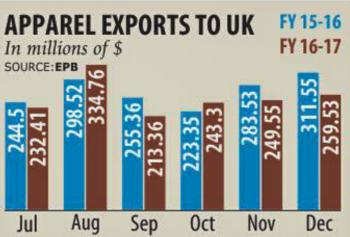


Star BUSINESS

DHAKA SUNDAY FEBRUARY 12, 2017, MAGH 30, 1423 B3

Garment exports to UK drop amid Brexit fears



REFAYET ULLAH MIRDHA

Garment shipments to the UK, Bangladesh's third largest export destination, declined 5.19 percent in the first half of 2016-17 in what can be termed as a harbinger of the Brexit fallout, expected to take effect in 2019.

Between July and December last year, Bangladesh's garment exports to the UK stood at \$1.53 billion, according to data from the Export Promotion Bureau.

"Our garment exports to the UK will face further challenges in the near future as British consumers are facing rising inflation and weakness of the pound," said Abdus Salam Murshedy, managing director of Envoy Group, a longstanding supplier of British retailers.

The Britons voted to withdraw from the European Union on June 23 last year. And following the shock decision the value of the pound tumbled.

The decline in the value of the pound sterling stoked inflation, which hit its highest level in more than two years in December 2016. In fiscal 2015-16, Bangladesh's garment exports to the UK

soared 21.37 percent to \$3.52 billion.

Bangladesh has been enjoying zero-duty benefit to the UK under the EU's "Everything but Arms" scheme since 1971. But the duty privilege might not continue once Britain leaves the EU trade bloc.

"If Bangladesh cannot sign a bilateral trade deal with the UK for the continuation of zero-duty benefit, our export to the British markets will fall further," said Siddiqur Rahman, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

Murshedy said Bangladeshi exporters are getting a lot of work orders from British retailers, but they are offering lower prices.

"We can't supply products at the prices being offered as our production cost has gone up."

According to the former BGMEA president, the small and medium-sized exporters have come under pressure as they cannot sell their products at the reduced prices.

"On the other hand, the big suppliers are catering the British customers despite the cut in prices because of longstanding business relationship," he said.

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164 businesses get CIP status

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The commerce ministry has recognised 164 people as commercially important persons (CIPs) for the year 2013 for their contribution to export and economic growth of the country.

Of them, 125 businesspeople have been selected under product category and 39 under trade category.

The ministry has already published a gazette mentioning their names, addresses and categories.

The commerce ministry awards the CIP status to the top performers for their extraordinary performance on export, while the industries ministry gives CIP cards to the businesses for their contribution to industrialisation and employment.

The CIP cards for 2013 in the industrial sector were handed over in March 2015.

The CIPs have been selected under different categories like ex-officio, large-scale export, their revenue earnings, employment and tax payments, said Hedayetullah Al Mamoon, senior secretary to the commerce ministry.

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Analysts attend a discussion on Islamic microfinance at The Daily Star Centre in Dhaka yesterday.

Islamic microfinance to deepen financial inclusion

Analysts say at a discussion

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Islamic microfinance can be used to bring marginal people under the banking umbrella as its interest-free concept would appeal to the segment, a banker said yesterday.

"It would play into their sentiment," said Rumeen A Hossain, chairman of the executive committee of Bank Asia, which is gearing to roll out full-fledged Islamic finance activities.

Hossain's comments came at a seminar -- expanding financial inclusion in Bangladesh through Islamic microfinance -- organised by the Islamic Relief, Bangladesh (IRB) and the Central Shariah Board for Islamic Banks of Bangladesh (CSBIB) at The Daily Star Centre in Dhaka.

Mohammad Thoufiqul Islam, a

professor at the Dhaka University's management department, presented a report he authored on Islamic finance at the event.

Shariah-based banking is gradually rising in popularity in Bangladesh, the study found.

Currently, seven banks are operating full-fledged Islamic banking activities, eight banks have dedicated Islamic banking branches and five have Islamic banking windows.

One non-bank financial institution, Islamic Finance and Investment Limited, is conducting Islamic banking.

Of the banks that offer Shariah-compliant products and services, Exim, Islami, Social Islami and Shahjalal Islami also have Islamic microfinance programmes.

As of 2015, Exim provided microfinance of Tk 180 crore, Islami Bank Tk 32,000 crore, Social Islami over Tk 12 crore and Shahjalal Bank Tk 475 crore.

The recovery rate of Islamic microfinance loans is 99.2 percent, according to the study.

Those who had taken Islamic microfinance loans of less than Tk 20,000 in the past are now taking more than Tk 1 lakh loans, it said.

The gradual improvement of the economic status of Islamic microfinance clients suggests that it can be a gateway of poverty alleviation, Islam said.

The study cited the case of 36-year-old Morsheda from Banchharampur upazila as a case of the efficacy of Islamic microfinance to alleviate poverty.

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Workers of lighter vessels go on sudden strike

Import through Chittagong Port hampered

SHAHADAT HOSSAIN, Ctg

The unloading of imported goods from lighter vessels anchored along the Karnaphuli river came to a halt yesterday after a section of workers abruptly went on strike to press home their wage hike demand.

At a press conference on January 6, a faction of Bangladesh Lighterage Sramik Union gave an ultimatum to the vessel owners that they would go on work abstention on February 13 if their demand was not met by then.

But the workers went on strike ahead of their deadline, a development which left about 60 loaded lighter vessels stranded at 16 docks yesterday, according to Water Transport Cell, a private organisation that coordinates the schedules of lighter vessels.

The lighter vessels are used to transfer goods from the mother vessels, which are anchored in the sea, to the Chittagong Port or other places across the country.

The government on October 5 last year published a notification increasing the wages of lighterage workers to a minimum of Tk 9,650 from present Tk 6,900.

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GP seeks to set up tower company

MUHAMMAD ZAHIDUL ISLAM

Grameenphone has sought permission from the telecom regulator to establish a subsidiary company for its network infrastructure such as towers, energy equipment and civil works, following the footsteps of Robi and Banglalink.

Banglalink made a similar application in December last year and is awaiting the verdict of the Bangladesh Telecommunication Regulatory Commission.

The telecom regulator two years ago allowed Robi to set up a similar subsidiary, edotco, which has about 9,000 towers in its books and is sharing with different mobile operators.

Grameenphone's subsidiary will be like edotco: an independent passive infrastructure provider for mobile and internet operators.

Given the BTRC's policy of encouraging infrastructure sharing, Grameenphone now wants to establish the subsidiary, according to the application sent last week.

Currently, the government and the telecom regulator are working to separate the mobile service and the tower operation businesses. They are planning to award two licences for tower operation for all the mobile operators.

If the two tower companies can operate properly, then the total number of towers will come down -- a development that will save valuable land, power and other operational expenses. Grameenphone also used this argument in its application.

The move would also allow other operators to take their services to the rural parts of the country, Grameenphone said.

All of Grameenphone's passive infrastructure will be transferred to the subsidiary, as well as the existing master agreements between Grameenphone and any other licensee, said the application signed by Mahmud Hossain, its chief corporate affairs officer.

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DUNLOP DRIVING TO THE FUTURE

Egypt inflation hits 29.6pc

AFP, Cairo

Egypt's annual inflation rate hit 29.6 percent in January, official figures showed Saturday, three months after the government floated the pound in line with an IMF bailout. Prices were rising even more quickly than in December, when inflation stood at 24.3 percent, the highest level since January 2011.