

Quicker

Easier & Safer

Fund transfer, Utility bill payment,

Top up mobile balance,

Credit card bill payment

& many more

SIBL

আবদুল হাফিজ

Social Islami Bank Limited

star

BUSINESS

DHAKA WEDNESDAY NOVEMBER 6, 2019, KARTIK 21, 1426 BS

starbusiness@thedailystar.net

# Exports slump 17pc in Oct

H&M buying less from Bangladesh for a big unsold stock

STAR BUSINESS REPORT

Exports slumped over 17 percent year-on-year to \$3.07 billion in October as the strong local currency continued to depress apparel shipments, government data shows.

This is the third consecutive month to witness such a decline. If the trend persists, the country will not be able to achieve the current fiscal year's target of \$45.50 billion.

According to data from the Export Promotion Bureau (EPB), October's earnings were 11.71 percent lower than the month's target of \$3.48 billion.

Export receipts of the current fiscal year's first four months are also nearly 7 percent lower than the target of \$14.33 billion.

Exporters have blamed the sluggish exports on the local currency being stronger compared to the US dollar. For the last couple of months, they have been asking for the taka to be devalued as competing countries have depreciated theirs to give their exporters an advantage.

Another reason, The Daily Star came to know from exporters, was a reduction in H&M's purchases from Bangladesh.



"H&M has a big stock of unsold apparel products. So it is buying less now," said KM Rezaul Hasanat, chairman of Viyellatex Group, one of the largest apparel exporters in Bangladesh.

He said H&M alone accounted for around 10 percent of \$34 billion worth of garments exported from Bangladesh in fiscal 2018-19. Factories that depend on orders from H&M have been affected badly, he said.

Also a looming recession in Europe and the US has made consumers cautious about buying clothes, he said.

Asif Ibrahim, vice chairman of New Age Group, believes the strong taka was eroding local exporters' competitive advantage with other countries.

Ibrahim, also a director of the Bangladesh Garment Manufacturers and Exporters Association, said

the latest export data of October 2019 was very alarming.

"Countries which compete with Bangladesh have not only devalued their currencies significantly but also provided both fiscal and non-fiscal incentives to their exporters to boost their competitiveness in the international market," he said.

He said it was high time that the government took exchange rate matter very seriously and nullify existing notions among certain policymakers of exporters enjoying many benefits through short- and medium-term stimulus packages.

"If this negative trend in export continues it is going to have a severe detrimental impact on the Bangladesh economy," he remarked.

The latest EPB data shows that Bangladesh received \$12.72 billion from merchandise exports in the fiscal's first four months till October, down 11.21 percent from the target.

A slowdown in apparel shipments, both woven and knitwear, led the fall.

Bangladesh bagged only \$5.5 billion from export of knitwear during the July-October period, down nearly 7 percent from the target and 5.73 percent from the same period a year ago.

Similarly, woven garments received \$5.04 billion from exports, down over 17 percent than the target and 7.67 percent from the corresponding period in the previous year.

Home textiles, another major foreign currency earner that earned \$852 million last year, also registered over 11 percent negative growth than that of a year ago.

READ MORE ON B3

## Oct inflation declines to 8-month low

STAR BUSINESS REPORT

Inflation slipped seven basis points to an eight-month low of 5.47 percent in October, helped by a decline in the prices of non-food items.

Non-food inflation fell 47 basis points to 5.45 percent last month from September. Food inflation, however, rose 19 basis points to 5.49 percent, according to state-run Bangladesh Bureau of Statistics (BBS). In September, overall inflation stood at 5.54 percent.

Planning Minister MA Mannan, while releasing the monthly inflation data at the auditorium of the National Economic Council, credited the decline in inflation to the fall in prices of winter vegetables, fish and fruits.

"It is pleasing that inflation went down in October despite the hike in the prices of onion,"

The prices of onion, a key cooking ingredient, surged in September after traders hiked rates following a ban on export of the vegetable by India, the main source for Bangladesh.

On September 13, the Indian government set a minimum export price of \$850 per tonne for onion, prompting the retail prices in Dhaka to soar 25 percent to Tk 55-70 per kg overnight.

READ MORE ON B3

## Rooppur nuclear power plant Tk 3,449cr project to ensure security

STAR BUSINESS REPORT

The government yesterday approved another project worth Tk 3,449 crore to enhance the security of the country's first nuclear power plant in Rooppur, which tends to be vulnerable to attacks.

The project, which got the approval in the meeting of the Executive Committee of the National Economic Council chaired by Prime Minister Sheikh Hasina, will look to address Design Basis Threat (DBT) and beyond as well as cybersecurity.

A DBT describes the capabilities of potential insider and external adversaries who might attempt unauthorised removal of nuclear and other radioactive material or sabotage.

The operator's physical protection system is designed and evaluated on the basis of the DBT.

Potential external adversaries include terrorists and other criminals who might seek to use nuclear or other radioactive material for malicious purposes, or to sabotage a facility.

Insiders are individuals with authorised access to facilities, activities or sensitive information who could commit malicious acts or help external adversaries to do so.

READ MORE ON B3

## Overproduction weighs on cement makers

JAGARAN CHAKMA

Cement manufacturers are going through a very challenging time because of an unhealthy competition caused by overproduction, market players said yesterday.

There are 37 active cement factories in Bangladesh with a combined production capacity of 58 million tonnes per year against a demand of 33 million tonnes, meaning the capacity exceeds the demand by about 43 percent.

"The sector has run into trouble because of the unhealthy competition among the manufacturers and excess production than the demand," said Alamgir Kabir, managing director of Crown Cement.

He made the comments while talking to The Daily Star at a three-day conference styled "Intercem Dhaka" organised by Intercem, a

UK-based organisation, at Le Méridien Dhaka. Founded in 1985, Intercem is the global leader in events devoted to market developments, production, trading, transportation and handling of cement and related products. More than 300 delegates from 30 countries are attending the event.

While moderating different sessions, Malcolm Shelbourne, chief executive officer of Intercem, said the demand for cement in Bangladesh has grown 10 percent year-on-year in the last one decade, but per capita consumption was still at a relatively low level of 166 kilogrammes.

Kabir, also president of Bangladesh Cement Manufacturers Association, said major market players may also face losses in the face of the unhealthy competition.

READ MORE ON B3



COLLECTED

A section of the 11th edition of Bangladesh Denim Expo which opened at International Convention City Bashundhara in Dhaka yesterday. Inset, a woman checks denim products at the two-day exposition.

## NEWSIN brief

### Circuit breaker from first trading day

A trading curb was introduced for newly listed companies yesterday so that any abnormal price hike on their first two trading days can be arrested.

The circuit breaker will allow a 50 percent rise from the issue price on the first day and on the second day, another 50 percent from the first day's adjusted closing price.

From the third day, the limit will be 10 percent, as applicable for all stocks.

### Time extended to correct BO account data

The Bangladesh Securities and Exchange Commission has extended till December 31 the deadline for brokerage houses to correct errors present in bank accounts and national identity card data of beneficiary owner's (BO) accounts.

The capital market watchdog extended the previous deadline of July 31 on discovering mismatches in information of BO accounts in reports submitted by many brokerage houses.

### Stock dealers get relief from higher provisioning

In response to a demand from Dhaka Stock Exchange Brokers' Association, the stock market regulator yesterday gave the go-ahead to stock dealers to keep a lower amount in provisioning on their losses in investments in mutual funds.

## Sustainable production to boost RMG orders

Western retailers say

STAR BUSINESS REPORT

Western retailers yesterday said they would opt for long-term sourcing of apparel items from Bangladesh in increased volumes provided there is sustainability in production here.

Praising Bangladesh's entrepreneurs for increasingly adopting green garment factories, they urged the manufacturers and government for continuation of such drives for better sustainability in the sector.

Currently, Bangladesh has 101 garment factories certified by the Leadership in Energy and Environmental Design (LEED), an internationally recognised green building certification system. More than 500 garment factories are waiting for the LEED certification.

Bangladesh is a very important sourcing destination for the H&M, but the country should also focus more on sustainability practices in water consumption, labour practices and future safeguarding of the world, said Pierre Borjesson, group head of sustainability at H&M.

Currently, the Swedish retail giant H&M buys more than \$3 billion worth of garments from Bangladesh in a year.

"Bangladesh is a super important country for us," said Borjesson while addressing a host of foreign retailers, brands, diplomats, manufacturers, exporters and businesspeople at the second Sustainable Apparel Forum and 11th Bangladesh Denim Expo at the International Convention City, Bashundhara in Dhaka.

READ MORE ON B3

GOLD

2

SILVER

4

BRONZE

2

WebAble is celebrating

8

Awards at DMA 2019

Best Social Campaign

Road Safety Campaign

Mad Autos

Best Content Marketing

Interactive Short Film - KJEH

TECNO Bangladesh

Best Use of Instagram

Instagram Promotions

MAD Koffee

Best App Marketing

Public Toilet App Promotion

WaterAid Bangladesh

Best User Generated Content

Mad Slap Challenge

MAD Koffee

Best Video

Interactive Short Film - KJEH

TECNO Bangladesh

Best Use of Data & Analytics

Data-driven Display Ads

Pickaboo

Best Integrated Digital Campaign

Khoka Promotional Campaign

TECNO Bangladesh

DIGITAL MARKETING AWARD

2019

WebAble is an advertising agency offering

digital marketing, event activation, and social & behavior change

communication solutions

hi@webable.digital

WebAble

+8801780218218