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Star BUSINESS

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Exports to US on the decline

REFAYET ULLAH MIRDHA

Shipments to the US, Bangladesh's single largest export destination, declined 4.93 percent year-on-year to \$4.82 billion in the first ten months of the fiscal year due to erosion of price competitiveness and longer lead time.

The declining trend is not a good sign as exports had previously grown at a commendable rate over the years despite internal and external difficulties, said an exporter and an economist.

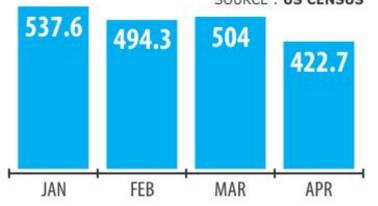
"We had challenges before too, but we never faced such a declining trend in exports to the US," said Ahsan H Mansur, executive director of the Policy Research Institute.

For instance, Bangladesh's exports to the US maintained even 20 percent growth in some years in spite of difficulties.

"There is something wrong and we need to find that out sooner than later," Mansur said, adding that erosion of price competitiveness is the major reason behind the slowdown in exports to the US.

Bangladeshi apparel exports face 15.62 percent duty for entry to the US markets, whereas exporters from competing coun-

Shipments (in millions of \$) SOURCE: US CENSUS



tries like Vietnam, Turkey, China and India are subjected to 8.38 percent, 3.57 percent, 3 percent and 2.29 percent duty respectively.

"So, Bangladesh is far behind in price competitiveness -- the US retailers prefer to source garments from China and Vietnam," Mansur said.

The continued appreciation of the local currency against the greenback is another reason for the declining trend in exports.

The Bangladeshi taka appreciated nearly 8 percent in recent years against the US dollar, while the currencies of Turkey, India, China and Vietnam depreciated significantly against the greenback.

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E-commerce to the rescue of Eid shoppers

MUHAMMAD ZAHIDUL ISLAM

Rough weather and growing traffic congestion during Ramadan are turning out to be a boon for e-commerce players, who are witnessing a surge in the orders for clothes and accessories in the lead-up to Eid-ul-Fitr.

Typically, the e-commerce players get about 15,000 orders a day, but from this month it has been in the neighbourhood of 21,000, according to industry insiders.

For instance, Bagdoo, one of the top e-commerce sites in the country, is receiving 35 percent more orders when compared with last Eid-ul-Fitr, said Mirajul Huq, its chief operating officer.

"The weather is playing a very important part this year," he said.

At the start of Ramadan, cyclone Mora hit the country, and since last week a depression at the Bay of Bengal has been causing continuous rainfall in the capital.

For Daraz Bangladesh, the jump in orders from last Eid has been more than double, helped in part by some of the offers they are giving to entice Eid shoppers, according to Syed Mostahidul Hoq, its managing director.

eCourier, an e-commerce product delivery



service company, is looking at a 20 percent hike in orders, which will go up to 50 percent soon, said Biplob G Rahul, chief executive and founder of the company.

It is not just in Dhaka, residents from out-

side the capital are getting into online shopping ahead of Eid, with the main reason being the absence of branded stores in towns and small cities.

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Retail Holdings sells more shares in Singer

STAR BUSINESS REPORT

Retail Holdings Bhold BV, the largest shareholder of Singer Bangladesh Ltd, has sold 12 lakh of its shares into the largest retailer of consumer durables in the country.

The shares, out of its total holding of 3.35 crore stocks, were sold at the prevailing market price, according to a web posting on the Dhaka Stock Exchange yesterday.

Retail Holdings of the Netherlands sold 48.50 lakh shares in April this year and 20.48 lakh shares in October last year.

Every share of Singer Bangladesh was traded at Tk 180 to Tk 196 last year which increased to Tk 224.70 on February 22 this year and closed at Tk 188.1 yesterday on the DSE.

Officials of Singer Bangladesh declined to comment on the sales of the shares. Retail Holdings held about 70 percent share in Singer Bangladesh as of last year.

Famous for sewing machines and hire purchase finance, Singer is the largest retailer of consumer durables in Bangladesh, with 374 stores at the end of 2016 and 425 independent dealers.

Singer controls around 25 percent market share in consumer durables in Bangladesh.

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Local car assembly struck by duty hike

STAR BUSINESS REPORT

The government's move to hike the supplementary duty on completely knocked-down (CKD) cars is poised to slow down the development of automobile assembling industry in the country, said operators yesterday.

The spike is going to reduce the competitive edge that local auto assemblers such as state-owned Pragoti Industries Limited have against imported completely-built units (CBU).

The move will particularly hit sport utility vehicles in the 2,001-3,000 cubic centimetres category, where SD is being increased to 150 percent from existing 60 percent, said Md Abul Khayer Sardar, managing director of Pragoti.

As a result, the cost of SUVs will rise 45

percent. For pickups of the same cc, SD has been increased 40 percentage points to 100 percent, he said.

"We would have no option but to increase the price. Also, this will have an adverse impact on the orders we are currently working on," he added.

Pragoti, under the Bangladesh Steel and Engineering Corporation, has been assembling and marketing cars, jeeps, buses, trucks and other vehicles since 1966. It took up Mitsubishi Pajero Sport in 2011.

Using its plant in Chittagong's Sitakunda, it has assembled and marketed 2,100 Pajero Sport QX, according to Sardar.

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BB reconsidering cap on credit card interest rate

STAR BUSINESS REPORT

Bangladesh Bank is weighing the case for resetting the cap on credit card interest rate it had set last month following fervent protest from banks.

Earlier on May 11, the BB issued a guideline on credit card operations that stipulated banks can charge the highest interest rate on consumer loans plus 5 percent, meaning the interest rate on credit cards came down to 16-17 percent - half the previous rate.

Now, the central bank is considering setting the cap at 5 percent plus the highest interest rate on any loan, said a high official of the BB.

The development comes after the BB yesterday held a meeting, chaired by its

Governor Fazle Kabir, with the top executives of banks over the issue at its headquarters.

At present, the interest rate on SME loans is the highest amongst the banks' products: about 16-17 percent. This means, the interest rate on credit cards would come to about 22 percent.

"We explained how the interest rates cap will hurt the card business and the central bank assured us of reconsidering," said Abrar A Anwar, chief executive officer of Standard Chartered Bangladesh.

The interest rate on credit cards should be higher to make the business sustainable, he said, adding that globally the rates are high due to it being collateral free and widely disbursed.

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Head of major Taiwan bank held over illegal loans

AFP, Taipei

The head of a major Taiwanese bank has been detained on suspicion of granting illegal loans, just months after another banking scandal rocked the island's financial sector.

SinoPac Holdings chairman Ho Shou-chuan and two others are being probed over an alleged Tw\$5 billion (\$164.8 million) of loans made to an "off-shore company with no real operations".

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