

## More SME research to diversify exports: commerce minister

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More research is required for export diversification leveraging small and medium enterprises, which are the lifeline of Bangladesh's economy contributing about 26 per cent to the GDP, said Commerce Minister Tipu Munshi yesterday.

"The global economic dimension has changed a lot. In order to sustain ourselves in the international market with an access of diversified exports, we need to conduct more institutional research," he said.

Munshi's comments came during a courtesy call by newly elected Dhaka Chamber of Commerce & Industry (DCCI) President Rizwan Rahman at his secretariat office in Dhaka.

Moreover, to be more competitive in the export market, the government will support all sectors which have the potential and the DCCI will get the ministry's all-out support in the greater interest of the economy, he said.

He requested the DCCI president to forward the business community's recommendations and all that was necessary for government consideration.

Rahman requested all export-oriented sectors be granted the same fiscal and non-fiscal facilities enjoyed by the garment sector keeping in mind Bangladesh's status graduation to a developing country.

In the post-Brexit era, the government can undertake initiatives for signing free trade agreements with the UK, he added.

The DCCI president also requested reconsidering a clause in the companies act limiting capital to Tk 25 lakh and sales transaction value to Tk 1 crore when registering a one person company.

He also put emphasis on formulating a comprehensive trade policy to boost export diversification.

He said businesses were still struggling with the pandemic challenges and require an extension of both moratorium and repayment period for loans under the government stimulus package, according to a statement.

DCCI Senior Vice President NKA Mobin and Vice President Monwar Hossain were also present.

## More talks needed to boost trade with India

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In fiscal 2019-2020, Bangladesh exported goods worth \$1.09 billion and imported goods worth \$5.77 billion, the data from the commerce ministry shows.

Although India has allowed duty-free access for all Bangladeshi goods, except some 25 alcoholic beverages, the exporters cannot utilise the benefit due to some non-tariff barriers.

For instance, the acceptance of mutual certification on the export of food items is still on a very limited scale. As a result, the volume of food items exported to Indian markets is very low.

Besides, the local jute goods exporters have been facing challenges to make shipments to Indian markets because of the anti-dumping duty imposed on the imports of Bangladeshi jute goods.

There are many other non-tariff barriers, such as the lack of adequate banking facilities, warehousing facilities and testing labs in the bordering areas as well as road and transportation challenges.

Many traders also complain about countervailing duty on shipments of garment items to Indian markets even though they enjoy the zero-duty benefit on apparel exports to India.

If all those barriers are removed through bilateral consultation, the shipment of goods from Bangladesh will grow faster, exporters said.

## Stock index hits 22-month high

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On the other hand, turnover, an important indicator of the market, dropped 11 per cent to Tk 1,505 crore.

Investors think that the pharmaceuticals sector will perform better in the coming years, so the sector has been their top demand for the last few days, a merchant banker said.

"Meanwhile, banks and non-bank financial institutions (NBFIs) are going to announce dividends so these were also liquid sectors," he added.

The pharmaceuticals sector accounted for around Tk 268 crore, or 16 per cent of the total turnover, yesterday while it was Tk 186 crore in the NBF sector, according to data from UCB Capital Management.

Alltex Industries topped the gainers' list, rising 10 per cent followed by Beximco, Paramount Insurance, Robi Axiata and Bangladesh Steel Re-Rolling Mills.

Beximco traded the most with Tk 165 crore worth of stocks having changed hands followed by Beximco Pharmaceuticals, LankaBangla Finance, LafargeHolcim Bangladesh and IFIC Bank.

Sonali Ansh shed the most, losing 7.15 per cent followed by Olympic Accessories, First Finance, Vanguard AML Rupali Bank Balanced Fund and Prime Bank.

The Chittagong Stock Exchange (CSE) also rose yesterday. CASPI, the general index of the port city bourse, rose 277 points, or 1.69 per cent, to stand at 16,665.

Of the 290 stocks traded at the CSE, 108 rose, 147 fell and 35 remained unchanged.

## Liner sets off Thursday pioneering Ctg-Saint Martin's route

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Apart from Karnafuly Ship Builders, there are several local companies ferrying people to Saint Martin's island but only from Cox's Bazar, from where one trip is run daily, and Teknaf, from where three trips are run a day.

Bay One was taken on a 10-year lease from a Singapore-based company in September last year by Karnafuly Ship Builders at a cost of Tk 105 crore.

Built by Mitsubishi Heavy Industries in 1992 according to websites on marine traffic, it previously bore the name MV Salvia Maru and ferried people between Tokyo and Tokyo Islands.

The trip will be safe, save time and play a great role in expanding the country's tourism industry, said Karnaphuli Ship Builders Managing Director MA Rashid at a press briefing aboard the ship yesterday.

"The Patengya water bus terminal from Chattogram Shah Amanat International Airport is within walking distance. So tourists can easily visit Saint Martin's island without facing the hassles of roads," he said.

Trips will be increased based on customer response, he said.

## Tesla hunts for design chief to create cars for China

REUTERS, Beijing

Tesla Inc is searching for a design director in China, part of efforts to open a "full-function" studio in Shanghai or Beijing and design electric cars tailored to Chinese consumer tastes, according to three people with knowledge of the matter.

The US carmaker's human resources managers, as well as several headhunters, have been trawling the industry over the past four months, the sources said.

They are looking for "bi-cultural" candidates with 20 or more years of experience who are familiar with Chinese tastes and can bridge the gaps between China and the United States, they added.

## Local demand saves the day for ceramics makers

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The managing director of FARR Ceramics said the ceramics industry would face challenges in the coming months as consumers tend to avoid purchasing luxury items amid the pandemic.

Muhammad Shahidul Islam, company secretary of RAK Ceramics (Bangladesh), said the company achieved 80 per cent of the sales target set for 2020.

"Businesses are yet to return to the pre-pandemic stage despite the uptick in sales," said Avenue Sangma, brand manager of Tilottoma Bangla Group, the sole distributor of Toto, a high-end Japanese sanitary ware producer.

The group, which caters to largely

the high-income groups, recovered about 75 per cent of its business at the end of 2020.

"Last year's sales helped us survive," he said, adding that sales may improve in 2021.

Several reputed real estate developers that source products from Tilottoma are yet to resume to place bulk orders as they did in the past, Sangma said.

According to the BCMEA, the market for ceramic products was valued at around Tk 35,000 crore in 2019.

The industry's production capacity has grown by 200 per cent in the last 12 years and Bangladesh currently holds 0.14 per cent of the global market for ceramic products.

Local suppliers cater to 85 per cent

of the domestic demand. The industry employs about five lakh workers, of which two lakh are women.

Manufacturers produced more than 25 crore pieces of tableware, 15 crore square metres of tiles and 1.20 crore pieces of sanitary ware in 2019. Some 25 lakh pieces of sanitary ware were imported in the year.

DBL Ceramics Managing Director Jabbar is optimistic about 2021 but does not see an immediate return to the sales that were registered in the past.

"Businesses will need to find out innovative ways to recover losses. They need more business-friendly policies from the government," the entrepreneur said.

## Take immediate steps against Uttara Finance scamsters

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"No explanation is sufficient in response to the queries about the irregularities found by the central bank's investigation and audit. We are offering you an apology with folded hands and state that such mistakes will not take place in the future," the letter said.

Yesterday, Md Serajul Islam, a spokesperson and executive director of the BB, said the central bank was now examining the findings.

"The central bank will take action against the responsible persons after completing the scrutiny," he said.

One of the irregularities is that UFIL concealed the actual amount of term deposits mobilised from clients.

The financial statement of the non-bank financial institution said the total amount of term deposits was Tk 1,877 crore as of December 2019. But the BB discovered that the actual amount was Tk 2,603.20 crore, the BB probe found.

The undisclosed funds amounting to Tk 726 crore were diverted to other sectors to help the scamsters plunder the money.

Among other irregularities Tk 521 crore were siphoned off in the name of buying shares, Tk 1,224 crore were embezzled in the form of fake loans, Tk 1998 crore were lent, but the amount was not included in the financial statement, and Tk 236 crore were issued in favour of UFIL directors in fake term deposits.

The BB carried out the investigation between October 7 and November 25 last year.

"The central bank should take measures to make the board ineffective because of its involvement in the scam," Ahmed said.

A question would naturally surface on what the central bank did when the financial health of UFIL started to deteriorate since 2013, he said.

Farashuddin said the scam had happened as previous incidents of financial crimes were not brought to justice.

"Had the scamsters in the banking sector been brought to justice, the latest scam would not have happened."

The fund that was plundered from UFIL should be confiscated from the scamsters to pay back to the depositors, Farashuddin said.

UFIL is the latest edition of the sad state of the NBF industry, said Khondker Ibrahim Khaled, a former deputy governor of the central bank.

The Department of Financial Institutions and Markets (DFIM), a central bank wing responsible for monitoring and making policies for non-banks, can't deny its responsibility for the scams happened in recent years, he said.

The senior officials who worked at the DFIM in recent years neglected their duty grossly, creating a haphazard situation in the NBF sector, he said.

## BAT Bangladesh changes corporate logo

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British American Tobacco Bangladesh yesterday said to have changed its corporate logo reflecting changes in the operating environment around its business.



The previous logo served well for decades in being a "strong symbol of a world-leading tobacco company", said the private sector's highest revenue contributor in a statement.

Established 110 years back, the company said to have recognised a need to have an evolving business model operating in over 180 markets.

It said to have embraced a new vision and purpose to work in unison with the country's sustainable development journey.

"The ambition is to facilitate a transformational journey in pursuit of 'A Better Tomorrow' for all our stakeholders," says a statement.

This includes responsibly offering products, reducing environmental and social impacts, creating dynamic, inspiring and purposeful workplaces and delivering sustainable and superior returns to shareholders, it said.

## Shahjalal Islami Bank re-elects chairman

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Shahjalal Islami Bank recently saw the re-election of Md Sanaullah Shahid as chairman and Md Harun Miah and Md Abdul Barek as vice chairmen.



Md Sanaullah Shahid

Shahid is a sponsor shareholder of the bank and a sponsor director of Shahjalal Islami Bank Securities. He is also the chairman of Electra International, director of Electra Consumer Electronics and Federal Securities and Investment and a partner of Kashmir Chemical Co, Sazawa Brothers and Electra Furniture, the bank said in a statement.

Miah is the managing director of Kushiara Financial Services and Kushiara Travels, a director of Kushiara Cash and Carry, Shahjalal Islami Bank Securities and Bangla Frozen Food and chairman of Hotel Pritom Inn.

Barek is a sponsor shareholder of the bank and Shahjalal Islami Bank Securities and proprietor of Arju Electronics, Jony Electronics and Rony Electronics.

## BCI gets top brass

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Anwar-Ul Alam Chowdhury, chairman of Evince Group and former president of the Bangladesh Garment Manufacturers and Exporters Association, has been elected president of the Bangladesh Chamber of Industries (BCI) for a two-year term.



Anwar-Ul Alam Chowdhury

The chamber also elected Priti Chakraborty, chairman of the Universal Medical Collage and Hospital, and Shahidul Islam Niru, a director of Ecochem Bangladesh, as senior vice president and vice president respectively, according to a statement.

## Aziz Pipes suspends production for lack of funds

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The lack of stocks of PVC (polyvinyl chloride) resin hampered production.

Because of the abnormal increase in the price of raw materials in the local market, the cost of production will also be much higher for the company, Aziz Pipes said.

As a result, the company will suffer in marketing products. Under the circumstances, production was temporarily stopped from C-shift on January 10, the disclosure said.

Production activities will resume once the supply of PVC resin begins, and the situation improves, the company added.

However, stocks of Aziz Pipes were unchanged at Tk 97.50 on the DSE despite the suspension of production.

The price of raw materials has risen three to four times since July. Moreover, they are not coming from China, said a top official of the company, preferring anonymity.

Although the price of PVC pipes has gone up by about 10 per cent during the period, the increase has not been enough to offset the hike in the price of raw materials, he said.

"Our peer companies have funds. Most of them maintain the stock of raw materials and can import raw materials through letters of credit," he added.

Aziz Pipes cannot import raw materials through LCs because of its bad record in the Credit Information Bureau report, the official said.

Dutch-Bangla Bank and Uttara Bank have classified Aziz Pipes, according to the 2019-20 annual report of the pipe-maker. The loan amount could not be known immediately.

"We wrote to the banks to reschedule the loans so that we can run operation. They are yet to approve our proposals, so we are struggling," the official added.

As it can't open the LCs to procure the raw materials from international markets, Aziz Pipes has to rely on local suppliers, who are also importers. As a result, the cost of goods is higher for the company than its peer firms.

An official of another PVC pipe-maker said the price of raw materials rose but the hike had been much lower, not the three to four times being claimed.

"We are also feeling the heat of the increase in the raw material price. But we are not suspending our production," the official said.

Due to the working capital shortage, the manufacturing of PVC plastic wood and flexible corrugated conduit pipes was suspended earlier.

## Pandemic leaves Tangail's sari industry in tatters

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Talking to this correspondent, Mofakkarul Islam, president of the Balla Handloom Owners' Association in Kalihati, said numerous factories remain shut at different places, including includes Balla, Rampur and Chhatihati.

Meanwhile, devastating and prolonged flooding during the July-September period badly damaged many factories in the area.

"I also kept shut my factory, comprising 30 handlooms, for the

last few months due to the situation," Islam said.

"Most local factory owners were already deep in debt but later, the coronavirus and floods made the situation even more complicated for them," he added.

The government should give attention to these industries and also take steps to stop import of Indian saris through illegal channels.

Contacted, Radha Sham Roy, liaison officer of the Balla Basic Center of Bangladesh Tant Board, said sales

## Cement companies see profit rise in Q1 despite pandemic

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"We are very proud of the resilience, agility, and great teamwork of our employees and the strong co-operation of our customers and suppliers," he added.

Mohamamd Amirul Haque, managing director of Premier Cement, said cement makers made a profit in the first quarter of FY20-21 as sales had increased compared to that in the previous quarters.

The government development activities resumed in full swing in the last quarters of the year, which created a demand for cement, he said.

According to him, Premier Cement has orders from 57 development projects, including mega projects such

as those of the Rooppur nuclear power plant and Karnaphuli tunnel.

Besides, the manufacturers tried hard and put in their best efforts to reach pre-pandemic levels in sales, Haque said. So even amid the pandemic, where cement makers incurred huge losses, it was easy for them to quickly recover, he added.

Zahir Uddin Ahmed, managing director of Confidence Cement, said the company's profit margin slightly increased during the July-September quarter in 2020 as private and government construction work had resumed.

Besides, most of the construction works were stuck during the pandemic lockdown but resumed in September

## Rising cotton prices take toll on apparel makers

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The report also said Bangladesh may reduce its import by 5 lakh bales in the cotton marketing year (August-July) of 2020-21.

This is due to apparel businesses not yet having fully recovered as international retailers and brands were still waiting to place work orders in full because of fresh lockdowns in the major markets of the EU and US, it added.

Prices, which had been in an upward trend before the pandemic, retreated sharply from January to April, with the New York futures falling to a 10-year low.

However, prices have rallied and now exceed pre-pandemic levels for factors including recovery in use by mills, said the USDA report.

Covid-19 had a dramatic impact on nearly every sector of the global economy and cotton was no exception.

Comparing the February 2020 USDA forecasts for 2019-20 and 2020-21 (presented at the USDA Outlook Forum) with that of this month provides an overview of the impact.

The February 2020 USDA forecast for world use in 2020-21 was 121 million bales, up 1.7 per cent from the 2019-20 forecast that same month.

As the extent of the Covid-19 impact became clearer, the 2020-21 world use forecast was slashed. However, as components of the world economy have recovered, use has edged up in recent months and is now only 3 per cent below that of February.

The forecast for world use in 2019-20 fell 14 per cent between the February and December forecasts as

spinning mills dramatically reduced operations. While the onset of Covid-19 impacts varied by country, mill use forecast 2019-20 was reduced in all major spinning countries.

Monthly use fell by around 90 per cent in the US, China, Pakistan and India from that in the previous year to its worst in the year.

The pandemic's timing has limited its impact on cotton lint production; for example, the 2019-20 crop was already harvested in most Northern hemisphere countries and well developed nations in the rest of the world.

In addition, there has been remarkably little impact on 2020 plantings outside of West Africa.

The 2020-21 crop forecast has largely been driven by weather and pest concerns, with lower production in Pakistan, the US, Greece, Mali, and Turkey, said the USDA report.

With global use forecast down and production largely unaffected, 2020-21 ending stocks are forecast higher at 97.5 million bales, 19 per cent (15.4 million bales) above the February Outlook.

Md Fazlul Hoque, managing director of Plummy Fashions, said yarn prices have increased by more than 40 per cent in a span of only two months.

Unfortunately, local spinners have been taking more time in supplying the yarn as demand was growing from knitwear manufacturers and exporters, he said.

Bangladesh's knitwear export has been performing well compared to that of woven because the use of knitwear

items during the pandemic increased manifold as people are staying in their homes for longer periods.

Data from the Export Promotion Bureau (EPB) shows that knitwear exports fetched \$8.53 billion of the total \$15.54 billion generated by garment items, registering 3.90 per cent year-on-year growth in the July-December period.

Meanwhile, woven items fetched \$7.01 billion, which is a decline of 10.22 per cent, showed the EPB data.

For woven items, the raw materials need to be imported as local weavers can meet around 40 per cent of the demand. The rest is imported mainly from countries such as China and India.

Shahid Alam, vice-chairman of Shah Fatehullah Textile Mills and Jalal Ahmed Spinning Mills, a major yarn producer and cotton user, said the demand for yarn was improving gradually in the local market but had not reached pre-pandemic levels.

"We had a lot of old stock of yarn for some months due to bad business. But over the last two months the old stock has been reducing gradually," Alam told The Daily Star over the phone.

Monsoor Ahmed, secretary to the Bangladesh Textile Mills Association, also cited high international cotton prices as the cause for local yarn prices to have gone up.

Nearly 60 per cent of the yarn production cost is connected to cotton while the remaining to other factors. Between October and December last year, cotton prices hovered around 79 cents to 82 cents per kg, he said.