments.

Interviews with labour representatives and manufacturers reveal broad agreement that international buyers should do more to fund higher wages. But they disagree on why Bangladesh has so little bargaining power.

NEWS ANALYSIS

WHAT WAGES CAN BUY

The minimum monthly wage for garment workers was set at Tk 12,500 in November 2023. This is the gross minimum wage, while some protesters in Uttara are demanding Tk 30,000 in basic pay, so the two figures are not directly comparable.

Prices have continued to rise. Bangladesh Bureau of Statistics data show inflation at 8.34 percent in September 2026, with food inflation at 7.22 percent and non-food inflation at 9.30 percent. The World Bank's October Bangladesh Development Update also said persistent inflation was reducing household purchasing power and raising business costs.

Labour representatives say many workers depend heavily on overtime to meet household expenses, raising concerns about excessive working hours and compliance with labour laws.

Labour rights advocate Kalpona Akter said wage demands must be assessed against rising costs of essentials and healthcare. She questioned the government's response to inflation, saying workers had heard assurances about forming a wage board but received little clarity on possible relief or when a decision might come.

READ MORE ON B3

SPOTLIGHT

BFIU issues anti-money laundering rules for insurers

STAR BUSINESS REPORT

The Bangladesh Financial Intelligence Unit (BFIU) issued a set of guidelines for insurance companies operating in Bangladesh to prevent money laundering and the financing of terrorism.

The guidelines require stringent compliance frameworks, mandatory customer due diligence and rigorous transaction monitoring across all life and non-life insurance operations.

In a circular issued on Monday, the financial intelligence agency outlined the measures insurers must follow to comply with the Money Laundering Prevention Act 2012, the Anti-Terrorism Act 2009 and the rules issued under the two laws.

The guidelines require each insurance company to formulate its own policies to prevent money laundering and terrorist financing, taking into account international standards, existing laws and regulations, and instructions issued by the BFIU.

The policies must be approved by the company's board of directors or, where applicable, its highest policy-making or management committee. Insurers must communicate the policies to relevant

READ MORE ON B3

Islamic banks' workforce shrinks 6% in a year: BB

STAR BUSINESS REPORT

Islamic banks in Bangladesh saw their workforce shrink by 6 percent year-on-year in August 2026 amid growing digitalisation and automation of financial services and management problems at some banks, according to a Bangladesh Bank report.

Total manpower at Islamic banks stood at 44,782 in August 2026, down from 47,641 a year earlier, according to the central bank's recently published Monthly Islamic Banking and Finance Statistics report.

The report cited digitalisation and automation as factors reducing the need for manual administrative and operational staff at financial institutions.

"After the July 2024 uprising, an unstable situation has arisen due to improper management of Islamic banks, especially in full-fledged shariah-based banks; manpower shows a declining trend," the report said.

"On the contrary, conventional banks having shariah-based banking operations are gradually expanding their Islamic banking activities, with an increase in manpower."

READ MORE ON B3

Financial connectivity key to Bangladesh-China ties

Says Ashik Chowdhury, chairman of Invest Bangladesh

STAR BUSINESS REPORT

A stronger presence of Chinese financial institutions in Bangladesh could benefit both countries and help turn investment decisions into action, said Ashik Chowdhury, chairman of Invest Bangladesh.

"Financial connectivity is the next frontier of Bangladesh-China cooperation," he said, adding that Chinese investors need easier access to trade finance, equipment loans, working capital and long-term investment support.

"Our bilateral trade volume also points to this need. Bangladeshi businesses need access to technology and productive partnerships," he said at the Bangladesh Day event yesterday, according to a press release.

The Export-Import Bank of China, in partnership with Invest Bangladesh, organised the event at the bank's headquarters in Beijing to encourage Chinese banks to establish operations in Bangladesh.

The event brought together 11 Chinese financial institutions, including the Industrial and Commercial Bank of China, Agricultural Bank of China and Bank of China, three of the world's four largest banks by assets.

It also featured 26 Chinese companies from sectors such as infrastructure and engineering, power and renewable energy, information and communication technology, electronics, industrial technology, environmental solutions and agricultural technology.

Eleven Chinese financial institutions and 26 companies joined a Beijing event to explore investment opportunities in Bangladesh and discuss how stronger banking ties could support bilateral economic cooperation

Bangladesh Bank and Invest Bangladesh jointly delivered the keynote presentation, titled "The Next Frontier -- Bangladesh-China Financial Connectivity".

The presentation said Bangladesh's trade with China reached $19 billion in FY2025, but no Chinese bank operates in the country. It also cited Cambodia, Sri Lanka and Myanmar as examples of markets with similar trade volumes with China.

The event highlighted investment opportunities in Bangladesh's priority sectors, the Chinese Economic and Industrial Zone and the Mongla Economic Zone for Chinese businesses and their financial partners.

Wang Kang, vice president of China Exim Bank, said the bank continued to use its strengths as a policy bank to support China's foreign trade, investment and international cooperation.

"We currently have nearly 40 projects in Bangladesh, spanning infrastructure, energy, agriculture, processing and manufacturing," he said.

The bank would also encourage more leading Chinese companies to invest directly in priority sectors such as textiles and healthcare, ensuring that financing supports Bangladesh's real economy, he added.

BRAC Bank launches digital trade solutions on CORPNET

STAR BUSINESS DESK

BRAC Bank has introduced digital trade solutions on CORPNET, its digital platform for wholesale banking clients, bringing key trade services into a single digital channel where corporate clients can initiate requests, submit instructions, and monitor progress.

Tareq Refat Ullah Khan, managing director and CEO of BRAC Bank, formally launched the solution at a ceremony at Radisson Blu Water Garden Hotel in Dhaka on October 18, 2026, in the presence of wholesale banking clients, according to a press release.

Md Shaheen Iqbal, additional managing director and head of wholesale banking, and other senior officials were also present.

Describing itself as the fastest-growing trade bank in the industry, BRAC Bank is modernising its trade operations to meet rising customer expectations. The platform reduces paperwork and bank counter visits, tracks transactions in real time, and supports cash flow planning, working capital management, and better decision-making through customised management information system (MIS) reports and AI-enabled processing.



PHOTO: BRAC BANK

Tareq Refat Ullah Khan, managing director and CEO of BRAC Bank, poses for photographs in the presence of officials of the bank at a ceremony at Radisson Blu Water Garden Hotel in Dhaka on October 18.

"We have adopted the world's best-in-class digital trade solutions. This is an important milestone in our trade finance transformation. By digitising and streamlining trade operations, we are enhancing transparency, control, and efficiency while enabling us to serve corporate clients faster and more reliably. This advancement brings us closer to our ambition of becoming Bangladesh's most preferred trade bank by consistently delivering superior value to our customers," said Tareq Refat Ullah Khan, managing director and CEO of BRAC Bank.

The platform covers import and export transactions from end to end, including letters of credit, shipping guarantees, import payments, export documents, pre- and post-shipment financing, and bank guarantees. Clients can also access customised reports, an interactive dashboard, SWIFT copies, real-time balances and credit limits, and secure correspondence with the bank.

Pubali Bank holds quarterly ADC, card business review meeting

STAR BUSINESS DESK

Pubali Bank PLC recently held its third-quarter ADC (alternative delivery channel) and card business review meeting for 2026 at the bank's head office auditorium.

Mohammad Ali, managing director of Pubali Bank PLC, attended the meeting as the chief guest, while Md. Shahnewaz Khan, deputy managing director, was present as the special guest. NM Firoz Kamal, DGM and head of the Card Business Division, also attended the meeting, according to a press release.

Md Rabiul Alam, DGM and division head of the ADC Division, presided over the meeting.

Regional managers from the Gazipur and Narayanganj zones participated in the session, along with all branch managers, ADC officials, card business officials, and BSA/CSA from the respective zones.

The session featured in-depth discussions on business growth strategies, an analysis of third-quarter performance, and future action plans to enhance ADC and card business.



PHOTO: PUBALI BANK

Mohammad Ali, managing director of Pubali Bank, is seen alongside other officials of the bank at its third-quarter ADC and card business review meeting for 2026 at the bank's head office in Dhaka recently.



Sheikh Rakibul Karim, chief executive officer of Guardian Life Insurance Limited, and Shahriar Kamal, managing director of Concord Group of Companies, pose with the signed documents at Concord Group's head office in Dhaka on October 19.

PHOTO: GUARDIAN LIFE INSURANCE

Guardian to insure Concord Group employees, dependants

STAR BUSINESS DESK

Guardian Life Insurance Limited will provide life insurance coverage and medical benefits to employees of Concord Group of Companies and their family members under a group insurance agreement.

The agreement was signed at Concord Group's head office in Dhaka on October 19, 2026. Sheikh Rakibul Karim, chief executive officer of Guardian Life Insurance Limited, and Shahriar Kamal, managing director of Concord Group of Companies, signed the agreement on behalf of their respective organisations, according to a press release.

Commenting on the partnership, Sheikh Rakibul Karim said, "We believe that employee well-being is fundamental to sustainable business success. Through this partnership, we aim to provide Concord employees and their families with financial protection and healthcare support, helping them face unexpected challenges with greater confidence."

Shahriar Kamal said, "A company's responsibility to its people goes beyond providing a workplace. It also means helping them navigate life's uncertainties without having to face every challenge alone. We see this partnership as a way to extend that responsibility to our employees and their families."

Saniyat Rahman, assistant managing director and chief enterprise business officer of Guardian; Mohammad Soieb, senior assistant vice-president and group business lead; and Arannya Akter Bithi, key account manager, attended the signing ceremony.

Representing Concord Group, Shakil Abir, senior general manager and group head of HR; Anup Kumar Sarker, chief marketing officer; Md Abdul Karim, chief financial officer; Faroque Ahmed, deputy general manager for strategic operations; Md Reajul Hasan Shohag, deputy legal adviser; Md Mofizul Islam, executive director for audit; and Major Md Sakib Rayhan (Retd), executive director for administration, were present.

Guardian currently serves more than 500 corporate clients across Bangladesh, providing insurance protection to over 1.4 crore lives nationwide. Its network of more than 500 partner hospitals enables customers to access healthcare services, including cashless treatment through the Guardian app and its 24-hour helpline at 16622.

Anti-money laundering compliance officers elect new leaders



Members of the newly elected 15-member executive committee of the Association of Anti-Money Laundering Compliance Officers of Banks in Bangladesh pose for a photo after their unanimous election for the 2026-27 term at the association's annual general meeting in Gulshan, Dhaka recently.

PHOTO: AACOBB

STAR BUSINESS DESK

The Association of Anti-Money Laundering Compliance Officers of Banks in Bangladesh (AACOBB) has recently elected a 15-member executive committee for the 2026-27 term.

The committee was elected unanimously at the association's annual general meeting in Gulshan, Dhaka, according to a press release.

Mahia Juned, additional managing director and chief anti-money laundering compliance officer (CAMLCO) of City Bank PLC, has been elected chairperson, while Faruk Ahammad, deputy managing director and CAMLCO of United Commercial Bank PLC, will serve as general secretary.

Rais Uddin Ahmad, deputy managing director and CAMLCO of Mutual Trust Bank PLC, has been named treasurer. Chowdhury Moinul Islam, deputy managing director and CAMLCO of BRAC Bank PLC, and Suprova Saeed, general manager and CAMLCO of Agrani Bank PLC, have been elected first and second vice-chairpersons, respectively.

Mahmoodun Nabi Chowdhury, deputy managing director and CAMLCO of Eastern Bank PLC, and Md Saiful Hasan, CAMLCO of Citibank NA, will serve as first and second joint secretaries, respectively.

The other eight members represent Bank Asia PLC, Al-Arafah Islami Bank PLC, Dutch-Bangla Bank PLC, HSBC, Pubali Bank PLC, Prime Bank PLC, Habib Bank Ltd and Community Bank Bangladesh PLC.



Modhumoti Bank's Managing Director Md Shafiul Azam and other senior officials attend a discussion session marking National Cybersecurity Awareness Month 2026 at the bank's head office recently.

PHOTO: MODHUMOTI BANK

Uttara Bank holds annual risk management conference

STAR BUSINESS DESK

Uttara Bank PLC recently held its annual risk management conference for 2026 at Sea Pearl Beach Resort & Spa in Cox's Bazar.

Md Abul Hashem, managing director of Uttara Bank PLC, attended the conference as the chief guest. Md Rafiul Islam, deputy managing director and chief risk officer of the bank, presided over the conference, according to a press release.

Maksudul Hasan, additional managing director; Md Rezaul Karim and Khandaker Ali Samnoon, deputy managing directors; along with other executives, all zonal heads, and all branch and sub-branch incumbents, also attended the conference.



Md Abul Hashem, managing director of Uttara Bank, is seen alongside other officials of the bank at its annual risk management conference for 2026 at Sea Pearl Beach Resort & Spa in Cox's Bazar recently.

PHOTO: UTTARA BANK

Modhumoti Bank kicks off cybersecurity awareness month

STAR BUSINESS DESK

Modhumoti Bank PLC has held a launching event for the National Cybersecurity Awareness Month 2026 at its head office to promote secure digital banking and strengthen cybersecurity awareness among employees.

The inauguration programme was attended by the bank's Managing Director Md Shafiul Azam, Additional Managing Director Shahnawaj Chowdhury, Deputy Managing Director and Chief Business Officer Arab Fazlur Rahman, and Deputy Managing Director and Chief Risk Officer Arif Hasan Khan, among other senior officials.

A discussion session highlighted the growing importance of cybersecurity in banking, emphasising the need to strengthen cyber resilience, raise employee awareness, protect customer information and ensure the confidentiality, integrity and availability of digital banking services, according to a press release.

The participants also stressed collective responsibility, proactive security measures and continuous vigilance in addressing emerging cyber threats.

Other senior officials attending the programme included Fahmida Saeed Saki, senior executive vice-president and head of the International Division; R M Sariful Islam, executive vice-president and head of the Credit Risk Management Division; Shaikh Mohammed Shoieb, executive vice-president and head of the Operations Division; and Mohammad Nazmus Sakeb, vice-president and chief information and communication technology officer.

Md Mashiur Alam Mollah, vice-president and chief financial officer; Md Rezaul Karim, vice-president and company secretary; S M Arifur Rahman, assistant vice-president and head of Brand Communication and Public Relations; and Md Ismail Chowdhory, first assistant vice-president and head of IT Security, also attended the event.

Labour court backlog demands urgent action

Minister says

STAR BUSINESS REPORT

Labour and Employment Minister Ariful Haque Choudhury has stressed the need for an effective roadmap to clear the backlog of cases in labour courts and ensure timely justice for workers.

The backlog poses a major challenge to the justice system and the protection of workers' rights, making its resolution an urgent priority, he said at a stakeholder consultation held with support from the International Labour Organization (ILO) at Pan Pacific Sonargaon hotel in the capital on October 17.

Speaking via video call, the minister called for an increase in the number of labour courts, the filling of vacant posts and the introduction of a fully IT-based e-court system.

He also stressed the need to ensure the regular attendance of employer and worker representatives at court proceedings and make more effective use of alternative dispute resolution.

Labour Secretary Md Abdur Rahman Tarafdar said an effective labour justice system was essential to protect workers' rights and employers' interests and promote cordial industrial relations.

SM Arshadul Alam, additional secretary of the law ministry, and Md Abdur Rahim Khan, additional secretary of the labour ministry, were also present at the meeting.

Participants identified a shortage of judges, procedural delays, the absence of representatives from tripartite benches and the limited use of alternative dispute resolution as key causes of the backlog.

Investors reassess safe havens amid market turmoil

REUTERS, *London*

Demand for safe-haven assets is strong as AI jitters hurt tech stocks, the Iran war continues and keeps energy prices elevated, while worries about high government debt loads persist.

Yet traditional safe havens have not performed as well as expected this year: Gold sold off after the start of the Iran war as investors ditched top-performing assets given losses elsewhere. Government bonds, once considered one of the world's safest assets, are volatile.

Here is a look at how some safe havens currently stack up.

LOVE/HATE RELATIONSHIP WITH THE DOLLAR

Breaking with last year's 'sell US' theme, the dollar has rallied since the Iran war started, up 4 percent since late February. That has reinforced its role as a go-to safe haven at times of global stress. A strong economy, higher rates, and the US's energy-exporter status have helped. But factors that caused traders to question the dollar's long-term safe-haven status, such as a more than $40 trillion debt pile and policy uncertainty, have not dissipated.

The dollar is also vulnerable to tech selling as it has benefited from record capital inflows into US shares on optimism over the AI investment boom.

The dollar could be nearing the back end of a bull market, Societe Generale chief FX strategist Kit Juckes said. "It hasn't got that much further to go," he noted, but said it was hard to justify a sustained bet against the dollar at present because the "big global story is that the dollar is a petrocurrency and we're in the middle of an energy crisis".

EUROPE WOBBLES, BUY SWISSIE

One takeaway from France-driven bond turmoil is that the Swiss franc is a haven of choice when Europe wobbles. It is up over 2 percent so far this month against the euro, poised for its biggest monthly jump since late 2023. "Concerns about France's public finances and election uncertainty in France and Spain have supported the franc," said Georgette Boele, senior FX & oil strategist at ABN Amro. She added that investors were also becoming less keen to use the franc to fund carry trades, preferring not to position against a currency with safe-haven qualities.

Swiss rates at 0 percent make the franc popular in trades where investors borrow in a currency with low rates to invest in higher-yielding assets elsewhere. The AI jitters should also benefit the Swiss franc, analysts said.

GERMAN BONDS A RELATIVE WINNER

Government bonds' reputation as a safe haven has been battered by fiscal concerns. Borrowing costs from the US to Japan recently hit multi-decade highs. The tech-driven stocks selloff has, however, renewed some demand for bonds.

There is another noticeable development. When US and French 10-year bond yields hit 24-year peaks earlier this month, German yields fell as their prices rose. Investors say that is a clear sign that triple-A rated German Bunds stand out as safe havens among major economies.



An employee wraps gold bars for customers at a shop in Chinatown, Bangkok. After hitting record highs at $5,595 per troy ounce in January, gold price fell after the Iran war started as investors tapped the precious metal, given losses elsewhere. PHOTO: AFP/FILE

Bundesbank President Joachim Nagel said Germany would remain the anchor of stability in Europe amid bond turmoil and was "getting fit" after years of stagnation. "Everyone worries about contagion in Europe and whether the Bund just gets dragged along with (French) OATs, (Italian) BTPs, so it's good that the Bund has acted as that European risk-off instrument," said Johnathan Owen, a portfolio manager at TwentyFour Asset Management.

DID YOU FORGET SHORT-DATED BONDS?

Overall, high debt among major economies will continue to hurt long-dated bonds' safe-haven status, investors said. But short-dated government bonds provide some shelter because they are less sensitive to debt worries.

"We really like short-dated bonds," said Rory McPherson, chief market strategist at Wren Sterling. "Because of all the concerns over debts and deficits, we haven't been buying longer-dated bonds."

GOLD KEEPS ITS SPARKLE

Gold, another traditional safe haven, has had a bumpy ride. After hitting record highs at $5,595 per troy ounce in January, it fell after the Iran war started as investors tapped the precious metal, given losses elsewhere. Gold rallied again in August as inflation fears and concern that the Federal Reserve was not doing enough to contain price pressures returned.

It is trading around $4,175. Central bank buying and safe-haven demand support prices above $4,000, analysts say. While high interest rates should limit gold's upside, a tense geopolitical backdrop and US fiscal worries should bolster the safe-haven metal further out.

"In the longer term, gold should again benefit from continued strong central-bank buying and renewed concerns over US debt and its rising interest burden," said Julius Baer analyst Carsten Menke.

Why garment

FROM PAGE B1

She also highlighted the confusion between minimum and living wages. A living wage should cover a decent standard of living through normal working hours, without relying on overtime.

The government must establish a clear framework, manufacturers must implement it, and buyers should help cover the extra costs.

THE PRICE OF HIGHER WAGES

MA Jabbar of DBL Group acknowledged that inflation justified a wage adjustment but questioned how manufacturers could afford another increase amid rising raw-material and energy costs and fierce competition for export orders.

He said manufacturers had raised pricing concerns with international buyers for more than a decade. While demanding stronger labour and sustainability standards, buyers also pressed suppliers to increase productivity, reduce waste and offer discounts. Jabbar questioned why buyers could not pay even five or ten US cents more per garment to help cover rising costs.

Fakir Kamruzzaman Nahid of Fakir Fashion also supported an inflation-based adjustment but questioned the scale of the current demand and continued protests as preparations for another wage board were under way. Citing higher energy and logistics costs and international competition, he said some factories had already closed.

Kamruzzaman also acknowledged the industry's weaknesses, saying Bangladeshi factories lacked bargaining power with major retailers, especially when operating below capacity. Greater investment in design, research, product diversification and marketing could help exporters negotiate better prices, he said.

Kalpona, however, blamed manufacturers for giving international brands too much leverage and failing to build stronger negotiating positions. Fear of losing orders, she argued, could not indefinitely dictate how factories responded to workers' wage demands.

A 2016 International Labour Organization survey found that Bangladeshi suppliers said only 17 percent of their buyers were willing to reflect minimum-wage increases in purchasing prices. Across the countries surveyed, suppliers waited an average of 12 weeks for price adjustments to cover higher wage costs.

A STITCH-BRAC University study found that 67 percent of surveyed garment factories outside export processing zones (EPZ) received no price increase from international brands after the 2023 minimum-wage revision. Even when buyers raised prices, the increases covered only part of the additional production costs.

Separately, the Centre for Policy Dialogue estimated that a seven-cent increase in the price per garment could have accommodated its proposed minimum wage of Tk 17,568 in 2023 without reducing manufacturers' profit margins.

International brands offered a different account. In responses collected by the Business & Human Rights Resource Centre in 2024, nine of the ten responding brands said they had adjusted purchasing prices to account for higher wages. H&M, Inditex, Next and BESTSELLER reported including wage costs in their pricing arrangements. However, the responses did not establish how much of the additional wage expenditure buyers had actually covered.

WAGE DECISIONS AND THEIR IMPLEMENTATION

Following unrest in 2024, workers, manufacturers and the then interim government agreed on 18 demands. In December, the government approved an additional 4 percent increment on top of the regular 5 percent.

However, implementation of the previous minimum-wage revision was inconsistent. A STITCH consortium and BRAC University study, published in April 2025, found that 32 percent of 385 factories surveyed had not fully implemented the revised wages as of September 2024. All non-compliant factories in the sample were outside EPZ.

Separately, a labour ministry report presented in November 2024 said more than 99 percent of BGMEA-member factories had implemented the revised wages. The studies covered different groups of factories and periods, so their findings cannot be directly compared. However, they raise questions about compliance across the wider industry, particularly among factories outside BGMEA membership.

In November 2024, the labour ministry said a committee would assess minimum wages against inflation and recommend by April 2025 whether another review was needed. The outcome remains unclear.

A 2026 amendment to the Labour Act shortened the interval between minimum-wage reviews from five years to three. The government has now sought nominations from employers and workers for a new wage board.

The Minimum Wages Board chairman told The Daily Star that he would facilitate discussions under the prescribed process once the relevant committee was formed.

Kalpona questioned the lack of a clear timetable for relief, while Kamruzzaman said workers should allow negotiations to proceed. Both recognise the need to account for inflation but disagree on manufacturers' ability to pay and how the additional costs should be financed.

Not all garment-sector unrest stems from minimum wages. Unpaid salaries, dismissals and factory closures have separate causes that a revised wage structure alone cannot address.

As another round of wage talks begins, the new board may help resolve the dispute. But two questions remain: will agreed wages reach workers, and can manufacturers afford them without securing better prices from buyers?

BFIU issues

FROM PAGE B1

stakeholders, take steps to implement them and review them periodically based on their risk exposure and operational realities.

The circular also places responsibility on the boards, chief executives and senior management of insurance companies to ensure compliance with the relevant laws, regulations and BFIU instructions.

Each insurer's chief executive must issue an annual commitment to all officers, employees and agents to prevent money laundering and terrorist financing.

Under the guidelines, insurance companies must establish a central compliance unit at their head offices, led by a senior official designated as the chief anti-money laundering compliance officer (CAMLCO). The officer must be no more than two levels below the managing director or chief executive officer.

The unit must formulate institutional strategies and programmes to address money laundering and terrorist financing risks and ensure their implementation.

The circular also requires insurers to appoint an adequate number of officers and employees to the central compliance unit, considering the size of the business, the scope of operations and the number of customers.

The compliance unit must submit an annual report covering the company's measures, implementation progress and recommendations to the managing director or chief executive and, where applicable, the board of directors.

The report must be presented to the board or the highest management committee, along with the chief executive's observations and instructions. A copy must be sent to the BFIU by February each year.

Insurance companies must also issue compliance instructions for their branches, agencies, business units, underwriters, claims settlement agents and commission agents. These instructions must cover customer identification, transaction monitoring, internal controls and other relevant compliance procedures.

The circular further requires insurers to designate branch- or unit-level anti-money laundering compliance officers. Such officers must be senior officials with at least three years of experience. Insurance agents must also have designated anti-money laundering compliance officers.

The BFIU issued the guidelines under the authority granted by the Money Laundering Prevention Act 2012 and the Anti-Terrorism Act 2009.

Insurance providers must collect complete and accurate customer identification data and use modern electronic know your customer (KYC) technology introduced by the BFIU, ensuring zero tolerance for anonymous or pseudonymous policy accounts.

Detailed customer due diligence must be conducted when establishing a relationship, renewing a policy and whenever suspicious transactions arise. For high-risk jurisdictions, politically exposed persons and influential persons, enhanced due diligence procedures are compulsory.

Insurance companies must report cash transactions amounting to Tk 10 lakh or more in a single day, conducted without banking or mobile financial services channels, to the BFIU via a dedicated web portal within the first seven working days of the following month.

Staff members are required to remain vigilant for unusual or complex transactions lacking an economic or apparent lawful purpose and promptly report them through internal channels to the CAMLCO for onward submission to the BFIU.

Insurers must regularly screen policyholders and beneficiaries against lists provided under United Nations Security Council (UNSC) resolutions and lists of entities proscribed by the Government of Bangladesh to prevent the proliferation and financing of terrorism.

All KYC documents, transaction records, audit reports and training logs must be securely preserved for a minimum of five years after a policy is closed or a claim is settled.

Islamic banks'

FROM PAGE B1

Meanwhile, the number of specialised employees in Islamic banking rose 2.47 percent year-on-year to 580 in August 2026 from 566 in July 2025. The figure stood at 578 in July 2026.

In Islamic non-bank financial companies (NBFCs), however, the number of specialised employees remained unchanged at 11 in August 2026 from a year earlier.

The report attributed the increase in specialised Islamic banking personnel to growing awareness of Islamic finance and demand for professionals with certifications such as Certified Shariah Adviser and Auditor (CSAA) and Certified Islamic Professional Accountant (CIPA).

It also stressed the importance of shariah governance, compliance and risk management in developing professional expertise across the industry.

Islamic NBFCs also recorded a decline in employment, with total manpower falling 10.44 percent year-on-year to 326 in August 2026 from 364 a year earlier.

The report linked the decline to cautious operations amid persistent economic challenges, including high inflation, rising funding costs, liquidity pressures and slower expansion of financing activities.

"In addition, the increasing adoption of digital financial services and operational automation may have reduced the need for workforce expansion in the sector," the report said.

The report highlighted the need to raise awareness of Islamic finance, increase demand for qualified professionals with relevant certifications, and strengthen shariah governance, compliance and risk management across Islamic financial institutions to build a more skilled and sustainable workforce.

International air traffic

FROM PAGE B1

"Passenger traffic has grown significantly since the Covid-19 pandemic. More Bangladeshis are working abroad, people's living standards have improved, and air travel is no longer as expensive as it used to be," said Captain Aminul.

CAAB Member (Air Traffic) Air Commodore Md Noor-e-Alam said the increase in international passenger traffic is broadly in line with regional growth.

"It is difficult to pinpoint any specific reason for the sudden increase," he said. "Passenger traffic has been growing across the region, and Bangladesh is witnessing a proportionate rise."

FOREIGN AIRLINES ENJOYING MOST OF THE GROWTH

Captain Aminul said foreign airlines are benefiting significantly from rising international travel demand, partly because Biman and other domestic carriers have limited fleets.

Strong demand for flights to Jeddah and Madinah often leaves some passengers unable to secure direct-flight tickets, prompting them to use alternative connections offered by airlines such as Flynas and Jazeera Airways, he said.

"The demand has grown so much that passengers are looking for alternative connections to reach their destinations," Captain Aminul said.

He added that delays in expanding Biman's fleet could allow foreign airlines to secure a larger share of the market.

"By the time we add more aircraft, it could take another five years. By then, other airlines may have already captured the market," he said.

Industry operators identified Saudi Arabian Airlines and Emirates as two major foreign carriers operating a significant number of flights to and from Bangladesh.

Biman has 19 aircraft, mainly Boeing jets and Dash 8 turboprops, and plans to add 35 more -- 25 from US aircraft manufacturer Boeing and 10 from European manufacturer Airbus. Boeing is scheduled to begin deliveries between 2031 and 2035, while Airbus deliveries are due to start in 2033.

The government has requested earlier deliveries to support Biman, which serves slightly more than 20 percent of the country's air passengers, Reuters reported earlier, quoting Civil Aviation and Tourism Minister M Rashiduzzaman Millat.

ARE THE AIRPORTS ADEQUATE?

Bangladesh has eight airports, three of which -- Dhaka airport, Shah Amanat International Airport in Chattogram and Osmani International Airport in Sylhet -- handle international arrivals and departures.

Dhaka airport handles the bulk of international passenger traffic, but its annual capacity of 80 lakh falls short of the numbers now passing through the airport.

In January-June this year, Dhaka airport handled 92 percent of the 79 lakh international passengers recorded nationwide, according to CAAB.

"We see various kinds of mishandling of passengers because of overload. Complaints of trolley shortages are frequent, while travellers have to wait to get their luggage," he said. "We cannot give travellers a good experience until we improve overall facilities and services."

Dhaka airport also has only one runway, adding to concerns about the capacity of the country's main international gateway.

An airline official said countries worldwide planned airport infrastructure with the next 50 years in mind.

"We did not adequately prepare for this growth. As a result, a large number of passengers are now being accommodated within a limited space, making the problem more visible," he said.

CAAB Member Air Commodore Noor-e-Alam said the third terminal at Dhaka airport has been designed to accommodate more than 1.20 crore passengers, with capacity potentially increasing to 2.4 crore.

"We have made our preparations keeping this growth in mind," he said, adding that passenger numbers are already putting pressure on the existing terminal and causing overcrowding.

Last month, Civil Aviation and Tourism Minister Rashiduzzaman Millat said the third terminal was expected to partially open on December 16 this year, with around 20 flights initially operating from the facility.

The government built the terminal at a cost of Tk 21,300 crore, mostly financed by loans from the Japan International Cooperation Agency (JICA).

A soft inauguration of the terminal was conducted in early October 2023, nearly four years after construction began. Full operations were originally scheduled for 2024.

Clothing brands

FROM PAGE B1

Sarees and salwar-kameez sets are among the biggest draws, traders said.

Fashion brands, apparel retailers and consumer electronics chains typically introduce new collections and offer discounts and other promotions during festive seasons, including Durga Puja.

Beyond fashion, the sweets business also typically benefits from festive demand during Durga Puja, but Mahbubur Rahman Bokul, head of Bangladesh operations at Ontario-based Premium Sweets, said sweet sales were lower than during last year's Puja. Restaurant footfall, however, remained strong.

He said consumer confidence needed to improve for sales to recover, adding that people needed to feel more secure and optimistic about their circumstances.

Hormuz could be 'redundant' in five years

HSBC CEO says

REUTERS, *Dubai*

Investment in alternative logistics routes in the Gulf to mitigate the impact of the Iran war could make the Strait of Hormuz "redundant" in the next five years, HSBC Group Chief Executive Georges Elhedery said on Tuesday.

The conflict has highlighted the world's heavy reliance on the strategic waterway, through which a fifth of global oil and liquefied natural gas trade previously passed.

It is forcing Gulf nations to channel resources towards the development of energy pipelines to ports, investments that Elhedery said will allow the region to weather the fallout from the conflict.

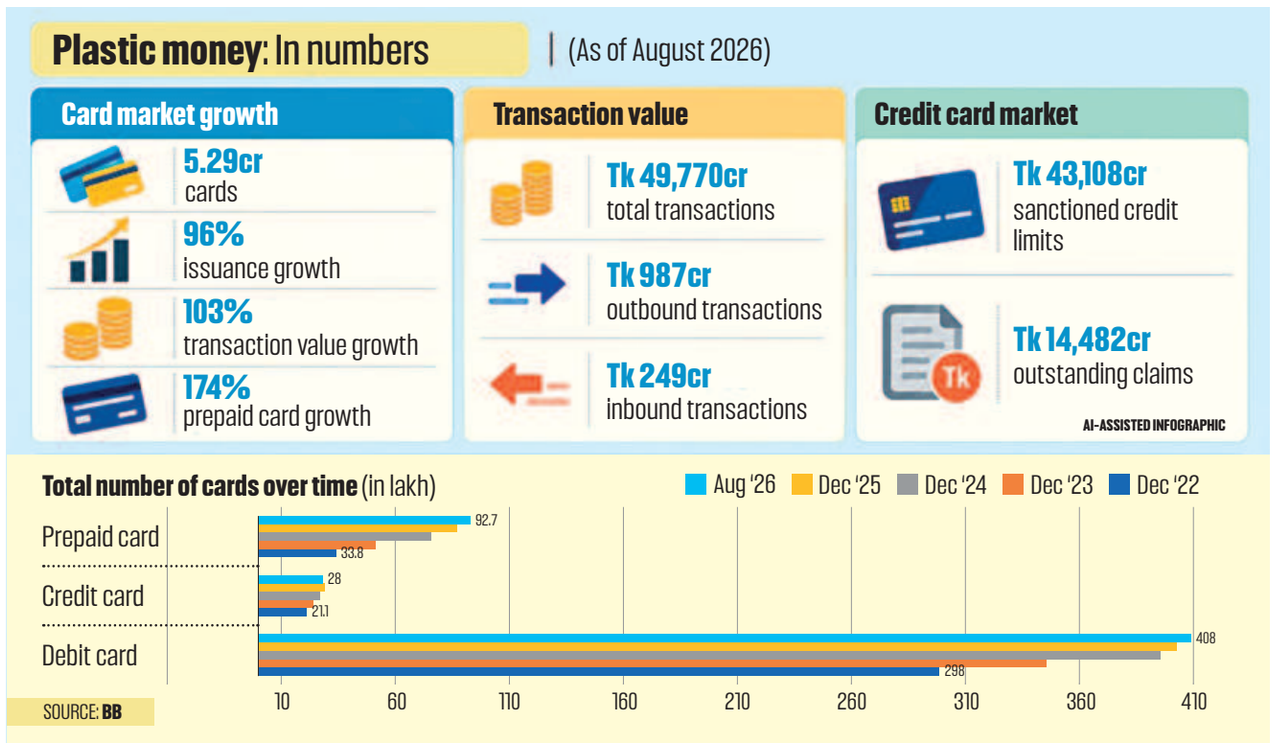
"We do see this region being able to recover and then continue growing. It will mean a lot of investment," the bank CEO said during the HSBC Future Forum event in Dubai.

"Of course, we do wish and hope to see a resolution to the conflict ... But Hormuz, probably in five years' time, may become redundant," he added.

The Middle East, North Africa and Turkey are offering $872 billion in individual project packages, part of a wider $1.4 trillion planned and unawarded infrastructure pipeline, HSBC said in a report on Monday citing data from MEED, a Dubai-based construction industry market intelligence platform.

A recent HSBC survey of over 1,600 business leaders and around 820 global institutional investors, meanwhile, found that they still considered the Gulf an attractive investment hub.

However, after growth of 3.3 percent in 2025, the World Bank last week forecast a deep economic contraction of 1.3 percent in the Middle East, North Africa and Pakistan region this year due to the war.



Card issuance nearly doubles in five years: BB report

STAR BUSINESS REPORT

Card issuance in Bangladesh nearly doubled in five years, with the total transaction amount more than doubling over the same period. However, challenges remain in shifting to a cashless economy, Bangladesh Bank said in a report.

The total number of debit, credit and prepaid cards grew 96 percent -- rising to 5.29 crore in August 2026 from 2.7 crore in September 2021, according to the central bank's report, titled "An Overview of Card Usage Patterns Within and Outside Bangladesh".

The total transaction amount through the cards increased 103 percent over the same period, from Tk 24,561 crore to Tk 49,770 crore.

The report was prepared by the Big Data Analytics and Data Science Unit of the central bank's Statistics Department.

Prepaid cards were the fastest-growing segment, rising 174 percent between December 2022 and August 2026. Debit cards grew 37 percent and credit cards 33 percent over the same period.

Of the country's 61 scheduled banks and 35 non-bank financial companies, 56 banks and one non-bank financial company provide card services.

Domestic credit card transactions increased 30.03 percent year on year in August 2026, while outward credit card transactions rose 13.83 percent. Spending by foreign nationals using cards in Bangladesh increased 34.66 percent over the same period.

In August, outbound transactions through credit, debit and prepaid cards totalled Tk 987 crore, compared with Tk 249 crore in inbound transactions by foreign nationals. The report also found that department stores accounted for 48.14 percent of domestic credit card spending that month.

The total credit limit sanctioned through credit cards by 47 scheduled banks and one non-bank financial company stood at Tk 43,108 crore as of August 2026, while outstanding claims on credit card users amounted to Tk 14,482 crore.

Despite the growth, the report identified several obstacles to a complete shift to a cashless economy.

"Limited digital infrastructure, especially in rural areas, and low financial literacy hinder cashless adoption," it said. Cybersecurity concerns and a lack of trust in digital platforms also discourage users.

The country's strong cash-based culture and informal economy resist digital payments, while high transaction costs and limited smartphone access further complicate the transition, it added.

Many people also remain reluctant to use cards because of fear and a lack of knowledge, despite being eligible to do so, the report said.

As card transactions increase, enhancing security measures to prevent fraud and providing consumer education and training will be crucial, it added.

The report credited policy measures and regulatory reforms introduced by the government and Bangladesh Bank with accelerating the adoption of electronic payments.

The central bank expects card usage to continue growing alongside economic development, rising living standards and increased international transactions.

Keya Group lays off 739 workers at four factories

OUR CORRESPONDENT, *Gazipur*

Keya Group has laid off 739 officers and employees at four factories in Jarun, Konabari, Gazipur, in the second round of job cuts at the establishments.

A notice announcing the decision was put up at the main gates of the factories around 10:30pm on Monday.

The affected establishments are the group's Knit Composite Division, Spinning Division, Cotton Division and Keya Yarn Mills Limited.

Speaking to The Daily Star yesterday, Gazipur Industrial Police Superintendent Mohammad Amzad Hossain said 739 officers and employees had been laid off. He also provided a copy of the notice.

Police have been deployed at the factory gates to maintain law and order.

The factories have been under a layoff since June 6 due to banking complications and the inability to pay gas bills. The layoff period was subsequently extended several times.

According to the latest notice, the decision was taken to reduce production and administrative costs amid banking complications, the disconnection of gas supplies over unpaid bills, and excess manpower

On September 8, the group laid off 627 employees in the first round.

According to the latest notice, signed by the factories' managing director and chairman, the decision was taken to reduce production and adminzistrative costs amid banking complications, the disconnection of gas supplies over unpaid bills, and excess manpower relative to operational requirements.

As part of the decision, some positions across various sections, departments and divisions have been abolished.

The notice said the excess workers and employees would be laid off from October 20 under Section 20 of the Bangladesh Labour Act, 2006. Their legal dues would be paid, it added.

Workers gathered outside the factory gates yesterday morning to check the list of those affected.

Yasmin Begum, an operator in the sewing section, said she had worked at the factory for 18 years and was now worried about supporting her family after losing her job.

Abeda Begum, who had worked as a cleaner at the factory for 19 years, said she was being forced to leave after spending much of her working life there.

Mohammad Ashrafuzzaman, organising secretary of the central committee of Jatiya Garments Sramik Jote Bangladesh, condemned the layoffs, saying 739 workers at Keya Knit Composite had been laid off through a single notice after five rounds of layoffs.

He demanded that the workers' outstanding dues and fair compensation be paid immediately.

Sabina Yasmin, manager of Keya Group's human resources department, told the media that all dues payable to the laid-off workers would be settled in accordance with labour law.

Extreme heat is raising costs for local garment factories

MOHIUDDIN RUBEL

As global temperatures rise, manufacturing and industrial sectors face a growing crisis: extreme heat. While global climate discussions often focus on emissions targets, the immediate challenge for Bangladesh's $39 billion ready-made garment (RMG) industry lies inside its factories. The industry employs more than four million workers, and rising indoor temperatures are straining workers' health, increasing operating costs and testing the industry's ability to adapt.

The consequences of extreme heat are no longer abstract projections. Bangladesh lost an estimated 29 billion potential labour hours to heat exposure in 2024, a 92 percent increase on the 1990-99 average. This resulted in an estimated income loss of $24 billion, equivalent to nearly 5 percent of the country's GDP.

Inside factories in Dhaka and Chattogram, conditions are becoming increasingly difficult. Indoor temperatures routinely exceed 35°C and can reach 40°C during peak summer months. A February survey by the Bangladesh Institute of Labour Studies (BILS) found that 78 percent of garment workers felt the summer heat had visibly worsened in recent years, with roughly half reporting weakness or illness as a direct result.

Keeping factory floors cool has become a business necessity rather than simply a matter of comfort. Factory managers are expanding the use of fans, improving ventilation and increasing maintenance of cooling systems. They are also ensuring access to safe drinking water and oral saline, introducing structured hydration breaks and first-aid protocols for heat-related illness, and adjusting working hours during severe heat spells.



Rising factory temperatures are harming garment workers, cutting productivity and increasing costs, making climate adaptation a shared responsibility for Bangladesh's apparel industry.

These necessary measures come at a cost. Factory owners report that additional spending on electricity, backup generator fuel during power outages, drinking water and worker welfare programmes adds 2 to 5 percent to operating budgets during the peak summer months of April to June.

Extreme heat also directly affects productivity. A landmark 2025 study led by the University of Sydney and published in The Lancet Planetary Health, based on research inside Bangladeshi RMG factories, found that heat stress reduced output by 12 to 15 percent without cooling interventions, as workers slowed down under thermal strain. High temperatures cause fatigue, headaches and digestive illness, increasing error rates and production defects.

Poor sleep during hot nights and exhausting commutes leave workers arriving at factories already tired, contributing to absenteeism and health-related leave. However, the same study offered grounds for optimism. Targeted, low-cost interventions, such as cooling individual workers rather than entire factory floors, recovered a meaningful share of lost productivity. This suggests the problem can be addressed without prohibitive capital investment.

Factories cannot tackle the crisis alone. Workers' living conditions determine how well they recover between shifts. Frequent power cuts, poor housing and inadequate water supplies in densely populated residential areas prevent workers from resting properly on hot nights, creating a cycle of fatigue. Building resilience requires targeted government investment in reliable electricity, clean water and climate-resilient urban infrastructure.

Global brands sourcing from Bangladesh must also recognise that suppliers cannot bear the costs of adaptation alone. Protecting supply chains requires long-term sourcing commitments, shared investment, realistic pricing that reflects rising operating costs, and the integration of climate resilience into core compliance frameworks. Without coordinated action, the next heatwave could become an industrial crisis.

The writer is founder and CEO of Bangladesh Apparel Voice. He can be reached at mohiuddinrubel@gmail.com.

Rubio says India trade deal 'very close'

AFP, *Mumbai*

US Secretary of State Marco Rubio said on Tuesday India had made "substantial progress" in diversifying its oil supplies, suggesting a trade deal with New Delhi was "very close". Rubio arrived in Mumbai for a three-day visit, his second official trip to India this year, as the two countries seek to overcome trade tensions and deepen energy ties.

India is a major importer of Russian oil, and US President Donald Trump's tariff war launched in April last year has added to friction between Washington and New Delhi.

"What India has expressed repeatedly is their desire to diversify their energy portfolio, which is a smart thing to do," Rubio told reporters in India's financial capital.

"It's not easy to do that from one day to the next, so I think they've made substantial progress in that regard, and we're happy to see that."

India is wary of US trade measures, including a law allowing tariffs of up to 100 percent on countries buying Russian oil, although Trump signed an executive order last week that waived those threatened sanctions.

Rubio last visited India in May, when he met Prime Minister Narendra Modi. He is not scheduled to meet Modi this time, but held talks on Tuesday with his counterpart, Foreign Minister Subrahmanyam Jaishankar, and will meet business leaders.

They discussed "energy security and defence cooperation while reaffirming the importance of advancing the US-India strategic partnership", Rubio said on social media after their meeting.

The top US diplomat will visit Jamnagar, in the western state of Gujarat, a port and stronghold of billionaire Mukesh Ambani's Reliance conglomerate and its flagship refinery, the world's largest.

"India is a refining superpower," Rubio said, adding that "we think we could be a source of some of their energy inputs".

The two countries reached an interim trade agreement in February aimed at reducing US tariffs on Indian goods.

Asian refiners turn to smaller tankers as freight costs soar

REUTERS

Asian refiners are turning to options such as using smaller tankers and vessels on long-term charter, and buying Middle East crude on delivered basis to cut feedstock costs as freight rates hover near records, company officials said.

Spot rates for oil tankers hit all-time highs in early October as Middle East producers ramped up exports in September using a shuttle service and ship-to-ship transfers to move oil out of the key waterway of the Strait of Hormuz.

That tied up vessels in the Gulf while the risk premiums for such shipments climbed as ship attacks have increased. About 80 very large crude carriers (VLCCs) were tied up shuttling through the strait, Vitol's head of Asia Kieran Gallagher told an industry conference last week. That tightened supplies and pushed the cost of shipping US crude to Asia to $40 a barrel, he added.

High shipping costs have cooled demand from Asian and European refiners for supply from outside their regions, such as from the US and Africa, widening spot discounts for these cargoes, traders said.

"Freight is too expensive so crude from Africa and the US can't really come over (to Asia)," Formosa Petrochemical's President K Y Lin told Reuters. "There are not many firms chartering ships except (Middle East) producers," he said, adding that Asian buyers are using ships leased on long-term charters to keep costs down.

Unlike conditions at the start of the Iran war, when crude supply was tight, freight has become a major factor in determining the economics of crude purchases, a South Korean refining source said.

The Korean refiner is using a mix of spot and long-term chartered vessels and smaller Aframax-sized tankers to ship crude while it also has term cargoes coming in and inventories to draw on, the source said. The sources declined to be identified as they are not authorised to speak to media.

In Europe, refiners are turning to short-haul supplies within the region, pushing the North Sea dated Brent benchmark to record premiums of more than $20 a barrel last week. At the same time, some of the west African crude differentials have tanked to all-time lows of minus $20 a barrel to offset high freight costs, several London-based traders said.

Oil exports via the Middle East Gulf slowed as attacks rose on tankers in the Strait of Hormuz. To increase exports, Middle Eastern producer Abu Dhabi National Oil Co (ADNOC) has sold cargoes loading in the next two months on delivered basis to China and India, while Saudi Aramco also sold delivered cargoes to Asian buyers for next month, traders said, absorbing shipping costs.



A small tanker sails near an oil refinery in the Keihin Industrial Zone in Kawasaki, south of Tokyo. PHOTO: REUTERS/FILE

Some Asian refiners have taken to using smaller Aframax-sized tankers that load about 600,000 barrels each versus 2 million barrels aboard a VLCC as the shipping cost per barrel came on par, traders said. For example, state Taiwan refiner CPC has bought six Aframax cargoes last week instead of its usual monthly purchase of two to three VLCCs, traders said.

South Korea's top refiner, SK Energy, has chartered Aframax tanker Samos to load US oil in early November for $23 million, according to a shipbroker. CPC and SK Energy did not immediately respond to requests for comment. While shipping costs have taken out a chunk of refiners' gross margins estimated at above $40 a barrel, Formosa's Lin said the refinery still needs to maintain run rates to meet contractual obligations. Net refining margins were still above $10 a barrel after accounting for freight and insurance costs for Middle East oil, he added.

Morgan Stanley analysts said European refiners have delayed scheduled maintenance in the fourth quarter as they want to benefit from current high margins. "Buyers can afford to pay. Record refining margins and very low stocks make crude demand insensitive to freight," they said in a note.