

Star BUSINESS

Prime Bank

Purchasing Cattle for Eid
Now Hassle Free
with Prime Bank Cards

Discounts | Free Home Delivery

SCAN FOR DETAILS

286 ISPs to be disconnected

MAHMUDUL HASAN

The telecom regulator has recently directed International Internet Gateway (IIG) service providers to disconnect bandwidth connections of 286 internet service providers (ISP) for not converting their licences in accordance with guidelines.

According to the regulatory and licencing guidelines for internet service providers (ISP) of Bangladesh published in December 2020, the existing ISP licensees had to convert their existing licences to four new categories by December 2021.

However, Bangladesh Telecommunication Regulatory Commission (BTRC) in a letter to the IIG service providers, said the 286 had not converted their licences to the new categories.

BTRC said the ISPs had not converted their licences into new categories as per rules

The telecom regulator also warned that if the IIG service providers provided any new connection to the 286, legal steps would be taken as per the telecom act.

An IIG serves as an internet gateway for routing international incoming and outgoing internet-based data traffic.

The new categories are nationwide ISP licence, divisional ISP licence, district ISP licence and upazila/thana ISP licence.

Md Emdadul Hoque, president of the Internet Service Providers Association of Bangladesh (ISPAB), said over 40 per cent of the 286 now either do not operate or operate on a very limited scale.

"We have informed all of the members for conversion of licences but they didn't do it," he said.

He said the regulatory action was duly being taken against ignorance and negligence.

"The regulator has given enough time, so we (association) have nothing to say on it," he added.

Moshir Rahman, chief marketing officer at Fiber@home, an IIG operator, said they have already taken action after receiving a directive from the BTRC.



Employees of a workshop specialising in lathe machines pass idle times playing ludo on a mobile phone for a power outage despite having work to complete before Eid. The photo was taken on Sher-e-Bangla Road in Khulna city yesterday. PHOTO: HABIBUR RAHMAN

Gas shortage, power cuts hit factories

REFAYET ULLAH MIRDHA and SOHEL PARVEZ

A deepening energy crisis is hitting industries in Bangladesh hard, forcing them to cut production by as much as 50 per cent as escalated import bills have forced the country to lower gas purchase from international sources.

Compared to May 2021, there has been 65 per cent increase in fuel price in May this year, according to the budget document of the government.

Similarly, liquified natural gas (LNG) prices have hit record levels internationally, fueled by higher energy prices in the global markets exacerbated by the Russia-Ukraine war.

Since the government has decided, for the time being, not to buy LNG from the international spot market, gas supply has fallen since June 30 amid lower domestic production.

This has hit the generation of electricity in a country where power production accounts for around 70 per cent of the total gas consumption.

As a result, the industries and businesses in Bangladesh are in trouble since production has halved while the cost of production is rising.

"We have suggested the government enforce load-shedding to save energy bills

industries and businesses alike, have been enduring severe power cuts for the last few days as electricity production was hampered mainly due to a shortage of gas supply.

This prompted the FBCCI to urge the government yesterday



but the supply should be given to industries on a priority basis," said Md Jashim Uddin, president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

"But the load-shedding and gas crisis are taking place across the industries. As a result, businesses are incurring losses amid the production fall."

Consumers, individuals,

to go for power rationing.

The Bangladesh Power Development Board and other power and gas suppliers need to sit together as soon as possible to determine the priority when it comes to enforcing power cuts and gas rationing, said Jashim.

"Industries and other vital services sectors like hospitals should be prioritised and remain out of the purview of load-shedding and gas

rationing."

Owing to the severe gas crisis, the production in the spinning and weaving mills in the industrial zones has halved in the past 11 days.

The millers are worried about whether they would be able to keep their production up and running amid the deepening energy shortage.

Any hamper in production at primary textile mills means a delay in garment manufacturing which will ultimately compel producers to go for costlier air shipment of goods or face a big discount from international retailers and brands or in the worst case, the cancellation of work orders, industry insiders say.

As a result, the whole supply chain will suffer and work orders may shift to other countries from Bangladesh, millers and exporters warned.

Israq Spinning Mills Ltd's production has declined by 60 per cent recently.

On a normal day when the gas supply remains stable, the factory can produce 125 tonnes of yarn, said Md Fazlul Haque,

READ MORE ON B3

Liquidity stress at banks fuels call money rate

AKM ZAMIR UDDIN

The ongoing strain on Bangladesh's foreign exchange market and the growing demand for cash ahead of Eid-ul-Azha sent the inter-bank call money rate to at least a six-year high yesterday.

The weighted average rate in the inter-bank call money market, where banks borrow from each other on an overnight basis, stood at 5.26 per cent in contrast to 5.01 per cent a month ago, and 2.44 per cent a year prior, data from the central bank showed.

Yesterday's rate is the highest since 2016, the latest for which data is available.

A BB official, tasked with monitoring the money market, says that the banking sector is now under liquidity stress as many lenders are buying US dollars from the central bank to settle import bills.

The central bank injected a record \$7.62 billion into the market in the fiscal year that ended on June 30, meaning an equivalent local currency amount has moved in the other direction, intensifying the liquidity crunch.

Excess liquidity at banks stood at Tk 189,183 crore as of May, down 11 per cent year-on-year.

Bangladesh's foreign exchange market has come under stress in recent months due to higher import payments, driven by escalated commodity prices in international markets.

Imports surged to \$75.40 billion between July and May, up 39 per cent year-on-year.

The government's borrowing from the banking sector had also increased significantly in the last fiscal year, amid weak revenue generation, putting additional pressure on the liquidity position of banks, according to a treasury head of a commercial bank.

The government borrowed Tk 64,755 crore from the banking system in FY2021-22 in contrast to Tk 26,078 crore the year before.

In order to squeeze the money supply further to contain the soaring inflation, the central bank has taken a contractionary monetary policy for the current fiscal year.

READ MORE ON B3

STOCKS	
DSEX ▼	CASPI ▼
0.09%	0.10%
6,366.05	18,749.48

COMMODITIES	
Gold ▲	Oil ▲
\$1,765.00	\$104.27
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 1.12%	▼ 1.20%	▼ 0.01%	▼ 1.43%
53,730.07	26,107.65	3,103.66	3,355.35

Private ICDs face acute pressure of export cargoes

DWAIPAYAN BARUA, Ctg

Shinest Apparels, a Dhaka-based garment factory, sent eight truckloads of export cargo to a private inland container depot (ICD) in Chattogram eight days ago for shipment through the country's premier port.

Two of those trucks were still waiting to enter yesterday due to a long queue of such trucks and covered vans outside the ICD.

At least 20 trucks and covered vans carrying export goods from the same garment factory have been similarly stranded before different ICDs for the last couple of days.

There are long queues of trucks and covered vans outside many of the 19 ICDs in the port city and its outskirts in Sitakunda.

The ICDs have been facing an acute congestion of export containers within their premises for a few weeks now.

Exporters are already suffering from a crisis of vehicles and exorbitantly high truck fares due to the stalemate.

They apprehend missing shipments of many export consignments if their cargoes cannot be unloaded from the trucks, stuffed into containers and sent to the port for loading onto ships.

Truck owners are charging double or triple the usual fares taking advantage of the situation, they said.

Informing of the crisis, Sajib Hossen, shipping in-charge of Shinest Apparels, said they had to hire trucks at Tk 60,000 to Tk 65,000 for sending their cargoes from Dhaka to the ICDs.

READ MORE ON B3



Hundreds of covered vans carrying export cargoes from different parts of the country are seen waiting in a long queue on Outer Ring Road for entering a private inland container depot in Patenga, Chattogram yesterday.

PHOTO: COLLECTED

Rolls-Royce seized for alleged duty evasion

MOHAMMAD SUMAN, Ctg

The customs detectives have seized a Rolls-Royce car worth Tk 27 crore, including import tariff, from a house in Dhaka on allegation of duty evasion and breaching customs rules.

On April 27, the 6,750cc vehicle was imported by Z&Z Intimates Ltd from UK-based Vertex Auto Ltd, according to a statement of the Customs Intelligence and Investigation Directorate (CIID) released yesterday.

The price of the vehicle was shown as 200,000 US dollar or Tk 1.87 crore in the import document and after all taxes and duties the car would cost Tk 27 crore in Bangladesh.

Incepted in 2017, Z&Z Intimates is a concern of Ananta Group and it is engaged in production of lingerie, underwear and swimwear requirements, according to the company website.

READ MORE ON B3

Euro tumbles to 20-year low against dollar

AFP, New York

European stocks sank Tuesday along with oil prices, while the euro slumped towards parity with the dollar on deepening recession fears as central banks contend with soaring inflation.

European stock markets fell nearly three percent, weighing on Wall Street early in the day before US stocks staged a turnaround.

"Fears about the health of the world economy are circulating and that is why we are seeing major declines in stocks, energies, and industrial metals," said market analyst David Madden at Equiti Capital.

The euro sank to a 20-year dollar low of \$1.0238 as investors eyed aggressive interest rate hikes by the US Federal Reserve in its fight against inflation, in contrast with the European Central Bank, seen as planning more modest increases.

The main international crude oil contract, Brent North Sea, fell nearly 10 percent, while the main US contract WTI, fell more than eight percent to finish under \$100 per barrel for the first time in around two months.

"There are increasing worries the elevated energy prices will chip away at demand, hence the fall in the oil contracts," said Madden.

Sentiment in Europe was shaken by the latest survey data showing economic growth in the eurozone floundered in June.

S&P Global's closely-watched monthly purchasing managers' index (PMI), which measures corporate confidence, fell to 52.0 in June from 54.8 in May.

Nevertheless, the reading, which was a 16-month low, remains above the 50-point level signalling expansion.

"Growing fears of a recession are hammering the euro lower, whilst the dollar is soaring on bets that the Fed will keep hiking rates aggressively to tame inflation," City Index analyst Fiona Cincotta told AFP.



Hay costing Tk 7 to Tk 8 per bundle is being brought into the capital ahead of Eid-ul-Azha, when around 1.21 crore animals are expected to be sacrificed around the country, according to the Ministry of Fisheries and Livestock. The photo was taken near the Gabtoli cattle market on Tuesday.

PHOTO: PRABIR DAS

Dollar reigns as investors fear recession pain

REUTERS, Tokyo

Asian stocks fell and the dollar stood by a two-decade high on the euro on Wednesday as investors' fears deepened that the continent is leading the world into recession, while oil and European equity futures made a wobbly attempt to steady.

Brent crude futures have slid this month on worries that a global slowdown will sap demand. Prices slumped 9.5 per cent to a 2-1/2 month low of \$101.10 on Tuesday, before bouncing slightly to \$103.86 a barrel in the Asia session on Wednesday.

MSCI's index of Asia-Pacific stocks outside Japan fell 1 per cent, led by a 2 per cent drop for Taiwan's benchmark index - heavy with growth-sensitive computer chip makers - which hit an 18-month low. Japan's Nikkei fell 1.1 per cent.

S&P 500 futures fell 0.1 per cent while FTSE futures and EuroSTOXX 50 futures rose 1 per cent after heavy Tuesday selling.

News has been relentlessly negative, with talk of gas rationing in Europe, a

political crisis in Britain and a fresh flare up of COVID-19 cases prompting fresh restrictions in Shanghai.

In the United States, the two-year Treasury yield has dropped below the 10-year yield, a reliable market signal of a recession capping growth in the medium term.

"The drumbeat is getting louder and louder about recession risk," said Jason Teh, chief investment officer at Vertium Asset Management in Sydney. "Right now defence is the name of the game. It's the best strategy right now, because in a recession a lot of things can fall out of bed."

Accordingly, the dollar has been king and a safety bid has even returned to the beaten-down Japanese yen. The US dollar index hit a 20-year high of 106.79 on Tuesday, hoisted by a tumbling euro.

The index hovered at 106.440 on Wednesday and the yen rose about 0.4 per cent to 135.39 per dollar.

The euro huddled at \$1.0266 after dropping as far as \$1.0236 on Tuesday and traders expect little respite. Selling could

follow if Eurozone retail sales figures due at 0900 GMT disappoint expectations for a 0.4 per cent monthly rise in May.

"There are no important support levels for EUR/USD until \$1," said Commonwealth Bank of Australia strategist Kristina Clifton.

Sterling was near a two-year low at \$1.1944 after the resignation of two of Britain's top government ministers put Prime Minister Boris Johnson's leadership under new pressure.

GAS GAS GAS
Uncertainty over Europe's gas supply is leading the latest round of worries, and has sent prices rocketing against slumps in other commodities on growth worries.

Benchmark Dutch gas prices have doubled since the middle of June.

Some investors worry that flow along the Nord Stream pipeline, which brings gas from Russia to Germany, might not resume after a ten-day maintenance shutdown from July 11 and that winter supply shortages will then prompt rationing and a sharp drop in economic activity.

StanChart, UCEP to help northern communities

STAR BUSINESS REPORT

Standard Chartered Bangladesh and UCEP Bangladesh have launched a re-skilling and employment reintegration programme for individuals whose livelihoods have been impacted by Covid-19 and the recent flooding in northern Bangladesh.

UCEP Bangladesh is a non-government organisation that provides a second chance at education for out-of-school children and decent work for young adults through skills development training.

UCEP places a special focus on social inclusion and gives priority to women, children, and youths from poor and underprivileged families.

Under the partnership with Standard Chartered, 500 beneficiaries in the Sylhet district will receive market-driven vocational training.

Russian court orders halt to Caspian oil pipeline

REUTERS, Moscow

Caspian Pipeline Consortium (CPC), which takes oil from Kazakhstan to the Black Sea via one of the world's largest pipelines, has been told by a Russian court to suspend activity for 30 days although sources said exports were still flowing.

CPC, which handles about 1 per cent of global oil, said the ruling to suspend operations related to paperwork on oil spills and said the consortium, which includes US firms Chevron and Exxon, had to abide by the ruling which was issued on Tuesday.

Two trading sources familiar with the terminal operations told Reuters oil exports from the CPC terminal on the Black Sea were continuing on Wednesday morning, after Tuesday's ruling.

New UK finance minister pledges to grow economy

REUTERS, London

Britain's new finance minister Nadhim Zahawi pledged on Wednesday to rebuild and grow the struggling economy and said he would look at all options to do that, including possible tax cuts.

Zahawi, who moved from the education ministry to the Treasury on Tuesday after the resignation of Rishi Sunak in protest against embattled Prime Minister Boris Johnson, said "nothing is off the table".

But he also faced questions in his first media interviews in the job about whether he would even have a chance to steer the economy out of its looming slowdown, given Johnson's weakened grip on power.



AB Bank Limited yesterday held its 40th annual general meeting, which approved 2 per cent cash dividends and 3 per cent stock dividends for 2021. The bank completed its 40th year of operations on April 12 this year. Muhammad A (Rumeel) Ali, chairman of the board, presided over the meeting while Tarique Afzal, president and managing director, members of board and a good number of shareholders attended the meeting virtually.

PHOTO: AB BANK



Seven top-performing Premier Bank customers who are also entrepreneurs of small and medium enterprises were honoured by the lender through a programme at Renaissance Dhaka Gulshan Hotel recently marking "World MSME Day". M Reazul Karim, managing director and CEO, presided over the event while Syed Nowsher Ali and Shahed Sekander, deputy managing directors, Muhammad Ali, adviser, Md Obaidul Hoque, executive director, and Md Jaker Hossain, general manager, SME Special Programmes Division of Bangladesh Bank, were present.

PHOTO: PREMIER BANK

China's oil import

FROM PAGE B4

month, its third shipment of Iran oil since last December, confirming an earlier Reuters report.

Despite US sanctions on Iran, China has kept taking Iranian oil, usually passed off as supplies from other countries. The import levels are roughly equivalent to 7 per cent of China's total crude oil imports.

China's overall crude oil imports rose nearly 12 per cent in May from a low base

a year earlier to 10.8 million bpd, versus the 2021 average of 10.3 million bpd. Customs reported zero imports from Venezuela.

State oil firms have shunned purchases since late 2019 for fear of falling foul of secondary US sanctions. Imports from Malaysia, often used as a transfer point in the last two years for oil originating from Iran and Venezuela, amounted to 2.2 million tonnes, steady versus April

but more than double the year earlier level.

Imports from Brazil fell 19 per cent from a year earlier to 2.2 million tonnes, as supplies from the Latin American exporter faced cheaper competition from Iranian and Russian barrels. Separately, data also showed China's imports of Russian liquefied natural gas (LNG) amounted to nearly 400,000 tonnes last month, 56 per cent more than May of 2021.

On the year, sales of food, drinks and tobacco fell by 3.6 per cent in May, matching the fall recorded a month earlier, in line with the downwards trend

125 firms to import 2.5 lakh tonnes

FROM PAGE B4

The National Board of Revenue (NBR) cut the duty on rice imported between June 22 and October 31 to 25.75 per cent from 62.5 per cent to facilitate the purchase of the cereal from international markets as prices have risen in the local market.

Fine rice is being sold for between Tk 64 and Tk 80 per kg in the kitchen markets in Dhaka today.

The prices were up 7.46 per cent from a month ago, according to the Trading Corporation of Bangladesh (TCB).

Prices of coarse rice remained unchanged in the past one month, TCB data showed.

In order to avail the tax waiver, importers will have to take permissions from the food ministry for every shipment, according to the NBR.

Eurozone consumers cut food spending

FROM PAGE B4

Despite the marginal overall increase in retail spending, sales of food, drinks and tobacco dropped on the month by 0.3 per cent, compounding the 2.3 per cent slump recorded in April, which was the worst fall since June 2020 when euro zone nations started to timidly reopen their economies after COVID-19 lockdowns.

However, Eurostat revised slightly upwards its preliminary estimate of the fall in April retail sales, which it initially had reckoned to be of 2.6 per cent.

On the year, sales of food, drinks and tobacco fell by 3.6 per cent in May, matching the fall recorded a month earlier, in line with the downwards trend

which began in December.

The drop in purchases of essential goods coincided with the record spike in prices, with headline inflation at 8.1 per cent in May, and estimated to have grown to 8.6 per cent in June.

Prices of food, alcohol and tobacco are estimated by Eurostat to have risen 7.5 per cent in May on the year, and 8.9 per cent last month.

Eurozone consumers also cut their spending on fuel and on online shopping by 0.2 per cent on the month in both cases.

The overall rise in retail sales was due to a 1.2 per cent increase in non-food products, a vast category including clothing, medicines and cosmetics.



HSBC Bangladesh recently organised a virtual panel discussion, styled "Transitioning to a circular economy with Sustainable Waste Management", to find innovative solutions and adopt the best practices in this regard across all manufacturing and service sectors. Held on July 4, the event featured Md Mahub ur Rahman, CEO of HSBC Bangladesh, Robert Chatterton Dickson, British High Commissioner to Bangladesh, Md Shahab Uddin, minister for environment, forest and climate change, Md Moniruzzaman, additional secretary, Wai-Shin Chan, head of climate change at HSBC Global Research, and senior officials from Coca-Cola Bangladesh, the Geocycle project of LafargeHolcim and Pran-RFL Group.

PHOTO: HSBC BANGLADESH



Md Mahub ul Alam, chairman of the board of directors of Social Islami Bank, presided over its 27th annual general meeting yesterday. The bank's shareholders approved 5 per cent cash and 5 per cent stock dividends for 2021. Managing Director and CEO Zafar Alam was present.

PHOTO: SOCIAL ISLAMI BANK



Exports of leather, leather goods and footwear surged in fiscal 2021-22 as importing countries reduced their dependence on China.

PHOTO: STAR/FILE

Export of leather goods hits decade high

SUKANTA HALDER

Leather, leather goods and footwear exports from Bangladesh reached a 10-year high in the just concluded fiscal year thanks to the arrival of orders that shifted away from competitors, according to industry players.

Exports were at a record high of \$1,245 million in fiscal 2021-22 as importing countries reduced their dependency on China and other producing nations amid the Covid-19 pandemic.

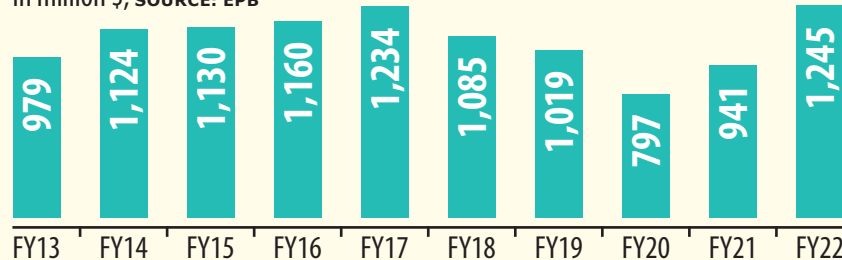
Besides, there are new products and innovations in local industry, they said.

Exports were at their lowest point in the last decade during fiscal 2012-13, when \$979 million worth of leather products were shipped abroad. The last time exports came close to the current record was in fiscal 2016-17, when international buyers purchased \$1,234 million worth of leather products from the country, as per data from the Export Promotion Bureau.

Ziaur Rahman, managing director of Bay Footwear, said several orders from Indonesia, Vietnam and Cambodia had shifted to Bangladesh due to the coronavirus crisis, specifically during the second wave in 2021.

EXPORT OF LEATHER, GOODS AND FOOTWEAR

In million \$; SOURCE: EPB



"That's why Bangladesh has seen such an unusual hike in exports but this will decrease to some extent in the coming days," he added.

Rahman then said growth in the next few quarters could be slow as their main buyers are from the US, where inflation has increased considerably.

"There is also over stocking as many products have remained unsold since the start of the pandemic."

Md Saiful Islam, president of Metropolitan Chamber of Commerce and Industry, said the last two fiscal years were an unusual time for Covid-19.

"But we did not face any factory

disruptions during pandemic and this gave a positive message to customers."

Buyers are reducing their dependence on China considering the current state of the global economy, which is recovering from Covid-19 at a time when the Russia-Ukraine war has disrupted the global supply chain.

"And we got some of the positive benefits," added Islam, also managing director of Picard Bangladesh.

Islam, also a former president of the Leathergoods and Footwear Manufacturers and Exporters Association of Bangladesh, went on to say that new innovations have been

introduced in the domestic industry.

"We have developed new products and I think that's why we have had good growth," Islam said every single factory in the industry has increased their production capacity and efficiency.

Shaheen Ahamed, chairman of the Bangladesh Tanners Association, said international buyers have increased their selling prices by 20-25 per cent at retail and so, this had a positive impact on export receipts.

There are about 60 local leather goods companies in Bangladesh, including Apex Footwear, Jennys Shoes and Bay Footwear, that export various items mainly to Japan, the EU and to some extent, the US.

Leather goods are one of the top three highest export earning sectors of the country.

Meanwhile, the government is drawing up a ten-year perspective plan that includes a target to increase the leather sector's export earnings to \$10-\$12 billion by 2030.

The global leather goods market size is anticipated to reach \$624.08 billion by 2028, registering a CAGR of about 5.9 per cent over the forecast period, according to a report by Grand View Research.

EMBEZZLED BY BROKERS DSE returning funds of investors

STAR BUSINESS REPORT

Dhaka Stock Exchange (DSE) has started returning money which stock investors were cheated out of by three brokerage firms - Tamha Securities, Crest Securities and Banco Securities.

The premier bourse of the country, in a circular, said the recipients were those who submitted allegations prior to May 15 and the amounts were proportional to the investments.

Following a directive of the Bangladesh Securities and Exchange Commission (BSEC), the money was being returned through the respective beneficiary owners accounts.

Investors having any complaint can communicate with the DSE. The DSE has already returned over Tk 4 crore to around 430 investors, according to a top DSE official.

The three brokerage houses were shut two years ago for allegedly embezzling around Tk 200 crore of general investors.

Stocks slip to red

STAR BUSINESS REPORT

Stocks returned to the red yesterday on rising the day before amidst a lot of pressure from sales coupled with a lower participation of stock investors.

The DSEX, the benchmark index of Dhaka Stock Exchange (DSE), edged down 6 points, or 0.09 points, to 6,366.

At the DSE, 118 stocks advanced, 210 dropped and 54 remained the same. Turnover of the premier bourse went down to Tk 746 crore from the previous day's Tk 960 crore.

In the morning session, investors were active in purchasing some stocks at lucrative prices, said International Leasing Securities in its daily market review.

But that did not sustain over the course of the day due to pressure from sales made by some investors that lowered the broad index, it said.

The investors adopted a cautious stance ahead of the Eid festival as commodity prices are soaring, it said.

Both DS30, the blue-chip index, and DSES, the Shariah-based index, lost 2.06 points and 0.06 points respectively.

Rouble keeps falling

REUTERS, Moscow

The Russian rouble extended the previous session's sharp slide on Wednesday, slumping to its lowest since late May against the dollar and euro and heading back towards levels the government prefers as intervention speculation swirled.

The rouble hit more than seven-year highs a week ago, but has shed over 20 per cent since then against the greenback as several officials voiced concerns about its strength, which dents Russia's income from exporting commodities and other goods priced in dollars and euros.

By 0726 GMT, the rouble was 4.5 per cent weaker against the dollar at 63.90 after touching 64.9525, its weakest point since May 30.

Private ICDs face

FROM PAGE B1

The fare is usually around Tk 15,000 to Tk 20,000, he said.

"The truckers are also charging demurrage of Tk 5,000 or more for each day of additional stay while many truck drivers and helpers who are waiting for days are expressing unwillingness to stay further as Eid was nearing," he said.

Drivers and helpers of many of these vehicles are the worst sufferers as they are facing acute troubles in availing meals and baths as they cannot leave the vehicles out on the streets.

Mohammad Yusuf, one of the truck drivers who brought cargo of Shineset Apparel, said he had arrived on Saturday and was yet to enter Ispahani Summit Alliance Terminal at Dhaka Trunk Road till yesterday afternoon.

"I had to spend Tk 50 each time to go to the washroom or to have meals by rickshaw leaving the helper with the vehicle for the past 5 days now," he said.

It is becoming intolerable as the two have to spend the hot nights inside the vehicle, he said.

Leaders of Bangladesh Inland Container Depots Association (BICDA) said the situation worsened as most of the ICDs have been facing a huge pressure of export cargo for the last couple of weeks.

As the ICDs are already overloaded with export laden containers inside, they are forced to delay accepting fresh cargo, they

said.

As of yesterday afternoon, a total of 13,500 TEUs (twenty-foot equivalent units) of export laden containers were stocked inside the 19 ICDs.

These ICDs usually handle 5,000 to 6,000 TEUs a day.

BICDA Secretary Md Ruhul Amin Sikder held three reasons behind the accumulation.

He said ahead of Eid every year, exporters, mainly garment factory owners, remain in a rush to send over export cargoes in advance as the factories go into a week-long vacation.

That is why the pressure rises, he said.

But this year, due to the closure of a big ICD, BM Container Depot, for the June 4 devastating fire, an unusual pressure is being faced by the remaining ICDs, he said.

Moreover, the ICDs have been experiencing a growth in export cargo by around 19 per cent in the last six months till June, said Sikder.

Leaders of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), however, blamed the ICDs for a lack of infrastructure and efficiency as well as a shortage of workers which was delaying the handling of export cargoes.

BGMEA First Vice President Syed Nazrul Islam, in a letter to the Chattogram port authority chairman yesterday, urged passing a directive on ICDs for quick handling

of the export cargoes to ensure that shipments were made on time.

He told The Daily Star that exporters were incurring losses as truckers were charging excessively high fares while there was possibility of cancellation of export orders for shipment delays.

Liquidity stress

FROM PAGE B1

It hiked its policy rate twice within a month to address the price instability.

The policy rate, which is followed by banks to fix their interest rates on both loans and deposits, was raised by 50 basis points to 5.50 per cent on June 30.

Another banker says that there is little possibility for the call money rate to go down any time soon owing to the spike in the policy rate.

Clients are also withdrawing a significant amount of funds from banks on the occasion of Eid-ul-Azha to meet the expenses for buying sacrificial animals and other expenditures.

"This has also tightened the liquidity condition," said Syed Mahbubur Rahman, managing director of Mutual Trust Bank.

Banks usually face liquidity pressure during Eid festivals in Bangladesh.

"The call money rate might stabilise after Eid," said Emranul Huq, managing director of Dhaka Bank.

Gas shortage, power cuts hit factories

FROM PAGE B1

managing director of the company located in Gazipur.

Like others, Haque begins the operation of his mills after 10:00pm when gas pressure increases a bit.

Md Masud Rana, managing director of Asia Composite Mills in the same industrial belt, says production has fallen by 50 per cent because of the shortage of gas.

Savar-based Little Star Spinning Mills Ltd normally produces 12,000 kilograms of high 60 to 80-carded yarn daily. Now, the production has fallen to 4,500 kg since it runs the operation at night alone.

"Many mills have zero flow of gas and thus no production," said Khorshed Alam, chairman of the company.

A weaver at Narsingdi says his factory, which at its peak can manufacture one lakh yards of fabrics daily, is running at half of its capacity.

As a result, he is failing to supply fabrics to his customers on time and is

fearing a huge loss.

"We will lose our buyers if the gas supply situation does not improve soon," he added.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association, said the gas crisis would affect the whole garment supply chain.

Mohammad Ali Khokon, president of the Bangladesh Textile Mills Association, said almost every mill is running at losses because of the disruption in gas supply. Khokon pointed out that when the gas tariff was hiked recently, it was committed that both supply and pressure would improve.

"The situation has rather worsened. Factory and mill owners are complaining that they can't operations because of the lower pressure of gas."

The power cuts are not totally unexpected.

For example, shopping centres and stores were shut at 8:00pm every day from June 21 to June 30, instead of 10:00pm, as

the government looks to conserve power and energy amid the rising prices in the global market.

The restriction has been loosened owing to the Eid festival and is said to be reinstated from July 10.

"It is a very difficult situation," said Aameir Alihussain, managing director of BSRM, one of the largest steel mills in Bangladesh.

Steel manufacturers are already facing increased import costs for the depreciation of the taka against the US dollar and higher prices of ingredients of steel in the global market.

"We are already incurring losses. The energy crisis will widen our losses," said Alihussain.

"Although it has become necessary for the country, power cuts should be kept at a minimum level for industries. Otherwise, the wheels of the economy will slow down."

The situation is particularly tough for factories like BSRM that do not have captive power plants, which use gas to

generate power for their own consumption to avoid sudden power failures.

"The government should ensure a level-playing field between factories that have captive power plants and factories that do not have," Alihussain said.

Mohammed Amirul Haque, managing director of Premier Cement, says they have already been suffering from a gas crunch.

"Now, power cuts have been added to the challenges. It will accelerate the cost of production as it takes a couple of hours for a heavy machine to restart," he said, adding that there will be a 20-25 per cent production loss.

Md Helal Uddin, president of the Bangladesh Shop Owners Association, said they have accepted the government's decision to ration power supply in view of the energy shortage and high subsidy bills for petroleum.

"We are complying with the decision but we are suffering. We would urge the government to ration power supply to all types of

consumers in a staggered manner."

The crisis is not limited to gas shortage alone.

For example, spinners and millers have bought cotton at higher prices from international markets.

"If they can't run their mills, almost all of them will incur losses. The interest on bank loans will accumulate if they can't pay instalments on time," said Asia Composite's Rana.

"Many buyers will pull out of Bangladesh if they don't receive shipments within the stipulated time. If factories remain shut, workers will lose jobs and millers will go bankrupt."

The entrepreneur urges the government to keep supplying gas to the industrial units even at higher prices.

"If the industrial units remain operational, the shipment will take place on time and Bangladesh will earn much-needed foreign currencies. Everybody should calculate the impacts of lower production or closure of industries."

Rolls-Royce seized for alleged duty evasion

FROM PAGE B1

Z&Z is owned by a Bangladesh-Hong Kong joint venture company situated inside Chattogram Export Processing Zone.

To get the duty benefits, an importer needs to get permission from Bangladesh Export Processing Zones Authority and the National Board of Revenue (NBR).

As an exporter, Z&Z Intimates had the

opportunity to get a duty benefit of Tk 24 crore under the 170 Customs Procedure Code.

Bashir Ahmed, additional director general of CIID, said the duty of the imported car was not assessed although it was imported nearly 70 days ago.

The CIID later barred clearance of the vehicle from the port by locking the Bill of Entry, a legal document needed for importing goods from

abroad, he said.

The CIID is now investigating the reasons behind the delay in duty assessment of the vehicle.

AKM Sultan Mahmud, deputy commissioner of the Chattogram office of the CIID, confirmed seizing the vehicle from Dhaka's Baridhara.

No product has the opportunity to leave the port or customs house without completing duty assessment, he said.

Chattogram Customs Commissioner Fakrul Alam told The Daily Star, said normally duty assessment of an item is done when it is sent to the EPZ from the port.

"Now we are investigating how the Rolls-Royce reached the house of the managing director of the exporter company without completing the assessment."

He said they have already sent a letter to the

NBR. Further action will be taken after knowing NBR's opinion, Alam said.

The officials of MI Trade Associates, the clearing and forwarding agent responsible for the release of the luxury car, declined to comment.

Sharif Zahir, managing director of Z&Z Intimates, said the company had the privilege to import the car duty-free because of operating a factory in EPZ area.



Workers are seen packing a mountain of paddy into sacks at a local market in Singra upazila of Natore. Although the government's paddy procurement drive began two months ago, results have been inadequate so far as farmers are getting better prices in local markets.

PHOTO: MOSTAFA SHABUJ

Govt's food procurement from local harvest falling short

MOSTAFA SHABUJ and SOHEL PARVEZ

The government's paddy procurement drive is far below its target for this year even though two months have gone by since the process began at the end of April.

The Directorate General of Food (DG of Food) could only procure one-fifth of its target to buy paddy grown in the immediate Boro season. In case of milled rice, its performance is much better but still below the official target as of the end of June.

The agency could procure 53 per cent of the targeted 11 lakh tonnes of grain used to build up public food stock and conduct distribution programmes under the state's various social safety net schemes.

It aimed to buy 70 per cent of the total rice procurement target by the end of June this year.

However, the DG of Food has fallen behind as it could buy only 20 tonnes of wheat out of the 150,000-tonne target due to a lack of interest amid growers resulting from better market prices compared to government rates.

Farmers, millers and food officials said the high price of paddy and 14 per cent limit on moisture in the crop discourages many growers from taking their produce to purchase centres of the food office as most of them do not have the facilities to measure moisture content.

Abdul Mazid, a farmer in Gobindaganj upazila of Gaibandha, said growers are reluctant to sell at government rates as the current market price of paddy is higher.

Besides, there is a lot of hassles in selling to the government as farmers have to have a bank account and reduce moisture levels in their paddy to the permissible level.

"In addition, production costs were higher this year so I would incur losses had I supplied my produce to the government warehouse," he added.

Echoing the same, Alamgir Kabir, the district controller of food in Naogaon, said they are lagging behind in procurement as the current market prices are higher than the government's purchase rate of Tk 27 per kilogramme (kg).

"Due to unfavorable weather, rice production was bad and millers try to provide us low quality rice and we have to check it," he added.

The government is buying parboiled rice at Tk 40 per kg this year, which is below the current market price of the grain.

Naogaon is a major rice producing district in the country's northwest and the local food office has attained 49 per cent of its target to procure 49,400 tonnes by signing contracts with millers.

In case of wheat, Kabir said just a single farmer had sold one tonne of the crop to the state food office before the Russia-Ukraine war began.

"The market price of wheat was not as high at the time," he added.

Meanwhile, the district food office in Gaibandha has been able to buy 27 per cent of its total Boro paddy procurement target of 11,649 tonnes by June 27.

In regards to rice, it signed deals with millers to purchase 42 per cent of the 29,402-tonne target for the cereal grain. However, the local food office has failed

to get any wheat so far.

Antara Mollik, district food controller of Gaibandha, said farmers in the region mainly grow coarse paddy that is priced around Tk 950 per maund, which is below the government's purchasing rate.

"So, farmers are eagerly giving us this paddy and our progress is better than any district in Rangpur," she added.

Directorate General of Food could only procure one-fifth of its target to buy paddy grown in Boro season. In case of milled rice, its performance is much better but still below target

Md Ashrafuzzaman, district food controller of Bogura, said his office will be able to achieve its procurement target as they have agreements with more than 1,200 millers in the region.

"Millers must supply rice to the state go-downs or else they will face penalties for their failure to comply with the rule," he added.

"Still though, it is difficult to arrange grains at the moment as farmers are getting better prices in local markets."

Md Belal Hossain, proprietor of the Bushara Auto Rice Mill in the Santahar area under Adamdighi upazila of Bogura, said they signed a contract with the food office to supply 1,390 tonnes of parboiled rice, of which they have already supplied 800 tonnes.

Md Raihanul Kabir, director of procurement at the DG of Food, said the government mainly wants to ensure fair

prices for farmers and that the trend of rice procurement has been normal so far given previous trends.

The DG of Food could not attain its paddy purchase goal from growers for the last two years and this would be the third year in a row if it fails to buy the planned 650,000 tonnes of paddy.

In case of rice procurement, it fell short of its target for the last three years since 2019, according to food ministry data.

The food office planned to buy 70 per cent of the grains by June, 90 per cent by July and 100 per cent by August.

AMM Shawkat Ali, a former food adviser of the caretaker government, said the recent floods caused by recurrent rainfall might have affected the drying of paddy harvested in the May-June period.

"Realisation of the procurement target has become vital this year to build an adequate public food stock," he added.

Ali went on to say the government should go for reforms in the domestic procurement of paddy and wheat by increasing the moisture content requirement to 17 per cent from 14 per cent so that farmers can easily sell their grains to state go-downs.

Ali then said the government should allow private traders to import rice freely while also ensuring strict quality control.

The former food adviser also suggested the government consider importing in joint ventures with the private sector.

As of July 3, food grain stocks in state warehouses stood at Tk 16.25 lakh tonnes, up 11 per cent year-on-year.

125 firms to import 2.5 lakh tonnes of rice

AKANDA MUHAMMAD JAHID

The government has permitted 125 companies to import a total of 246,000 tonnes of rice in order to cool down the domestic market for the staple grain in Bangladesh.

The fresh decision came just four days after it allowed 95 other food companies to import 409,000 tonnes of rice.

The firms have been asked to bring the rice – 204,000 tonnes of non-basmati boiled rice and 42,000 tonnes of non-boiled atap rice – by August 17, according to a food ministry notice issued on Monday.

The companies were asked to open the letters of credit (LCs) by July 25. If they fail to comply, the import permissions would be cancelled, it said.

The importers have been asked to inform the district food offices about how much rice is to be imported, sold and stored.

Traders will have to sell the rice in the same bag that would be used to import the grain, said the food ministry.

READ MORE ON B2

DIVERSIFIED JUTE PRODUCTS Exporters to get 20pc incentive

STAR BUSINESS REPORT

Exporters of diversified jute products such as food grade bags, clothes, yarns and twines will receive a 20 per cent export incentive, according to a Bangladesh Bank notice.

They, however, will have to ensure the use of the natural fibre equivalent to at least 50 per cent of the export price, said the central bank on Tuesday.

Applications seeking the incentive currently pending with banks or audit firms as well as fresh applications will qualify for the support.

The incentive for hessian, sacking and carpet backing cloth is 12 per cent, according to a previous Bangladesh Bank circular.

Jute and jute goods exports fetched \$1.13 billion in the last fiscal year, down 2.91 per cent year-on-year, data from the Export Promotion Bureau showed.

Oil price rises after sell-off

AFP, Hong Kong

Oil prices rose Wednesday after suffering a painful drop the previous day, though the euro remained wedged at a 20-year low and equities mostly fell in Asia as recession fears continue to flow through trading floors.

Both main crude contracts were pummeled Tuesday as investors grow increasingly worried that leading economies will contract this year or next owing to sharp central bank interest rate hikes aimed at fighting decades-high inflation.

The main US contract WTI sank nearly nine percent below \$100 a barrel for the first time since April, while Brent shed around 10 percent on expectations that any recession will slam demand, despite tight supplies caused by the Ukraine war.

And Citigroup said in a note that a recession could lead prices to as low as \$65 this year if Opec and other major producers do not step in to provide support and companies do not invest.

There are also signs that the high cost of fuel is hurting demand, in turn pushing prices down.

China's oil import from Russia soars to a record level

REUTERS

China's crude oil imports from Russia soared 55 per cent from a year earlier to a record level in May, displacing Saudi Arabia as the top supplier, as refiners cashed in on discounted supplies amid sanctions on Moscow over its invasion of Ukraine.

Imports of Russian oil, including supplies pumped via the East Siberia Pacific Ocean pipeline and seaborne shipments from Russia's European and Far Eastern ports, totalled nearly 8.42 million tonnes, according to data from the Chinese General Administration of Customs. That's equivalent to roughly 1.98 million barrels per day (bpd) and up a quarter from 1.59 million bpd in April.

The data, which shows that Russia took back the top ranking of suppliers to the world's biggest crude oil importer after a gap of five months, indicates that Moscow is able to find buyers for its oil despite western sanctions, though it has had to slash prices.

And while China's overall crude oil demand has been dampened by COVID-19 curbs and a slowing economy, leading importers, including refining giant Sinopec and trader Zhenhua Oil, have stepped up buying cheaper Russian oil on top of sanctioned supplies from Iran and Venezuela that allows them to scale back competing supplies from West Africa and Brazil.

Saudi Arabia trailed as the second-largest supplier, with May volumes up 9 per cent on year at 7.82 million tonnes, or 1.84 million bpd. This was down from April's 2.17 million bpd.

Customs data released on Monday also showed China imported 260,000 tonnes of Iranian crude oil last

READ MORE ON B2



An oil tanker unloads imported crude oil at Qingdao port in China's eastern Shandong province on May 9 this year.

PHOTO: AFP

Eurozone consumers cut food spending

REUTERS, Brussels

Eurozone consumers cut spending on food, drinks and tobacco for the second straight month in May amid a spike of prices, according to estimates from the European Union statistics office Eurostat released on Wednesday.

The drop in essential purchases came as total retail sales in the 19-country currency bloc slightly rose in May on the month, but below market expectations.

Eurostat said consumers' purchases increased by 0.2 per cent in May month-on-month after they had tumbled by 1.4 per cent in April.

Economists polled by Reuters had expected a 0.4 per cent rise on the month.

Compared to last year, retail sales also grew in May by 0.2 per cent, Eurostat said, beating market expectations of a 0.4 per cent fall.

READ MORE ON B2