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star BUSINESS

DHAKA TUESDAY OCTOBER 31, 2017, KARTIK 16, 1424 BS

Exports to UK beat Brexit fears

REFAYET ULLAH MIRDHA
Buoyed by higher shipments of apparel items, Bangladesh's exports to the UK are on the rise although British consumers have been hit hard by rising inflation amid Brexit pressure.

The UK's key inflation rate hit its highest for more than five years in September, driven up by increases in transport and food prices.

The Consumer Prices Index climbed to 3 percent, a level it last reached in April 2012, and up from 2.9 percent in August, according to BBC.

Shoppers suffered a big jump in clothing prices, particularly for womenswear, plus pricier petrol at the pumps, the Guardian reported.

The fall in the pound since last

EXPORTS TO UK

in billions of \$

SOURCE: COMMERCE MINISTRY



year's Brexit vote has been one factor behind the rise in the inflation rate, as the cost of imported goods has risen.

But exports from Bangladesh increased 22.29 percent year-on-year to \$1.03 billion in the July-September period of the fiscal year.

During the quarter, garment ship-

ment to the UK grew 10.47 percent to \$862.28 million.

Exporters say the shipment to the UK remained insulated because Bangladesh exports basic garments at lower prices, and consumers prefer cheaper products during tough times.

The UK is the third largest export destination for Bangladesh after the US and Germany.

Not only garments, some other local items like fruits and vegetables are seeing higher demand from the UK thanks to the presence of a sizeable Bangladeshi diaspora there.

"Garment export from Bangladesh to the UK is increasing as British customers get cheaper products," said Kutubuddin Ahmed, chairman of Envoy Group, a leading garment exporter.

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Rice to be imported thru' 3 more customs stations

SOHEL PARVEZ
The National Board of Revenue has allowed rice import through three more land customs (LC) stations.

The move was made to facilitate the entry of the staple from all sides of the country for curbing a price spike through increased supply.

From now on, businesses will be able to import rice through LC stations at Rohanpur of Rajshahi, Akhaura of Brahmanbaria and Bibirbazar of Comilla, reads a notification issued by the NBR last week.

These will function along with the

existing nine LC gateways with neighbouring India, including those at Benapole, Sonamasjid and Hilli, it said.

"We think import of rice through more LC stations will not only ensure increased supply in all areas but also will reduce the cost of the importers," said Mohammad Ehteshamul Hoque, first secretary of customs modernisation and international trade at the NBR.

The NBR's latest move came two months after it allowed rice import through Sheola and Zakiganj LC stations in Sylhet.

The move was made to augment supply to arrest a price hike in the

northeastern region that suffered from crop losses due to floods just ahead of the harvest of Boro rice, the principal crop.

Rice prices, which began to rise from April this year, hit a record high of Tk 54 a kilogramme, in mid-September for a host of factors.

These include crop damage owing to recurrent floods, hoarding by a section of millers and traders and low stocks at government warehouses.

Prices declined a bit since the third week of September because of increased imports and duty cuts by the NBR.

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Graft deters foreign investment

US envoy says

STAR BUSINESS REPORT
Corruption, cumbersome customs procedures and poor sanitary and phytosanitary standards are major barriers to attracting foreign direct investment to the country, said the US ambassador to Bangladesh yesterday.

"Fewer problems, no corruption and quicker electricity and gas connections are Bangladesh's selling points to foreign investors," said Marcia Bernicat.

She said other factors acting as hurdles to bring FDI include inefficient bureaucracy, unfair trade, unnecessary or arbitrary regulations, biased tendering process and poor performance of ports.

All these poor conditions are manifested in a variety of ways and foreign investors take these factors into account before investing in this potential destination, she said.

"We want transparent business environment and a level playing field for US businesses," Bernicat said while speaking at the monthly meeting of the American Chamber of Commerce in Bangladesh (AmCham) at the Westin Hotel in Dhaka.

She spoke on overcoming obstacles in doing business in Bangladesh.

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BB asks banks to tighten offshore lending

STAR BUSINESS REPORT
Bangladesh Bank has asked banks to tighten their lending in foreign currency through their offshore banking units with the view to stabilising the exchange rate.

The instruction came at a meeting yesterday with the top executives of banks that have offshore banking units.

The central bank is concerned about banks' offshore exposure as they are collecting foreign currency funds from local sources instead of foreign sources, putting pressure on the foreign exchange rate, said SK Sur Chowdhury, deputy governor of the BB.

"An asset liabilities' mismatch has been created, which, in turn, is creating volatility in the exchange rates."

Subsequently, the banks were instructed to abandon their aggressive approach to lending in foreign currency.

"Banks have been asked to reduce

onshore borrowing to strike a balance between the inflows and outflows of foreign currency," Chowdhury added.

At present, the offshore units' total outstanding loans stand at \$6.4 billion, which is about Tk 51,200 crore. Of the total offshore exposure, 31.6 percent was borrowed from local source.

The main function of the offshore units is to borrow from foreign sources and lend them to clients who have foreign earnings, said Syed Mahbubur Rahman, managing director of Dhaka Bank.

But banks collect a major portion of their foreign currency funds from local sources, like their own treasury department or other local banks on a short-term, and lend at their offshore units for long-term.

As a result, a tenure mismatch has been created, putting the banks at risk, Rahman said.

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Marcia Bernicat, US ambassador in Dhaka, and Nurul Islam, president of American Chamber of Commerce in Bangladesh (AmCham), attend the chamber's monthly luncheon meeting at the Westin hotel yesterday.

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Time: 09:30 AM – 05:30 PM
Venue: Sky Ballroom, Le Méridien Dhaka

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