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.

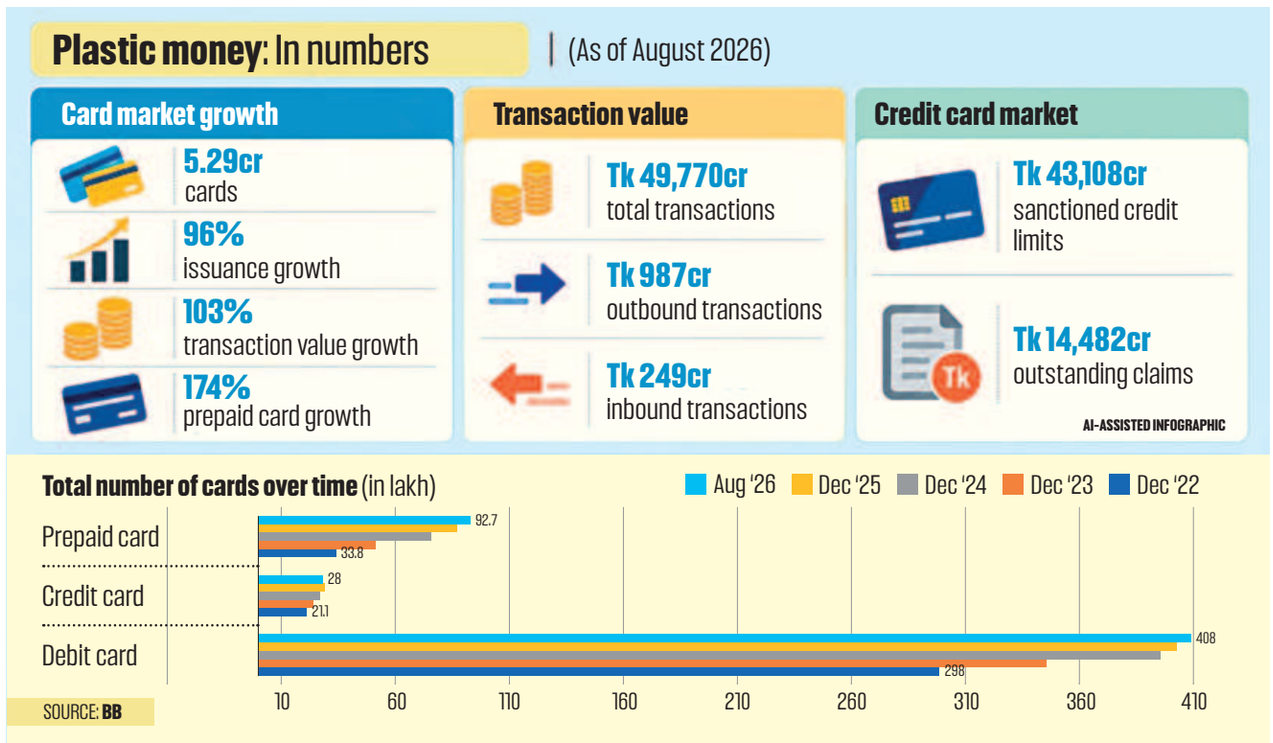
"We do see this region being able to recover and then continue growing. It will mean a lot of investment," the bank CEO said during the HSBC Future Forum event in Dubai.

"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.

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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.