

DHAKA TUESDAY MARCH 27, 2018, CHAITRA 13, 1424 BS • starbusiness@thedailystar.net

## Car brands fond of Bangladeshi jute

*They use the fibre in making interiors of vehicles*

REFAYET ULLAH MIRDHA

Bangladesh has the potential to become the main supplier of jute to the global car industry, which uses the natural fibre to manufacture the interiors of vehicles.

The global car industry needs about 100,000 tonnes of jute a year, of which 12,000 tonnes come from Bangladesh, according to Mushtaq Hussain, managing director of Golden Fibres Trade Centre, a leading jute exporter.

Bangladesh started supplying jute to high-end car brands like BMW, Mercedes-Benz, Volvo and Audi in early 2000s and Hussain is one of the pioneers in breaking this new export ground.

Previously, the car industry used glass fibre to manufacture the interiors. But glass fibre is not recyclable or biodegradable, so in 1994 the search for a green alternative began. Jute emerged as the frontrunner.

"I was involved in this important research," said Hussain, who individually sends more than 6,000 tonnes of jute to car brands for \$800 a tonne.

Interestingly, Bangladesh supplies almost all the required jute fibres used by the high-end car brands, he said.

"We could have supplied all the jute required by the car industry," Hussain said, adding that the Bangladeshi jute is much admired for its high fibre quality.

But in reality, the growth in supply has remained stagnant at 5 percent over the last many years.

And the government's unpredictable jute export policy is to blame.



### AT A GLANCE

Global car industry needs about **100,000** tonnes of jute a year

Of the amount, **12,000** tonnes come from Bangladesh

Bangladesh supplies jute to car brands like BMW, Mercedes-Benz, Toyota, Renault, Mitsubishi, Volvo, Audi, Daimler Chrysler and Ford

The growth in supply has remained stagnant at **5** percent for many years

"The government stops the export of jute without any prior notice. As a result, the car manufacturers do not fully rely on Bangladeshi jute."

For instance, a few years ago, the government imposed a ban on the export of raw jute from Bangladesh, which left BMW facing a shortage of the natural fibre.

The German car brand wrote to the Bangladesh government and after many negotiations the export ban was lifted, according to Hussain.

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## ADP outlay to be Tk 178,000cr next fiscal year

REJAUL KARIM BYRON

The government is planning to raise the development budget for fiscal 2018-19 by about 20 percent, giving emphasis to accelerating the construction works of some flagship infrastructure projects like the Padma bridge, Rooppur power plant, Dhaka metro rail.

The allocation for fiscal 2018-19's annual development programme is likely to be Tk 178,000 crore, up from this year's budget of Tk 148,381 crore.

The amount will be finalised by April 10 by the resource committee of the finance ministry after discussions with the planning commission and the various ministries and divisions.

A planning ministry official said there was a plan to complete the Padma bridge by December this year, but it may now be delayed by six to seven months.

Even then, a big allocation would have to be made against the project in the next fiscal year. This fiscal year, Tk 4,000 crore has been assigned for the Padma bridge out of the project's total allocation of Tk 28,793 crore.

As of January Tk 700 crore to Tk 800 crore has been spent, so it is highly unlikely that the entire Tk 4,000 crore allocated for the project would be exhausted by June 30, he said.

It is the same story for the Padma Rail Link project: Tk 7,609 crore has been allocated for the project this fiscal year but in the first five months only Tk 121 crore has been spent.

Big chunks must also be earmarked for the Rooppur power plant, Dhaka metro rail, Karnaphuli tunnel and Matarbari coal-based power plant projects as well in fiscal 2018-19.

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## Current account deficit crosses \$5b

*Inflationary fears flare up*

AKM ZAMIR UDDIN

Bangladesh's current account deficit reached a 15-year high of \$5.34 billion in the first seven months of the fiscal year as the country's capacity to export is failing to keep up with the appetite for imports.

At this point last fiscal year, the deficit was \$890 million.

The current account deficit has already weakened the exchange rate of the local currency against the US dollar, said AB Mirza Azizul Islam, a former finance adviser to the caretaker government.

On Thursday, the interbank exchange rate was Tk 82.96 per dollar, up from Tk 79.65 a year earlier, according to central bank statistics.

The dollar will appreciate further if the widening trend of current account is not halted in the months to come, he said.

"Production cost will increase automatically due to the appreciating trend of the greenback as the country has to import large amounts of industrial raw materials to produce essential goods."

Higher production costs will fuel inflation, which, in turn, will have an adverse impact on the spending capacity of consumers, he said.

Islam went on to urge the government and the central bank to take measures to boost export earnings in a bid to squeeze the large current account deficit.

A good flow of remittance will also play a key role in containing the current account deficit, he said.

In the first eight months of the fiscal 2017-18, remittance posted 16.55 percent growth from a year earlier, but it is not sufficient, he said.

Remittance in fiscal 2016-17 was the lowest in six years: migrant workers sent home \$12.77 billion, down 14.47 percent year-on-year.

Trade deficit also widened 92.17 percent year-on-year to \$10.12 billion in the first seven months of the fiscal year, according to data from the Bangladesh Bank.

The government should take immediate measures to boost export earnings in order to narrow both the trade deficit and the current account, a BB official said.

## Iran currency hits record low

AFP, Tehran

The Iranian rial fell to a record low on Monday, breaking through the 50,000-to-the-dollar mark for the first time as analysts blamed uncertainty from Washington.

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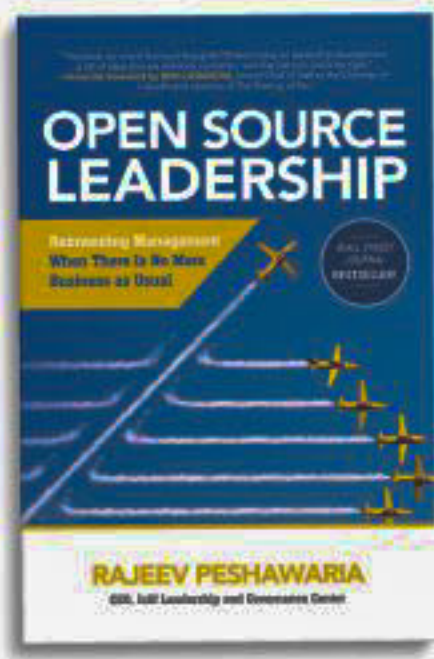
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### KEYNOTE SPEAKERS

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#### GLOBAL PLANNING & STRATEGY PERSPECTIVE



NAMRATA DUBASHI

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#### GLOBAL ECONOMIC PERSPECTIVE



DR. MIR SALIM

Principal  
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### INSIGHT SPEAKERS

#### BANGLADESH ECONOMY



FAISAL AHMED

Chief Economist  
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#### BANGLADESH INNOVATION MODEL



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