

Circular No: BGA/CUS/2023/287

07 December 2023

**To: All Hon'ble Members, Colleagues, Friends and well-wishers**

**Subject: Clarification regarding a LC clause regarding trade sanction.**

Dear Honourable Members, Colleagues, Friends and well-wishers,

You must be aware of a recent issue regarding a LC clause by a buyer to a particular factory creating confusion around sanction on Bangladesh, which is not correct. The issue brought significant media attention causing panic and confusion. Therefore, I am writing to share the correct information and facts to clear any confusion on this matter.

The much discussed LC was transferred by the ZXY International against a master LC issued by a French buyer named 'KARIBAN'. ZXY transferred the LC in favor of 'Knit Concern', a valued member of BGMEA. BGMEA collected copy of the LC. It was issued by Standard Chartered Bank Dubai. The LC contains the following text -

"We will not process transactions involving any country, region or party sanctioned by the UN, US, EU, UK. We are not liable for any delay, non-performance or/ disclosure of information for Sanctions Reasons".

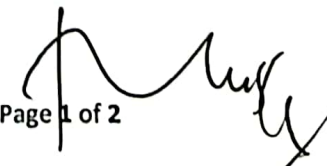
BGMEA sought clarification from ZXY on such clause. We received a formal clarification from ZXY, as well as got a clarification statement by the original buyer KARIBAN, which makes it clear that –

- a) KARIBAN did not insert this clause in its master LC in favor of ZXY International.
- b) The clause was inserted by SCB Dubai, which they have been doing in every LC since 30th November 2022.
- c) The clause does NOT state that there is any sanction against Bangladesh.
- d) ZXY International confirmed that they will remove the clause in the LC, and if required they will issue a fresh LC without that clause.

So, the rumor that a sanction might have been imposed against Bangladesh caused by the LC clause, is baseless and incorrect.

This is to be noted that LCs are private commercial instrument, NOT statutory order or notice. So this should not be misinterpreted as a measure of trade enforcement or economic sanction. Moreover, BGMEA did not receive any information from our diplomatic mission or from any official source to support any sanction or trade measure.

**BANGLADESH GARMENT MANUFACTURERS & EXPORTERS ASSOCIATION (BGMEA)**  
বাংলাদেশ পোশাক প্রস্তুতকারক ও রপ্তানীকারক সমিতি  
• বাংলাদেশ তৈরি •

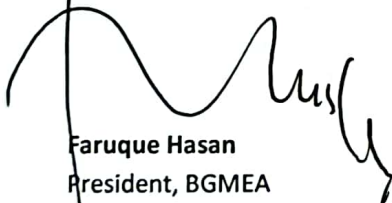
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In this context, we urge all the valued brands, retailers and their agents not to complicate trade with external issues, particularly NOT to insert any unnecessary clause creating such confusion. We also urge our members not to accept any LC having such a clause, and to communicate with the respective buyer(s), solicit clarification and amendment if such clause is found in the LC.

The global trade landscape is changing fast; human rights and environmental due diligence are getting increased priorities, while geo-political issues are also influencing trade. Since Bangladesh's economy and its growth is heavily reliant on trade, any development around trade policy concerns us. As far as responsible manufacturing and sustainable business practices are concerned, the RMG industry has made a paradigm shift in workers wellbeing and environmental sustainability issues. Workers' rights and dignity are supreme consideration for us, while we secured a leading position in the world in green industrialisation. The Government of Bangladesh has pledged to implement a labor roadmap by 2025 and making all the efforts to implement it. Some of the best performing Better Work factories in the world are in Bangladesh. Therefore, we are on a positive track, through there is no room of complacency. We need to maintain the standards we achieved and continue to improve. We need to align with the ESG (environment, social and governance) priorities by recalibrating our business model, strategy and operations. To maintain our global position and pursue the envisioned growth, sustainability must be integrated in our business and we need to be proactive. As long as we operate responsibly and proactively, we should not feel to be threatened.

Given all the progresses and initiatives our industry has taken to protect the legitimate rights and wellbeing of the workers, and the sustainability vision 2030 that we are pursuing through our actions, there is no ground to impose any sanction against Bangladesh as far as RMG industry is concerned. However, we are also working with our government so that any issue or concern are addressed through diplomatic efforts that supports continued progress within the industry and economic security to the workers.

Best regard,



Faruque Hasan  
President, BGMEA

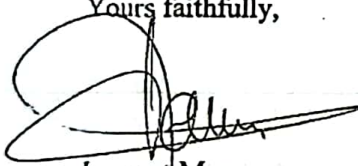
Villeneuve les Bouloc, 7th December 2023

**TO WHOM IT MAY CONCERN**

Re : L/C No : DC1213795 issued 8th November 2023  
In favour of ZXY International FZCO  
Value \$ 757 967.78

We hereby confirm that we have not inserted any clause about sanction from Bangladesh in our master LC to ZXY International and have requested the receiving bank to remove this clause.

Yours faithfully,

  
Laurent Marceau  
Managing Director

**KARIBAN**  
Sarl au capital de 10 302 000 €  
EUROCENTRE-10 avenue du Girou  
31620 VILLENEUVE LES BOULOC  
Tél: 05 61 00 62 00-Fax: 05 61 00 62 01  
RCS TOULOUSE 421 348 461







# Your Global Partner

Bangladesh

Türkiye

India

Pakistan

Egypt

The President  
Hon. Faruque Hassan  
BGMEA Complex  
House 7/7A - Block H-1  
Sector 17 - Uttara  
Dhaka  
1230

7<sup>th</sup> December 2023

Dear Sir

**Re: Clause in the LC to Knit Concern**

With due respect I the signed would like to confirm & assure you that the following clauses will not be inserted by Standard Chartered Bank Dubai.

1. The clause within invited Comma on the transferred Letter of Credit.

"All parties to this transaction are advised that banks may be unable to process a transaction that involves countries, regions, entities, vessels or individuals sanctioned by the United Nations, the United States, the European Union, the United Kingdom or any other relevant government and/or regulatory authority and that such authorities may require disclosure of information".

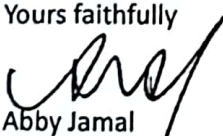
Or the clause

2. "We may not process transactions involving any county, region or party sanctioned by the UN, US, EU, UK. We are not liable for any delay, non-performance or/disclosure of information for sanctions reasons."

However, we have already sent a letter to SCB Dubai signed by my Finance Director Ejajur Rahman Chowdhury (attached herewith) based on the confirmation that they will remove this clause permanently as well as will never use in any of those clauses in transferred LC in future, despite the above explanations, we hereby assure you that the clause in question will be removed by SCB.

We sincerely hope your question are answered, and again I stress, we are the most reputable buying house in this country, and we have always conformed to regulations and shall assist you in any concerns you have at any time.

Yours faithfully

  
Abby Jamal  
Managing Director



**ZXY International FZCO**

**Address:**

Office 1306, Building FZJOB, B,  
Jebel Ali Free Zone, P.O. Box 43720,  
Dubai, UAE

**Phone & Fax:**

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F: +971 4 3943239, +971 4 2543255

[zxyinternational.com](http://zxyinternational.com)



# Your Global Partner

Bangladesh  
Türkiye  
India  
Pakistan  
Egypt

Date: 07-DEC-23

ZXY INTERNATIONAL FZCO

LC Ref \_123010708300, Value-USD228025.00  
Second Beneficiary: Knit Concern Ltd.

Waiver of Sanctions clause

We refer to the standard sanctions clause below which we are requesting to be excluded from the LC which Standard Chartered Bank (SCB) (and its subsidiaries) may issue, advise or confirm or has already issued, advised or confirmed or issue/advise or has already issued/advised Guarantees /Standby Letter of credits processed/to be processed:

**Sanctions clause**

"All parties to this transaction are advised that banks may be unable to process a transaction that involves countries, regions, entities, vessels or individuals sanctioned by the United Nations, the United States, the European Union, the United Kingdom or any other relevant government and/or regulatory authority and that such authorities may require disclosure of information.

SCB is not liable if it, or any other person, fails or delays to perform the transaction or discloses information as a result of actual or potential breach of such sanctions."

We will not process transactions involving any county, region or party sanctioned by the UN, US, EU, UK. We are not liable for any delay, non-performance or/disclosure of information for sanctions reasons.

We may not process transactions involving any county, region or party sanctioned by the UN, US, EU,UK. We are not liable for any delay, non-performance or/disclosure of information for sanctions reasons.

We confirm that we are aware of the contents of the above clause, and will undertake to observe the sanction conditions therein notwithstanding that they are not stated in the LC issued/to be issued or advised/to be advised or confirmed/to be confirmed or Guarantees /standby Letter of credit issued/to be issued or advised/ to be advised or processed/to be processed by SCB and its subsidiaries to us.

Company's Authorised Signatories



**ZXY International FZCO**

**Address:**

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Jebel Ali Free Zone, P.O. Box 43720,  
Dubai, UAE

**Phone & Fax:**

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