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SCAN FOR DETAILS

Pressure on forex remains high despite robust export

STAR BUSINESS REPORT

The pressure on Bangladesh's foreign exchange reserves continues to remain high as robust export growth was not enough to reduce deficits in external payments resulting from high import growth.

And the foreign exchange reserve is likely to be under stress in fiscal year 2022-23 which started from July 1 owing to risks of a slowdown in exports, thereby affecting macroeconomic stability, said two economists.

The caution comes after release of official figures of exports and remittance inflow.

Exports surged 34 per cent while remittance inflow declined 15 per cent year-on-year in the July-June period of fiscal year 2021-22.

However, the two vital sources of foreign currency for Bangladesh were not enough to reduce the current account deficit which Bangladesh Bank estimates to be at \$17.7 billion for fiscal year 2022 because of a 35 per cent growth in imports.

The current account represents a country's import and export of goods and services, payments made to foreign investors, and transfers such as foreign aid, according to investopedia.com.

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REASONS FOR EXPORT BOOM



Buyers raised garment prices because of costly raw materials



Some previous payments were cleared



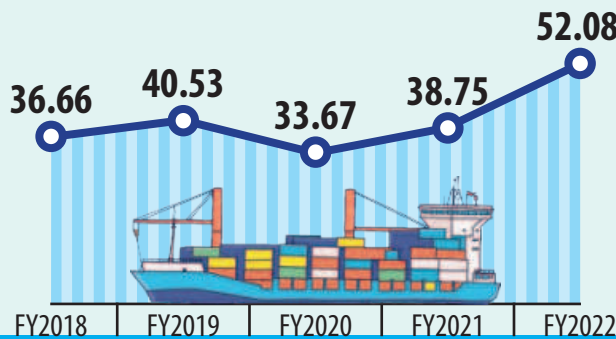
Higher earnings from agri products, jute, leather and home textile



Orders are shifting from China

EXPORT

In billions of \$
SOURCE: EPB



RECORD EARNINGS

Shipment crossed \$50b for the first time

June fetched \$4.9b, highest in a single month

Garments earned a record \$42.61b

Agri products fetched \$1.16b

Jute and jute goods brought \$1.12b

Leather and leather goods saw \$1.24b

Home textile earned \$1.62b

Export hits all-time high of \$52b

REFAYET ULLAH MIRDHA

Exports from Bangladesh hit an all-time high of \$52.08 billion in the just concluded fiscal year, giving much-needed breathing space to the country amid ongoing volatility in the foreign exchange regime, official figures showed yesterday.

This is the first-time overseas sales went past the \$50-billion mark, comfortably overshooting the target of \$43.5 billion set for the fiscal year of 2021-22.

In FY22, receipts were up 34.38 per cent compared to a year ago, when exporters brought home \$38.76 billion, according to the Export Promotion Bureau (EPB).

Alone in June, the shipment stood at \$4.908 billion, up 37.19 per cent year-on-year, and the highest ever on record in a single month. The previous highest was registered in December last year when the



earnings stood at \$4.907 billion.

The record export earnings would give some comfort to the government struggling to retain macroeconomic stability amid blistering imports bills caused by higher commodity prices globally, runaway consumer prices, falling foreign currency reserves, remittance and the value of the local currency and a weak revenue collection.

As usual, apparel shipment, which

accounts for about 85 per cent of the national earnings from international sources, was the biggest contributor to the highest export shipment.

Some other sectors such as leather and leather goods, jute and jute goods and home textiles also chipped in, and each raked in more than \$1 billion.

Garment shipment clocked 35.47 per cent year-on-year growth in FY22, netting \$42.61 billion. Of the sum, \$23.21 billion came from knitwear shipment, up 36.88 per cent. Woven garment shipment grew 33.82 per cent to \$19.39 billion, EPB data showed.

Home textiles fetched \$1.62 billion, an increase of 43.28 per cent from a year ago, as demand grew significantly since people still spend more time indoors than in the past as the coronavirus is yet to be eliminated.

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Remittances fall 15pc in FY22

STAR BUSINESS REPORT

Remittances slipped back into negative growth in fiscal year 2021-22 for the first time in the last six fiscal years as many remitters opted for the informal channels to send their money.

The inflow stood at \$21.03 billion in FY22, a decrease of 15 per cent year-on-year, according to data from Bangladesh Bank.

But the positive part is that last fiscal year's inflow was higher than that of FY20 when the pandemic was largely absent. Migrant workers had remitted \$18.2 billion during the period.

Mustafizur Rahman, a distinguished fellow at the Centre for Policy Dialogue, said remittances inflow in the just concluded fiscal year should be considered positive.

"We should not compare the last year's inflow with that of the year before given the emergence of the pandemic," he said.

Expatriate Bangladeshis sent a record \$24.77 billion in FY21 when the hundi system, an illegal cross-boundary financial system to launder money, remained inoperative due to the pandemic.

The majority of countries in the globe had

READ MORE ON B3

STOCKS	
DSEX ▼	CASPI ▼
0.26%	0.15%
6,359.77	18,698.31

COMMODITIES		AS OF FRIDAY
Gold ▲	Oil ▲	
\$1,809.91 (per ounce)	\$108.50 (per barrel)	

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▼ 0.21%	▼ 1.73%	▼ 0.21%	▼ 0.32%	
52,907.93	25,935.62	3,095.59	3,387.64	



Rows of floating vegetable gardens, a traditional form of hydroponics, line a section of the Sandhya river at Thukra village in Khulna. Made out of water hyacinths, the buoyant rafts are anchored down with bamboo poles and move up and down with the water levels. Seedlings are transplanted into the soil-free beds, whose organic matter alongside the water below meets the need for fertilisers. Each cost around Tk 2,500 and in three to four months can provide earnings of Tk 5,000 to Tk 6,000. The photo was taken last week.

PHOTO: HABIBUR RAHMAN

\$3.2m to raise capacity of undersea cable

MAHMUDUL HASAN

Bangladesh Submarine Cable Company Ltd (BSCCL), the state-run bandwidth importer, is going to spend \$3.2 million to upgrade the capacity of its first undersea cable by more than four times.

The move will help the country deal with a bandwidth crunch and help meet the increased demand.

In a posting on the Dhaka Stock Exchange yesterday, the company informed that its board had approved an agreement between the SEA-ME-WE 4 submarine cable consortium and the supplier involving \$3.2 million (excluding VAT/tax) to enhance the capacity of BSCCL by 3,800 gigabytes per second (Gbps).

Bangladesh is a member of South East Asia-Middle East-Western Europe 4 (SEA-ME-WE 4) consortium, the first undersea cable with which Bangladesh was connected in 2006.

The total bandwidth capacity of

SEA-ME-WE 4 of the company will be 4,600 Gbps after the successful completion of the up-gradation process, said the filing.

"The additional supply from the first submarine cable will begin flowing in from early next year," AKM Habibur Rahman, managing director of BSCCL, told The Daily Star.

The upgradation will increase the life span of the first undersea cable from 2025 to 2030.

"We are now looking to bring down the price of bandwidth so that the end-users benefit from the increased supply," Rahman said.

BSCCL is also in talks with the consortium of SEA-ME-WE 5, the second submarine cable, to ramp up the supply as well.

The state-run entity supplies 1,400 Gbps through the SEA-ME-WE 5. The connection was established in 2017.

In Bangladesh, bandwidth consumption witnessed a remarkable

READ MORE ON B3

RFL Electronics secures \$23m foreign funds

STAR BUSINESS REPORT

Pran-RFL Group yesterday announced that its consumer electronics brand RFL Electronics has secured a \$23 million loan from British International Investment (BII), the development finance institution of the UK, as the local conglomerate aims to boost its refrigerator production.

With the BII's capital, RFL Electronics will fund imports of the capital machinery required to expand operations at its new factory building in the Danga Industrial Park, where the company manufactures refrigerators and assembles small appliances such as rice cookers and blenders.

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Debt Capital Market Transaction

Syndicated Term Facility
BDT 2,800 Million
For



Lead Arranger & Agent



Participants



The announcement appears as a matter of record only

www.primebank.com.bd





Blacksmiths are busy making knives and meat cleavers ahead of Eid-ul-Azha, when Muslims sacrifice animals. Tool prices are in the range of Tk 100 to Tk 500 depending on the type and size. The photo was taken at Dumuria Mostmor in Khulna on Saturday.

PHOTO: HABIBUR RAHMAN

US multinationals grapple with soaring dollar

AFP, New York

The rapid rise of the US dollar since the start of the year is a double-edged sword for American multinational companies, pushing some of them to decide whether to hedge or reposition their activities abroad to avoid fallout.

For an importer, the surge in the greenback against the euro, yen or British pound is a plus, because it makes the products they buy cheaper.

But for a US export company, products sold in dollars have become more expensive, which increases the risk of losing clients and seeing sales decline.

And they also lose money when converting foreign revenue back into to dollars.

Many firms already revised their earnings forecasts for the year to account for the changing exchange rate, including computing giant Microsoft, which warned its quarterly sales will fall by \$460 million and its net profit by \$250 million due to the currency hit.

Adobe, Salesforce, Biogen and Pfizer have all warned that the dollar's rapid

rise will have a greater impact on their accounts than expected.

Companies that generate most of their revenue outside of the United States are the most exposed, starting with tech giants, medical equipment makers and service companies, according to Kyriba, a corporate cash management platform. Kyriba estimates the currency effects could mean a \$40 billion hit to earnings of S&P 500 firms in the first half of the year.

The Federal Reserve's decision to aggressively hike interest rates to combat rampant inflation, combined with an influx of funds into the country from investors looking for a safe haven in uncertain times, have combined to boost the US dollar.

The greenback has risen 13 per cent compared to the euro over the last 12 months, approaching parity, and gained 22 per cent against the yen.

"Short term, that's a good thing for the United States because it means all the imports are cheaper and it puts downward pressure on inflation," said Desmond Lachman of the American

Enterprise Institute think tank.

But further out, the effect on the US economy is more nuanced, because if exports fall, "the United States trade deficit widens and then we get more external debt." But multinationals "don't have control over these big items," he explained.

They can, however, mitigate the effect of fluctuations in foreign currencies in which they price and invoice goods by adopting hedging strategies – using financial instruments that provide a kind of insurance against losses caused by the changing exchange rate.

Most corporations already have hedging programs in place, and they change their plans on a quarterly or even monthly basis, sometimes trying to predict currency movements, Kyriba's Bob Stark said.

But it's not an exact science, he noted, especially in a time of great uncertainty about the direction of inflation, interest rates and the possibility of a recession.

But "since the start of the pandemic, CFOs have gotten very good at looking

at multiple scenarios and building on them," Stark said.

Sporting goods giant Nike, for instance, warned Monday that currency effects would cut annual revenue by several percentage points. But the profit hit is much lower because of the hedging.

The current high volatility in foreign exchange markets also means it costs more to hedge, so some firms are choosing not to use those instruments.

Among the other tools at their disposal, multinationals can reduce their exposure with other techniques, such as by paying their Japanese suppliers in dollars, by renegotiating prices, or even by buying their supplies from different countries. Or they can simply wait for the US currency to weaken before repatriating their profits.

However, once the exchange rate has strengthened, there is limited room to maneuver, according to Nikolai Roussanov, a finance professor at the University of Pennsylvania – especially when prices are also rising because of supply chain issues and energy costs.

Shaheen made Eastern Bank AMD

STAR BUSINESS DESK

Eastern Bank Ltd recently promoted its deputy managing director to the post of additional managing director.



The promotee, Ahmed Shaheen was simultaneously discharging his duties as head of corporate banking alongside his roles as a deputy managing director, a press release said. He joined the bank in 2005 as head of trade services.

He previously worked in different capacities at IFIC Bank and Prime Bank during his more than 29-year-long professional career in the industry.

Mahmood chief business officer of Mutual Trust Bank

STAR BUSINESS DESK

Md Khalid Mahmood Khan has recently been appointed as chief business officer (CBO) of Mutual Trust Bank with effect from July 1, 2022.

The appointee, Mahmood, was serving as deputy managing director of the bank, a press release said.



He started his professional banking career with Agrani Bank Ltd in 1994 as a probationary officer.

He obtained his master's degree from the University of Dhaka and an MBA from the same university.

Kansai Nerolac Paints, Sindabad sign deal

STAR BUSINESS DESK

Kansai Nerolac Paints (Bangladesh) Ltd (KNPBL) signed a memorandum of understanding with Sindabad.com, a one-stop solution for all business requirements in the business-to-business universe, over facilitating business through the e-commerce platform.

Asif Zahir, managing director of Sindabad.com, and Vishal Mothreja, chief executive officer of KNPBL, inked a deal at the former's head office in Uttara, Dhaka yesterday, a press release said.

KNPBL, a subsidiary of the Japan-based Kansai Paint company, is the 8th largest paint manufacturer in the world, having operations in 80 countries across Asia, Europe, America and Africa, a press release said.

They believe that the partnership will help them provide products manufactured by KNPBL to small-and-medium enterprises and corporate customers so that they can grow their businesses.



Rajeev Gopalakrishnan, chairman of Bata Shoe Company (Bangladesh) Ltd, virtually presides over the company's 50th annual general meeting recently. The meeting approved 100 per cent cash dividend. Anirban Asit Kumar Ghosh, vice-chairman, Shaibal Sinha, director, KM Rezaul Hasanat and Rupali Chowdhury, independent directors, also attended the meeting.

PHOTO: BATA SHOE COMPANY



Mohammed Shoeb, chairman of Phoenix Insurance Company, virtually presides over the insurer's 36th annual general meeting recently. The meeting declared 15 per cent cash dividend for 2021. Mazharul Haque, Mohammed Haider Ali, Sharmin Sultana, Manzoorul Haque, Md Faizur Rahman, Nabihah Yesmeen, Fabiana Aziz, directors, and Md Jamirul Islam, managing director, joined the meeting.

PHOTO: PHOENIX INSURANCE COMPANY

China's factory activity speeds up

FROM PAGE B4

easing supply chain snags, after worsening for the past two years.

However, despite the strong rebound, factories remained cautious in terms of hiring more staff, with employment falling for the third month in a row.

"Restoration in the post-pandemic era remained the focus of the current economy, yet its base was far from strong," said Wang Zhe, senior economist at Caixin Insight Group.

"Deteriorating household income and expectations caused by a weak labor market dampened the demand recovery. Correspondingly, supportive policies should target employees, gig workers and low-income groups impacted by the outbreaks."

China's economy has

started to chart a recovery path out of the supply shocks caused by strict lockdowns, but headwinds persist, including record high jobless rate in big cities, a still subdued property market, soft consumer spending and fear of any recurring waves of infections.

Analysts expect further improvement in economic conditions in the third quarter, although the official GDP target of around 5.5 per cent for this year will be hard to achieve unless the government abandons the zero-Covid strategy.

President Xi Jinping defended the zero-Covid policy on Tuesday, saying China is willing to accept some temporary impact on economic development over harm to people's health.

Ukraine begins electricity exports

FROM PAGE B4

"It is not just a question of export revenue for us, it is a question of security for the whole of Europe." The Ukrainian electricity grid was connected to the European network in mid-March, helping to keep supplies flowing despite the war.

European Commission chief Ursula von der Leyen tweeted that the Ukrainian exports "will provide

an additional source of electricity for the EU. And much-needed revenues to Ukraine.

"So we both benefit," she said.

The EU has strongly backed Ukraine following Russia's February invasion, slapping Moscow with a barrage of sanctions and granting Kyiv "candidate status", a first step towards membership of the bloc.



Sufiul Alam Khan Chowdhury, managing director of Pubali Bank, receives a crest and certificate from Fazole Kabir, governor of Bangladesh Bank, at the central bank's head office in Motijheel, Dhaka recently on being listed as one of top 10 banks in sustainability ratings for 2020 and 2021 of the Bangladesh Bank. AKM Sajedur Rahman Khan and Abu Farah Md Nasser, deputy governors of Bangladesh Bank, and Nitish Kumar Roy, general manager of Pubali Bank, were present

PHOTO: PUBALI BANK



Mamoon Mahmood Shah, managing director of NRB Bank, receives a crest and certificate from Fazole Kabir, governor of Bangladesh Bank, at the central bank's head office in Motijheel, Dhaka recently on being listed as one of top 10 banks in sustainability ratings for 2020 and 2021 of the Bangladesh Bank. AKM Sajedur Rahman Khan and Abu Farah Md Nasser, deputy governors of the central bank, were present.

PHOTO: NRB BANK

Turkey hikes minimum wage

AFP, Istanbul

Turkey on Friday substantially raised the minimum wage for the second time in a year to cushion the blow from soaring cost of living increases ahead of next year's general election.

The hike of the net monthly take-home pay to 5,500 liras (\$330) means the nominal minimum wage has nearly doubled since the end of last year.

It stood at 2,826 liras in late December and 4,253 liras in January. But with an official annual inflation

rate of 73.5 per cent – even higher in big cities such as Istanbul – the increase for the most part only compensates for an erosion in purchasing power already suffered by consumers.

The Turkish currency has lost half its value against the dollar in the past 12 months, which has fuelled price rises on imported goods.

Economists warn that substantially raising the pay of a large swathe of the population is an inflationary measure that should be accompanied by interest hikes or other means of limiting spending.



The new gantry cranes will significantly reduce the stay time of ships at the port jetties, experts said.

PHOTO: STAR/FILE

Container handling to speed up at Ctg port

Two more quayside gantry cranes arrive at the premier seaport

DWAIPAYAN BARUA, Ctg

Two more quayside gantry cranes, also known as ship-to-shore cranes, are going to be added to the existing ones at the Chattogram port by this week to enhance the port's efficiency in handling containers to and from vessels.

A Chinese flagged vessel, Xin Chen Hai Yang, from Shanghai carrying the two quayside gantry cranes and three rubber-tyred gantry cranes arrived at the outer anchorage on Saturday, said Secretary to Chittagong Port Authority (CPA) Md Omar Faruk.

It is scheduled to berth at the jetty number 5 of New Mooring Container Terminal today, he added.

This consignment is a part of the 104 different types of equipment the CPA is procuring under a project involving Tk 914 crore initiated in 2020 to speed up import and export activities at the country's main seaport.

Under the project, the CPA has purchased four quayside gantry cranes, the most necessary and effective container handling equipment, from

Chinese company Shanghai Zhenhua Heavy Industries Company at a cost of Tk 244 crore for New Mooring Container Terminal.

A previous consignment of two quayside gantry cranes and three rubber-tyred gantry cranes arrived earlier in May this year.

With these four, the number of quayside gantry cranes at the port has now reached 18.

In 2005, the port for the first time got four gantry cranes which were installed for handling containers at two jetties of Chittagong Container Terminal.

No new gantry cranes could be procured till 2017, forcing the port to handle containers at the rest of the jetties with the help of the respective ship's crane.

Port users, including the business communities, had long been demanding purchasing more quayside gantry cranes, particularly since the New Mooring Container Terminal was constructed in 2007 for boosting up container handling capacity.

The CPA purchased six quayside

gantry cranes in 2018 and in the following year it procured four more from the same Chinese company at a cost of Tk 344.92 crore and Tk 238.63 crore respectively.

Those 10 quayside gantry cranes and the two arriving in May this year have been installed at the five jetties of New Mooring Container Terminal while the two freshly arrived quayside gantry cranes will also be installed at New Mooring Container Terminal, said the CPA secretary.

Inclusion of the new gantry cranes will significantly reduce the stay time of ships at the port jetties, he said.

With the latest two quayside gantry cranes, four jetties of New Mooring Container Terminal that accommodate bigger vessels will now be equipped with a total of 12 quayside gantry cranes.

Meanwhile each of the four jetties will have three quayside gantry cranes.

The rest of the New Mooring Container Terminal jetty which is dedicated for Pangaon Inland Container Depot-bound vessels will have two quayside gantry cranes.

Tanveer Hussain, chief operating officer of Saif Powertec, the private berth operator that operates New Mooring Container Terminal, said container handling at New Mooring Container Terminal would be quicker.

They would now be able to complete unloading and loading of import and export containers of bigger-sized vessels at the New Mooring Container Terminal jetties within 48 hours while it now takes 72 hours to do the job, he said.

"With three quayside gantry cranes working at a time on a bigger vessel, the import laden containers can be unloaded within 13 hours to 15 hours which is now taking 18 hours to 19 hours," said Tanveer.

CPA Chief Engineer Aminul Islam said so far 16 equipment have been procured out of the total 104 under the equipment procurement project.

Under the project, the CPA planned to buy four quayside gantry cranes, 11 rubber-tyred gantry cranes, 27 straddle carriers, FOUR reach stackers, two mobile cranes of 100 tonne capacity each and others.

Pay workers' salary, bonus by July 7: Sufian

STAR BUSINESS REPORT

The government yesterday asked all the owners of factories and industries, including those in the garments sector, to pay the due salary and bonus to their workers by July 7, three days ahead of Eid-ul-Azha.

Begum Monnuzan Sufian, state minister for labour and employment, came up with the directives after a tripartite meeting of garment factory owners, union leaders and government officials at Sromo Bhaban in Dhaka.

Sufian also said the workers' Eid holiday will be aligned with the government holidays, according to a statement from the labour and employment ministry.

However, owners can also continue work for emergency shipments during the holidays in consultation with the workers, she added.

No ceiling on remittance thru internet banking

STAR BUSINESS REPORT

Bangladesh Bank yesterday said the ceiling on fund transfers through internet banking would not be applicable for remittance.

Clients are allowed to transfer a maximum of Tk 10 lakh per day through internet banking.

The central bank also permitted clients to transfer Tk 3 lakh with a single transaction.

Bangladesh Bank significantly increased the transaction ceiling in June last year as a part of its efforts to boost digital banking.

However, it did not clarify the maximum ceiling on fund transfers through internet banking for remittance.

A central bank official said the latest notice clarified that such a ceiling would not be applicable for remitters.

Walton wins RoSPA Gold Award

STAR BUSINESS DESK

Walton Hi-Tech Industries PLC won the RoSPA Health and Safety Gold Awards for ensuring improved work environment, occupational health and safety.

The Royal Society for the Prevention of Accidents (RoSPA), a UK-based organisation, awards the accolade in three categories – Gold, Silver and Bronze.

Mohammad Liton Molla, head of the environment, health and safety department at Walton, received the award at Cheshire in London recently, a press release said.

"This honour will play a huge role in achieving Walton's Vision-2030," Molla said.

\$3.2m to raise capacity

FROM PAGE B1

rise during the coronavirus pandemic as people turned to internet to work, study and find entertainment at home.

Total bandwidth use surged to 3,840 Gbps in May this year, from 1,000 Gbps before the health crisis, according to the Bangladesh Telecommunication Regulatory Commission (BTRC).

BSCCL supplies a total of 2,200 Gbps while the rest comes from India through seven international terrestrial cable service providers.

The company is set to receive 13,200 Gbps from the third undersea cable, SEA-ME-WE 6, by 2025.

The bandwidth use is forecast to rise in coming years on the back of increasing reliance on internet. The government also plans to bring about 1 lakh educational institutions under internet connectivity.

The availability of fifth-generation (5G) service among wider users likely from this year will also drive up the bandwidth use. The trial run of the super-speed technology kicked off in December.

"There will be no bandwidth crunch despite the huge growth in internet usage as we are scheduled to get adequate bandwidth in the coming years," said Rahman.

There were 12.55

crore internet users in Bangladesh as of May.

Private companies are also set to get licences to establish, maintain and operate submarine cables, in a shift that will break the state monopoly and pave the way for a smooth supply of bandwidth.

State-run BSCCL is the lone entity permitted to connect the country with the rest of the world through undersea cables. But in order to attract private investment to the telecommunication industry and support the growth in bandwidth consumption, the BTRC has floated a tender to grant licences.

Six companies have applied.

Pressure on forex remains high despite robust export

FROM PAGE B1

Zahid Hussain, a former lead economist at World Bank's Dhaka office, said, "External pressure still remains high despite the export growth."

"Unless the foreign exchange market is allowed to respond to the market realities, the pressure on external balance will continue to be disruptive," he said.

Imports have not slowed down to that much of an extent although Bangladesh Bank took some measures to discourage non-essential imports. As a result, pressure on the foreign exchange reserve continues to exist, he said.

Besides, he said, the outlook for export did not look good owing to a risk of a slowdown in the global economy.

But remittances are expected to increase as the outflow of migrant workers increased. And they went for jobs to oil-rich countries, which registered booming revenues because of increased prices of petroleum, he said.

Hussain said the remittance inflow in June could have crossed the \$2 billion mark had Bangladesh Bank taken a flexible approach in the exchange rate management.

Exports would have also increased, he added.

A floating exchange rate will reflect the market reality and help bring about stability in the foreign exchange market as export and remittance will have increased while services imports will have dropped, he said.

Hussain warned about the risks of underinvoicing of prices of exported products and over-invoicing of imported ones unless the gap between the official exchange rate and markets reduces.

At present, importers have to pay Tk 97 to Tk 98 for a US dollar while exporters get Tk 96 to Tk 97 for selling the greenback to banks, which is higher than the interbank exchange rate of Tk 93.45 set by Bangladesh Bank.

Prof Selim Raihan of the Department of Economics at the University of Dhaka said the performance of exports has been remarkable.

Export hits all-time high

FROM PAGE B1

The earnings from the shipment of leather and leather goods, often cited as one of the most potential sectors after garments, stood at \$1.24 billion, registering an annual growth of 32.23 per cent.

Jute and jute goods exports, however, declined 2.91 per cent despite generating \$1.12 billion. And exporters hope the sector would soon return to black as demand for the products made from the natural fibre is on the rise.

Both Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), and Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue, described the FY22 export receipts as a landmark for Bangladesh.

"The important thing is that more than \$8 billion came from the sectors other than garments, indicating that product diversification is taking place gradually," Rahman said.

The noted economist thinks there is ample scope for Bangladesh to diversify its product baskets even

within the garment sector. "We should explore this to continue the robust growth of export earnings."

According to Rahman, the total earnings from merchandise shipment were high as international retailers and brands had to raise the prices of the products sourced from Bangladesh by taking into account the high cost of raw materials.

For instance, the cotton price rose by 51 per cent last year. The earnings, however, are volume-driven, not value-driven, said the economist.

"It is very important how much of the export earnings we can keep in the country."

In order to maintain the robust export growth, Bangladesh needs to explore non-cotton garment items, and the government should provide incentives to the goods made from the artificial raw material with a view to encouraging exporters to capture a fair share of the \$700 billion global market, Rahman added.

In 2015, the BGMEA set a garment export goal of \$50 billion by 2021 to mark

the 50th anniversary of Bangladesh's independence.

"But we could not achieve the goal because of Covid-19. However, we are expecting to touch the milestone in 2023," said Hassan, urging the government to keep supporting the garment sector so that it can retain the growth momentum.

Md Saiful Islam, president of the Metropolitan Chamber of Commerce and Industry, hopes the export would hit \$80 billion by 2024.

If the government can make the central effluent treatment plant in the Savar Tannery Industrial Estate and local exporters can obtain certification from the Leather Working Group, the global body for compliance and environmental certification in the leather and leather goods sector, Bangladesh's leather sector will perform strongly in the near future, said the entrepreneur.

Farm products, frozen and live fish, terry towels, footwear, furniture, bicycle, pharmaceuticals and cotton yarn also fared well in the global market in the just-concluded fiscal year.

Remittances fall 15pc

FROM PAGE B1

imposed lockdowns during the period to contain the pandemic, which forced the hundi cartel to stop their businesses for the time being.

But the hundi system came into operations in a full-fledged manner since the first half of last fiscal year, putting an adverse impact on remittances.

Rahman said remittances might regain its tempo this fiscal year as manpower export has increased to a large extent in recent months.

Some 8.77 lakh people went abroad for work in the first 11 months of FY22 in contrast to 2.31 lakh in the entire FY21.

He said remitters were

now receiving around Tk 96 against each dollar based on the calculations of the existing exchange rate of the taka against the US dollar and a 2.5 per cent incentive on the amount sent as remittance.

The exchange rate of the taka stood at Tk 93.45 yesterday in contrast to Tk 84.80 a year ago.

Rahman said the kerb market, an open market where common people sold and bought foreign currencies, now offered Tk 98 per dollar, meaning there was an exchange rate gap of Tk 2 between formal and informal markets.

Such gaps discourage remitters from sending their hard-earned money

through the banking system, he said.

Md Arfan Ali, managing director of Bank Asia, said remittances would increase in the days to come because of the surge in manpower export.

Banks will get a respite from the ongoing foreign exchange pressure if the ongoing trend of manpower export continues, he said.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, said it would take one or two months more to comment to this end.

"We have to monitor the trend of remittances and the ongoing foreign exchange rates, whether the inflow gains stability soon," he said.



A farmer is seen tending to his bottle gourd plants, which were grown following good agricultural practices, in Shahbajpur village of Jashore sadar upazila.
PHOTO: MOKAMMEL SHUVO

Farmers grow export quality vegetables but don't get buyers

MOKAMMEL SHUVO, back from Jashore

Farmers in Shahbajpur village of Jashore sadar upazila are overjoyed to be producing export quality vegetables but they are disappointed that the produce is selling at home instead of abroad at the same time.

Farmers in the region are growing vegetables following good agricultural practices (GAP) and so, many have received GlobalGAP certification, which allows them to sell their produce in high-value markets all over the globe.

GlobalGAP aims to ensure safe, sustainable agriculture worldwide by setting up voluntary standards for the certification of such products.

"We are producing safe vegetables but we don't have enough buyers even though the yields are export quality," said Oilar Rahman, a farmer of Shahbajpur.

"We can produce enough quantities of pesticide-free vegetables for both export and the local market but we lack demand," Rahman added.

According to Monirul Islam, another farmer of the village, they prefer selling vegetables for export as it earns them an extra Tk 3-5 per kilogramme (kg).

"So, we want the government and private entrepreneurs to arrange for our vegetables to be exported," Islam said.

Like Rahman and Islam, around 48 other farmers of Shahbajpur have been eagerly waiting to send their produce abroad ever since receiving GlobalGAP certifications in March for seven vegetables, namely bottle gourd, green chili, papaya, arum, green beans, pointed gourd and spine gourd.

"GlobalGAP certified fruits and vegetables can be sold at super shops



Growers use pheromone traps for insects rather than pesticides.

in EU and the US at higher prices," said Mahadi Hasan, head of business at Shwapno, a renowned retail brand in Bangladesh.

But even the vegetables and fruits that do manage to make their way abroad are sold in Bangladeshi specialty shops or at very low market value, he added.

ACI Logistics, which owns and operates Shwapno, initiated a project with the support of USAID in 2017 with 200 farmers in Shahbajpur to produce safe vegetables following GAP.

Now, they have some 600 members, 50 of whom have been certified by GlobalGAP for the next one year, Hasan said.

He went on to say that it costs around Tk 32 lakhs to earn GlobalGAP certification for the seven types of vegetables being produced by those 50 farmers.

"We are buying around 700-800 kgs of safe vegetables of different varieties every day from those farmers and sell them at Shwapno outlets," the ACI official said.

"It took a few years to set up the whole protocol for growing safe vegetables but now we are focusing on establishing links between growers and exporters," Hasan added.

"The price of vegetables exported to high-value markets will be 60 per cent higher than the current prices."

Torup Ali, one of the 50 GlobalGAP certified farmers, alleged that Shwapno buys very small amounts of vegetables considering their production capacity.

"We are producing quality vegetables but not getting the higher prices that they deserve," he said.

However, Hasan argued that Shwapno sells around 70 vegetable items through its 56 outlets in the country and that farmers in Shahbajpur only produce seven of them.

Regarding the procedure for growing safe vegetables, farmers say they use less chemical fertilisers.

"We also use pheromone traps and yellow sticky traps for insects," Ali said.

Islam of Shahbajpur said local farmers sprayed pesticides three times a week in the past.

"Now, we follow expert advice and spray pesticides only once a week on certain vegetable fields and not only is this safer, but it reduces costs as well," he said, adding that they stop applying pesticides at least one or two weeks ahead of harvesting.

During a recent visit to the village, this correspondent found a host of growers producing safe vegetables that all want the relevant authority to initiate exports in order to secure better profits.

"We have started working with the farmers and USAID to export the GlobalGAP certified vegetables to the EU and US," said Mohammed Mansur, general secretary of the Bangladesh Fruits, Vegetables and Allied Products Exporters' Association.

"The price would be 30 to 35 percent higher than the current export price if we could export GlobalGAP certified vegetables to high-value markets like Walmart," he added.

Banks serving RMG to remain open on July 8, 9

STAR BUSINESS REPORT

Banks have been asked to keep their branches that serve the readymade garment industry in Dhaka city, Ashulia, Tongi, Gazipur, Savar, Bhaluka, Narayanganj and Chattogram open for full-day on July 8 and 9.

In a notice yesterday, the Bangladesh Bank said banks would have to take measures to keep the branches open in order to allow garment factories to sell their export bills and clear the payments and bonuses to their workers and officials ahead of Eid-ul-Azha, to be observed on July 10.

The clearing system of the central bank will remain open on the days. Banks, however, can't submit any cheques for clearing from the branches that are not located in the areas cited in the circular.

Stocks snap gaining streak

STAR BUSINESS REPORT

Stocks broke out of a gaining streak of four days while turnover at the market dropped 30 per cent yesterday.

The DSEX, the benchmark index of the premier bourse in Bangladesh, lost 17 points or 0.26 per cent, to reach 6,359 yesterday.

Turnover at Dhaka Stock Exchange (DSE) plunged 30 per cent to Tk 654 crore. It was Tk 937 crore a day earlier.

The short-term profit-booking tendency of cautious investors brought down the broad index, said International Leasing Securities in its daily market review.

Meanwhile, the central bank increased the repo rate by 50 basis points, which may adversely impact the money flow to the capital market, therefore the index dropped, it said.

Investors' participation was significantly lower in the market, so the turnover decreased, it added.

Meanwhile, both the DS30, the blue chip index, and DSES, the Shariah-based index, lost 4.38 points and 2.03 points respectively.

As the index was undergoing a rising trend for the previous four days, some investors tried to rake in profits and that is why the index dropped, said a merchant banker preferring anonymity.

Moreover, recent steps of the central bank also encouraged them to sell shares apprehending a cash crunch in the stock market, he said.

Out of 382 issues traded during the session, 219 declined, 120 advanced and 43 remained unchanged.

Among the sectors, paper rose 3.8 per cent, services 2.1 per cent and IT 1.5 per cent, whereas tannery dropped 1.4 per cent, ceramic 1 per cent and banks 0.8 per cent.

Based on the turnover, investors' activities were mainly focused on the textile sector, accounting for 11 per cent of the day's total turnover, followed by fuel & power (9.6 per cent) and miscellaneous (9.4 per cent).

Robi Axiata gained the most, 9.96 per cent. Meghna Insurance Company, Shyampur Sugar Mills, Bangladesh Thai Aluminium, and Zeal Bangla Sugar Mills were also in the gainers' list.

Fu Wang Food shed the most, dropping 2 per cent. Other than that, the most were Paper Processing & Packaging, Alltex Industries, Prime Bank and Tamijuddin Textile Mills.

Intraco Refueling Stations became the most traded stock, with shares worth Tk 36 crore changing hands, followed by Sonali Paper & Board Mills, Beximco, IPDC Finance and Robi Axiata.

China's factory activity speeds up in June

REUTERS, Beijing

China's manufacturing activity expanded at its fastest in 13 months in June, buoyed by a strong rebound in output, as the lifting of Covid lockdowns sent factories racing to meet recovering demand, a private sector poll showed on Friday.

The Caixin/Markit manufacturing purchasing managers' index (PMI) rose to 51.7 in June, also indicating the first expansion in four months, from 48.1 in the previous month. That was well above analysts' expectations for an up-tick to 50.1.

The 50-point index mark separates growth from contraction on a monthly basis.

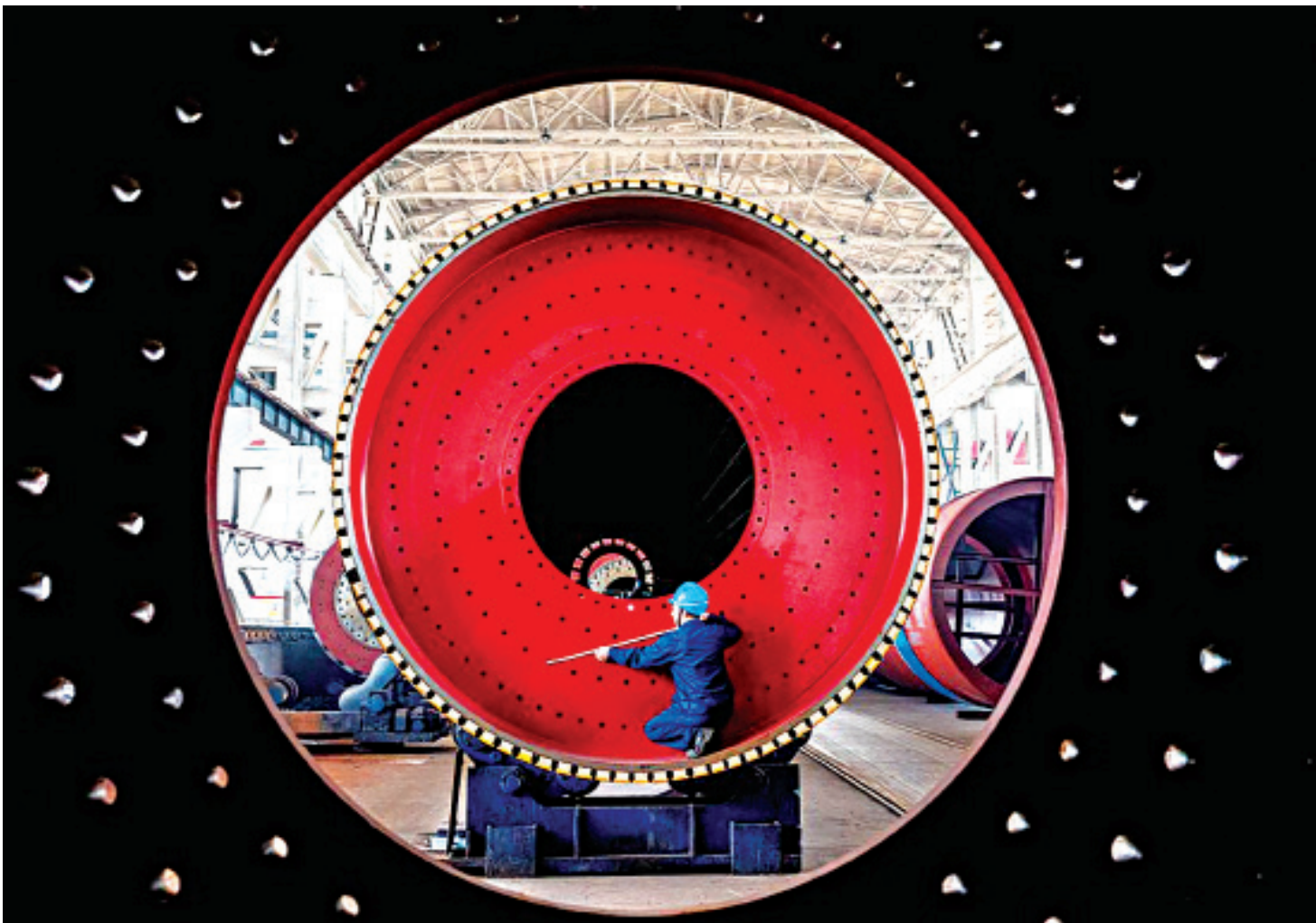
The recovery suggested in the Caixin survey, which focused on more export-oriented and small firms in coastal regions, was more convincing compared with findings in an official survey.

Economic activity has sped up in June since various Covid lockdowns have been rolled back as Covid-19 cases fell, with a range of support measures unveiled by the State Council in late May to stabilise growth gradually kicking in.

A sub-index for output bounced to the highest level since November 2020, while new orders, bolstered by the first increase in export orders in about a year, snapped three months of decline and posted the fastest growth in four months.

Delivery times for suppliers stabilised in June amid

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An employee measures a newly manufactured ball mill machine at a factory in Nantong, Jiangsu province, China. Economic activity in China has sped up in June since various Covid lockdowns have been rolled back as Covid-19 cases fell.

PHOTO: REUTERS/FILE

Ukraine begins electricity exports to EU

AFP, Kyiv

Ukraine has started exporting electricity to the European Union, via Romania, President Volodymyr Zelensky said, as Russia reduces gas supplies to the bloc which is supporting Kyiv in resisting Moscow's invasion.

Several European countries, including Italy and Germany, are highly reliant upon Russian gas for their energy needs but have been forced to look for alternatives as Moscow slashes deliveries.

Speaking Thursday, Zelensky said Ukraine had "launched a significant export of electricity to the territory of the EU, via Romania."

"This is only the first stage. We are preparing to increase supply." He said that "a significant part of the Russian gas consumed by Europeans can be replaced."

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