

# Star BUSINESS



**FOREIGN EXCHANGE RATE**  
 Tk 86 per dollar on Jan 10, 2022  
 Tk 84.80 per dollar on Jan 10, 2021  
 ↓ 1.41pc year on year



**EXPORTS**  
 Jul-Dec this fiscal year: \$24.69b  
 Jul-Dec last fiscal year: \$19.23b  
 ↑ 28.4pc year on year



**IMPORTS**  
 Jul-Nov this fiscal year: \$31.16b  
 Jul-Nov last fiscal year: \$20.24b  
 ↑ 54pc year on year



**REMITTANCES**  
 Jul-Dec this fiscal year: \$10.23b  
 Jul-Dec last fiscal year: \$12.94b  
 ↓ 21pc year on year



**FOREX RESERVES**  
 \$44.36b on Jan 5 this year  
 \$46.39b on Jun 30 last year  
 ↓ 4.37pc

SOURCE: BB

## E-COMMERCE SCAM Qcoom, Foster provide incomplete refund list

REFAYET ULLAH MRDHA

E-commerce platform Qcoom and payment gateway Foster Corporation jointly submitted a list at the commerce ministry yesterday detailing a portion of customers who were owed Tk 59.05 crore in refunds.

The duo sought time to provide the comprehensive list of customers who were not delivered products against advance payments, which were stuck with the payment gateway.

"We have given one more week until next Sunday," said AHM Shafiquzzaman, chief of Digital Commerce Cell, which was formed in February last year to oversee the sector following rising complaints.

The ministry on December 28 sought a complete list by January 10 as it looks to ensure that the refunds were provided.

A total of Tk 394 crore has remained stuck at payment gateways since July 2021 when the government stipulated that the platforms would get payments only after customers confirmed having been delivered their products.

Officials earlier said of the amount, Tk 166 crore was owed to Qcoom customers.

In yesterday's documents, Qcoom and Foster showed 6,721 orders placed by customers.

Shafiquzzaman, also an additional secretary to the commerce ministry, said they would be able to provide the refunds soon.

"The central bank is scheduled to take the steps," he said.

Abul Kalam Azad, a lawyer for Qcoom, said his client lacked human resources.

Many consumers paid with cheques and credit cards, posing some procedural challenges in preparing the full list, he said.

"We could not prepare the full list... Gradually we will make the full list and submit to the commerce ministry," he said.

Md Al-Beruni, senior manager of Foster Corporation, said whether a full list can be provided hinges on Qcoom.

As soon as Qcoom makes the full list, Foster will provide details accordingly, he said.

## BB to weaken taka in phases



### BB SAYS...

- BB to follow gradual depreciation of taka
- It will protect interest of exporters and remitters
- Inflation to be monitored cautiously

AKM ZAMIR UDDIN

The Bangladesh Bank is considering to follow the path of a gradual depreciation of the taka against the US dollar in order to protect the interests of exporters and remitters.

The move, however, may stoke the inflationary pressure, which is building up owing to the kinks in the global supply chain, rising imports and shipping costs, and a slowdown in remittances.

The central bank devalued the interbank exchange rate on Sunday, allowing the local currency to rise to Tk 86 against USD for the first time.

"The BB is considering a gradual appreciation of the dollar against the taka to give a boost to both exporters and remitters," Md Habibur Rahman, acting chief economist of the central bank, told The Daily Star.

The country's import payments have escalated due to the global supply chain disruption and the rising domestic demand from the industrial sector soon after the economy reopened.

The central bank has little scope

to address the disruption, said Rahman.

"Although it is good for the economy if the market determines the exchange rate, the central bank will not expect an uncontrolled state in the foreign exchange regime," said Rahman, also an executive director of the BB.

"We are monitoring the inflationary pressure cautiously, which is why the central bank is

### ANALYSTS SAY...

- BB should depreciate taka promptly
- Market should determine exchange rate
- Imports should be contained

"We are monitoring inflationary pressure cautiously, and so the central bank is thinking of gradual depreciation of taka," says Md Habibur Rahman, chief economist (in-charge) of BB

tank, called for immediate devaluation.

"If it does not take the move promptly, the country's foreign exchange reserves will diminish."

The former official of the International Monetary Fund recommended the depreciation of the local currency to at least Tk 88

per dollar without further delay. "This will help remitters send their hard-earned money through banking channel."

The central bank has been injecting dollars into the market on a regular basis since the inception of the current fiscal year to stop any steep fall of the local currency.

READ MORE ON B3



Move may stoke inflationary pressure but experts say macroeconomic stability more important than tackling inflation



thinking of a gradual depreciation of the local currency."

Another central bank official, on condition of anonymity, says that the BB has planned to depreciate the local currency closed to Tk 87 per dollar step by step this year given the state of the economy.

But Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, a think-

## SANCTIONS ON RAB MEMBERS Economic ties with US won't be affected Says Fitch Solutions

PORIMOL PALMA

Bangladesh's relations with the US are expected to be strained over a lack of political reform but economic ties will likely be unaffected, a global provider of credit intelligence said in a policy brief.

The US will also be aware of China's growing influence in Bangladesh, as a leading investor and growing trade partner (China accounts for 24.2 percent of Bangladesh's imports), said London-based Fitch Solutions in its Country Risk & Industry Research analysis on Bangladesh published on Friday.

As such, maintaining ties with Bangladesh will play a role in the US' efforts to contain China's regional power, it said.

"Under the Biden administration, the US has taken a more forthright approach to sanctioning the erosion of democracy freedoms compared to the previous Trump administration. As we expect little progress in political reforms in Bangladesh, the country's ties to the US will remain strained," the think tank said.

"However, we do not expect a significant deterioration in relations. The narrow scope of US sanctions suggests the US did not want to sever ties with the Bangladesh government, with which it has cooperated on military and counter-terrorism issues."

The US on December 10 announced sanctions on Rapid Action Battalion (RAB) and seven of its current and former members, including the Inspector General of Bangladesh Police Force Benazir Ahmed, in relation to widespread accusations of human rights abuses by RAB since its formation in 2004.

READ MORE ON B3



Gear motors, used in generating torque, along with similar items salvaged during the scrapping of ships are put on sale at one of the many shops specialising on such recycling on Shagorika Road in Chattogram city. With prices ranging from Tk 5,000 to Tk 5 lakh, these motors find a second life at workshops and factories. The photo was taken recently.

PHOTO: RAJIB RAIHAN

## Dhaka Bank to launch AI-based instant loans

STAR BUSINESS REPORT

Dhaka Bank will soon be able to disburse small-scale personal loans within two hours after clients submit their application.

As such, an account holder of the private lender will be able to take between Tk 10,000 and Tk 3 lakh in loans without producing any paper documents.

Dhaka Bank yesterday signed an agreement with CASHe Alliance Ltd in order to manage technological support to roll out the new product.

Emranul Huq, managing director of the bank, said the lender would start disbursing loans in this manner from next month on a pilot basis.

The pilot programme will run until May, after which all clients of the bank can enjoy the service.

Payroll accounts maintained with the bank will be initially eligible for the loans, Huq said.

READ MORE ON B3



Mustard plants are now in full bloom, donning the countryside in yellow and green canvases. Mustard seeds are the biggest source of locally produced oil. In 2020-21 fiscal year, 7.87 lakh tonnes of mustard seed were produced out of a total production of 12 lakh tonnes of oilseed, according to the Department of Agricultural Extension. The photo was taken recently.

PHOTO: STAR

## Kazakhs count cost of living as largest city reels from violence

**In Kazakhstan, a long summer drought and complications in trade with China made 2021 an especially expensive year, with strong inflation forecast to continue this year too**

AFP, Almaty

Before clashes between security forces and government opponents left dozens dead and rendered parts of Kazakhstan's largest city almost unrecognisable, citizens in the west of the oil-rich country were staging their own protest against a sudden New Year fuel hike.

By the time the government rolled back prices for liquefied petroleum gas – a relatively cheap petrol alternative widely used by residents of the former Soviet republic's hydrocarbon heartland – solidarity demonstrations had popped up all over the vast republic.

In Kazakhstan, a long summer drought and complications in the landlocked country's trade with China made 2021 an especially expensive year, with strong inflation forecast to continue this year too. The concession from beleaguered President Kassym-

Jomart Tokayev to reduce LPG prices by more than half on Tuesday arrived too late to save a reputation for stability carefully cultivated by the republic's image-conscious authoritarian leadership.

That night and on Wednesday the southern city of Almaty witnessed protests of unprecedented size and ferocity that saw government buildings seized and set alight before the army and a Russia-led peacekeeping mission restored an uneasy calm.

As residents surveyed the devastation, many blamed the sheer gulf between a ruling elite constantly finding ways to enrich itself and ordinary people getting steadily poorer.

"Everything has become so awfully expensive," complained Galiya, a 42-year-old protester who gave only her first name and said she planned to go abroad in search of work if there

were no major changes to the government.

"We have all the minerals in the periodic table here but we live in poverty. The government raised the minimum wage from 42,500 tenge (roughly \$100) to 60,000 tenge at the start of the year. How would you begin to live here on that?"

"The last quarter of 2021 bequeathed Kazakhstan its worst food inflation since 2016, a year that brought unprecedented nationwide protests as citizens opposed proposals for land code amendments that extended land leases for foreign investors.

The demonstrators made frequent reference to next-door China, whose economic interests in the country have sparked anxiety in the past.

But local analysts argued that the protest mood was payback for the government's overnight move to strip away supports for the tenge currency the year before --

a de facto 50 percent devaluation that collapsed local purchasing power and intensified resentment of top-level officials and their offshore lifestyles.

This time round a long summer drought causing price spikes for vegetables, meat and animal feed has compounded household woes in an economy still struggling to bounce back from the global energy price crash in 2014.

Frequent rule changes, subsidy cuts and "speculation" on Beijing's side of the border in the second half of 2021 meanwhile caused long waits and a surge in costs for containers carrying imported goods, according to Oksana Sorokina, director of the Almaty-based SevenR Logistics company.

"As a result we met the end of the year with a shortage of goods with wild prices that of course were passed on to end-consumers," Sorokina told AFP.

## China's aviation sector aims for profitability

REUTERS, Beijing

China's aviation sector will aim to turn losses into profits this year with an expected recovery to 85 per cent of its pre-Covid volume of domestic passenger trips, the aviation regulator said on Monday.

China's domestic air traffic, once the world's envy after a fast rebound during the pandemic, is faltering due to a zero-Covid policy of quickly stamping out virus clusters regardless of the economic cost.

A growing number of imported cases as the Omicron variant spreads around the world have also led the Civil Aviation Administration of China (CAAC) to suspend more international flights recently.

The sector has been mired in deep losses since Covid-19 struck in early 2020, with China's three biggest airlines, Air China, China Eastern Airlines and China Southern Airlines, posting a combined loss of 32.5 billion yuan (\$5.10 billion) in the first three quarters of 2021, after a 42 billion yuan loss in 2020.

The CAAC, in a work meeting for 2022, said air passenger trips would likely exceed 570 million this year, compared with about 660 million in 2019 before Covid-19.

"Barring repeated fluctuations in Covid-19, we will strive to reverse losses and achieve profitability this year," the CAAC said in a statement.

China has been banking on the domestic market to drive a recovery in its aviation sector, while heavily curtailing the number of international flights to discourage travel.

The CAAC said on Friday it was targeting 2023-2025 for a recovery in international air travel.

## Eurozone jobless rate shrinks again

AFP, Brussels

The unemployment rate in the eurozone dropped again in November, official figures showed on Monday, as hiring withstood new coronavirus outbreaks in several member countries.

The EU's Eurostat agency said the seasonally-adjusted jobless rate -- which measures the number of people out of work as a proportion of the active population as a whole -- dipped to 7.2 per cent in November from 7.3 per cent in October and 7.4 per cent in July.

In the 27-member European Union, which includes countries such as Poland not in the single currency bloc, unemployment fell to 6.5 per cent in November from 6.7 per cent a month earlier.

The data were a marked improvement over a year earlier when the jobless rate stood at 8.1 per cent in the euro area and 7.4 per cent in the wider EU. The agency estimates that 13.9 million EU residents were out of work in November.

Youth unemployment stood at 15.4 per cent in the EU and 15.5 per cent in the eurozone, also down on the previous month.



Syed Mahbubur Rahman, managing director of Mutual Trust Bank Ltd, and Md Monzur Mofiz, managing director (current charge) of OK Wallet, exchange signed documents of an agreement on fund transfer facilities at the bank's corporate head office in Gulshan-1, Dhaka recently. Md Khalid Mahmood Khan, deputy managing director of the bank, was present.

PHOTO: MUTUAL TRUST BANK

## Akij Tableware aims

FROM PAGE B4  
businesses to prepare for competition globally."

He suggested bringing uniformity to rules and regulations, curbing corruption and bringing down the cost of doing business with a view to helping firms increase their competitiveness.

On Bangladesh's graduation to a developing country due in 2026, the entrepreneur calls for launching a massive awareness campaign so that businesses can plan and take preparation accordingly.

He recommended increasing investment in energy efficiency to improve systems and process.

As an organisation, Akij Group, with its 80 years of legacy, is continuously trying to improve efficiency.

"We are active and we are relentlessly working to be better in competition

and increase efficiency," Bashir said.

The growing ceramics industry is not without challenge.

For example, the labour cost has increased in the last 10 years and Akij has tried to offset the additional expenditure by augmenting productivity.

"We have invested in energy efficiency and introduced high productive machines," said Bashir.

When the group decided to invest in tableware, it had analysed productivity and energy efficiency of major tableware factories in detail and set an ambitious target: productivity must be 50 per cent higher and energy cost must be a minimum 50 per cent lower.

"We have achieved the targets," he said.

"Of course, we have had to make additional

investment, but we think this investment has not been done unnecessarily," said Bashir, adding the reduced cost, improvement in productivity and efficiency would enable Akij to provide better products to local and foreign customers.

"We have been able to reduce [product] rejection significantly. We work with difficult targets. For this, we bring together best minds," he said.

Bashir says heating up to 1,400 degree Celsius is required for the beautification of a porcelain product, resulting in carbon emission.

"But we have been able to cut emission by 50 per cent which is a very ambitious target."

"It is not only environmentally sensitive, it is also giving us an advantage commercially."

## Markets mostly up

AFP, Hong Kong

Most Asian and European markets rose Monday as traders brushed off another negative performance on Wall Street as US data showed fewer new jobs than expected were created last month but that wages saw a strong gain, keeping pressure on the Federal Reserve in its battle against inflation.

Traders will be keeping a watch on inflation readings out of the United States and China this week as they try to assess the outlook for the global economy with rocketing energy costs and supply snarls compounding problems caused by the fast-spreading Omicron Covid variant.

The closely watched non-farm payrolls figure on Friday came in well short of forecasts, marking a disappointing end to the year, while wage growth beat estimates.

Fed officials are now faced with the problem of having to adjust monetary policy to rein in prices while at the same time avoid damaging the economic recovery and causing a panic on markets as the cheap cash that has fuelled a near-two year rally is removed.

The bank has already started tapering its vast bond-buying programme put in place at the start of the pandemic and has signalled it could start lifting interest rates from record lows from March, with some observers predicting three hikes this year.

There were also indications officials were considering reducing its massive bond holdings, putting further upward pressure on lending costs.

The yield on 10-year Treasuries, a key indicator of future interest rates, climbed last week at its fastest pace in almost a year.

"The US Fed needs to tread carefully in removing policy accommodation -- it should not happen too fast otherwise it risks a disruption to the rebound in economic growth and could lead to another 'taper tantrum'," Diana Mousina, of AMP Capital, said.

She added that she saw inflation causing further upheaval in markets this year, while US elections in November and geopolitical issues would also play a role.

Meanwhile, the International Monetary Fund warned Monday that emerging economies should prepare for possible rough times as the Fed prepares to hike rates and Covid hits global growth.

The main focus this week is the release Wednesday of US inflation, which is at a four-decade high.

All three of Wall Street's main indexes ended down, with the Nasdaq again the worst-hit as tech firms are more susceptible to higher rates owing to the reliance on debt to drive growth.



Syed Waseque Md Ali, managing director of First Security Islami Bank Ltd, receives a certificate of appreciation and a crest from Md Tazul Islam, minister for local government, rural development and cooperatives, for collecting the highest amount of bills for Dhaka Wasa in the financial year 2020-21 at the Pan Pacific Sonargaon Dhaka on Sunday. Helal Uddin Ahmed, senior secretary of the local government division, Prof Shibli Rubayat-Ul-Islam, chairman of the Bangladesh Securities and Exchange Commission, Gholam Mostofa, chairman of Dhaka Wasa, and Taqsem A Khan, managing director, were present.

PHOTO: FSTIBL



Imam Hasan Akan, field corporate affairs manager of Chevron Bangladesh, handed over a cheque of scholarship to a female student at a local high school located near the Bibiyana Gas Plant recently. The multinational company awarded scholarships to 783 students from 23 educational institutions near Chevron's Bibiyana, Jalalabad and Moulavi Bazar gas fields. Srinibash Chandra Nath, senior coordinator of the government affairs and social investment of the company, and Mohammad Abdul Latif and Murad Ahmed, senior coordinators for community engagement, were present.

PHOTO: CHEVRON BANGLADESH

## Remove trade barriers with Japan: BGMEA

STAR BUSINESS REPORT

Local garment exporters yesterday demanded removal of trade barriers in Japan to boost apparel shipments to the East Asian nation.

There is enormous scope for Japan and Bangladesh to go for increased trade and investment to derive more mutual benefits, said Faruque Hassan, president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

Hassan spoke in a meeting when Japanese Ambassador to Bangladesh ITO Naoki paid a courtesy call on the BGMEA president at the association's office in Dhaka. They discussed possible ways of expanding trade between Bangladesh and Japan and further deepening relationship.



The local garment sector started performing strongly again with the recovery of the global economy. In the July-December period of the current fiscal year, garment shipments rose 28.02 per cent to \$19.9 billion.

PHOTO: STAR/FILE

## Some RMG suppliers struggling for export payments

REFAYET ULLAH MIRDHA

Some local garment suppliers are struggling to avail payments from troubled Western clothing retailers and brands even nearly two years past making shipments while Covid-19 was initially running riot.

Between April and August of 2020, international retailers and brands suspended, cancelled or demanded unusual payment deferrals worth \$3.18 billion, according to data from the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

However, some 95 per cent of the payments were made, although after unusual delays of as much as 220 days and under big discounts from suppliers.

Some of the payments are still pending as some companies went bankrupt and for legal tussles in their respective countries.

Take the instance of JC Penney. Many of the local suppliers are yet to get their payments from the US retail giant as it was handed over to a new owner.

"I have been advised that I will get my payment after the completion of the legal issues," said a major Bangladeshi supplier who is owed \$1.3 million.

"However, I do not know when and how my payment would be made," he said, declining a request to be named here.

Suppliers said nearly 100 garment manufacturers from Bangladesh used to supply \$800 million-worth goods to JC Penney in a year.

Similarly, British upscale clothing retailer Debenhams has also been taken over by a new owner. As a result, some of the local suppliers did not get their payments in full.

Zahangir Alam, coordinator of Debenhams Vendors Community in Bangladesh, said so far some \$50 million out of a total \$69 million in due payments has been realised from Debenhams, albeit alongside a discount of more than 25 per cent.

"Some 43 local suppliers used to supply mainly woven shirts to Debenhams and unfortunately the company fell in trouble and the payment got stuck," Alam told The Daily Star over the phone.

"After an intense negotiation we could realise \$50 million and now we are waiting for the rest," he said.

Another Debenhams supplier said he settled on a payment after granting a discount of over 40 per cent as getting any money from the company was turning into a struggle. Md Ehterab Hossain, managing director of a Tongi-based knitwear factory, said one of his Germany buyers was yet to pay \$0.56 million although the goods were shipped prior to the pandemic between December 2019 and January 2020.

A group of nine small and medium garment exporters sent goods worth \$1.3 million to this German buyer but all of them did not get the payment yet. The company gave assurances several times but nothing materialised as of yet, he said.

Faruque Hassan, president of the BGMEA, said some 95 per cent of the payments have already been made and only 5 per cent remains.

Companies which are in financial troubles or facing legal issues cannot provide payments, he said.

"Still we are in negotiations with those companies...We are putting pressure on them," Hassan also said.

Payments are pending from offshore offices of Western companies situated in Dubai, Hong Kong, Singapore and the Caribbean islands, said KI Hossain, president of Bangladesh Garment Buying House Association.

The offshore companies are subsidiaries with limited assets and the mother companies do not take responsibilities for which whenever they declare bankruptcy, the offshore ones shut down, he said.

As a result, the supplier companies suffer payment delays or get nothing at all, he added. The local garment sector started performing strongly again with the recovery of the global economy.

In the July-December period of the current fiscal year, garment shipments rose 28.02 per cent to \$19.9 billion.

Of the sum, \$11.16 billion came from knitwear sales, up 30.91 per cent, and \$8.73 billion from woven items, an increase of 24.50 per cent.

"The upward trend of garment export will continue up to June this year as we have received plenty of orders," said Hassan.

## BB delineates CSR fund use

STAR BUSINESS REPORT

Bangladesh Bank yesterday issued guidelines on how banks and non-bank financial institutions should use corporate social responsibility (CSR) funds, with focus on education, health and climate issues.

In addition, the regulations gave priority to disaster management, building sustainable infrastructures in remote areas, sport and culture, and women empowerment.

As per the guideline, lenders have to spend at least 30 per cent of their annual CSR funds in the educational sector.

The central bank specified some segments of the education sector, including scholarships or stipends for children from low-income families and the physically challenged to prevent students from dropping out.

The BB also instructed lenders to spend a minimum 30 per cent of their CSR funds for the health sector, asking them to extend assistance to the underprivileged population.

Lenders have to give emphasis on catering funds for financially insolvent individuals having to bear expensive treatments for cancer, kidney, liver and heart diseases and so on.

The BB also instructed lenders to spend the fund to combat pandemics and epidemics like Covid-19, SARS, AIDS, dengue, malaria and other illnesses causing fatalities.

On top of that, at least 20 per cent of the fund will have to be used to mitigate the crisis stemming from the ongoing climate change.

The BB barred lenders to disburse the fund in some specific sectors, such as those which recruit children as workers.

Sponsorship in sports and cultural activities at the international level, branding business developments of a company and financing militancy and terrorism should not be considered for CSR funds from banks.

## Pakistan's official wants continued support for exports

REUTERS, Islamabad

Pakistan's top commerce official is pushing the government to bet big on the export industry by maintaining tens of millions of dollars of policy support even as the South Asian nation looks to tighten its fiscal belt in a mid-year budget this month.

The country's all-important textile industry is at the centre of this export-led growth strategy, said Abdul Razak Dawood, advisor to Pakistan's prime minister, as the government targets ambitious growth of 4.8 per cent in the 2021-2022 financial year.

Authorities have supported the export industry since coming to power in 2018 by securing competitive energy prices and offering cheap credit.

Dawood told Reuters he had spoken to the prime minister and finance minister about the need for continued support.

## Upay gets new MD

STAR BUSINESS REPORT

Mobile financial service provider upay, a subsidiary of United Commercial Bank Ltd, has witnessed the appointment of a new managing director and chief executive officer.

The appointee, Rezaul Hossain, had been serving in Nagad, a Bangladesh Post Office backed digital financial service startup, since 2018. He also led the commercial division of bKash from 2011 to 2017 as chief commercial officer.

"I am happy to join upay. Despite a new mobile financial service brand, I believe upay has a huge potential to disrupt the market," he said in a press release.

## Economic ties with US

FROM PAGE B1

It came following the US-led Summit For Democracy on December 9 to 10, and Bangladesh had been omitted from the invite list.

Bangladesh protested the US sanctions, denying the allegations and stating that human rights organisations were exaggerating claims against RAB. Late December, Foreign Minister AK Abdul Momen, however, wrote to US Secretary of State Antony Blinken, requesting to reconsider the sanction.

However, Fitch Solutions does not expect a dramatic shift in relations.

Fitch Solutions believes the US will be reluctant to impose wider sanctions

given that Bangladesh is sheltering one million Rohingyas from Myanmar and that the economic ties will be maintained, with Bangladesh keen to maintain its access to the US market and other major garment producers in the region.

Bangladesh exports a number of products, mostly garments, to the US worth about \$6 billion a year.

The US also represents the third largest external creditor to Bangladesh after Hong Kong and mainland China. The importance of the US as a market for Bangladeshi goods and as a creditor will mean that the Bangladesh government will look to ensure relations with the

US do not deteriorate, Fitch Solutions said.

The US also has limited alternatives in Asia for garment production given the ongoing conflict in Myanmar and lack of democratic freedoms in Cambodia and Vietnam, which are alternate producers of garments, as well as the ongoing trade tensions with China.

"The sanctions do nevertheless highlight Bangladesh's vulnerability to US sanction pressure and so, we do think that Bangladeshi authorities will continue to look to leverage off the competing regional aims of India and China to help diversify its exports over the longer term," observed the think tank.

## BB to weaken taka

FROM PAGE B1

Banks have purchased around \$2.50 billion from the central bank to settle import bills.

The BB allowed the local currency to be cheaper by more than Tk 1 in the last one year as the interbank exchange rate stood at Tk 84.80 on January 10 last year.

The depreciation, however, has not helped contain the escalation of the import payments, which stood at \$31.16 billion in the first five months of the current fiscal year, up 54 per cent year-on-year.

The situation has worsened for falling remittances, which were down 21 per cent at \$10.23 billion in the first half of 2021.

Although exports have picked up significantly in recent months, it has failed to offset the imbalance created in the foreign exchange market by the lower remittances and higher imports.

The foreign exchange reserves slipped to \$44.36 billion on January 5 in contrast to \$46.39 billion on June 30 last year.

When his attention was drawn to rising inflation, Mansur said: "The overall macroeconomic stability is more important than containing the inflation."

Globally pent-up demand fueled by stimulus and pandemic disruptions is helping accelerate inflation, spread around the world through global factors like higher food and energy prices, and soaring shipping costs, according to the IMF.

"When someone faces economic crisis, he or she should cut down consumption. Imports will automatically go down if the taka devalues," said Mansur.

In Bangladesh, the Consumer Prices Index rose 28 basis points to a 14-month high of 6.05 per cent in December, with non-food inflation reaching 7 per cent, a six-year high and food inflation to 5.46 per cent, the highest in six months.

Mansur says the deficit in the current account has already gone past \$6 billion, and the shortfall may widen to \$15 billion at the end of the fiscal year if the current trend continues.

"How will we manage the deficit? We will have to take foreign loans to manage the situation. Otherwise, the reserves will nosedive."

Naser Ezaz Bijoy, chief executive officer of Standard Chartered Bangladesh, said the exchange rate should be determined by the market.

"The rate will continue to face pressure if commodity prices in the global market do not decline."

Syed Mahubur Rahman, managing director of Mutual Trust Bank, said the peer countries of Bangladesh had devalued their currencies significantly.

"We should take the same measures."

Both Emranul Huq, managing director of Dhaka Bank, and Mirza Elias Uddin Ahmed, managing director of Jamuna Bank, welcomed the central bank's initiative aimed at depreciating the taka.



Mohammed Haider Ali Miah, managing director of Exim Bank Ltd, receives a certificate of appreciation from Md Tajul Islam, minister for the local government, rural development and co-operatives, for being the best bill collector of Dhaka Wasa at the Pan Pacific Sonargaon Dhaka on Saturday. Shibli Rubayat-Ul-Islam, chairman of the Bangladesh Securities and Exchange Commission, Muhammad Ibrahim, additional secretary of the local government division, and Taqsem A Khan, managing director of Dhaka Wasa, were present.

PHOTO: EXIM BANK



Muhammad Abdur Razzaque, minister for agriculture, was greeted with a bouquet of flowers while visiting the Metal Pavilion at the Networking Conference and Technology Exhibition Fair on the "Use of Power and Energy Saving Technology for Sustainable Development of Agriculture" at the Engineers Institution, Bangladesh, Ramna, in Dhaka on Saturday. Zahurul Alam, senior deputy general manager of the company, and TM Ashadur Rahman, assistant general manager, were present.

PHOTO: METAL

## Stocks return to black after profit taking

### STAR BUSINESS REPORT

Stocks rose yesterday as investors began the new year by betting the economy could overcome the latest surge in coronavirus cases.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), climbed 61 points, or 0.88 per cent, to 6,994.

With that, the market index returned to a rising trend just after a single profit booking session. In the previous six days, the benchmark index rose 256 points.

Investors hope the market will not be too affected by the pandemic as the omicron variant of Covid-19 has not turned as deadly as expected, according to a stockbroker.

"So, they were buying stocks," he said, adding that some people remain cautious though.

At the DSE, 178 stocks advanced, 158 declined, and 41 remained the same.

**Investors hope the market will not be too affected by the pandemic as the omicron variant has not turned as deadly as expected**

Turnover at the DSE grew 1 per cent to Tk 1,487 crore.

Popular Life Insurance topped the gainers list, soaring 10 per cent, followed by Fareast Islami Life Insurance, Rangpur Foundry, Bangladesh Shipping Corporation, and Information Services Network.

Dacca Dyeing shed the most, losing 6 per cent followed by Aftab Automobiles, Taufika Foods and Lovello Ice-cream, KDS Accessories and Sonali Paper.

Power Grid topped the turnover list with trade worth Tk 101 crore followed by Beximco Ltd, Bangladesh Shipping Corporation, Bangladesh Submarine Cable Company, and Fortune Shoes.

The Chittagong Stock Exchange (CSE) also returned to the green on Monday. The CASPI, the main index of the port city bourse, surged 166 points, or 0.81 per cent, to 20,477.

Among 305 traded stocks, 140 rose, 127 fell and 38 remained unchanged.



Workers are collecting plates from a machine at Akij Tableware factory in Trishal, Mymensingh.

PHOTO: COLLECTED

# Akij Tableware aims to be a product of choice

SK Bashir Uddin, managing director of Akij Group, speaks with The Daily Star

### SOHEL PARVEZ

It has been a decade Akij Ceramics Ltd, a concern of Akij Group, has been operating in the ceramic industry in Bangladesh.

A well-known producer of tiles, the firm's growing popularity was reflected after it became the best brand for three consecutive years to 2021. It is now the second-biggest tiles maker in the country in terms of sales and production.

Buoyed by the initial success, the company has recently introduced tableware to tap the growing demand for quality crockeries of ceramics among the fast expanding middle class and well-off consumers as well as to explore the global market.

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"As per capita income is growing dynamically, the opportunity is also growing dynamically," SK Bashir Uddin, managing director of Akij Group, told The Daily Star in an interview recently.

"Once you achieve certain standards, the whole world is yours. We believe that the category itself and the demand out there in the world will generate business that we are looking forward to."

Bashir firmly believes that the company will be able to contribute to the sector.

"First, we will export. Second, we will

substitute imports."

Akij Ceramics has so far invested more than Tk 1,000 crore in its ceramics plant since it started operation in 2012. For tableware, it invested more than Tk 200 crore in order to meet the growing demand for quality products now met through imports.

"Clearly, there is a sizeable upper middle class aspiring to have modern living. And Bangladesh now imports a huge amount of ceramics crockeries to meet demand for products with aesthetic and technical feature. We think this has created a space," Bashir said.

Akij Ceramics grew almost 300 per cent in the last 10 years in terms of revenue and capacity and has added new and diversified products.

"Overall, our experience in the ceramics industry has been very good," the industrialist said, adding that Akij Ceramics today is a profitable company.

He says the factory is now operating at a capacity equivalent to the capacities of large ceramic factories in Bangladesh.

The plant has a capacity to manufacture 55,000 pieces of tableware per day and it aims to raise the capacity to 1.25 lakh pieces per day before the end of 2022.

The additional capacity will make the company one of the biggest tableware factories not just in Bangladesh but also in the region.

But for Akij Ceramics, the idea is not only

to be big in size. Rather, its target is to bring that level of diversity to the products that are import-substitutes and exportable.

"Tableware is a mix of artisan, mechanical activity and appropriate raw material to get perfect whiteness, the perfect shine, which is seen in high-quality porcelain products," said Bashir.

"We believe that we have been able to reach that level and we will be able to do it better."

Bashir says businesses have to offer value to customers for a product, whether in the form of product diversity, price, availability or the combination of the three or beyond the three.

"Akij makes products so that consumers find them higher in value than the price they pay."

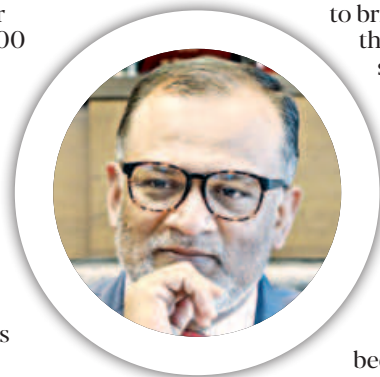
"The value must be either by utility or by its function. It must generate that value for me to bring your hard-earned money to my company."

The entrepreneur also shared his views about tariff protection given to the local ceramics industry, importance of cutting the cost of doing business to prepare for competition after Bangladesh's graduation from the group of the least developed countries, and improving efficiency.

He thinks continuous spoon feeding or long-term protection is not good for any industry.

"A definite roadmap is necessary for

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## Sri Lanka asks China to restructure debt repayments

REUTERS, Colombo

Sri Lanka's President Gotabaya Rajapaksa asked China to help restructure debt repayments as part of efforts to help the South Asian country weather a worsening financial crisis, his office said in a statement on Sunday.

Rajapaksa made the request during a meeting with Chinese Foreign Minister Wang Yi in Colombo on Sunday.

Sri Lanka has benefited from billions of dollars in soft loans from China but the island nation is currently in the midst of a foreign exchange crisis placing it on the verge of default, according to analysts. "The president pointed out that it would be a great relief to the country if attention could be paid on restructuring the debt repayments as a solution to the economic crisis that has arisen in the face of the Covid-19 pandemic," Rajapaksa's office said in the statement.

China is Sri Lanka's fourth biggest lender, behind international financial markets, the Asian Development Bank (ADB) and Japan.

Over the last decade China has lent Sri Lanka over \$5 billion for highways, ports, an airport and a coal power plant. But critics charge the funds were used for white elephant projects with low returns, which China has denied.

"China has always helped Sri Lanka develop its economy as best as we can," said foreign ministry spokesman Wang Wenbin at a daily briefing in Beijing on Monday. "We will continue to do so in future." Rajapaksa also requested China to provide "concessional terms" for its exports to Sri Lanka, which amounted to about \$3.5 billion in 2020, the statement said, but did not give more details.

Rajapaksa also proposed allowing Chinese tourists to return to Sri Lanka provided they adhere to strict Covid-19 restrictions, including only staying at pre-approved hotels and visiting only certain tourist attractions.

Before the pandemic China was Sri Lanka's main source of tourists and the island imports more goods from China than from any other country. Sri Lanka is a key part of China's Belt and Road Initiative (BRI), a long-term plan to fund and build infrastructure linking China to the rest of the world, but which others including the United States have labelled a "debt trap" for smaller nations.

## Philippines calls on Indonesia to end coal ban

AFP, Manila

The Philippines has urged Indonesia to lift its recent ban on coal exports, with Manila warning Monday the policy will have a "detrimental" impact on the coal-reliant country.

Indonesia, the world's biggest exporter of coal used to generate electricity, this month stopped fossil fuel shipments to secure its domestic power supply.

The Philippines imports about 70 per cent of its coal supply and nearly 97 per cent of that comes from Indonesia, official data show. Most of the coal is used for power generation.

Jakarta's ban on January coal exports would be "detrimental" to countries like the Philippines that rely on coal-fired power, Energy Secretary Alfonso Cusi said in a letter to his Indonesian counterpart last Thursday, according to a Department of Energy statement on Monday.

"Power generated from coal comprises about 60 per cent of the country's power demand," Cusi added. Philippines Foreign Secretary Teodoro Loacin has been enlisted to appeal against Indonesia's decision via the Association of Southeast Asian Nations, the statement said.

Japan has also issued a similar appeal to Indonesia.

## IMF warns developing countries of 'economic turbulence'

AFP, Washington

Emerging economies should gird for possible rough times as the US Federal Reserve prepares to raise interest rates and world economic growth slows because of the Omicron variant of Covid-19, the IMF warned Monday.

The International Monetary Fund, which is scheduled to release updated economic forecasts on January 25, said that for now global economic recovery from the ravages of the pandemic should continue this year and next.

But "risks to growth remain elevated by the stubbornly resurgent pandemic," IMF economists Stephan Danninger, Kenneth Kang and Helene Poirson wrote in a blog post.

The highly contagious Omicron strain has spread like wildfire around the world since mid-December, causing record numbers of new Covid cases in the latest wave of the global health crisis.

Omicron, which seems to cause less severe disease than previous strains of the coronavirus, is causing countries to reinstitute health measures that hamper economic growth. "Given the risk that this could coincide with faster Fed tightening, emerging economies should prepare for

potential bouts of economic turbulence," the economists said, as these countries are also confronting elevated inflation and substantially higher public debt.

The Fed has signalled that it will raise key interest rates sooner and more aggressively than it had planned, in order to counter rampant inflation in the US that is hitting US households and consumption — the engine of economic growth in America.

Higher interest rates mean financing costs for some emerging economies with dollar-denominated debt will rise.

These countries are already lagging behind in the global economic recovery and thus less able to absorb added expenditure. "While dollar borrowing costs remain low for many, concerns about domestic inflation and stable foreign funding led several emerging markets last year, including Brazil, Russia, and South Africa, to start raising interest rates," the IMF said.

Quicker Fed rate hikes could rattle financial markets and cause tighter financial conditions on a global scale, the blog says. The risk is there will be a slowing of demand and trade in the US, as well as capital flight and a depreciation of the dollar in markets of emerging countries.



An employee works at a textile factory in Nantong in China's eastern Jiangsu province. Omicron, which seems to cause less severe disease than previous strains of the coronavirus, is causing countries to reinstitute health measures that hamper economic growth.

PHOTO: AFP