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DHAKA SUNDAY MARCH 17, 2019, CHAITRA 3, 1425 BS • starbusiness@thedailystar.net

Current account deficit still in danger

As of Friday

COMMODITIES

Gold _

Week-on-week

V 0.21%

CSCX

DSEX

AKM ZAMIR UDDIN

The current account deficit shrunk about 20 percent in the first seven months of the fiscal year but the gap of \$4.33 billion still poses a threat to macroeconomic stability.

"The deficit is still big considering the country's foreign exchange volume," said Ahsan H Mansur, executive director of Policy Research Institute.

exchange reserves to make import payments for at least three months. Bangladesh's reserves now are enough to settle import payments

Any country must maintain foreign

for at most 4.9 months, down from 5.8 months a year ago, he said. At the end of February foreign exchange reserves stood at \$32.24 billion, a decline of 3.39 percent year-on-year, according to data from

Bangladesh Bank. "Foreign exchange reserves have been eroding since last year. If the situation persists, the country will have to seek a bailout package from

other nations and multilateral agencies within three years." The reserves have been hovering

between the \$31 billion to \$33 billion-mark since 2016. Subsequently, he advised the BB

to let the market determine the exchange rate and stop its regular intervention. "The taka will depreciate against

the greenback and that would give a boost to the export earnings and reduce the burden of import payments simultaneously," said Mansur, a former official of International Monetary Fund. Between the months of July last

year and January this year, import payments stood at \$33.48 billion and export earnings \$23.80 billion. Besides, there is little scope of

fuelling inflation if the taka depreciates now as the cost of essential commodities are now at a tolerable level at both the global and local markets, he said. On March 13, the inter-bank exchange rate stood at Tk 84.20 per dollar, up from Tk 82.96 a year earlier. "This depre-

ciation is not good enough at all considering the country's ongoing business situation," Mansur added.

AB Mirza



Foreign exchange reserves have been eroding since last year. If the situation persists, the country will have to seek a bailout package from other nations and multilateral agencies within three years.

Azizul Islam, a former finance adviser to a caretaker government, however, is less alarmed than Mansur.

"There is no serious concern about the current account balance right now. But, the country has to improve its export volume to manage the situation in the long run," he added.

Huawei buys \$29.3m items from Bangladesh

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Huawei, a leading global provider of ICT infrastructure and smart devices, made procurements worth \$29.3 million (Tk 245 crore) from Bangladesh in 2018.

The company's purchases from Southeast Asia

were worth \$608 million in the year. The total procurement in the region from 2016 to 2018 amounted to \$2.09 billion. The amount reflects broadly administration,

engineering service and material purchases, the company said in a statement yesterday.

The procurement budget forecast for the region in 2019 is expected to grow further to \$652 million.

The figures were revealed during Huawei's 2019 SEA Core Partner Convention at The Conrad Hotel in Bangkok recently. The event was themed "Openness, Transparency, Collaboration for Sharing the Success".

It gathered more than 400 delegates from the company's over 1,900 suppliers in Southeast Asia, representing various industries such as production, logistics, engineering services, enterprise network and marketing.

Act like an eel to combat influence

Former BB Governor Salehuddin Ahmed advises successors at his book launch



Salehuddin Ahmed, former governor of Bangladesh Bank, speaks at the unveiling of his book titled "Governorer Sritykotha" at Brac Centre Inn in Dhaka yesterday. Mashiur Rahman, economic affairs adviser to the prime minister, was present.

STAR BUSINESS REPORT

A central bank governor should be a "strategist" and "diplomatic" to avoid political influence or else the economy will suffer, economists said yesterday.

"No country gives full autonomy to the very sad thing." central bank," said Salehuddin Ahmed, a former Bangladesh Bank governor, at the take some tough decisions on the economy launch of his book, "Governorer Sritykotha", at the capital's Brac Centre Inn. Bangla business daily Bonikbarta is the

The BB is not taking a strong position to improve the country's financial sector. "It's a

good decision."

publisher of the book.

He went on to urge the central bank to as it is facing many challenges now, he added.

"Almost all governors experience politi-

cal influence but they act like eels and take a

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Global sportswear market to reach \$36b by 2024

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Refayet Ullah Mirdha

The global sports merchandise retail market size will reach \$36 billion by 2024 from \$21 billion now, on the back of increasing use of sportswear items worldwide, according to

"For one thing, growth is being driven worldwide by continuous innovation and development on the part of major producers. Namely, the design and manufacture of the most gorgeous sporting accessories, sports apparel and general memorabilia ever created," said Business Matters, a leading UK-based business magazine, on March 15.

"You only have to look at the quality of today's sports posters, football strips and novelty collectibles to see how far things have come. Some of the world's most important emerging markets are also playing a role in driving the industry's growth."

The magazine said thriving economies like India and China are contributing enormously to the growth of the industry, as millions of new customers spend vast combined sums of cash on sporting merchandise.

Of the total \$30.62 billion worth of garment items exported from Bangladesh in the last fiscal year, more than 10 percent was sportswear garment items, according to industry insiders.

A new opportunity has opened up for Bangladesh, the world's second largest garment exporter after China, as an increased number of global fashion retailers and brands are placing work orders to source sportswear along with other garment items, said local garment exporters.

"Almost all major sportswear brands and retailers like Reebok, Nike, Adidas and Puma purchase sports garments from Bangladesh as local apparel manufacturers are capable of meeting their demand," said Abdus Salam Murshedy, managing director of Envoy Group, a leading garment exporter.

A certain percentage of his yearly garment exports include sportswear items, he said, without disclosing the

"Now, we have separate machinery to make sportswear items," said Murshedy.

Almost all the major compliant garment factories in Bangladesh have sportswear making facility as the number of foreign retailers and brands seeking such goods from Bangladesh is growing, the exporter said.

Mohammed Hatem, managing director of Narayanganjbased garment factory MB Knit Fashions Limited, said production of sportswear items requires a special kind of fabric which can absorb sweat quickly.

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Visit stall # 07



A 1,800cc Suzuki Boulevard M109R is put on display at a stall of Rancon Motorbikes at Dhaka Motor Show in International Convention City Bashundhara recently.

Automakers, exhibitors happy with Dhaka Motor Show

STAR BUSINESS REPORT

...... Automakers and exhibitors received an impressive feedback from customers and posted spot sales at the 14th Dhaka Motor Show that ended yesterday.

Eclipse Cross and Xpander, new models of Japanese automaker Mitsubishi, caught the attention of the visitors of the fair at International Convention City Bashundhara in Dhaka.

Stylish, modern interior and reliability of Eclipse Cross drew a number of car-lovers, said Md

Shadiqul Mostak, deputy general were booked in the fair." manager and head of private sale at Rangs Ltd, authorised distributor of

Mitsubishi Motors. He said Eclipse Cross, priced at Tk 43 lakh, was reasonable as the import duty is comparatively lower for the 1500cc-SUV compared to the models with higher capacity engine.

Similarly, seven-seater Xpander is good family car, he said. The 1500cc vehicle is priced at Tk 32 lakh, Mostak said.

"A total of 17 units of both cars

A visitor said he had decided to book an Xpander thanks to its reasonable price and wide space.

Reyad Hasnain, managing director of Subaru Bangladesh, expressed satisfaction over the responses it received.

REL Motors, distributor of Subaru Motors, showcased four new models: Forester, BRZ,

Impreza, and XV. "Almost all models were sold during the show," Hasnain said.

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Capital takes flight as no use of funds locally

Says PM's adviser at the launch of Padma Bank

STAR BUSINESS REPORT

Capital flight is taking place because money cannot be put to good use at home, said Mashiur Rahman, the prime minister's economic affairs adviser, yesterday.

If the capital that is going out of sight is added to public assets, the amount of funds available for investment will go up significantly then, accelerating the pace of development, he said.

ration of Padma Bank at a ceremony held at the capital's The Westin hotel. Padma Bank was renamed from Farmers Bank recently

"We should use this wealth," Rahman said at the inaugu-

with a view to getting a clean slate -- from the incidents of irregularities and loan scams that haunted it since its inception in 2013.

In less than three years of its establishment, Farmers Bank became a hotbed for financial irregularities. More than Tk 3,500 crore was siphoned out of the bank, according to the Bangladesh Bank.

Depositors, which included government agencies,

started pulling out money, prompting the central bank and the government to step in and rescue the bank. Rahman yesterday came forward to defend Muhiuddin

Khan Alamgir, the former chairman of Farmers Bank who presided over the episodes of irregularities and loan scams.

"If he [Alamgir] committed any mistake, he is above the mistake," the adviser said. Alamgir was the minister of home affairs from 2011 to

2013 and is currently a lawmaker of the Awami League. He stepped down from Farmers Bank in November 2017

after the central bank asked for his resignation following investigations, although he continues to maintain his innocence. Rahman went on to invite the private sector to buy stakes in Padma Bank.

At present, four state banks -- Sonali, Janata, Agrani and Rupali -- and state-owned financial institution Investment Corporation of Bangladesh (ICB) own 68 percent stakes of Padma Bank.

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Bangladesh has huge potential in Blue Economy

Chinese envoy says in a meeting with DCCI

STAR BUSINESS REPORT

Bangladesh has immense potential in Blue Economy, Chinese Ambassador in Bangladesh Zhang Zuo said yesterday.

The envoy made the comment at a meeting with Osama Taseer, president of the Dhaka Chamber of Commerce and Industry (DCCI), at the office of the trade body in Dhaka.

China has recently passed a new foreign investment law which is more open and flexible for foreign investors, Zuo said. READ MORE ON B3



PORCELANOSA **BANGLADESH Partners With** RENAISSANCE DECOR Ltd.

Aritz Izura, CEO of PORCELANOSA **BANGLADESH Signs Partnership Agreement** With Muneeza Asaf Ally, CEO of RENAISSANCE DECOR Ltd.

PORCELANOSA, a global leader in the innovation, design, manufacture & distribution of tile, kitchen & bath, proudly partnered with Renaissance Decor Ltd. on 16th March, 2019. Renaissance Decor Ltd., a renowned furniture store in Dhaka, offers a wide range of imported high-end products for home decor & office furnishing. Both companies will be collaborating on future Home Solution Projects using combined strengths in Architecture, Design, Material & Furnitures based on customer requirements.

Customers are welcome to visit either showrooms for FREE CONSULTATION on projects or to view product ranges. Showroom: Showroom:

PORCELANOSA Bangladesh NB Tower (Level - 3 & 4) 40/7, North Avenue Gulshan-2, Dhaka 1212

RENAISSANCE DECOR LTD. Concord Bilkis Tower, Floor- 2nd - 5th Madani Avenue, Gulshan 2, Dhaka 1212