



Event Report

Technical Dialogue

Labour Market and Employment Challenges of Bangladesh Private Sector's Role: Chattogram Perspective

01 October 2023

Submitted to



ILO Country Office for Bangladesh

Submitted by

Research and Policy Integration for Development (RAPID)



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Summary of the Technical Dialogue

The International Labour Organization (ILO) and the Ministry of Labour and Employment (MoLE) jointly organised a technical dialogue titled, "Labour Market and Employment Challenges of Bangladesh Private Sector's Role: Chattogram Perspective" on 01 October 2023 in Chattogram. The dialogue aims to serve as a platform for experts, policymakers, and stakeholders from both public and private sectors to engage in comprehensive discussions concerning the pressing issues arising from current labour market trends focusing on the Chattogram area of Bangladesh and the role of the private sector to address those.

The primary goal of the technical dialogue was to delve deeply into the significant labour market challenges encountered in Bangladesh and to encourage a collaborative approach to addressing them. With approximately 2.2 million people entering the labour force each year, with 85 per cent ending up in the informal sector and a plan to create 1.84 million jobs for the domestic market, it has become crucial to generate suitable opportunities for the employable workforce. This endeavour aligns with the fundamental objectives of the National Employment Policy (NEP), which seeks to combat unemployment, reduce inequality, and promote environmental sustainability. The NEP also takes inspiration from the visionary goals outlined in Vision 2041 and the cherished vision of a prosperous 'Sonar Bangla' envisioned by the nation's founding father, Bangabandhu Sheikh Mujibur Rahman.

Speech by Mr. Tuomo Poutiainen, Country Director of ILO

Mr. Tuomo Poutiainen, Country Director of ILO, delivered a speech focused on employment policies and their role in shaping a modern skills ecosystem, particularly within the context of Bangladesh. He emphasised that employment policies are not isolated solutions but are integral to a broader employment ecosystem. The speech also underscored the pressing need in Bangladesh to create not just jobs but high-quality employment opportunities to absorb the growing number of young workers entering the labour market.

The ILO recognises that a proportional increase in quality jobs has not accompanied Bangladesh's economic growth. While various sectors contribute to growth, they have not created quality employment opportunities at the necessary pace. The Prime Minister of Bangladesh has stressed the importance of modernising and diversifying the economy, focusing on youth employment, and promoting skilled youth migration.

Crucially, Mr. Poutiainen highlighted the need for collaboration between the government, private sector, civil society, and workers' organisations to achieve these objectives. He acknowledged the unique position of Chattogram, a vibrant economic hub, as pivotal to Bangladesh's economic development. Chattogram hosts industries like tourism, the garment sector, Export Processing Zones (EPZs), and Special Economic Zones (SEZs), which collectively drive economic growth and offer a wide range of employment opportunities.

"Chattogram is an ideal place for addressing skills mismatch and developing active labour market policies and programs. It's a vibrant hub of economic activity, driven by tourism, the garment industry, EPZs, SEZs, and new construction projects, offering not just basic jobs but diverse opportunities."

The challenge, however, lies in ensuring that the skills of the workforce align with industry demands. The creation of an "active labour market policy and program" is one solution to bridge skill gaps and enhance the overall employment ecosystem in Chattogram. Mr. Poutiainen emphasised the urgent need for an efficient labour market information system to connect acquired skills with employer requirements, thereby increasing investor confidence in the region.



Remarks by Mr. Omar Hazzaz, President of Chittagong Chamber of Commerce & Industry

Mr. Omar Hazzaz, President of CCCI, reiterated that Bangladesh's ambitious vision for 2041 revolves around transforming the nation into a smart, developed, and knowledge-based country. This transformation hinges on robust infrastructure development, focusing on the strategically positioned Chattogram region. Chattogram is envisioned as a pivotal transshipment and logistics hub, attracting significant investments to drive progress. This region, strategically located as a logistics hub, receives substantial investments. Key projects, like the Matarbari deep seaport and the Bangabandhu tunnel, are at the core of this transformation. Two towns around Chattogram, part of the master plan, aim to drive industrialisation, tourism, and logistics, reinforcing the vision.

He highlighted the importance of existing and upcoming economic zones, offering various opportunities in this region. Noteworthy projects include the Korean EPZ and the Chinese economic zone, spanning 800-700 acres, geared towards automotive, electronics, and chemical industries. The extensive Bangabandhu Sheikh Mujib Shilpa Nagar, covering 30,000 acres near Chattogram Port, incorporates a 900-acre special economic zone with various industrial opportunities. Additionally, a 3,500-acre economic zone near the Matarbari deep seaport in Maheshkhali is in progress, with plans to establish petrochemical refineries on 500 acres of land. These endeavours seek to promote economic growth, create jobs, and bolster industrial capabilities, particularly within the logistics sector. He recognises the critical importance of equipping the country's workforce with the right skills to foster sustained sectoral growth. Despite strengths in areas like shipbuilding and the RMG sector, there's a pressing need for new skills, notably in fields like machine learning. The country's demographic dividend, with an average youthful population aged between 20-27, presents a unique opportunity to leverage these skilled young individuals to drive the nation's economic advancement.

He stressed that a significant gap exists between the skills possessed by graduates and the demands of industries, particularly in areas like BBA and MBA, which often lack the requisite technical expertise. Diversifying skills are deemed indispensable for effectively realising the 2041 vision. Specific sectors such as agriculture, poultry, fish, cattle, and seed farming require specialised skills that current graduates may lack. The extent of skill shortages varies across sectors, hindering diversification and discouraging investments in new industries. Notably, the dairy, poultry, fish, and cattle sectors face a shortage of veterinary expertise to support their growth.

"After LDC graduation in 2026, Bangladesh will not receive tariff and GSP facilities, and government protection will not be available for many local industries. Industries will have to compete with global partners. This requires adopting modern technologies and acquiring the skills to operate them."

Additionally, the promising logistics sector demands IT specialists proficient in software operations and data management. As Bangladesh approaches the end of its LDC status in 2026, it confronts the challenge of losing tariffs and GSP facilities, exposing local industries to intense global competition. To thrive in this evolving landscape, the country must embrace modern technologies and ensure its workforce possesses the necessary skills to remain competitive on the international stage.



Remarks by Mr. Mohammed Erfan Sharif, Additional Secretary, Bangladesh Economic Zones Authority (BEZA)

In Mr. Mohammad Erfan Sharif's speech as Additional Secretary of BEZA, he highlights the significance of addressing labour market and employment challenges in Bangladesh, particularly within the framework of the Bangladesh Economic Zones Authority (BEZA). BEZA was established in 2010, with its primary objective being the industrialisation of the country and the creation of employment opportunities for 10 million people. It has played a pivotal role in establishing 100 economic zones across Bangladesh, with 23 allocated for the private and government sectors. These endeavours aim to not only provide jobs but also to safeguard the environment. The development of Export Processing Zones (EPZs) dated in the early 1980s, coinciding with the growth of the garment industry. This approach, characterised by synchronised industrialisation and environmental considerations, marked an organised path for Bangladesh's economic development. Recognising the need for expansion, BEZA moved beyond the EPZ concept, with the support of the World Bank, to create a more versatile economic zone model.

BEZA can be seen as an extension of the EPZ model, inheriting many legal foundations. One notable aspect is the adoption of labour law in 2019, distinct from existing labour laws such as the 2006 Labour Law. This specialised law facilitates efficient labour dispute resolution. A crucial feature of BEZA's approach involves collaboration among three parties: labour councils employed by the government, investors, and labour representatives. This collaborative mechanism significantly reduces the likelihood of labour unrest, creating a harmonious work environment.

The government's broader objective is to generate ten million job opportunities in Bangladesh, primarily through the development of economic zones. BEZA's substantial progress is evident, with 29 economic zones in development and over 61 industries under construction, employing more than 40,000 people. BEZA envisions further expansion, with plans to establish at least 100 economic zones in Bangladesh by 2041. This ambitious goal holds the potential to significantly address the country's unemployment issues, especially for skilled workers.

"BEZA's growth offers promise with 30% of targets reached. Envisioning 100 zones by 2041, it can tackle unemployment, especially for skilled workers."



Remarks by Mr Mohammad Shamim Alam, Additional Divisional Commissioner, General

Mr. Mohammad Shamim Alam, Additional Divisional Commissioner General, highlighted the government's vision for Bangladesh's development. This includes the successful achievement of becoming a digital nation and striving to attain Sustainable Development Goals (SDGs) by 2030 and developed nation status by 2041. To ensure sustainable development and a SMART Bangladesh, advanced technologies like AI and machine learning are being embraced. Focusing on skilled workers is essential to fully leverage initiatives like hi-tech parks and economic zones. The traditional education system needs reevaluation to produce these skills. The government is actively involved in upskilling the workforce through programs and training institutions, reducing dependence on foreign labour. He mentioned that Chattogram's upcoming mega projects promise substantial job

opportunities and encouraged the private sector to collaborate with the government to create skilled, sustainable employment.



Remarks by Mr. Safar Ali, Vice President, Jatiya Sramik League

Mr. Safar Ali underlined Bangladesh's emphasis on collaboration among government, investors, management and workers in order to attain the vision of 2041. He also stressed that the unrest among the workers can be avoided by properly implementing labour law. He appreciated the training programs run by the government, which are helping them to be skilled. Various industries require skilled workers, such as RMG, tea, agriculture, and fisheries. He also urges the need to develop the backward industry for future growth and employment.



Keynote presentation by Dr Mohammad Abdur Razzaque, Chairman of RAPID

At the technical dialogue session, Dr M A Razzaque, Chairman of Research and Policy Integration for Development (RAPID), delivered a keynote presentation that focused on employment policy, labour market challenges, and the context in Bangladesh. Dr Razzaque emphasised the need for appropriate implementation of the employment policy, particularly in building the institutional capacity of the Ministry of Labour. He highlighted the importance of social protection for workers in the informal economy and emphasised that analysing the demand-supply gap in high-potential sectors for employment is crucial, along with addressing underemployment as well as unemployment.

- Dr. Razzaque commenced the presentation by showcasing the developmental advancements in the Chattogram division, illustrating them with night light data. This region constitutes 12% of the overall GDP, contributes 60% of government revenue, facilitates approximately 80% of the nation's trade, and houses 154 enterprises within the Chattogram EPZ, providing employment to over 210,000 individuals.
- He underscored that labour market challenges are a significant concern for Bangladesh's economic development. Despite the country's remarkable progress in economic growth, with a GDP of over \$460 billion and declining poverty rates, the labour market presents formidable obstacles. While short-term macroeconomic issues like inflation and foreign reserves are currently in focus, long-term priorities must address labour market challenges, which will shape Bangladesh's future.

- The demographic transition in Bangladesh, with the share of the working-age population surpassing the dependent population, presents a golden opportunity for economic growth. However, this opportunity can only be realised if enough productive employment is created to absorb the growing workforce. Over the past five years, approximately 10 million people have joined the labour force, necessitating the generation of substantial employment opportunities.

The labour market challenges in Bangladesh demands immediate attention. It is crucial to address underemployment, defeminization, and the mismatch between structural transformation and employment generation.

- The challenge of generating employment goes beyond the headline figure of 2.2 million, as there is a considerable underemployment issue, particularly in the agricultural sector. The decline of agriculture's share in GDP necessitates the creation of more productive jobs in other sectors to absorb the underemployed workforce. Moreover, after 2040, the share of the working-age population is expected to decline, indicating a limited window of opportunity for the demographic dividend.
- One concerning trend is the defeminisation of the urban labour force, specifically in the urban industrial sector, which has seen a decline in female labour force participation. This reversal in progress hinders women's empowerment and needs to be addressed. Additionally, the structural transformation within the economy, with a shift from agriculture to industry, has not been reflected in employment generation. Despite significant growth in manufacturing, employment in the industry sector has declined, requiring attention to ensure productive job creation.
- While Bangladesh has experienced impressive growth in ready-made garment exports, employment in the sector has remained stagnant, suggesting automation and capital-intensive production processes. The defeminisation of the industrial workforce further exacerbates the issue. Furthermore, the proportion of youth not in education, employment, or training is high, with 45 per cent of the youth population falling into this category. International labour markets provide opportunities, with 12.1 million Bangladeshi migrant workers, but the majority are classified as less skilled, posing challenges in terms of earnings and remittances.
- The labour market challenges in Bangladesh demands immediate attention. It is crucial to address underemployment, defeminisation, and the mismatch between structural transformation and employment generation. Effective policies and strategies are needed to create productive employment opportunities for the growing workforce to ensure sustainable economic development and utilize the demographic dividend.



Presentation on Private Sector Development Opportunities and Priorities of Chittagong Chamber of Commerce and Industry (CCCI) in Chattogram Division by Mr. Wasfi Tamim, CEO, Bangladesh Center of Excellence

Following the keynote presentation, Mr. Wasfi Tamim, CEO of BEC, delivered a presentation on the future opportunities for the private sector in Chattogram, industry-specific skills requirements, and the role of CCCI in meeting the industry demand.

- The strategic location of Chattogram is attracting substantial investments, including mega projects like the Bangabandhu tunnel and Matarbari deep seaport. These infrastructure developments are poised to transform Chattogram into a pivotal international trade hub. Moreover, numerous economic zones have been established, with plans for more in the future. These zones will house industries such as textiles, MMF-based RMG, footwear, IT, automobile manufacturing, engineering goods, and pharmaceuticals. Additionally, the region will experience a boost in various tourism sectors thanks to the development of tourism parks. A highly skilled workforce will be required to meet the demands of these expanding industries.

- The speaker emphasises the shift from labour-intensive industries to technology-driven sectors, such as automation and technical skills. The service sector, including logistics, tourism and IT, is expected to provide ample employment opportunities.
- Stakeholders' opinions highlighted specific skills and traits required in various sectors, including logistics, manufacturing, marine fishing, poultry, textiles, food processing, spinning mills, auto assembly, healthcare, and real estate. The importance of personality traits, soft skills, and industry-specific knowledge was stressed.
- The Chittagong Chamber of Commerce and Industry (CCCI) aims to collaborate with relevant organisations to address skill gaps in Chattogram and create a tailored action plan for skill development in various sectors.



Closing Remarks by Mr. Md Ehsan-E-Elahi, Secretary, Ministry of Labour and Employment

Mr. Md Ehsan-E-Elahi, Secretary of the Ministry of Labour and Employment, was present as a chief guest of the event, stressed the importance of the employment wing and is committed to establishing the wing and collaborating with other ministries involved in employment matters at various levels, including policy development, implementation, strategy, and coordination. He further stressed the importance of the National Employment Policy in Bangladesh in order to create contemporary, non-discriminatory, entrepreneurial, and quality employment. He applauded the

visionary step taken by the Bangabandhu Sheikh Mujibur Rahman to join ILO as a member nation in 1972, right after independence, and ratifying some of the conventions.

"I want to emphasise more in the coming years to implement the national employment policy to create decent and productive jobs for all the people."

He discussed the importance of implementing the national employment policy at the grassroots level. It emphasises the need for coordination and collaboration among various ministries and departments to create job opportunities and ensure that the policy's goals are met. The role of councils like the National Skill Development Authority in providing training and accreditation certificates and highlights the importance of data, labour market statistics, and business-based policies in successful policy implementation. Additionally, the significance of joint leadership and cooperation between the government and the private sector in creating jobs and ensuring decent work cannot be overlooked. It acknowledges the role of employers' and workers' organisations and the challenges facing Bangladesh in the realm of employment. Overall, the speech underscores the need for a comprehensive approach to employment policy that involves multiple stakeholders and strategies for success.



Open discussion session



Dr M Eusuf, Executive Director of Research and Policy Integration for Development (RAPID) moderated an open floor discussion session. During the session, speakers mentioned the importance of quality employment for sustainable economic growth. A member from the Chittagong Women Chamber of Commerce & Industry mentioned that they are working to equip the women with the right skills set by offering various trainings. Also, the need for adequate training program in Chattogram was also addressed during the session. The BRAC skill center representatives mentioned that the training program aims to make future entrepreneurs suitable for the region. Stakeholders mentioned that people with disability face challenges in securing a job despite receiving proper training. Another critical issue discussed concerned offering the same salary to both skilled and unskilled workers, which can demotivate others from seeking training. Also, stakeholders raise issues regarding easement of labour migration and industry-academia collaboration. Overall, the discussion highlighted the significance of skilled employment, stakeholder involvement, and addressing specific challenges to achieve sustainable economic development.

