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INDUSTRY  
AT A GLANCE

Only **2-3** multinational companies used to make sleeping bags in Bangladesh a few years ago

Now, at least **10** local companies make sleeping bags

Investors from the US, Korea and China shifted production facilities to Bangladesh

China is losing market share because of worker shortage, higher cost

MAJOR PRODUCERS

Eusebio Sporting

Team Group

Northpole BD

SHIPMENT:  
BY THE NUMBERS

Garment exports stood at **\$31.45b** in FY21

Export earnings from sleeping bags stand at about **\$500m** per year

Shipment of outerwear, including sleeping bags, fetches **\$4b** annually

SLEEPING BAGS

turning into major export item

**REFAYET ULLAH MIRDHA**

Bangladesh is becoming a major manufacturer of sleeping bags as China is losing its market share because of worker shortage and higher cost of production.

Even a few years ago, two or three multinational companies, located in the export processing zones under the Bangladesh Export Processing Zones Authority, used to produce sleeping bags. Now at least 10 local companies manufacture such export-oriented items.

The production of sleeping bags in Bangladesh is gaining ground as the country is increasingly turning into a strong player in the production of outerwear such as jackets, tents, skiing wears, sportswear, hunter wears, safety wears, workwear, and rain wears.

Sleeping bags require the same materials and machinery that are used in making outerwear. As a result, a lot of factories are capable of supplying the items.

Outerwear shipment fetches nearly \$4 billion annually for

the country and a good portion of the earnings comes from the exports of sleeping bags.

China has been the main producer of sleeping bags, but in recent years, work orders have shifted to Bangladesh and other countries because of the shortage of skilled workers and the higher cost of production in the world's second-largest economy.

As a result, despite facing a higher duty on the shipment of sleeping bags to the US, the main export destination for the country, earnings from the item stand at around \$500 million annually.

Exporters in Bangladesh used to enjoy the zero-duty benefit on the export of sleeping bags to the US before the scrapping of the generalised system of preferences in June 2013 following the Rana Plaza building collapse.

Since then, local exporters have faced nearly 12 per cent duty on the export of sleeping bags to the US markets.

Still, investors from the US, Korea and China have shifted their production units to Bangladesh to produce the item

at competitive prices.

One of the manufacturers is Julio Lin, director of Eusebio Sporting Ltd, a Taiwanese company located in Chattogram. He exports \$20 million worth of sleeping bags a year. He also exports tents.

He has been operating the business in Bangladesh for the last 15 years and ships sleeping

Russia despite the ongoing war. I am shipping the goods as usual and receiving the payments from my buyers through third countries," said Lin.

Bangladesh has an abundance of skilled workers whereas their number is going down in China.

"The shipment from

Abdullah Hil Rakib, managing director of Team Group, a sleeping bag exporter, says the shipment is growing rapidly from Bangladesh.

"The demand will grow further when people start skiing and mountaineering following improvement of the Covid-19 situation."

The demand for sleeping bags has declined a bit over the last two years because of the pandemic and it may take two to three years for the segment to fully recover.

The country leader of a French company that sources sleeping bags from a number of factories in Bangladesh says his company's sourcing growth is 7 per cent to 8 per cent annually.

S M Khaled, managing director of Snowtex Outerwear Ltd, a major exporter of outerwear, says the sleeping bag manufacturing industry is expanding in Bangladesh as the demand is growing globally.

Bangladesh's share in the global sleeping bag manufacturing segment is on the rise as China is losing market share, he said.

Khaled is expecting to



Higher tax barrier to digital inclusion

GSMA suggests telcos' tax reform

MAHMUDUL HASAN

Taxes and fees as a percentage of mobile sector revenues in Bangladesh are more than double the Asia Pacific average, subsequently leaving a negative impact on access and use of mobile technology, says a GSMA report released yesterday.

In 2020, the total tax contribution of the mobile sector amounted to Tk 133 billion, equivalent to 49.8 per cent of mobile sector revenues, according to the report titled "Taxation of the mobile industry in Bangladesh".

This is higher than that in 2019, when the total tax contribution amounted to Tk 119 billion and represented about 44 per cent of the sector's revenue.



Mobile phones are on display at a shop in Dhaka. The GSMA estimates that about half of Bangladesh's population remains to be connected to a mobile network while only around a third are using mobile internet services, lower than the South Asian average.

APPOINTMENT OF MD

Islamic Finance asked to form search panel

**AKM ZAMIR UDDIN**

In a rare move, the Bangladesh Bank has asked Islamic Finance and Investment Ltd (IFIL) to form a search committee for the appointment of a managing director at the non-bank financial institution.

The central bank gave the instruction on April 20 when it ordered IFIL not to appoint Mohammad Imdadul Islam as its chief executive. He is currently managing director of GSP Finance, another NBFI.

"The central bank had reviewed the service record of Islam and found some anomalies. For this reason, the BB did not give its consent to IFIL to appoint him," said a BB letter to the NBFI.

The post of the MD fell vacant in June last year after Abu Zafore Md Saleh resigned over allegations of breaching rules over hiring and enjoying financial benefits.

In December last year, the BB also asked IFIL to refrain from hiring Chowdhury Manzoor Liaquat, a former MD of Union Capital, as its chief, as the financial health of the NBFI deteriorated under

Raise working capital limit

BB asks banks

**STAR BUSINESS REPORT**

The Bangladesh Bank yesterday asked banks to raise the working capital limit as the financial strength of many businesses has weakened because of the prices increase in the global market.

The business slowdown derived from the coronavirus pandemic has created a supply chain disruption in the global market, pushing the prices of various goods to an abnormally higher level. The Russian invasion of Ukraine has worsened the situation.

As a result, the prices of various commodities, including industrial raw materials, have sharply gone up in recent times. It comes at a time when the shipping cost has been on the rise substantially, according to a Bangladesh Bank notice.

Against this backdrop, businesses are facing difficulties to bear the cost of imported goods by using their existing working capital ceiling.

The repayment tenure of working capital is a maximum of one year and lenders set the ceiling of a loan on the basis of the cash flow of businesses.

SS Steel to acquire another re-rolling mill

**STAR BUSINESS REPORT**

Deformed steel bar manufacturer SS Steel yesterday announced that it would acquire another factory, Al-Falah Steel & Re-Rolling Mills, and streamline its operations, all through an investment of around Tk 184 crore.

The listed company made the disclosure in a post on the Dhaka Stock Exchange (DSE) website, saying its board of directors had decided on making the equity investment on the mill situated in Narayanganj.

Of the investment, Tk 87.46 crore would be used to subscribe to around 99 per cent stake of the mill's existing equity shares.

The remaining Tk 96.68 crore will be used to ensure smooth operations of the mill. In return, the mill will issue new shares to SS Steel.

The investment will be sourced from the company's retained earnings and as loans from financial institutions.

SS Steel has an annual production capacity of around 108,000 tonnes, according to its website.

As for the mill, it is around 64,800 tonnes per annum, which it sells under its own brand.

STOCKS			
DSEX ▲		CASPI ▲	
Flat		0.17%	
6,677.64		19,612.82	

COMMODITIES			
Gold ▲		Oil ▲	
\$1,899.32		\$102.15	
(per ounce)		(per barrel)	

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.94%	▼ 1.17%	▼ 0.04%	▲ 2.49%
56,819.39	26,386.63	3,320.67	2,958.28