



Jute price spiral comes to a halt

Receipts from raw jute shipment surged 39 per cent year-on-year to \$133 million in the seven months to January. It was \$96 million during the same period a year ago, data from the Export Promotion Bureau showed

STAR BUSINESS REPORT

The spiralling trend of raw jute prices has come to a halt thanks to monitoring by the authorities to curb stockpiling by traders in the last two weeks, said traders and exporters.

Raw jute traded at Tk 3,500-Tk 3,600 per maund yesterday, a rate that has been prevailing for nearly two weeks, said a trader in Madhukhali of Faridpur, one of the biggest jute growing regions in Bangladesh.

“The upward movement of prices is halted now,” said Mohammad Shahidul Islam Dulal, proprietor of Progress International, a jute trader and exporter.

Prices of the natural fibre, which is mainly processed by mills and exported in the form of jute goods and yarn, started rising from the middle of December last year when it was around Tk 3,000 per maund (37 kilogrammes).

And jute millers and spinners

last month collectively decided that they would not buy the natural fibre at more than Tk 3,000 per maund from January 20 after the price hit as much as Tk 3,800 per maund.

However, not all mills complied with the decision. Millers were complaining that the middlemen illegally stockpiled a major portion of the raw jute, creating an artificial crisis in the market to make an extra profit.

At the same time, foreign buyers are shifting their attention away from jute products to alternative items after failing to buy the goods made from the eco-friendly fibre at their expected prices.

The situation prompted the Department of Jute (DoJ) on January 30 to decide that it would conduct a special drive to increase the supply of raw in the domestic market and curb the hoarding of more than 1,000 maunds of raw jute.

It also called for stopping the

sales of the fibre by traders who do not have licence, according to a notice.

The DoJ, on February 10, directed its field offices to send a list of traders who have licences within seven working days.

Abdul Barik Khan, secretary-general of the Bangladesh Jute Mills Association, however, said the market is yet to be stable as the supply is low.

Arju Rahman Bhuiyan, senior vice-president of the Bangladesh Jute Association, says the government’s monitoring has had an impact on the market.

“Besides, mills are not buying to that extent,” he said.

He cited declining demand for jute goods and yarn in Turkey, one of the main markets for jute yarn. Jute yarn brings nearly two-thirds of export earnings from jute and jute goods.

Factors such as the depreciation of Turkish lira and a switch by a section of customers to the alternative of jute yarn affected

the shipment of jute goods, said industry operators.

Only raw jute exports remained buoyant.

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Bhuiyan said exporters got higher prices as the volume of export did not increase to that extent.

Nearly 4 lakh bales of raw jute were shipped in the July-January period of the current fiscal year.

“We mainly exported to Pakistan and India, and a small quantity went to China,” Bhuiyan said.

Jute production declined 4 per cent year-on-year to 77.25 lakh bales in the last fiscal year, against 80.45 lakh bales the previous year, according to the Bangladesh Bureau of Statistics.

Customs stations can now give permission for temporary import

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The National Board of Revenue (NBR) has updated its rules on temporary importation of machinery, parts and equipment such that public and private agencies can implement projects that require using foreign items.

As per the latest rules, agencies will no longer need to apply to the NBR for permission to import items temporarily.

From now on, firms will have to apply to the commissioner of respective customs station, according to the rules regarding temporary importation issued by the end of January this year.

The related customs station will also do a physical examination of the imported goods, machinery, parts and equipment fully after arrival and assess the duty of the imported items.

During the assessment of duty, importers will have to give an affidavit and a continuous bank guarantee equal to the amount of assessed tariff.

The commissioner of customs will be able to allow the import of the machinery and equipment for one year after importers complete all the



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procedures properly, according to the rules. The customs office can extend the time for another six months if the importing firms apply one month before the expiry of their initial permit.

And if firms cannot send back imported goods within the stipulated time on valid grounds, they will be able to seek more time from the member of customs at the NBR.

The NBR said temporarily imported goods should be returned through the port through which the items were imported.

The rules said a full physical examination would be required during the return of the goods and machinery.

Importers will be able to release their bank guarantees upon submission of papers following the return of the goods to the exporting country.

The customs office will impose a full import tariff and fine if the importers fail to return the temporarily imported goods.

Md Neyamul Islam, first secretary (customs exemptions and project facilities) at the NBR, said the revenue authority revised the rules by taking the opinions of public and private stakeholders.

The new rules have already taken effect.

Bottlenecks start

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entrepreneurs to avail loans, he said, calling for expediting the loan disbursements.

“Stimulus loan disbursement is quite satisfactory in city areas but not up to the mark in remote areas,” said Jaker Hossain, general manager of the SME and special programmes department of the Bangladesh Bank.

In the first phase, Tk 15,500 crore was disbursed from the stimulus package whereas, in the second phase, Tk 6,217 crore was distributed as of February 9.

Hossain believes that there could be some misconceptions among bankers and entrepreneurs at the field level which slowed the disbursement process.

Stating that banks are not reluctant to give loans and now are aggressively looking for clients, Hossain requested the entrepreneurs to maintain proper documents and cooperate with banks to get loans fast.

He also requested bankers not to harass the loan seekers.

Regarding the definition, the BB official said the entities would be redefined in the next new industrial policy.

“We have to promote real SMEs and for that, we have to change our mindset to facilitate real SMEs.”

An SME database is very essential for distributing loans, said Md Rafiqul Islam, executive vice president of Islami Bank Bangladesh Ltd, in a keynote paper.

The small-sized firms represent 90 per cent of businesses while formal SMEs contribute up to 40 per cent to the gross domestic product in emerging economies, he said.

To make it easy to provide stimulus loans, entrepreneurs at first need to be categorised under the correct segment, he said, adding that policies of the central bank were very flexible and adequate.

As per the central bank guidelines, 30 per cent of loans of banks and financial institutions are dedicated to small-scale entities, said Islam.

He also pointed out that a banker had to follow almost 86 rules and regulations in day-to-day banking activities.

A minimum set of documents are needed for the loans as banks have to ensure financial transparency, he said, requesting loan seekers to maintain consistency and coherence in documents they submit.

Companies act

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The permission for investment abroad will ensure technology transfer and create new markets, she said.

If the government does not allow companies to invest abroad legally, many will resort to illegal means, she added.

Shahidul Islam, director of the CFA Society Bangladesh, spoke on various issues pertaining to companies’ financial statements.

Invest in Bangladesh

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from February 10-13.

On Friday, he addressed a seminar on “Bangabandhu’s Vision for World Peace and Security: Its Relevance in Today’s World” at the Emirates Centre for Strategic Studies and Research in Abu Dhabi.

The minister underlined that Bangladesh has now become a land of opportunity from the cliché of a so-called “bottomless basket”.

He recalled the tireless contribution of the expatriate workers in Bangladesh’s collective achievement while terming them as “our heroes”.

He further highlighted the country’s remarkable

transformation from the identity of a food-deficit country to a food-surplus country and various social safety net programmes that helped improve the conditions of the poor.

Momen underlined the need for opening the new window of economic diplomacy, stating that the new canvas would open up the scope for investment opportunities, enhancement of trade and export, gainful employment of people, as well as knowledge-based technology and skills in the country.

He called upon the commercially important persons (CIPs) and businessmen to take advantage of the business-

friendly environment prevailing in Bangladesh and urged them to share the country’s achievements to the global community.

Around 300 businessmen from the Bangladesh community and high officials of the government attended the programme.

Momen handed over the crests to the new 26 CIPs who were awarded last year.

B a n g l a d e s h ’ s Ambassador to the UAE Abu Jafor, Foreign Ministry Secretary (East) Mashlee Binte Shams, Director-General (West Asia) Iqbal Hussain Khan, and Director-General (ICT) Syed Muntasir Mamun, were present.

Internet banking thrives

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“Different types of payments, ranging from those of utility bills and tuition fees to that for booking flights or bus seats, can be now made from any place, which was hard to fathom six to seven years ago,” Arefin said.

The availability of smartphones at affordable prices has contributed to the expansion of internet banking in recent times as well.

Brac Bank recently introduced a “Brac Bank Astha” mobile app, which has gone on to gain immense popularity among clients.

Thanks to its user-friendly features, the app now provides effortless and the most secured banking experience at clients’ fingertips, said Md Mahiul Islam, head of retail banking of the private commercial bank.

“This has increased the volume of internet banking,”

There was 43 lakh such transactions in the banking sector in December, which is 83 per cent higher year-on-year.

“We are looking forward to investing more for expansion of our digital banking operation,” Islam said.

A central banker says branch-led banking is already on the wane in keeping with the spreading of internet banking, cutting operational costs of banks at the end of the day.

“This also benefits clients as they can opt out of going to branches to settle transactions, helping them to utilise their valuable time on another productive purpose.”

In addition, settling transactions digitally has provided a boost to economic activities as money is now rolling more than in the past, he added.

ECB tells banks to step up defences against hacks

REUTERS, Frankfurt

The European Central Bank is telling euro zone banks zone to step up their defences against cyber attacks, also in the context of geopolitical tensions such as the stand-off between Russia and Ukraine, the ECB’s top supervisor said on Thursday.

Andrea Enria was presenting the results of the ECB’s annual review of banks, which he said showed the industry had coped well with the coronavirus pandemic and capital relief measures could be allowed to expire at the end of this year. But the euro zone’s top banking supervisor warned of rising risk from cyber-attacks, with a surge in hacks since 2020.

“We are asking (banks) to strengthen their cyber regime measures and look at a potential increase in attacks and the danger of these attacks going forward,” Enria told a news conference.

Specifically, the ECB was telling banks to train staff so they could tackle this threat and look for weak spots in services they outsource. The central bank has also been running simulated hacks for years. Reuters was first to report on Wednesday that ECB was preparing banks for a possible Russian-sponsored cyber attack.

Asked about such risk, Enria said the ECB would draw “the attention of banks in relation to the potential worsening of global tensions that could indeed trigger more attacks.”

Enria said six euro zone banks out of the 115 it supervises had fallen short of ECB’s capital demands at the end of September 2021, down from nine a year earlier, but this was due to structural issues such as low profits, rather than the pandemic. He did not name the six banks, but said two had already filled the shortfall and expressed satisfaction at how banks performed during the pandemic.

Qatar Petroleum no longer in EU antitrust crosshairs

REUTERS, Brussels

Qatar Petroleum is unlikely to face further EU antitrust action three years after EU regulators opened an investigation into its 20-year gas contracts on concerns that these may hinder the development of a single gas market in the 27-country bloc, sources said.

The state-owned company, renamed QatarEnergy, found itself in the EU antitrust crosshairs in 2018 as the European Commission started an investigation into whether its liquefied natural gas (LNG) supply deals with European utilities barred them from diverting shipments within the region.

The move came after the EU competition enforcer ended a seven-year market abuse probe into Gazprom,

accepting a pledge by the Russian gas giant to reform its pricing structure and allow rivals a foothold in eastern Europe.

The Commission is not expected to take further action against QatarEnergy, the sources said.

The EU executive said it had conducted extensive fact-finding into the case and that the investigation is ongoing.

“We cannot prejudge its timing or outcome,” a spokesperson said.

The European Union is talking to top LNG producer Qatar, the United States and other suppliers about boosting gas deliveries to Europe amid concerns over supply from Russia.

The EU antitrust case is not related to the ongoing gas issue, the sources said.