




WHAT'S WHAT

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Bangladesh turning into a major sourcing destination for sweater
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Work orders are shifting from China to Bangladesh
- 

Sweater becoming an all-weather fashion item for climate change
- 

Canada, EU and USA are main export markets
- 

Russia, South Africa and Japan are emerging destinations
- 

SWIFT ban is acting as a barrier to sweater exports to Russia

BY THE NUMBERS

Sweater exports were worth \$4.05b last fiscal year  
Shipment may reach \$6b this fiscal year  
Exporters receiving 20pc more work orders this year  
A major buyer from EU raised import by 15pc from Bangladesh  
Of the \$600m garment exports to Russia each year, most are sweater

Bangladesh becoming a key sweater sourcing hub

**REFAYET ULLAH MIRDHA**

Bangladesh is turning into a major sourcing hub for sweaters for international clothing retailers and brands as work orders are shifting from China and global fashion trends are changing.

Chinese manufacturers are no longer interested in making sweaters because of the complexities in the manufacturing process, higher cost of production, and shortage of skilled workers, according to industry insiders.

As a result, exports of the item are rising from Bangladesh, the world's second-largest garment supplier after China.

Earnings from sweater exports reached \$4.05 billion in the fiscal year of 2020-21, up 12.62 per cent year-on-year, data from the Export Promotion Bureau showed.

In FY20, the receipts stood at \$3.59 billion, a decrease of 15.47 per cent from the previous

year's \$4.25 billion, as the severe fallout of the coronavirus pandemic took a toll.

"Trends show that the export earnings will cross \$6 billion at the end of the current fiscal year," said Mostofa Quamrus Sobhan, managing director of Dragon Sweater and Spinning, one of the leading sweater exporters.

He secured 20 per cent higher rates this year compared to last year after his buyers adjusted the price in line with increased cutting and manufacturing costs and raw materials prices in the local and international markets.

"The buyers are also paying a bit higher this year because of an abnormal rise in freight charges," said Sobhan. He is receiving nearly 20 per cent more work orders this year compared to a year ago.

The demand for sweaters is rising worldwide because of changes in fashion trends.

Previously, people used to wear sweaters only during the

winter season but now they put on lightweight sweaters all year round as a fashion item.

"So, sweaters have turned into an all-weather fashion item," said Sobhan, who has

Moreover, the use of modern technologies such as the Jacquard machine in sweater production has raised productivity. Four or five workers are needed to run a



been shipping the item for a long time.

The temperature has gone up in many cold countries because of climate change, driving down the demand for thick sweaters and pushing up the consumption of lightweight sweaters.

Bangladesh has a strong position in the manufacturing of lightweight sweaters.

manual sweater machine but only a single labourer can operate four to five Jacquard machines that have a higher production capacity.

"This technological transformation has made exporters more competitive globally," said Shahidul Islam, managing director of Rupa Group, which sells sweaters worth \$30 million a year.

A number of new markets such as South Africa, Japan, and Russia have emerged as promising sweater export destinations from Bangladesh in recent years. The largest sweater markets for Bangladesh are Canada, Europe and the US.

Of the \$600 million garments exported to Russia last year, the majority were sweaters. Russians use sweaters all year round and they offer better prices than other countries.

At the beginning of the Russia-Ukraine war, Islam faced difficulties in getting payments from Russian buyers. The uncertainties disappeared as the banks he dealt with have not been banned by the global financial messaging network SWIFT.

What is more, Russian buyers are seeking to use alternative channels to pay Bangladeshi exporters so that their shipments to the country are not affected.

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Edible oil price manipulated at every stage

Unearths consumer rights body

**STAR BUSINESS REPORT**

Edible oil recently underwent price manipulation at each of the four stages of the value chain within the country involving refiners, dealers or supply order traders, wholesale traders and retailers, according to the Directorate of National Consumers' Right Protection.

This caused prices to spiral and ultimately consumers suffered, opined AHM Shafiquzzaman, director general of the directorate, yesterday.

Traders of Khatunganj in Chattogram and Moulvibazar in Dhaka are controlling the whole edible oil market of the country by trading through these four stages, he said.

The government is trying to bring an end to this practice, he said.

"Now, if you have around 500 people in your community and if you need around five tonnes of edible oil, you can buy it in bulk directly from the refiners at the mill gate at the price fixed by the government," he said.

"In this way we are trying to break the chain... and thus manipulation may come to an end," Shafiquzzaman said.

He was addressing as chief guest a views-exchange meeting organised by the Chittagong Chamber of Commerce and Industry (CCCI) on prices of essential commodities and the market situation at World Trade Centre in the port city.

Importers of essential commodities, wholesale traders of Khatunganj and representatives of different kitchen markets were present at the meeting.

Commerce Minister Tipu Munshi could not make a scheduled appearance as chief guest as he had fallen ill suddenly.

The directorate chief said the government withdrew duties on edible oil on March 16 and fixed the prices to bring stability to the market.

"But who made the market volatile before the government decision?" he asked.

To find the facts, the directorate conducted drives at each of the four stages of the market value chain and unearthed the price manipulation, he said.

When some 10 days to 12 days elapsed following the duty withdrawal, edible oil importers began claiming that not much of the

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STOCKS		WEEK-ON WEEK
DSEX	CSCX	
1.73%	1.24%	
6,641.23	11,700.31	

COMMODITIES		AS OF FRIDAY
Gold	Oil	
\$1,947.57	\$97.92	
(per ounce)	(per barrel)	

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
0.70%	0.36%	0.62%	0.47%	
59,447.18	26,985.80	3,383.28	3,251.85	

Walton doubles motherboard production

Aims to meet local, export demand

MAHMUDUL HASAN

Walton has doubled its motherboard production capacity as the local technology giant looks to become savvier in high-tech and cut reliance on imports for advanced technologies.

It inaugurated its second motherboard manufacturing plant at its factory in Gazipur's Kaliakoir yesterday, where printed circuit board assembly (PCBA) is being produced.

Motherboards are used in the vast range of products that Walton manufactures, including computers, televisions, remote controls, LED lights, and mobile phone chargers.

Just like the first manufacturing unit, the second plant also has the capacity of installing 72,000 components per hour.

"We also use our own PCBs and PCBAs for Internet of Things (IoT)-based products and their market is expanding rapidly," said Liakat Ali, deputy managing director of Walton Digi-tech industry.

The IoT-run products include refrigerators, home appliances, and electronic appliances such as fans and switch sockets.

Walton's motherboards have been used in 61.67 lakh digital devices since January 2021. The motherboards are also used in the products it exports to the markets such as the EU and the US.

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Clothes shops are currently decked out with an array of collections ahead of Pahela Baishakh, the first day of Bangla new year, to be celebrated on April 14. This time around traders are hoping to recoup loss of sales for the celebrations being halted in the past two consecutive years due to the pandemic. The photo was taken on Bailey Road in the capital on Thursday.

PHOTO: ANISUR RAHMAN

NBR unearths Tk 1cr VAT evasion by PHP Float

SUKANTA HALDER

The National Board of Revenue (NBR) has unearthed more than Tk 1 crore VAT evasion by PHP Float Glass Industries Ltd after poring over the documents filed by the Chattogram-based company for the period from the fiscal year of 2013-14 to 2017-18.

Of the sum, Tk 65 lakh was evaded as value-added tax, while the rest Tk 34 lakh came as an interest on the amount, according to officials of the Audit, Intelligence & Investigation Directorate for Value Added Tax of the NBR.

In a report, the VAT Intelligence said PHP Float Glass claimed VAT rebates on various heads, including the excess use of gas.

In January this year, the company, however, deposited Tk 1,00,70,000 with Sonali Bank's Khatunganj branch as

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Imported scrap metal being unloaded from a ship and onto a truck in Majhirghat of Chattogram. Steel rods used in the construction industry are primarily made from scrap metal imported through the Chattogram port or metal collected from the breakdown of scrapped ships. The metal is melted to form billets which are later again melted to be poured into mould cavities to form rods of different shapes and sizes. The photo was taken recently.

PHOTO: RAJIB RAIHAN

# Clock ticks down towards a Russian default

REUTERS, London

Russia faces its first sovereign external default in over a century after it made arrangements to make an international bond repayment in roubles earlier this week, even though the payment was due in US dollars.

S&P on Saturday lowered the country's foreign currency ratings to "selective default" on increased risks that Moscow will not be able and willing to honour its commitments to foreign debtholders.

Russia has not defaulted on its external debt since the aftermath of its 1917 revolution, but its bonds have now emerged as a flashpoint in its economic tussle with Western countries.

A default was unimaginable until recently, with Russia rated as investment grade in the run up to its February 24 invasion of Ukraine, which Moscow calls a "special military operation".

Here are answers to key questions:

Russia was due to make a payment of \$649 million to holders of two of

its sovereign bonds on Monday. But the US Treasury blocked the transfer, preventing Russia from using any of its frozen foreign currency reserves for servicing its debt.

Coming up with an alternative, Russia placed the rouble equivalent of those payments for bondholders from so-called unfriendly nations in special accounts at its National Settlement Depository.

Moscow has a 30-day grace period from the payment date, which was April 4.

Analysts say Russia has the means and ability to pay. The country receives billions in US dollars in revenue from energy exports, and while around half its foreign exchange reserves are frozen, it has hundreds of millions that are not.

Elina Ribakova, deputy chief economist at the Institute of International Finance, said this was likely a "willingness-to-pay situation."

The US Treasury did not ban correspondence banking with Russia, subject to checks, and has granted a license to allow for payments relating to

Moscow servicing sovereign debt until May 25.

All this means it looks like Russia could still make the payment, if it wanted to, according to analysts.

At its most basic level, a default is a breach of contract, though the term can cover a variety of scenarios.

Payment default is a failure to pay principal, interest or other amounts due after the grace period has passed, according to a paper by restructuring experts at the International Monetary Fund.

However, there are also technical defaults due to events such as administrative errors, generally viewed by market participants as minor and swiftly remedied.

Legal experts say payment in the wrong currency, in this case roubles, constitutes a non-payment.

Russia has dismissed the notion of a default.

"In theory, a default situation could be created but this would be a purely artificial situation," Kremlin

spokesperson Dmitry Peskov said on Wednesday.

"There are no grounds for a real default."

A default is a state of affairs, not a credit rating though markets often look to credit-rating agencies to declare a default has occurred.

S&P, assigning Russia a "selective default" rating, said it did not expect investors would be able to convert the rouble payments into dollars equivalent or that the government will convert those payments within a 30-day grace period.

With major ratings agencies having withdrawn ratings on Russia it is not entirely clear what manner of announcements might be made.

A default will have wider ramifications.

It could, for example, trigger credit default swaps (CDS) - an insurance policy bought by investors for such a case. A determinations committee will take a view on whether a "non-payment" event has occurred.



Sheikh Bashir Uddin, managing director of Akij Group, cuts a ribbon to inaugurate its first 470 kilowatts rooftop solar plant at Dobra's Janata Jute Mills in Boalmari, Faridpur recently. Jason Li, board member of Huawei Technologies Bangladesh, and Sirajul Haque, chairman of Cynergy, were present.

PHOTO: AKIJ GROUP

## Akij sets up its first rooftop solar power plant

STAR BUSINESS DESK

Akij Group has set up its first rooftop solar plant with a power generation capacity of 470 kilowatts at Janata Jute Mills in Faridpur's Boalmari upazila with technical solutions and support of Huawei and Cynergy.

In the next four months, the capacity will be increased to 2.4 megawatts. The group plans to eventually generate 5 megawatts from the plant for its own industrial use and channel any unused electricity to the national grid.

Sheikh Bashir Uddin, managing director of Akij Group, Jason Li, board member of Huawei Technologies Bangladesh, and Sirajul Haque, chairman of Cynergy, inaugurated the plant after signing a tri-party agreement in Dhaka recently, said a press release.

"Bangladesh should now turn its attention to renewable energy as this is where the future lies. We should set a goal to generate 100 per cent of electricity from renewable sources by 2025," said Bashir.

"Everyone has a role to play in this regard. The project we are inaugurating today is just a start," he said.



Md Abdul Mannan, managing director of Rajshahi Krishi Unnayan Bank (Rakub), and Md Zakir Hossain, managing director of Rajshahi Wasa, hold signed documents of an agreement on collecting the water bill of Rajshahi Wasa at the latter's office in Rajshahi on Thursday. SM Tuhinur Alam, deputy managing director of Rajshahi Wasa, Md Parvez Mamud, chief engineer, Md Zainal Abedin, general manager (administration) of Rakub, Md Abul Kalam and Shawkat Shahidul Islam, deputy general managers, were present.

PHOTO: RAKUB

## Apparel diplomacy gains momentum

FROM PAGE B4

the meeting, we informed him of the coronavirus pandemic's devastating impacts both on our public health and the economy and explained to him why Bangladesh needs at least a 10-year extension for smooth and sustainable LDC graduation.

We requested the WTO chief to drum up support for Bangladesh among its member countries and sought its assistance in trade negotiations and economic diplomacy, especially in the areas of the signing of the Free Trade Agreements (FTAs) and Regional Trade Agreements (RTAs).

WTO's intervention to ensure due diligence in trade in commercial terms, in collaboration with its signatory members and global forums, has been

sought since a number of global brands went broke during the pandemic, creating uncertainty for suppliers over payments. Dr Okonjo-Iweala took note of the issues and assured us of all-out support from the WTO.

The European tour turned out to be an opportunity for us to highlight the RMG sector's achievements and potential before the European Union. During a meeting with Jordi Curell, director for international affairs at the Directorate General for Employment, Social Affairs and Inclusion at the European Commission in Brussels, the BGMEA delegation shed light on the progress made by the garment industry, particularly in maintaining labour standards and workers' welfare.

A team from the European Commission, led by Jordi Curell, visited Bangladesh in March to assess the progress on labour conditions and the national action plan and roadmap to achieve the parameters towards obtaining GSP Plus and have a smooth LDC graduation. We informed them of the sector's progress in these areas and asserted our firm commitment to keep the momentum going forward.

We urged the EU to continue its trade benefits for Bangladesh for 10 years after the country's graduation from LDCs in 2026 and requested the EU officials to support Bangladesh in attaining GSP Plus.

We met with Ewa Synowiec, director for Africa, Caribbean and Pacific, South East

South Asia, Trade and Sustainable Development and Green Deal of the European Commission in Brussels. We informed her that while LDC graduation will pose several new challenges for Bangladesh, it would also bring immense opportunities. The EU can play a key role in enabling Bangladesh to tap those potentials.

In Brussels, the BGMEA delegation met with Linda Kromjong, president of Amfori, which represents more than 2,400 retailers, importers, brands and associations from over 40 countries.

We discussed possible areas of collaboration to enable the RMG industry to pursue greater excellence in social and environmental sustainability. We solicited Amfori's support in promoting Bangladesh

as a safe and sustainable apparel-sourcing destination among its members and securing the "Everything but Arms (EBA)" facility from the EU.

We met Rensje Teerink, a senior official of the EU, and requested her to promote Bangladesh within the EU. She has been a good friend of Bangladesh as she closely observed the development and transformation of the industry into a safe and sustainable one. We hope Rensje Teerink would continue her friendly support to promote the interests of Bangladesh in the EU.

The delegation of the BGMEA met with Sharan Burrow, general secretary of the International Trade Union Confederation, as well.

During a meeting with Matthijs Crietee, secretary-general of the International

Apparel Federation (IAF), we chalked out the programme details for the 37th IAF World Fashion Convention to be held in Bangladesh in November 2022.

We had a fruitful meeting with ILO Director-General Guy Ryder at the ILO headquarters in Geneva. He praised the progress made by Bangladesh in making the workplace safer and improving working conditions in the apparel industry.

The BGMEA delegation had an impromptu meeting with Alke Boessiger, deputy general secretary of the UNI Global Union in Geneva. Both sides expressed their intent to work together to carry forward the achievements made by the garment industry.

During the US tour in March, the BGMEA team joined the Executive

Summit of the American Apparel & Footwear Association (AAFA) in Washington. We apprised them of the paradigm shift in Bangladesh's garment industry.

The industry is also increasingly focusing on diversifying its products, especially high-end non-cotton items and building capacities to cater to the demands of global brands and buyers. Diversification of products is a key to ensuring sustained growth of the apparel industry.

I called upon global apparel brands to collaborate with suppliers to build their capacities in the manufacturing of high-end apparels, especially non-cotton items and textile textiles.

During the tour, we tried to ensure that bilateral trade ties between Bangladesh and

the US don't get hampered under any circumstances. The BGMEA and the AAFA signed a memorandum of understanding on March 10.

As per the MoU, the AAFA will support Bangladesh in promoting its trade interests in the US market, especially advocating for the withdrawal of the GSP suspension. Given the current circumstances, having such a deal with the AAFA, which represents more than 1,000 famous brands, retailers and manufacturers, is really inspiring and reassuring. We hope our diplomatic efforts will play a proactive role in upholding the interests of Bangladesh in the international arena.

The author is president of the Bangladesh Garment Manufacturers and Exporters Association.





Manufacturers have to spend huge amounts of money to get regulatory conformation assessments from laboratories abroad to export their plastic goods, says an expert. PHOTO: STAR/FILE

# Taskforce needed to realise plastic industry's potential

Principal secretary to PM tells DCCI webinar

## STAR BUSINESS REPORT

The government could form a taskforce to identify the promising plastic sector's challenges and explore its potentials conforming to environmental standards, suggested Ahmad Kaikaus, principal secretary to the prime minister, yesterday.

"I want to have a taskforce in the plastic sector involving the government officials, private sector people and business chambers like the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) for realising the potential," he said.

Kaikaus also suggested setting up an accreditation body of international standard to test and provide certification to locally produced plastic goods.

Currently local manufacturers have to spend handsome amounts of money to spend conformation assessments from laboratories abroad, including Singapore, to export plastic goods, he pointed out.

If necessary, such testing grounds can be formed under public-private

partnership models, he said.

This is to augment the country's export earnings from plastic goods by tenfold the current amount and grab a bigger share of the \$721 billion-worth global market, Kaikaus also said.

He was addressing a virtual discussion on "Sustainable Export Growth in Post LDC World: Strategies for the Plastic Sector" organised by the Dhaka Chamber of Commerce and Industry (DCCI).

Regarding the government's preparations to face the challenges past the least developed country (LDC) status shift, he said strategies were being chalked out by some high-powered committees formed under the prime minister's office.

Kaikaus said the papers were ready and the government was also trying to sign free trade agreements (FTAs) with some major trading partners for the continuation of the country's preferential trade regime past the status graduation.

"We are getting prepared. You do not need to be worried," he said.

FBCCI President Md Jashim Uddin said local manufacturers used to enjoy zero-duty benefit on plastic goods export to the US before the GSP was suspended for Bangladesh in 2013.

While the government has been providing a 10 per cent incentive on plastic goods export in the absence of the facility, a 27 per cent import duty has to be paid on raw materials, he said.

So, out of a total of 5,000 plastic factories, most of the small and medium ones are running with difficulty, he said.

The government should allow platforms representing plastic goods manufacturers and exporters to issue Utilisation Declaration (UD) certificates just as it is in the garment sector, Jashim also said.

Export of plastic and plastic goods currently amount to nearly \$130 million but if all forms of plastic are taken into account, including those in the form of accessories of other exportable goods, the shipments are worth over \$1 billion, said the FBCCI president.

Ahsan Khan Chowdhury, chairman and managing director of Pran-RFL

Group, said recycling of plastic goods was a major challenge as only 20 per cent of the local plastic waste can be recycled. He said if doing business in Bangladesh could be made easier, the absence of the GSP benefit would not turn out to be a major challenge in the post-LDC status graduation period.

DCCI President Rizwan Rahman said of the 5,000 plastic producing companies, some 93 per cent were small and medium enterprises.

The plastic sector's contribution to the GDP is 0.33 per cent and currently it employs some 1.5 million people, he said.

In a keynote presentation, Shamim Ahmed, president of the Bangladesh Plastic Goods Manufacturers and Exporters Association, said some 3,000 factories were in Dhaka, 1,000 in Narayanganj and the rest across the country.

The absence of testing and certification laboratories of global standard, a central bonded warehouse, waste management and skilled manpower alongside a lack of access to finance are major challenges for the sector, he said.

## BB, Brac Bank sign deal to refinance small businesses

### STAR BUSINESS REPORT

Bangladesh Bank and Brac Bank have signed an agreement to provide refinancing facilities to cottage, micro, small and medium enterprises (CMSMEs).

The financial support will be provided as a Covid-19 stimulus package to help small businesses recover from the onslaught of the pandemic, Brac Bank said in a press release yesterday.

Md Abdul Wahab, general manager of the project implementation unit under the SME and special programmes department of Bangladesh Bank, and Selim RF Hussain, managing director and chief executive officer of Brac Bank, signed the deal at the central bank on April 6.

Asian Infrastructure Investment Bank (AIIB) will provide the fund under its Covid-19 emergency and crisis response facility project.

Under the agreement, Brac Bank and other participating banks will avail of refinancing facilities amounting to Tk 2,520 crore from Bangladesh Bank and provide subsidised interest credit to the CMSMEs.

Welcoming the refinancing facility, Hussain said they appreciate Bangladesh Bank for making Brac Bank an implementation partner of the AIIB-funded Covid-19 Emergency and Crisis Response Facility Project.

"As a CMSME-focused bank, Brac Bank is committed to ensuring easy access to finance for the entrepreneurs at the grassroots," he added.

## Russian inflation tops 16pc

### AFP, Moscow

Russia's inflation rate reached 16.7 per cent year-on-year in March, the state statistics agency said Friday, a level not seen since 2015, while food prices have risen even more steeply.

Prices in March — the first full month since Moscow began its military campaign in Ukraine in late February — were up 7.5 per cent on the previous month, according to Rosstat statistics agency. The Russian central bank sets a target for inflation of four percent, but as the economy has been hit by unprecedented Western sanctions, the latest year-on-year figure is more than four times higher.

Renaissance Capital analysts predict that inflation will peak at 24 per cent this summer.

Inflation of food prices, a huge concern for Russians on low incomes, has reached 19.5 per cent year-on-year, according to Rosstat.

Pasta has gone up by 25 per cent, butter by 22 per cent, sugar by 70 per cent and fruit and vegetables by 35 per cent.

Other items that have soared in price are building materials (up 32 per cent) and home electronics (up 40 per cent).

Inflation has been speeding up for months due to factors including the post-pandemic recovery and high prices for raw materials. President Vladimir Putin's decision to send troops to Ukraine has added sanctions and the resulting logistical difficulties as factors.

## Edible oil price manipulated

### FROM PAGE B1

product had entered the country and availed the benefit, he said.

"But from customs sources we came to know that around one lakh tonnes of edible oil arrived through the Chattogram port at 10 per cent less duty," he said, adding that the correct information was not shared.

He informed that the ministry was going to introduce an app to get the proper, real-time data concerning every stage of imports and stocks.

It will encompass the arrival of vessels, assessment by customs and deliveries from the port to refining at the mills and arrival of the product at the markets, he said.

He said they would sit with officials of the Chattogram port and Custom House Chattogram today.

Traders of different kitchen markets at the meeting were critical of allegedly being harassed by different agencies in the pretext of running mobile court drives.

Regarding the issue, the directorate chief said if

traders gave the assurance that they would sell goods at the government-fixed rates, the drives would be stopped.

Mobile court drives are being conducted to unearth irregularities and manipulation at each of the four trading stages, he said.



The drives found a tendency of traders of one stage to blame those in the other parts of the chain for the price manipulations, he said.

CCCI President Mahbubul Alam urged the commerce ministry to sit with traders three to four months ahead of Ramadan or festivals to take up policies such as duty adjustments to keep the market stable.

He said commodity prices in the global market had already been on an upward trend quite some time back and it escalated due to the Russian invasion of Ukraine and thus impacted the Ramadan market this year.

He assured that the trade



body would conduct strict monitoring at different stages of the market supply chain to keep prices at a reasonable level.

Leading commodity importer BSM Group Chairman Abul Bashar Chowdhury, Mir Group Chairman Abdus Salam and CCCI Vice President Syed M Tanvir and Director Anjan Shekhar Das also spoke at the meeting among others.

## Walton doubles

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"This means Bangladesh can establish its footprint in the global tech industry," Ali added.

The electronics giant makes sophisticated and hi-tech-based random-access memory and solid state drives.

"Our target is to raise the local value-addition to 100 per cent by 2030," said Ali.

"That means, we will make all the parts, including microchips and displays that Walton still needs to import, for the production of a digital device locally. This will eliminate import reliance completely."

In order to make that happen, Walton is investing heavily in its research and innovation section where more than 1,000 engineers work.

Walton is marketing PCBs and PCBA's after meeting the domestic demand, said Md Touhidur Rahman Rad, chief business officer at the Walton PCBA department.

A PCB is a crucial electronic component used to mechanically support and electrically connect components inside an electrical device, while a PCBA is a complete package fitted with necessary components ready for deployment for its desired purpose.

Matador Group is sourcing PCBAs from Walton for fan regulators while many other companies are also showing interest in PCBs and PCBA's.

"The second unit of the motherboard plant has been set up to meet the growing demand," said Rad.

In 2020, Walton announced that it is starting the commercial production of single-layered, double-layered and multi-layered PCBs, the first of its kind in Bangladesh.

Symphony Mobile began experimental production of PCBAs for mobile phones at its second manufacturing unit in Ashulia.

## NBR unearths Tk 1cr VAT

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VAT and the interest, said Hefazatur Rahman, senior general manager for customs and VAT of PHP Float Glass Industries.

"So, there is no demand for VAT," he said.

Moinul Khan, the director-general of the Directorate, could not be reached for comments.

The Directorate inspects large companies based

on information, said an official.

With technical assistance from Luoyang Float Glass Technology of China, PHP established PHP Float Glass Industries in Barabkunda, Sitakunda of Chattogram in 2004, with an annual production capacity of 40,000 tonnes.

Its monthly sales range between Tk 30 crore and Tk 35 crore.



Mohammed Rabiul Hossain, managing director of Uttara Bank, inaugurated the bank's 2nd Zonal Heads' Conference- 2022 at the lender's head office in Dhaka yesterday. The conference discussed overall achievements in the first quarter of the current year and various aspects of the year 2022. Maksudul Hasan, Md Abul Hashem, and Md Ashraf-uz-Zaman, deputy managing directors of the bank, were present. PHOTO: UTTARA BANK

## EU slashes 10pc of Russian imports with new sanctions

### REUTERS

The European Union on Friday formally adopted new sweeping sanctions against Russia, including bans on the import of coal, wood, chemicals and other products which were estimated to slash at least 10 per cent of total imports from Moscow.

The measures also prevent many Russian vessels and trucks from accessing the EU, further crippling trade, and will ban all transactions with four Russian banks, including VTB.

The ban on coal, the first the EU has so far imposed on any energy import from Russia, will be fully effective from the second week of August. No new contracts can be signed from Friday.

Existing contracts will have to be terminated by the second week of August, meaning that Russia can continue to receive payments from the EU on coal exports until then.

"These latest sanctions were adopted following the atrocities committed by Russian armed forces in Bucha and other places under Russian occupation," EU's top diplomat, Josep

Borrell, said in a statement.

The Kremlin has said that Western allegations Russian forces committed war crimes by executing civilians in the Ukrainian town of Bucha were a "monstrous forgery" aimed at denigrating the Russian army.

The coal ban alone is estimated by the Commission to be worth 8 billion euros a year in lost revenues for Russia. That is twice as big as the EU Commission's head Ursula von der Leyen had said on Tuesday.

Oil and gas imports from Russia, which remain so far untouched, are together worth about 100 billion euros a year.

In addition to coal, the new EU sanctions ban imports from Russia of many other commodities and products, including wood, rubber, cement, fertilisers, high-end seafood, such as caviar, and spirits, such as vodka, for a total additional value estimated in 5.5 billion euros (\$5.9 billion) a year.

An EU official said that the combined import bans were worth at least 10 per cent of what the EU buys from Russia in a year.

## Bangladesh becoming

### FROM PAGE B1

Islam shipped the garment item worth \$2.5 million to Russia last year and may resume sweater exports to the country from August.

"We have increased sweater sourcing from Bangladesh by 15 per cent this year," said a top official of a major European

retailer and brand asking not to be named.

Sweater is a very trendy item, especially in European countries. As a result, the demand for the all-weather lightweight item is going up all over the continent, he said.

"Bangladesh is turning into a major sourcing hub for our company,"

Mohammad Hatem, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association, says globally the demand for casual wear is increasing because of the change in fashion trends.

"Sweaters are a knit item and people use them also as casual wear."



## Germany could shun Russian oil this year

REUTERS, London

Germany could end Russian oil imports this year, Chancellor Olaf Scholz said on Friday, signalling the urgency driving Europe's biggest economy to wean itself off energy from Russia following its invasion of Ukraine.

Scholz was responding to a journalist's question about whether he felt a sense of shame that EU countries were paying Russia billions of euros for fossil fuels. "We are actively working to get independent from the import of (Russian) oil and we think that we will be able to make it during this year," Scholz said during a news conference in London with British Prime Minister Boris Johnson.

**Russian oil now accounts for 25 per cent of German imports, down from 35 per cent before the invasion**

The European Union this week approved new sanctions against Russia, including a ban on coal imports starting in August. Germany has intensified efforts to reduce its exposure to Russian energy imports following Russian's invasion of neighbouring Ukraine on February 24.

Moscow calls its offensive a "special military operation" to demilitarise its neighbour. Ukraine and Western supporters call that a pretext for an unprovoked invasion.

Russian oil now accounts for 25 per cent of German imports, down from 35 per cent before the invasion, and gas imports have been cut to 40 per cent from 55 per cent. Russian hard coal imports were down to 25 per cent from 50 per cent before the invasion.

A stoppage of Russian gas imports is tougher for Germany, which in the first quarter received 40 per cent of deliveries from Russia. Germany wants to cut the share of Russian gas to 24 per cent by this summer. But it could take until the summer of 2024 for Europe's largest economy to end its reliance on Russian gas.

"We are actively working to get independent from the necessity of importing gas from Russia," Scholz said.



Sacks of onion are seen being arranged for disbursement among traders after being unloaded from trucks at a wholesale market in Sujanagar upazila of Pabna. Farmers in the region are reeling from low prices for the crop, which has thrown doubt on their ability to recover production costs.

PHOTO: AHMED HUMAYUN KABIR TOPU

# Onion farmers in a tight spot for poor prices

AHMED HUMAYUN KABIR TOPU and SUZIT KUMAR DAS

Although onion prices were excessively high just one month ago, farmers in Pabna are now struggling to recover production costs due to a supply glut following this year's harvest.

Onions previously cost Tk 60-65 per kilogramme (kg) in Dhaka but prices quickly dropped to Tk 25-35 per kg as of yesterday after farmers began harvesting the bulb at the end of March.

Officials of the Department of Agricultural Extension (DAE) say the low prices are a result of increased supply in wholesale markets while farmers blame the lack of storage facilities for their loss.

Md Kamruzzaman, an onion farmer of Durgapur village in Sujanagar upazila, said he cultivated onions on 70 bighas of land this year to produce more than 2,500 tonnes of the crop.

"But since I have no space to store such a huge amount, I was bound to sell at low prices," he added.

Kamruzzaman sold his onions for about Tk 38-40 per kg during the harvesting season (March-April) in 2021 but this year, the bulbs are going for just Tk 15-23 per kg.

"I spent about Tk 30,000 to cultivate each bigha but I am earning a maximum Tk 26,000 in return," he said.

The situation is similar in Faridpur upazila, where farmers saw bumper yields but remain discontent with poor market prices.

According to DAE officials, a total of 40,079 hectares of land in nine upazilas of the district were brought under onion cultivation this year.

"Farmers got bumper production

this year despite the untimely rain that prevented some from planting the crop," said Hazrat Ali, deputy director of the local DAE office.

Most farmers agree that they are having to sell the crop at minimum prices since they have nowhere to store it otherwise.

Montu Khan, an onion farmer of Ulat village in Sujanagar upazila, said it costs him about Tk 27 to produce one kilogramme of onion which can be sold for just Tk 19 in the current



market.

"Besides, I am forced to sell them cheap as onions swell up and crack if they are not properly stored," Khan added.

Similarly, DAE officials say onion prices are low as farmers are now bringing the crop en masse to wholesale markets amid the harvesting season.

"After harvesting the crop, most farmers bring it to wholesale markets and so, prices have fallen in the face of increased supply," said Md Mizanur Rahman, deputy director of the Pabna DAE.

Traders of the Sujanagar wholesale market said a minimum of 7,000 tonnes of onions are coming to the market each day amid the ongoing harvesting season.

However, another reason behind

the low onion prices is the fact that the government is allowing imports of the bulb despite sufficient domestic supply, according to Shahadat Hossain, senior marketing officer of the Pabna DAE.

Md Bachchu Mollah, a farmer of Chilerkandia village under Saltha upazila, said he heard the government imported onion from different countries and that's why prices are poor in the local market.

"No one thinks about us," he added.

The previously soaring onion prices

**Onions previously cost Tk 60-65 per kilogramme depending on quality but prices quickly dropped to Tk 25-35 per kg as of yesterday after farmers began harvesting the bulb at the end of March**

are what had inspired farmers to cultivate more of the crop and they enjoyed bumper production this year thanks to good weather, said Mizanur Rahman, deputy director of the Pabna DAE.

Pabna accounts for more than 35 per cent of the onions produced all over Bangladesh.

Many farmers are storing onions in their homes but it is not a commercially viable solution and so, most of them are selling their crop at low prices, Rahman said.

He went on to say that they are working to establish an onion storage facility in the region.

"We plan to build an onion storage unit here in Pabna, the country's biggest onion producing hub. The matter has already been discussed in parliament," he added.

## Apparel diplomacy gains momentum

FARUQUE HASSAN

When we speak of diplomacy, political issues and conflicts usually come to mind. Economic issues, however, are equally important. Some would even argue that they are even of greater importance. Why? Because most of the bilateral and multilateral cooperation revolves around generating new business, facilitating established business and enhancing trade ties -- all key essential elements for the sustenance of a nation.

Since the readymade garment sector of Bangladesh is a significant export-oriented industry, diplomacy has an important and direct bearing on the sector's sustenance and overall growth. With competition growing worldwide, the role of a diplomatic service exclusively for the RMG industry has never been more urgent than it is today because of the imminent graduation of Bangladesh from the least-developed country (LDC) category to the grouping of the developing countries.

Ironically, the economic success of Bangladesh could become an enemy of sorts to itself because it will no longer be the underdog expecting or receiving special considerations. The RMG industry, in particular, has grown to become a world leader and requires a fresh approach to building on the success achieved.

Astute, planned and relentless diplomacy will go a long way in helping us retain and extend market access facilities in the post-LDC era. Besides, economic diplomacy is imperative for exploring new markets and new avenues for profitable growth.

With this understanding and vision in mind, the present board of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has launched its own brand of economic diplomacy entitled 'apparel diplomacy' to meet the challenges ahead.

**Astute, planned and relentless diplomacy will go a long way in helping us retain and extend market access facilities in the post-LDC era**

The aim of apparel diplomacy is to leverage the power of diplomacy for the betterment of the industry and benefit the millions of Bangladeshis employed in the sector.

As part of the apparel diplomacy, we are striving tirelessly with our own professional team as well as through our missions abroad. With the support of our government, the BGMEA is making concerted efforts so that the RMG sector can achieve greater success. This will increase the industry's profits handsomely and bring greater prosperity to the nation.

In the first phase of the 'apparel diplomacy' concept, we toured the US and Canada. In the second phase, we toured three European countries - England, Belgium and Scotland. During these tours, we held meetings with stakeholders in the supply chain and apprised them of the sector's tremendous progress over the last decade and its limitless potential.

We also hammered home the message of what our partners in the supply chain can do to supplement the efforts of the manufacturers in safeguarding the interest of the sector.

In the third phase, we visited Belgium, Switzerland and the US.

One of the most significant aspects of the European tour was the first-ever official meeting by any delegation from the BGMEA with the Director-General of World Trade Organisation (WTO) Ngozi Okonjo-Iweala. During

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## Sri Lanka needs \$3b to stave off crisis

REUTERS, Colombo

Sri Lanka will need about \$3 billion in external assistance within the next six months to help restore supplies of essential items, including fuel and medicines, to manage a severe economic crisis, its finance minister told Reuters on Saturday.

The island nation of 22 million people has been hit by prolonged power cuts, with drugs, fuel and other items running short, bringing angry protesters out on the streets and putting President Gotabaya Rajapaksa under mounting pressure.

"It's a Herculean task," Finance Minister Ali Sabry said in his first interview since taking office this week, referring to finding \$3 billion in bridge financing as the country readied for negotiations with the International Monetary Fund (IMF) this month.

The South Asian island nation will look to restructure international sovereign bonds and seek a moratorium on payments, and is confident of negotiating with bondholders for an upcoming \$1 billion payment in July.

"The entire effort is not to go for a hard default," Sabry said. "We understand the consequences of a hard default."

JP Morgan analysts estimated this week that Sri Lanka's gross debt servicing would amount to \$7 billion this year, with the current account deficit coming in around \$3 billion.

The country has \$12.55 billion in outstanding international sovereign bonds, according to central bank data, and foreign reserves of \$1.93 billion at the end of March.



Protesters shout slogans against Sri Lankan President Gotabaya Rajapaksa near the Presidential Secretariat amid the country's economic crisis, in Colombo yesterday.

PHOTO: REUTERS

## Chip crisis to last until 2024

Says official of Volkswagen

REUTERS, Berlin

Semiconductor chip supply is unlikely to be enough to completely satisfy demand again until 2024, Volkswagen Chief Financial Officer (CFO) Arno Antlitz said in an interview with German daily Boersen-Zeitung on Saturday.

He said that although bottlenecks would likely begin to ease towards the end of this year, with production returning to 2019 levels next year, this would not be enough to meet heightened demand for the chips. "The structural undersupply will likely only resolve itself in 2024," Antlitz said.

A lack of wire harnesses from Ukraine was also still causing some shifts to be cancelled, Antlitz said, even as the company was establishing new supplier relationships to source the component from other countries.