

Textile millers knocked out by cheap yarns from China, India

REFAYET ULLAH MIRDHA

TEXTILE millers' stacks of unsold yarns and fabrics are getting higher due to massive leakage of imported bonded goods to the local market and invasion of cheap Chinese and Indian substitutes, said a top BTMA official yesterday.

Since the turn of the year, the local market has become flooded with cheap Chinese and Indian yarns, according to Mohammad Ali Khokon, president of Bangladesh Textile Mills Association (BTMA). For instance, the widely consumed 30-carded cotton made yarn can now be bought for \$2.90 to \$2.95 a kg, down from \$3.25 to \$3.30 per kg in November last year. This has left the textile millers with 30 percent unsold inventory worth about Tk 15,000 crore.

Subsequently, the BTMA president met with Salman F Rahman, prime minister's adviser on private industry and investment, on Sunday to request the government to take measures to stop the illegal imports. "A section of unscrupulous traders have been importing yarn illegally in connivance with some government officials," Khokon said in a statement after the meeting with

Rahman at his residence.

For example, they open letters of credit for importing one truck of yarn through Benapole but they end up importing more due to lack of proper monitoring at the land port.

If the illegal imports are not checked, the local factories' inventory will soar and they will feel discouraged to continue production, he said.

The local spinners, which can meet 85 percent of the demand from the knitwear sector and 35 percent from the woven sector, have already slashed production by 40 percent because of the recent devel-

opment.

Another problem afflicting the textile millers is that a section of unscrupulous traders have been selling goods imported under bonded facility.

The government allowed import of duty-free goods under bonded facility only for export-oriented garment factories.

"The importers are not interested in commercial import as they would have to pay nearly 37 percent duty."

If the two issues are not addressed, the primary textile sector, which has Tk 70,000 crore tied up, will regress, he added.

KEY POINTS

- Some 30pc of yarn and fabrics worth Tk 15,000cr remained unsold since November
- Price of 30-carded cotton made yarn fell nearly 11pc to \$2.90-\$2.95 a kg now since November
- India and China are two major sources for cheap yarn
- The duty on commercial import of fabrics is nearly 37pc
- The local textile millers can supply 4bn metres of fabrics a year
- Around 6bn metres of fabrics are imported from China and 3bn metres from India a year
- The local textile millers can meet 85pc of the demand from the knitwear sector and 35pc from the woven sector
- Currently, the total investment in the primary textile sector is Tk 70,000cr

Trade war a concern for global economy

ICCB says in news bulletin

STAR BUSINESS REPORT

THE US and China should immediately bring the ongoing trade war to an end as the conflict is a major concern for the global economy, said the International Chamber of Commerce Bangladesh (ICCB) yesterday.

It said a trade war cannot help the constructive cooperation in the US-China relations.

"So, it is crucial for both the countries to mitigate the ongoing rivalry without losing any further time to ensure sustainable global economic growth," said the chamber in its editorial of the current news bulletin for October and December of 2018.

It said trade and economic relations between the US and China are of great significance for the world economy. The recent trade friction has clouded their relations.

The tariff fight between the two countries is often cited as the biggest risk to global investor confidence and a threat to the world economy.

According to a recently released white paper by China, the Trump administration has instigated a trade war with China by imposing tariffs on a total of \$250 billion of imports from China. As a counter to the US move, China is also imposing tariffs on \$110 billion of imports from the US.

There have been warnings from

both the private and public sectors about the potential spillover effects on the world economy of the ongoing trade war.

For most Asian nations, China is their single biggest trading destination while the US remains an invaluable economic partner.

"As a result, the escalating tensions between the two economic giants have caused unease for the region," said the ICCB.

Raising tariffs and non-tariff trade barriers will disrupt the global value chain, slow down the spread of new

technologies, lead to a drop in global productivity and investment, and ultimately slow down growth trajectory, noted the International Monetary Fund in its World Economic Outlook in April 2018.

In October, the IMF also cautioned that all countries would suffer as a result of the tensions and cut back its GDP projection for the US to 2.5 percent in 2019 and 1.8 percent in 2020. This has undoubtedly cast a long shadow worldwide at a time when US growth has been critical to the global economy.



Trade and economic relations between the US and China are of great significance for the world economy, says the ICCB.

Allocate Tk 1,000cr in budget for e-commerce

e-CAB leaders demand

STAR BUSINESS REPORT

THE e-Commerce Association of Bangladesh (e-CAB) yesterday urged the government to allocate Tk 1,000 crore in the upcoming national budget for e-commerce, mainly for training and credit purposes, so that the sector could flourish.

At a press conference at the National Press Club, e-CAB General Secretary Abdul Wahed Tomal said they would place their demand before the finance minister for consideration.

"Without training none can do better business through online platforms and that's why we already started different training sessions, which needs to accelerate," he said.

At the same time, small entrepreneurs

demand credit facilities which the traditional banks will never provide in the way it was required, he added.

The leaders of the e-CAB said the country's digital infrastructures have developed in a huge way but online commerce has not flourished and the number of customers was very low.

Tomal said still people could not keep confidence on e-commerce and sometimes different entities could not sustain business for growing losses.

"Here we need training for the entrepreneurs to make them prepared for the coming days," he said.

Tomal quoted global reports as saying that 70 percent of business across the globe would

be conducted online by 2025.

The whole ecosystem will change within the next five years and the new generation cannot survive if they fail to stay in sync with it. That is why the initiative has been taken in line with the government aim, says the association.

The e-CAB also urged the government to declare e-commerce and online shopping as information technology enabled services, which would help the industry avail some tax benefits.

Shomi Kaiser, the association's president, thanked the government for taking up a digital commerce policy.

Mohammad Abdul Haque, e-CAB finance secretary, and Nasima Akter Nisha, joint secretary, were present alongside others.

Digitisation should improve public services: analysts

STAR BUSINESS REPORT

The country needs result-oriented digitisation so that the citizens get satisfied with the public services they are receiving, analysts said.

They spoke at a workshop on "Innovations in public service delivery" organised by Brac Institute of Governance and Development (BIGD), at Brac Centre Inn in the capital yesterday.

As the economy is growing fast, people now need effective public services to gain success in the future initiatives, said Professor Atiur Rahman, a former governor of Bangladesh Bank.

"It does not matter how many services are provided. Only public satisfaction matters. So, the government has to ensure quality public services."

Rahman called for a citizen service protection centre in every ministry, division and public service provider's office, allowing people to share their user experience with the authorities directly through a hotline.

"It may improve the quality of public services."

The government has initiated e-procurement, union digital centre, village court, e-mutation system and so on as part of efforts to improve the quality of public services, Planning Minister Abdul Mannan said as the chief guest.

The e-procurement system has opened the opportunity for everyone to take part in the government's tender process, he said. "It has also reduced violence in the tender system."

The minister said they have to work more for the e-mutation system—a digital process where the legal records are updated in case of any change in land ownership—as it is very important for the rural people.

In the workshop, BIGD researchers presented four papers on e-mutation, e-procurement, village court and union digital centre as these were identified by Copenhagen Consensus Center in collaboration with BIGD as priority projects.

Insufficient manpower, underperforming employees and lack of willingness to adopt technology are the main reasons for delayed and faulty services provided by the land offices, BIGD showed in a paper.

The researchers of BIGD recommended that more focus should be given to upgrade the quality of e-mutation services in every upazila and union.

"It does not matter how many services are provided. Only public satisfaction matters," says former BB governor Atiur Rahman

"However, this would yield good result only if manual mutation service is completely replaced and land registration is digitised and integrated with mutation."

BIGD also wanted the village court act to be revised so that the political influence of the village court's chairperson is reduced.

Rasheda K Chowdhury, executive director of the Campaign for Popular Education; Mustafizur Rahman, project director of Access to Information; Ishiaque Siddiqui, senior procurement specialist of World Bank, and Sardar M Asaduzzaman, national project coordinator of United Nations Development Programme, also spoke.



Shomi Kaiser, president of the e-Commerce Association of Bangladesh (e-CAB), and Abdul Wahed Tomal, general secretary, attend a press conference at the National Press Club in Dhaka yesterday.

Australian company opens hangar factory

STAR BUSINESS DESK

Australia's TIC Group yesterday opened a manufacturing unit, TIC Manufacturing (Bangladesh) Ltd, at Meghna Industrial Economic Zone in Narayanganj.

The factory will produce five lakh pieces of hangers for export and expects to create about 1,500 jobs.

Salman F Rahman, private industry and investment adviser to the prime minister, attended the inauguration as chief guest.

Mark Gandur, director of TIC Group, said his company has been operating in 15 locations worldwide and supplying plastic hangers to world class garment retailers.

TIC will gradually expand the Bangladesh unit and increase the number

of employees to 5,000, he said.

TIC Group, a division of Pact Group Australian, decided to go for the unit in Bangladesh taking into consideration the country's fast growing and important garment manufacturing industry, says a statement.

Md Harunur Rashid, an executive member of Bangladesh Economic Zones Authority; Julia Niblett, Australian high commissioner to Bangladesh; Nihad Kabir, president of the Metropolitan Chamber of Commerce & Industry, Dhaka; Rupali Chowdhury, managing director of Berger Paints Bangladesh Ltd; and Mostafa Kamal, chairman and managing director of the Meghna Group of Industries, were present.

Beza can now issue trade licence

Businesses to get licences in 24 hours, it says

STAR BUSINESS REPORT

Bangladesh Economic Zones Authority (Beza) has recently been empowered to issue trade licences to the people who want to invest in the economic zones.

The Beza has got the right along with union councils nearly nine years after its formation in 2010.

Beza's Executive Chairman Paban Chowdhury shared the info at the final licence awarding ceremony of Kishoreganj Economic Zone (KEZ) organised by Beza at Bangabandhu International Conference Centre in Dhaka yesterday.

Previously union councils were the bodies authorised to provide licences to investors as per "Local Government (Union Council) Act 2009".

On February 11, the local government, rural

development and cooperatives ministry issued a statutory regulatory order (SRO) and gave the right to Beza.

"Now the businessmen will get trade licence from Beza within 24 hours without any hassle," said Chowdhury.

Investors had to endure long hours and provide speed money in some cases to get the trade licence from the local government bodies, he said.

When availing it from Beza, investors will not need to visit union parishads, a progress made possible with Beza's One Stop Service, he said.

According to the SRO, Beza will collect the necessary trade licence fee from the businesspeople before forwarding it to the union parishad concerned.

Addressing the programme, Md Abul Kalam Azad, principal coordinator for SDG affairs at

the Prime Minister's Office, urged the businesspeople to adopt sophisticated technologies at their production units.

"Everybody should start working on their own accord to achieve the expected targets of 2021, 2030 and 2041," he said.

The government is giving top priority to private sector development so that the country could achieve the targets, Azad said.

Selima Ahmad, vice chairperson of Nitol Niloy Group, which owns the KEZ, said it would create a lot of employment opportunities for the people of Kishoreganj and contribute to the national economy.

Presided over by Abdul Matlub Ahmad, chairman of Nitol Niloy Group, the event had Faruk Hossen, executive chairman of National Skill Development Authority of PMO, and Abdul Musabbir Ahmed, managing director of KEZ, as speakers among others.