

| STOCKS       |           | COMMODITIES               |                         | ASIAN MARKETS   |           |           |          | CURRENCIES      |         |       |        |        |       |
|--------------|-----------|---------------------------|-------------------------|-----------------|-----------|-----------|----------|-----------------|---------|-------|--------|--------|-------|
| Week-on-week |           | As of Friday              |                         | Friday Closings |           |           |          | As on Wednesday |         |       |        |        |       |
| DSEX         | CSCX      | Gold                      | Oil                     | MUMBAI          | TOKYO     | SINGAPORE | SHANGHAI | BUY TK          | SELL TK | USD   | EUR    | GBP    | CNY   |
| ▲ 0.95%      | ▲ 0.68%   | \$1,786.79<br>(per ounce) | \$76.17<br>(per barrel) | ▲ 0.32%         | ▲ 0.27%   | ▲ 0.15%   | ▼ 1.95%  | 83.95           | 84.95   | 98.84 | 102.64 | 115.38 | 12.76 |
| 6,150.48     | 10,695.22 |                           |                         | 52,484.67       | 28,783.28 | 3,128.95  | 3,518.76 |                 |         |       |        |        |       |



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# Star BUSINESS

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## Global container crisis hits local exporters

*Creates unprecedented tailback of outbound cargoes*

DWAIPAYAN BARUA, Ctg

Bangladesh's export is facing unprecedented delays because of the deepening container crisis globally and squeezed capacity in vessels, fuelled by the rebounding demand in the Western economies.

As a result, anxiety has gripped many exporters as they worry about whether they would be able to ship products on time.

Such crisis has been prevailing for the last few weeks as the inland container depots (ICDs) are failing to send the goods to the port due to the acute shortage of containers and delay in getting space in vessels.

Cargoes have piled up in and outside of 19 private ICDs located in and around the port city, and they are overloaded with export cargoes and can't receive any more goods.

Export goods are usually sent from factories to the ICDs. The cargoes are kept at the container freight stations first as freight forwarders, on behalf of exporters, book space for containers in feeder and mother vessels for the shipment and submit cargo loading plan (CLP) to the ICDs.

The ICDs then send the containers to the port following customs procedures.

Chattogram-based garment exporter Pacific Jeans Ltd sent 27 covered vans loaded with export-bound cargoes to four private ICDs three to four days ago. But the goods are yet to be unloaded due to a space shortage at the ICDs.

Syed M Tanvir, managing director of Pacific Jeans, said that due to the supply chain disruption in the global shipping sector caused by container shortage and congestion in the transshipment ports, export goods were currently reaching the destination countries following a delay of 15 to 30 days.

"The problem has been prevailing for months," he said, adding that the in shipment might further worsen.

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## C&F AGENTS Ctg customs revokes 245 expired licences

MOHAMMAD SUMAN, Ctg

Custom House, Chattogram has revoked 245 expired licences of clearing & forwarding (C&F) and shipping agents in an attempt to prevent misuse.

Revoked between May and June this year, most of the licences have not been renewed since 2013, despite repeated requests by customs officials to do so.

Of the licences, 122 are of C&F agents and the rest of shipping agents. The Daily Star spoke to some of them, who expressed intent to appeal against the decision.

Once licences are revoked, the holders have to apply for a new one.

According to the Customs Act, 1969, the customs house authority concerned may issue licences for C&F and shipping agents to represent importers and exporters and ship and container owners who are using the port.

According to the law, the customs authority can also revoke the licences if they find evidence of irregularities and if the licences are not renewed on time.

AKM Sultan Mahamud, deputy commissioner of customs, told The Daily Star that they revoked many licences on finding agents involved in irregularities.

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## Cattle traders in a blue funk as Covid rages on

AHMED HUMAYUN KABIR TOPU

The worsening Covid-19 situation has generated apprehensions among cattle farmers of Sirajganj and Pabna, two of the biggest cattle rearing hubs of the country.

The lockdowns and restrictions on movement have got them wondering whether there would be enough customers and markets available to recoup their investments through sales during Eid-ul-Azha this year.

Though some are opting for marketing their animals through online platforms, most are looking forward to the traditional markets since they are more used to that

mode of trade.

Md Sirajul Hossain of Barabeel village in Shahzadpur upazila of Sirajganj has fattened nine cows, investing around Tk 22 lakh.

With only a couple of weeks to go before Eid, no cattle trader has contacted him. This has dampened his hopes of making sales anywhere between Tk 25 lakh to Tk 30 lakh.

"Last year I prepared six cows ahead of Eid and sold to cattle traders of Narayanganj three weeks prior to the festival," said Hossain.

"If I do not make a sale in the festival, I have to opt for butchers," he said.

"Due to uncertainty over whether

traditional cattle markets would be opened, I have started selling cattle through online platforms such as Facebook and YouTube," said Md Abdul Kader of Haropara village in Pabna's Vangura upazila.

Kader prepared 117 cattle and sold 27 through online platforms last week. He expects to sell the rest in the same way.

"I have prepared two bulls in my house targeting to get handsome prices ahead of Eid. Due to poor market facility, I did not take the bulls to the market and nobody has offered a good price," said Md Saban Ali of Maligasa village in Pabna sadar upazila.

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AHMED HUMAYUN KABIR TOPU

Cattle rearing is growing costly and with the prevailing lockdown, farmers are in a tense situation, apprehending that the ongoing Covid-19 restrictions would put off customers from visiting makeshift markets or even sacrificing animals this upcoming Eid-ul-Azha. Though some have opted for online marketing platforms, most farmers feel comfortable displaying animals and making sales through the traditional markets. The photos were taken at Haropara village in Pabna's Vangura upazila and Shahzadpur upazila of Sirajganj recently.

## Another dismal Eid looms for rawhide trade

REFAYET ULLAH MIRDHA and JAGARAN CHAKMA

Like in the last two years, rawhide trade may be very dismal this year too for the inflow of low funds and for the severe fallouts of the Covid-19 that has already unnerved the global economy, including that of Bangladesh.

Over the last two years, people at the grassroots have either thrown away or buried thousands of rawhides on not getting proper prices from seasonal traders.

This year too if the tanners fail to release a substantial portion of the Tk 160 crore in arrears owed to rawhide merchants, just another bleak season awaits in the upcoming Eid-ul-Azha, said industry insiders.

This year the merchants are owed Tk 160

crore by the tanners as arrears, said Aftab Khan, president of the Bangladesh Hide and Skin Merchants' Association.

"We are expecting that the tanners will pay a significant portion of this amount to the merchants before the Eid so that the merchants can also give money to the seasonal traders to purchase the rawhides from the field level," he told The Daily Star over the phone.

Khan also said of a total of 156 tanneries at Savar Tannery Industrial Estate (STIE), some 132 were running, including 50 in full swing.

"We are expecting some 10 well-reputed tanneries, those which are financially sound, to make full payments to the merchants ahead of the Eid," he said.

The remaining tanners could make half or even less of the payment as their financial condition was not good now, he added.

The tanneries owing the Tk 160 crore does not include the reputed 10 as they always make their payment in full to the merchants, he added. These 10 companies bought rawhide worth Tk 22 crore last year, he said.

"If the tanners cannot pay the merchants, the rawhide business might be the same as it was over the last two years," he said.

Financing from banks is also a major challenge in almost every year ahead of Eid-ul-Azha, he said, adding that many banks were interested in financing the well-reputed companies, not the less reputed ones.

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## Operators eye SIM-locked phones to ramp up 4G use

SHAHID BAPPY

Mobile phone operators are seeking permission from the government to sell network-locked or fixed-SIM handsets at lower prices so that more people can afford smartphones and use 4G service.

A SIM (subscriber identification module) lock or network lock is a technical restriction built into mobile phones by manufacturers to restrict the use of the devices in specific countries or networks.

Operators in Bangladesh now want to sell 4G-enabled handsets in cooperation with manufacturers on instalments ranging from 12 months to 24 months.

The Association of Mobile Telecom Operators of Bangladesh (AMTOB) and handset manufacturers have jointly filed a proposal to the telecom regulator as the use of fourth-generation (4G) services is not growing as expected due to the high price of smartphones.

"We are analysing the proposal, and we will make a decision soon," said Md Shahidul Alam, director-general for spectrum at the Bangladesh Telecommunication Regulatory Commission (BTRC).

He said handset prices were at a tolerable level, so selling the devices in instalments would not suffice.

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RASHED SHUMON

Operators now want to sell 4G-enabled handsets in cooperation with manufacturers on instalments ranging from 12 months to 24 months.

## X Ceramics to go for high-end tiles May shell out Tk 244cr



JAGARAN CHAKMA

The demand for premium quality tiles has grown by around 10 per cent annually for the past decade thanks to a section of affluent customers who look for the finest products to decorate their homes and offices.

Encouraged by the rising demand, a number of local firms are lining up to enter the industry.

For example, X Ceramics is set to make a fresh investment of Tk 244 crore to establish a high-end tile production facility to cater to the demand among upscale product seekers.

"Our target is to catch the premium segment of customers who want to use imported or high quality tiles," said Md Mamunur Rashid, deputy managing director of the company.

Other than rapidly growing domestic demand, high-end tiles have good export potential as well, he added.

With 4,000 employees, X Ceramics is a market leader in the tiles industry with a combined production capacity of 30,000 square metres per day at two manufacturing units.

The company's annual turnover is about Tk 350 crore. X Ceramics has already placed its investment plan to the Bangladesh Economic Zones Authority, seeking 30 acres of land at the Bangabandhu Sheikh Mujib Shilpa Nagar in Chattogram for the new unit.

Other than X Ceramics, Mir Ceramic, Sheltech, Excellent Ceramic, DBL Ceramic, Akij and CBC all manufacture high-end ceramic items to meet more than 80 per cent of the local demand, which stands at nearly Tk 700 crore annually. The rest is met through imports, according to market players. X Ceramics aims to produce 1.34 crore square feet of both interior and exterior ceramic tiles at the new unit, Rashid added.

However, Ruslan Nasir, deputy managing of Mir Ceramic, said the demand for premium tiles is still low compared to the common variety.

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**SM Amzad Hossain, chairman of South Bangla Agriculture and Commerce (SBAC) Bank, virtually inaugurated an Islamic banking service at its head office recently. Vice Chairman Talukdar Abdul Khaleque, Managing Director and CEO Mosleh Uddin Ahmed, deputy managing directors Shafiuddin Ahmed and Md Kamal Uddin and Shariah Supervisory Committee Chairman Maulana Abdur Razzak were also present.**

## Alesha Mart ISO certified

STAR BUSINESS DESK

Alesha Mart, an e-commerce company in Bangladesh, has been certified by International Organization for Standardization (ISO 9001: 2015).

The company has been providing international-quality service to customers making deliveries in the fastest possible time maintaining product quality since inception, for which, they received an international recognition, says a press release.

The company said the achievement was not theirs alone, rather belonged to every person and organisation involved with Alesha Mart, a concern of Alesha Holdings.

## SCB card commemorates Bangladesh's 50th anniversary of independence

STAR BUSINESS DESK

Standard Chartered Bangladesh has launched a limited edition commemorative platinum credit card marking Bangladesh's 50th anniversary of independence.

The bank will donate funds to Liberation War Museum for every card activated and cardholders are entitled to have their names registered in the list of the museum's donors, according to a press release.

The bank is offering a 10 per cent discount on the purchase of books and CDs published by the museum and free access to visit the galleries of the museum with the commemorative card.

Dhaka Yeah was commissioned to design the card's artwork, the Bengal tiger in the Sundarbans.

"The commemorative card is an expression of our gratitude, solidarity and pride in the historic achievements of the countless freedom fighters, whose selfless sacrifice made possible the dream of Bangladesh," said Naser Ezzaz Bijoy, chief executive officer of Standard Chartered Bangladesh.

"We are grateful to be able to partner with the Liberation War Museum, an institution which is playing an indispensable role in preserving the memories of both the human tragedies and heroism of our Liberation War and its ideals," he said.

# Impact of nuclear energy needs more study before getting green label: EU

REUTERS, Brussels

The European Union should do more research on the potential harm caused by nuclear power before deciding whether to label it as a sustainable investment, one of the two expert committees tasked with assessing the fuel's green credentials said on Friday.

Brussels is mulling a decision on whether to include nuclear energy in its sustainable finance taxonomy, a list of economic activities that will from next year define which can be labelled as green investments.

The EU's science arm said in March that nuclear power should get a green label.

However, given disagreement among other experts over whether its low CO2 emissions make up for a lack of analysis on the environmental

impact of radioactive waste disposal, two expert committees were later tasked with scrutinising its findings.

On Friday, environment experts on the Scientific Committee on Health, Environmental and Emerging Risks (SCHEER) said they backed many of the initial report's findings, but were concerned about others.

To be considered green, activities must "do no significant harm" to specific environmental aims, yet SCHEER said the original report had instead considered whether nuclear would "do less harm" than other energy technologies.

"It is the opinion of the SCHEER that the comparative approach is not sufficient to ensure 'no significant harm'," it said in its report, posted on the Commission's website.

The second report, from a group

of experts on radiation protection and waste management, was broadly supportive of the original findings.

The Commission said it will now follow up on the findings of both expert reports.

"The inclusion of nuclear in the taxonomy regulation has been subject of intense debate," a spokesperson said in emailed comments.

"While nuclear energy is consistently acknowledged as a low-carbon energy source, opinions differ notably on the potential impact on other environmental objectives, such as the environmental impact of nuclear waste."

EU countries are split over nuclear energy, with some, including France, Hungary and Poland, in favour of the fuel, while others, including Austria, oppose it.



**Humayun Kabir, chairman of Modhumoti Bank's Board of Directors, virtually presided over its eighth annual general meeting at its head office recently. The bank declared 17.5 per cent cash and 5 per cent stock dividends for 2020. Shaikh Salahuddin, vice-chairman of the bank, Barrister Sheikh Fazle Noor Taposh, chairman of its executive committee, Mostafa Kamal, chairman of its risk management committee, and Md Shafiul Azam, managing director and CEO, were also present.**

# Didi says it stores all user and roads data in China

REUTERS

China's ride hailing giant Didi Global Inc stores all China user and roads data at servers in the country and it is "absolutely not possible" that the company passed data to the United States, a senior company executive said on Saturday.

Didi Vice President Li Min also said the company would sue any social media users who said the company transferred data during its recent initial public offering (IPO) process after claims were made on China's Twitter-like Weibo platform.

China's cyberspace agency announced on Friday it had launched an investigation into Didi to protect national security and the public interest, just two days after the company began trading on the New York Stock Exchange.

News of the Cyberspace Administration of China (CAC) probe, and the agency's decision to block Didi from registering new users during its investigation, knocked 5 per cent off Beijing-based Didi's shares on Friday.

"Like many overseas-listed Chinese companies, Didi stores all domestic user data at servers in China, it is

absolutely not possible to pass data to the United States," Li said in a post on Weibo.

Didi, which offers services in China and more than 15 international markets, gathers vast amounts of real-time mobility data every day. It uses some of the data for autonomous driving technologies and traffic analysis.

Founded by Will Cheng in 2012, the company has already faced

regulatory probes in China over safety and its operations licence.

"I'm not sure what the final implications might be but regulatory crackdown has been an ongoing concern even before the listing, with Didi already having been called in by the regulators twice," said Sumeet Singh, Aequitas Research director who publishes on Smartkarma, told Reuters on Saturday, before Li's post.



**A navigation map on the app of Chinese ride-hailing giant Didi is seen on a mobile phone in front of the app logo displayed in this illustration picture taken on July 1.**



**A mustard field is seen in front of the cooling towers of the Temelin nuclear power plant near the South Bohemian city of Tyn nad Vitavou, Czech Republic.**

# Lockdown means destitution for them

FROM PAGE B4

Like other industries, bedding businesses usually register good sales around the two Eid festivals but with both holidays having been marred by Covid-19 restrictions in 2020 and the same likely to happen this year, sales are sure to take a hit.

"Our business was improving but now I am in a lot of trouble due to the lockdown measures," said a frustrated Kabir Ahmed, owner of Maksud Bedding Store.

"I do not know how I will be able to keep the business running," he added.

Ahmed had to borrow Tk 5 lakh to resume his business last year. He has paid back just Tk 1.5 lakh of the amount since then and also owes three months' rent for the store.

"I do not think the government will allow any shop to open before the Eid so in this situation, it appears tough times are ahead," he said.

Besides, another concern for small-scale bedding store owners like Ahmed is that more and more large firms are joining the industry.

"We cannot make finished

products like they can through machines and many customers prefer those machine-made bedding items," he added.

A number of large corporations such as Swan Group, Zaber & Zubair Fabrics, Karmo Group, Bengal Group of Industries and Pran-RFL are engaged in the bedding industry.

Kamruzzaman Kamal, director of marketing at Pran-RFL Group, said business is not very good at the moment because of the coronavirus pandemic.

"Our sales have dropped by around 30 per cent," Kamal added. For people like Monir and his colleagues at other stores, the downturn in business and continued shuttering of outlets mean increasing hardship.

"I do not see anything but bleak days ahead if the situation does not improve," said Monir, who lives in a small rented residence with three children and his spouse at Kamrangirchar, nearly four kilometres southwest from his workplace.

# Unlocking working capital problem of small businesses

FROM PAGE B4

Difficulty relating to collateral and documentation sometimes keeps the CMSME sector away from using traditional banking services for working capital finance like cash credit and bank overdraft. SCF can ease the problem of collateral and documentation with its inherent mechanism.

Government and semi-government organisations usually go for bulk purchases on credit from agri-producers and CMSME suppliers. SCF can provide instant working capital support to these suppliers by taking consent from the relevant authorities.

The current stimulus package offered by the government and the Bangladesh Bank is mostly for working capital support to producers and suppliers at a subsidised interest rate. Banks and FIs can utilise this fund to finance suppliers belonging to the CMSME sector through the SCF.

In the current predicament situation, we cannot ignore the demands of more credit period of foreign buyers to achieve the export target of \$60 billion by 2021. However, the tendency to extend the credit period along with the risk of insolvency of foreign buyers might increase in the future.

At present, we have almost \$8 billion accounts receivable in international trade, which is a cause of concern. Different forms of SCF products utilised in international trade finance like two-factor system, three-corner and four-corner reverse factoring, and back-to-back factoring can be utilised to lessen the amount of accounts receivable.

The Export Policy, 2018-2021 has already recognised factoring as a legitimate international trade financing method. Also, the BB permitted banks to offer export factoring in June last year.

The aforesaid potentials can be accomplished subject to undertaking a few initiatives.

In the virtual world, we are already in the practice of doing transactions electronically. The role of digitalisation becomes even more important amid the pandemic, as dealing with and transferring physical documents is troublesome now. Digital platforms can extend SCF service even to the country's remote areas for domestic SCP and to far-away nations for international SCP with the same level of efficiency and transparency.

Further, a digital platform offers a flawless authentication process

of relevant documents, a seamless verifying method of KYC (know your customer) and a simplified information sharing system among relevant parties. Banks may use their own platform to offer SCF. But if they do not have their own platform, they may share platforms of other banks and FIs.

Furthermore, the Real Time Gross Settlement and the Bangladesh Electronic Funds Transfer Network can be used to pay and send money to the suppliers immediately after the delivery of the products and services.

The cost of funds under SCF services is a vital element for the acceptability of aforesaid services. The BB has given a cap to offer this financial service to exporters (6-month US dollar Libor interest rate plus 3.50 per cent annually) with a view to reducing the cost of exports.

To comply with the cap of the BB, banks now offer international factoring in collaboration with international financiers like Trade Wind.

The BB may consider allowing banks to use the export development fund to provide low-cost post-shipment finance to exporters in the case of international factoring. This will, in turn, pave the way to practice a two-factor system, which

is imperative to making international factoring sustainable in any economy.

A conducive legal system and proper policy support are prerequisites to flourishing this financial service in all points of the SCP.

If buyers do not pay bills to financiers on time or do not pay the bills at all, what type of legal action a bank or FI can take is not defined anywhere. Public and private procurement policy might be changed by keeping an option for giving a consent letter to financiers to pay money to banks and FIs, instead of suppliers.

Acceptance of assignment in the legal procedures as the right to own and collect money on behalf of suppliers, uniformity in offering service, and the issue of stamp duty are required to be well-defined by the regulations and policy.

A procedural guideline delineating all nitty-gritty of the SCF is also essential to understand and streamline the financial service to ensure more acceptability to the suppliers, buyers and banks, and FIs.

The author is professor of the Bangladesh Institute of Bank Management. He can be reached at banerjee1167@yahoo.com.



**ASM Shahidullah Khan**

## ONE Bank chairman reelected

**STAR BUSINESS DESK**

ONE Bank has recently witnessed the reelection of its chairman. The chairman, ASM Shahidullah Khan, is the managing director of Media New Age and publisher of the daily New Age, says a press release. He is a director of Holiday Publications and also chairman of Charuta Homes and North Pole Cold Storage. He is a member of the Board of Trustees of Bangladesh Protibondhi Foundation and founding president of Club Notre-damiens. He obtained a bachelor's degree in physics from the University of Dhaka.

## Broadcom settles US antitrust case on chip market

**AFP, San Francisco**

US regulators on Friday announced an antitrust settlement with Silicon Valley chip maker Broadcom, accused of abusing its clout in the market for set-top boxes for internet or streaming television services. Broadcom pressured AT&T, Charter, and Comcast and other service providers into agreements that precluded them from buying chips from its competitors, according to the Federal Trade Commission. "America has a monopoly problem," FTC Bureau of Competition acting director Holly Vedova said in a release. "Today's action is a step toward addressing that problem by pushing back against strong-arm tactics by a monopolist in important markets for key broadband components. A consent order approved by the FTC to settle the complain requires Broadcom to no longer make customers source components exclusively from the company.

## Ctg customs revokes 245 expired licences

**FROM PAGE B1**

But they again resorted to irregularities using unused licences, he said. According to the law, there is no opportunity to sell or transfer these licences, said Mahamud. But some dishonest traders got involved in irregularities availing unused or expired licences by paying the holders an illegal hire charge or through illegal contracts, he said. "Licences that have long remained unused have been revoked to prevent these irregularities," he added. Customs officials and C&F agents said the customs authority issued about 4,000 licences to C&F agents and another 534 to shipping agents under the Customs Act-1969. Only 800 to 900 licences of C&F agents are in regular use, said Altaf Hossain, general secretary of the C&F Agents Association. He said many licence holders were doing business by renting those out or by transferring ownership. These licences were bought and sold illegally as new ones had not been issued for a long time, he said. There are about 200-250 licences of

## X Ceramics to go for high-end tiles

**FROM PAGE B1**

"Still though, the future of the high-end tiles segment in Bangladesh is bright," he added. Abu Jubaid Mohammad Rassel, senior marketing manager at Akij Ceramics, said the demand for high-end tiles was previously fulfilled through imports but local manufacturers now cater to about 84 per cent of the total requirement. He believes the demand for high-end tiles will increase in line with the country's economic development. Bangladesh is now almost self-sufficient in meeting the demand for ceramic products, which is quite a turn of events

# Clean Clothes claims wage theft in apparel sourcing factories

**STAR BUSINESS REPORT**

International brand watchdog Clean Clothes Campaign released a report yesterday alleging that Nike, Primark and H&M have been sourcing from factories where wage theft was occurring. The body interviewed 49 workers across 14 factories in three countries, Bangladesh, Cambodia and Indonesia. Of them 16 workers were from Bangladesh, working in seven factories. "Nike, Primark, and H&M's supply chains were chosen for investigation due to the high number of reports of worker rights violations in their supply chains during the pandemic, and their leading roles as major recognisable brands in the garment industry," said the report titled "Breaking Point". Of the Bangladeshi workers, all have had their basic salary reduced, found the report. Thirteen workers are paid less now than they were before the pandemic.

All have had periods where they had not been paid their full wages, and are still owed \$1,770 collectively. "The data shows that 13 workers have experienced an average decrease in pay (including bonuses and overtime) of \$82 per month. Eleven workers' take-home salary decreased by over \$50 per month, whilst three workers' take-home salary decreased by over \$100 per month, almost half their average take-home salary from before the pandemic," said the report. None of the workers have received their annual leave pay during the pandemic, said the report. "H&M and Nike both committed to pay in full for all orders, completed and in production, at the onset of the Covid-19 crisis. However, CCC has documented labour rights violations, including non-payment of wages, in both brands' supply chains," it concluded, adding that Primark was "quick to cancel orders already placed with factories when the Covid-19

pandemic hit and most clothing shops in Europe and the US closed." Faruque Hassan, president of Bangladesh Garment Manufacturers and Exporters Association, declined to comment on the matter. "I don't want to comment on the report now as I need to read it carefully. We will give our reaction soon," he said. Meanwhile, Bangladesh Trade Union Sangha yesterday sent a statement demanding that the government take responsibility for the crises of informal workers who have been left jobless during the lockdown. The statement said in the last one year 2.5 crore people have become the new poor, but the newly passed budget had nothing for this section of the society. The government is saying that the lockdown will be extended, but no solid steps have been taken to arrange for relief distribution, said the statement.

## Benapole customs posts 57pc rise in revenue collection

**OUR CORRESPONDENT, Benapole**

Benapole custom house earned Tk 4,148.27 crore in revenue in 2020-21 fiscal year, posting a 57 per cent year-on-year rise. "All credit goes to the efforts taken by the customs authorities to cut tax evasion and the beginning of goods' import through railways," Benapole Customs Commissioner Md Azizur Rahman told The Daily Star. The customs house has taken extensive measures to cut tax evasion, which has paid off as revenue collection hit a record growth in 2020-21 fiscal year, he said. Moreover, bulk import of goods through railways has also played a big role in the revenue collection, Rahman also added. The revised revenue collection target for the custom house in FY21 was Tk 6,100 crore, up from Tk 5,563 crore in the previous fiscal year. The country's largest land custom house collected only Tk 2,635.77 crore in revenues in 2019-20 fiscal year, which is Tk 1,512 crore less than that of FY21's.

## India joins global deal to tax multinational firms

**REUTERS, New Delhi**

India has joined a global consensus framework deal to tax multinational companies, the government said on Friday, an effort backed by the United States. Officials from 130 countries, including G20 nations and OECD members, agreed on Thursday in Germany's business hub of Frankfurt to the broad outlines for an overhaul of rules for taxing international companies. "The principles underlying the solution vindicate India's stand," the government said in a statement. It listed advantages such as a greater share of profits for the markets, consideration of demand-side factors in profit allocation and tax rules to stop treaty shopping. But some issues, such as profit-sharing and the scope of tax rules, remain open and need to be resolved, it added. US Treasury Secretary Janet Yellen urged Indian Finance Minister Nirmala Sitharaman on Tuesday to discuss a "robust global minimum tax". The deal calls for a minimum tax rate of at least 15 per cent, a key element pushed by the administration of US President Joe Biden. An implementation plan and remaining issues will be finalised by October, with the deal expected to be implemented in 2023, said the Organisation for Economic Cooperation and Development (OECD), which coordinated the global campaign.

## Global container crisis hits local exporters

**FROM PAGE B1**

Anjan Shekhar Das, managing director of RSB Industrial Ltd, an activewear exporting firm in Chattogram Export Processing Zone, said five trucks full of goods had been waiting in front of two ICDs for the last three days. He expressed his concern about whether he would be able to deliver his cargoes to the buyer in Europe. Md Ruhul Amin Sikder, secretary of the Bangladesh Inland Container Depots Association, said most of the ICDs were overflowed since export cargoes were staying inside the depot for a much longer period than usual as freight forwarders were not providing them with cargo loading plan (CLP) for their failure to book containers. The shortage of empty containers is not limited to Bangladesh. Since November last year, the problem has been plaguing the global shipping sector as the supply chain has been disrupted because of the coronavirus pandemic. Because of the global crisis, export cargoes are staying inside the ICDs for five to eight days against the normal two or three days, Sikder said. Even if containers are available and cargoes are stuffed into them, the loaded containers are being forced to wait to be shifted to the port due to a delay in

getting the nomination of vessels, he said. Trucks and covered vans carrying cargoes from different parts of the country are also facing delays in unloading them, so they too are waiting in the long queue. A total of 14,000 TEUs export containers were lying in the ICDs against the capacity of 8,000 TEUs, according to the BICDA. And BICDA Secretary Sikder said they were facing a shortage of 6,000 TEUs empty containers. Kamrul Islam Mazumder, chief operating officer of Summit Alliance Port Ltd, said more than 2,400 twenty-foot equivalent units (TEUs) of export-bound containers piled up on its ICD as of yesterday against the capacity of 900 TEUs. "There is a long queue of trucks and covered vans loaded with export cargoes outside their ICD," he said. This type of prolonged stay of export cargoes and containers in the ICDs is hampering the operational hindrance inside the depot, said BICDA President Nurul Quayyum Khan. "Any delay in these stages has a negative impact on the whole operational dynamics," said Khan. Bangladesh Freight Forwarders Association Director Khairul Alam Sujon said export cargoes could not be stuffed into containers on time due to the container crisis. "This is a global crisis."

Even when containers are available, there is a crisis in ensuring booking containers in the feeder vessels, he said. Ajmir Hossain Chowdhury, head of operations of Mediterranean Shipping Company Bangladesh, said following the economic rebound in the western countries since November last year, the export from China and other Asian countries had picked up. This huge volume of containers could not be brought back timely due to the long congestion at the ports of Europe and the US, creating an acute shortage of containers in the exporting countries, he said. "This has increased container freights. Vessel owners also raised charter hire that forced the feeder vessel operators to reduce their capacity," said Chowdhury. Some shipping companies are charging \$19,000 for a 40-foot container, way higher than \$2,200 before the pandemic, industry people say.

## Another dismal Eid looms for rawhide trade

**FROM PAGE B1**

However, Commerce Minister Tipu Munshi in a virtual meeting with tanners, Bangladesh Bank officials, rawhide merchants and representatives of different commercial banks last week asked the central banks to make loans available ahead of Eid. This can help avert the dismal situation in the rawhide business this time, Khan said. Among the public banks, Janata, Rupali, Sonali and Agrani banks are main the financiers in the rawhide and leather goods business, he added. During this year's Eid-ul-Azha, Khan is expecting the sacrifice of some 40 lakh cattle and another 20 lakh goats, sheep and buffaloes. The number of animals sacrificed will be the same as of last year as people's income is low in the time of Covid-19, he added. Some 50 per cent of the year's rawhide collection is made during the Eid-ul-Azha and the rest round the year, he said. Shakawat Ullah, general secretary to Bangladesh Tanners Association (BTA), said some 60 per cent of tanned hide stocks had remained unsold as demand had declined worldwide due to the fallouts of the Covid-19. "We demanded Tk 600 crore from

the banks as loans this year," Ullah told The Daily Star over the phone. Some 17 banks have shown interest to finance the tanners this year, he said, adding that expectations were that there would not be a problem in making payments to rawhide merchants this year. The tanners, except for defaulter Crescent Leather, had loans of more than Tk 1,500 crore with banks in total, he said. "We also demanded that the government not allow banks to take payments of old loans from the fresh loan to increase the inflow of money in the rawhide trade," he said. Every year, banks charged payments for old loans from fresh loans ahead of Eid. As a result, the amount is reduced ahead of the purchase of rawhide in Eid, he said. Commerce Secretary Tapan Kanti Ghosh said this time the government would improve monitoring in rawhide trade so that the valuable asset of the country was not wasted. "We will launch a massive campaign soon on how to preserve the rawhide with salt during the rainy season and in humid weather conditions," he said. Ghosh also said the commerce ministry had already allowed five tanneries to export wet blue so that

the demand was created in markets for the generation of proper prices of the rawhide. So far some 14 banks have shown interest with Bangladesh Bank for financing tanneries in purchasing rawhides, Ghosh also said. "So, it is expected that this year the situation in rawhide business will improve," the commerce secretary also said. Nasir Khan, chairman and managing director of Jennys Shoes, a local pioneer in the manufacture and export of leather footwear, said the leather sector was still in a vulnerable situation as exports had declined due to a reduction of orders. For this reason, stock leather is available in the market while the demand for rawhide will be slow to come this year, he said. Against this backdrop, like last year, the seasonal rawhide traders have no possibility to do good business, he said. He also blamed a lack of compliance at the tannery industry, pointing out that the construction of the estate's central effluent plant was yet to be complete. "The leather industry will not get proper treatment in the global market until compliance is ensured at the tannery estate," he noted.

## Cattle traders in a blue funk as Covid rages on

**FROM PAGE B1**

Contacted by The Daily Star, Jinnat Sultana, deputy director of the Department of Livestock Services, however, said due to the Covid-19 situation, they were suggesting operating cattle markets in wide and open spaces following health guidelines. "The local administration will take necessary steps as per government orders," she said. She assured that there was nothing for the cattle traders to be worried about as the government had stuck to a decision to not let Indian cattle enter centring the festival for the alarming condition in the neighbouring country. "The Ministry of Fisheries and Livestock has already issued an order to each of the divisional headquarters and district administrations so that no Indian cattle enters during Eid," she said. There is a sufficient number of cattle available in the local farms across the country to meet demand, she added. According to the livestock department, 1.19 crore sacrificial animals have been prepared this year across the country. Of them, 45,47,000 were cows, 73,65,000 goats and lambs and 4,76,500 others. "Last year 95,000 animals were sacrificed while we are expecting 99,22 lakh animals to be sacrificed this year," said Sultana. "But marketing of cattle is a big concern for cattle farmers and traders in the Eid market due to the alarming Covid-19 situation so we

are encouraging cattle farmers to go for online marketing," she said. Online Marketing Haropara, a remote village in Pabna's Vangura upazila, has set an example of selling sacrificial animals in online markets. There are about 150 cattle farmers in the village dependent on online marketing. "We are preparing videos of our animals and posting those in online platforms such as Facebook and YouTube using our contacts," said Shahabul Islam, owner of ABC Cattle Farm. "Seeing the videos, buyers are contacting us and paying money through banks. We are then loading animals onto trucks and sending those to the respective addresses," he said. He said he often buys cows from farmers running operations on a small scale and has been selling those through online platforms over the last couple of years. "Last year I have sold 100 cows in this way. This year I am expecting to sell more but only a small number of buyers have contacted me for the strict lockdown. It is mostly big merchants who are contacting us," he added. Md Ashraf Alom, another trader using online markets, however, said different big companies were buying cattle from them through online transactions but were waiting to take delivery at the last minute. "Most big companies buy sacrificial animals through online platforms and pay a charge for

maintaining the animal in our farms," he said. "They will, however, take the delivery on the last week of the festival and sell to other big buyers at a handsome price," Ashrafal said. Price Soars Prices of cattle has soared rapidly by some 20 per cent to 25 per cent this year due to rising production cost, according to the cattle farmers and traders. "I bought five healthy bulls eight months ago, each for Tk 1 to Tk 1.5 lakh," said Sirajul Islam, a cattle trader of Sirajganj's Shahzadpur upazila. "I spent Tk 60,000 to Tk 70,000 for feed and medicine of each. Now I expect to get Tk 2.3 lakh to Tk 2.5 lakh for each of the bulls that weigh approximately 8 to 10 maunds (one maund equals around 37 kilogrammes)," he said. According to the cattle farmers and traders, an animal weighing anywhere from three to five maunds was selling for around Tk 70,000 to Tk 1.25 lakh. Anything half that size was available for approximately Tk 22,000 to Tk 25,000. But prices usually depended on the likings of customers, they said. Md Johurul Islam, a businessman of Pabna, said he was yet to buy a bull for he did not get one of his liking. "A three maund bull costs over Tk 70,000. As a man of a middle-class family, I cannot afford that much yet I have to sacrifice an animal," he said.

## Operators eye SIM-locked phones to ramp up 4G use

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"Operators will have to make an attractive offer to customers. Then, 4G subscribers will grow at a faster rate." Under the proposal, customers will have to buy the handset from an operator, and the operator's SIM must be used until the repayment period is over. In Bangladesh, 4G was introduced in 2018. Twenty-eight per cent of the mobile phone subscribers currently use the service, although 4G capabilities can cover 95 per cent of internet users. There has been an information technology revolution in the past few years, buoyed by a surge in mobile and internet users in the country. But customers are not happy about the quality of the service. Operators say they have set up more than 36,000 4G sites and spent heavily in other areas, such as purchasing spectrum. According to the AMTOB, four operators have invested Tk 28,000 crore in the 4G service. To increase the number of 4G subscribers, the AMTOB plans to sell handsets on instalments by locking them to a specific carrier. SIM-lock handsets are in use in many

countries. In India, Jio offers 4G-enabled mobile phones under its own brand. The handset can only be used with the company's SIM. In Bangladesh, operators plan to bring 100 per cent of the population under 4G coverage by 2025. According to their estimate, 40 per cent of the customers will use 4G in 2021, 60 per cent in 2022, 75 per cent in 2023, 85 per cent in 2024, and 100 per cent in 2025. More than 101 million out of 173 million mobile subscribers use the internet, according to the Bangladesh Telecommunication Regulatory Commission (BTRC). Second-generation (2G) subscribers make up 48 per cent of the subscribers, and 3G subscribers account for the remaining 24 per cent. Bangladesh has the biggest gap in regards to 4G and 3G users in South Asia. The AMTOB blames the high price of 4G-enabled devices for the lower number of users. As a result, more than eight crore subscribers still use basic or feature phones. If smartphones could be handed over to these customers at the

price of a feature phone, they could be brought under the 4G umbrella. Zakaria Shahid, general secretary of the Bangladesh Mobile Phone Importers Association, said network operators could not use their brand name on the phone by crossing out manufacturers' names. "We have agreed to go for co-branding. They can sell handsets of existing brands as well." Shahid said that manufacturers had nothing to do with reducing prices because there are many other issues involved, including taxes. Manufacturers and importers say it is not possible to cut the price of smartphones. Besides, the price of locally made handsets is already low compared to other countries. "A customer buys a phone once every three to four years, but they use it every day. So, operators should make attractive offers when customers buy a handset, whether the network is locked or not," Shahid said. SM Farhad, secretary-general of the AMTOB, said mobile operators and manufacturers would take the next course of action to decide whether they would go for carrier-locked or SIM-locked phones following the green light from the BTRC.

# Lockdown means destitution for them

Bedding artisans struggle to make ends meet as business slows



A group of bedding repairmen chat idly on the street amid lockdown that has brought their business to a grinding halt. This picture was taken in the capital's Mugdapara area recently.

PHOTO: SK ENAMUL HUQ

**SUKANTA HALDER**  
When the Maksud Bedding Store in Dhaka's Nilkhet area is open, Monir, an employee of the retail outlet, could make about Tk 400 for each day's work.

But ever since the store was shuttered on June 28 ahead of the ongoing hard lockdown, his income has hit zero.

That day, Monir was handed Tk 1,000 by his employer to buy daily necessities but that money has since been exhausted, forcing him to borrow from friends to survive.

"I bought rice, lentils, edible oil, and vegetables with the money, which will help us manage for five days at best but don't know what to do next," he said.

Following the recent surge in coronavirus cases, the government decided to impose a week-long strict lockdown across the country from July 1.

As such, all non-essential businesses were

asked to suspend operations for the time being.

When the economy was open, Monir would roam the capital's residential areas with his spinning bow and other materials to find customers looking to buy or repair a quilt, pillow or blanket.

During the pre-pandemic time, he could bring home about Tk 800 daily from this work but things took a drastic turn for the worse after the Covid-19 outbreak last year, when Maksud Bedding Store was forced to comply with a two-month shutdown between April-May.

After the store reopened, Monir could earn just Tk 200 to Tk 300 per day and although his income gradually recovered to an extent, the relief did not last long thanks to the repeated restrictions imposed to curb the deadly pathogen.

The most recent resurgence of Covid-19 infections in March this year and subsequent restriction on public movement has again laid waste to the livelihoods of people like Monir, his

colleagues Abdul Halim and Rabiul Islam, and others involved with the bedding industry.

In the face of dwindling income in 2020, Monir had to borrow Tk 40,000 from one of his relatives with a high interest rate to bear his monthly expenses.

He needs Tk 6,000 per month to buy groceries and other essentials for his family and Tk 4,000 for house rent.

Monir is yet to repay this loan while the high interest is only piling onto the principal amount.

Other artisans and workers in the industry have faced a similar struggle ever since the pandemic hit Bangladesh with the recurrent shutdowns and economic slowdown having significantly affected the demand for bedding items.

Before the pandemic began, official and unofficial bedding businesses would collectively register nearly Tk 1,000 crore in annual sales but soon after the advent of Covid-19, demand slumped by around half.

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## SUPPLY CHAIN FINANCE

# Unlocking working capital problem of small businesses



PRASHANTA KUMAR BANERJEE

Everybody is concerned about the second wave of Covid-19. Cottage, micro, small and medium enterprises (CMSMEs) have already been affected severely. In a survey conducted by the Bangladesh Bank, 45 banks opined that SMEs were dreadfully affected by the first wave.

The pandemic reduced the supply of products of the SME sector ranging from agriculture to manufacturing by any percentage between 13 per cent and 32 per cent in 2020. In addition, physical distancing and restriction on travel shifted the traditional mechanism of the supply chain process (SCP) with respect to choices, places and techniques of sourcing supplies.

Buyers are increasingly pressuring suppliers to buy on open account credit terms and getting more credit periods in local and international trade. Further, buyers now usually fail to pay money on the due date and even default in some cases.

Production units in the CMSMEs sector, therefore, are facing tremendous challenges in managing their working capital. To this end, apart from the utilisation of stimulation package by genuine enterprises, supply chain finance (SCF) might also be helpful.

The SCF is an evolving financial service using various services such as factoring, reverse factoring, distributor finance, loan or advance against inventory and pre-shipment finance. It enables sellers to get finance for credit sale immediately after delivering products and services at a lower cost with no collateral and minimal documentation.

In contrast, buyers will get a comfortable credit period to pay money to financiers or suppliers. The finance provided by banks and financial institutions (FIs) under the SCF explicitly depends on the amount of sales and is linked to the quality of

a supplier's accounts receivable rather than supplier's overall creditworthiness. It, therefore, allows high-risk suppliers to transfer their credit risk to their high-quality buyers.

The SCF is not a widely used financial service in Bangladesh. It is mostly confined to the urban areas to a limited number of CMSME suppliers.

The portfolio size of SCF of banks and FIs in Bangladesh is only about \$102 million, although the total estimated market size is around \$6-8 billion. Around 90 per cent of the market is captured by FIs, and the remaining portion goes to banks' portfolios. Hence, banks and FIs may plan to offer SCF more extensively to all sectors, particularly CMSMEs.

Agriculture and allied fields might be a prospective area for SCF. We need to promote agriculture and agribusiness to fulfil our vast local demand first and if possible, to export. In this regard, the value chain system and the SCF are required to play a complementary role.

In the value chain system, farmers need to be part of a chain in which everything can be identified to have the right information to tap into the growing urban-based local and global market.

However, buyers' preference, irrespective of local or foreign, to buy on credit creates a severe working capital problem for agri-suppliers as most of them are financially weak. Hence, SCF can assist the suppliers



## OPINION

through financing immediate after selling their products on credit.

It is heartening that a few FIs have started to offer SCF to the supplies of agri-products even in remote areas by securing a guarantee from reputed local buyers. Banks may come up to provide SCF to agri-suppliers by using their huge online network.

The government has launched an online platform for buying food grains and agricultural products. Immediate funds can be given to suppliers for selling products to the government on credit against consent or guarantee letter from the authorities.

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## GLOBAL BUSINESS

# EU's planned digital levy to cover hundreds of firms: official

REUTERS, Brussels

A digital levy to be proposed by the European Commission in the coming weeks to fund its recovery from the Covid-19 pandemic will apply to hundreds of companies, the majority of them European, its executive vice-president Margrethe Vestager said.

In a bid to fire up growth and foster a greener and more digital economy, the 27 European Union countries last year agreed to jointly borrow 750 billion euros (\$887 billion) for a post-pandemic recovery fund.

The borrowing, by the European Commission on behalf of EU countries, is to be repaid over 30 years from new taxes, among them levies on the digital economy and on CO2 emissions.

Vestager welcomed the Organisation for Economic Cooperation and Development (OECD) agreement clinched on Thursday on new rules on where companies are taxed and a tax rate of at least 15 per cent but she said the EU would proceed with its digital levy - although she did not say how much the levy would be.

"If we can get this fully endorsed and implemented and tax authorities have the resources actually to claim the taxes, well, then some of the companies which pay very little or nothing in taxes today, they will contribute in the societies where they do their business," she told Reuters.

She said the EU digital levy had different objectives to the OECD tax deal and the scope of the levy was "so much wider, just as a matter of principle it is a levy, it is not a tax."

"Where the OECD agreement is for the 100 biggest companies, this is for many, many more companies," she said, adding that the levy would mostly affect European firms but others would also be affected.

"I do appreciate that for a company, no matter what you call it, it's a cost," she said, adding that companies should see it as a normal cost of doing business in Europe.

She declined to provide details on which companies would be affected or the size of the levy. The Commission has rescheduled the tentative date for the announcement to July 20 from July 14, which may still change, a Commission source said.

# White House worried about high oil prices, sees enough production capacity

REUTERS, Washington

The White House said on Friday it is concerned about the impact of rising oil prices on US consumers but believes producers have ample ability to pump enough crude.

"Currently we believe that there is enough spare oil production capacity globally," White House Press Secretary Jen Psaki told reporters.

"Because of the restart of (the) global economy and resumption of normal consumer activity there is some impact on oil market conditions," she said.

Psaki did not answer a question about whether anyone in the Biden administration had spoken with allies engaged in OPEC+ talks about whether to increase oil output.

OPEC+, a group of producers including Saudi Arabia and the United Arab Emirates, which are OPEC members, and Russia and other countries, extended talks on Friday about whether to ease production cuts that had been put in place earlier in the coronavirus pandemic.



Crude oil storage tanks are seen in an aerial photograph at the Cushing oil hub in Cushing, Oklahoma, US on April 21, 2020.

REUTERS/FILE

The UAE blocked a deal, which could delay plans to pump more oil through the end of the year. Russia recommended delaying the talks by one or two days, sources said late on Friday.

US West Texas Intermediate crude CLC1 futures were up 1 cent \$75.34 a barrel, having jumped 2.4 per cent on Thursday to close at their highest since October 2018.

In April, US Energy Secretary Jennifer Granholm said on Twitter that she had called on Saudi Arabia to keep energy affordable for consumers. After the call, OPEC+ agreed to gradually ease production cuts from May.

The Department of Energy did not immediately respond to a request for comment on whether Granholm would repeat the call this time.

Psaki said President Joe Biden had opposed raising a gasoline tax in the infrastructure bill because of concern about consumers.

US crude production is about 11 million barrels per day. It peaked in January 2020 at nearly 13 million bpd.

# 200 businesses hit in cyberattack on computer tool

AFP, San Francisco

A computing network management tool by Kaseya was under cyberattack on Friday, prompting the US IT company to urge businesses to shut down servers to avoid ransomware.

Cybersecurity firm Huntress Labs said in a Reddit forum that it was working with partners targeted in the attack, and that some 200 businesses "have been encrypted."

"Ransomware attacks typically involve locking away data in systems using encryption, making companies pay to regain access."

Kaseya describes itself as a leading provider of IT and security management

services to small- and medium-sized businesses, meaning an attack would make them targets going into the Independence Day holiday weekend in the United States.

"We are in the process of investigating the root cause of the incident with an abundance of caution but we recommend that you immediately shutdown your VSA server until you receive further notice from us," Kaseya said in a message shared in a Reddit forum.

"It's critical that you do this immediately, because one of the first things the attacker does is shutoff administrative access to the VSA."

"VSA is the company's flagship offering,

designed to let companies manage networks of computers and printers from a single point.

The company lists a US headquarters in Florida and an international headquarters in Ireland. Kaseya said in a post that the apparent cyberattack may have been limited to a "small number" of its customers.

The US Cybersecurity and Infrastructure Security Agency (CISA) put out word that it is "taking action to understand and address the recent supply-chain ransomware attack" against Kaseya VSA and the service providers using its software.

CISA called on businesses to follow Kaseya's guidance and quickly shut down VSA servers to avoid having systems

compromised.

The UN Security Council this week held its first formal public meeting on cybersecurity, addressing the growing threat of hacks to countries' key infrastructure -- an issue US President Joe Biden recently raised with Russian counterpart Vladimir Putin.

Several Security Council members acknowledged the grave dangers posed by cybercrime, notably ransomware attacks on key installations and companies.

Multiple US companies, including the computer group SolarWinds, the Colonial oil pipeline and the global meat giant JBS, have recently been targeted by ransomware attacks.