

star BUSINESS



Get 10% Discount
WITH NOVOAIR
Using Prime Bank Cards

Promo Code: YOPBL2202



SCAN FOR DETAILS

47 firms get nod to import 73,000 tonnes of rice

STAR BUSINESS REPORT

The government has given go-ahead to 47 companies to import 73,000 tonnes of rice as part of its ongoing effort to contain food prices in the local market.

The firms have been asked to bring 60,000 tonnes of non-basmati boiled rice and 13,000 tonnes of non-boiled atap by August 25, according to a notice issued by the food ministry on July 13.

The government allowed firms for the third time this month to import the essential staple food amid volatility in the global market.

Earlier in the month, the government allowed 230 firms to import 655,000 tonnes of rice in two phases.

Earlier in the month, the government allowed 230 firms to import 655,000 tonnes of rice

That means, the government has so far allowed the local food firms to import 728,000 tonnes of rice in the ongoing financial year.

The companies who got the fresh permission were asked to open letters of credit (LCs) by July 31.

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 imported, sold and stored.

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

The National Board of Revenue cut the duty on rice that will be imported in a period 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.

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

Coarse rice is being sold for between Tk 48 to 52 per kg in the kitchen markets in Dhaka yesterday.

The prices of coarse rice remained unchanged in the past one month, according to the Trading Corporation of Bangladesh.



Farmers harvesting jute plants as the season draws to a close, earning Tk 500 per day. As per estimates of the Department of Agricultural Extension, 7.52 lakh hectares of land has been cultivated in the current season. Some 84 lakh bales were produced in fiscal 2021-22, according to Bangladesh Bureau of Statistics. The photo was taken from Faridpur's Nagarkanda upazila last week. PHOTO: SUZIT KUMAR DAS

Outlook gloomy for small garment makers

Global supply chain volatility to blame

REFAYET ULLAH MIRDHA

Big and green apparel factories are content bagging a constant stream of work orders but small, medium and subcontracting units are suffering a midst volatility in the global garment supply chain stemming from the Russia-Ukraine war.

However, the inflow of work orders based on which local garment factories would make deliveries next season declined by 20 per cent compared to the preceding season.

The next season will begin in September and would continue up until November whereas the preceding season will run from July to October.

The decrease in the inflow of work orders is mainly being felt by the small, medium and subcontracting factories as

international retailers and brands give consideration to productivity and financial strength when placing work orders.

Green factories have their reputation and international retailers and brands place work orders in those units even in times of crisis as they think the demand for garments made in green factories is higher than those from others.

Jahangir Hossain, manager of Patriot Garments, a

subcontractor turned direct supplier, had been faring well since September 2018.

But next season he may face a dearth of work orders as his European, Canadian and American buyers are complaining about the impacts of the Russia-Ukraine war.

As of now, he is happy with the inflow of work orders to his unit. Hossain employs 270 workers and exports \$70,000-worth garments in a month.

Md Ehterab Hossain, managing director of Base Fashions, a Gazipura-based knitwear factory, said the inflow of work orders had slowed down as one of the fallouts of the war, which had ushered skyrocketing global inflation.

Hossain employs 1,000 workers and exports, mainly to

Europe, t-shirts, polo shirts and other knitwear items worth \$1.30 million in a month.

"My European buyers are regularly complaining about the inflation and apprehended that work orders would be reduced next season," he said.

However, the volume of work orders for September onwards has reduced to a trickle, said Hossain.

Similarly, Ahmed F Rahman, chairman of Fatullah-based Kappa Fashions Wear, said he was fully booked up to September.

But for October onwards the inflow of work orders has been slowing down as the international retailers and brands are adopting cautious measures because of the fallouts of the war and inflationary pressure, mainly in Europe, he said.

European retailers and brands are also putting pressure on local exporters to reduce prices as the profit margin is declining sharply because of the reduction of the difference in the exchange rate between the euro and the US dollar, he said.

The European retailers and brands buy garment items in US dollars and sell those in euro.

READ MORE ON B3

Local airlines face headwinds as fuel price soars

RASHIDUL HASAN

Local airlines will have to face a severe blow losing their competitiveness globally due to an unprecedented hike in the price of jet fuel in the domestic market in one go.

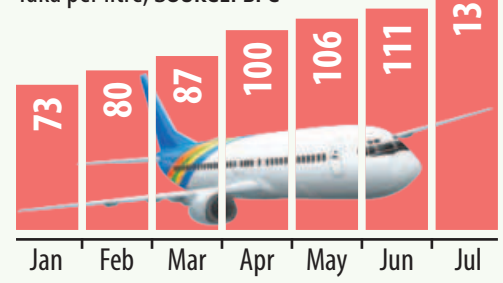
Padma Oil Company, a subsidiary of Bangladesh Petroleum Corporation (BPC), recently increased the price of jet fuel by Tk 19 per litre that came into effect from July 9. This took the rate to Tk 130 per litre.

Stakeholders in the aviation industry blasted the BPC for this whimsical decision, citing that there was no logic behind it as the price was decreasing in the international market.

This is the 16th time that Padma Oil Company

JET FUEL PRICE

Taka per litre; SOURCE: BPC



raised the price of jet fuel in the last 20 months.

Previous hikes were in the range of Tk 2 to Tk 7. But the latest was termed unprecedented by sources at different airlines.

Air travellers will have to pay more for tickets for the hike, sources in aviation industry told The Daily Star.

In December 2020, the price of jet fuel, which accounts for up to 46 per cent of the operational costs of an airline, was Tk 48 per litre.

The price has increased 170 per cent in the last 20 months, according to sources in different airlines of the country.

there is no logic behind the BPC's decision when the international rate is decreasing, said Mofizur Rahman, secretary general of the Aviation Operators Association of Bangladesh (AOAB) and managing director of NOVOAIR.

Citing a report of International Air Transport Association, he said last week ended with the price down 8.4 per cent at \$146.2 per standard barrel containing 42 United States gallons (bbl).

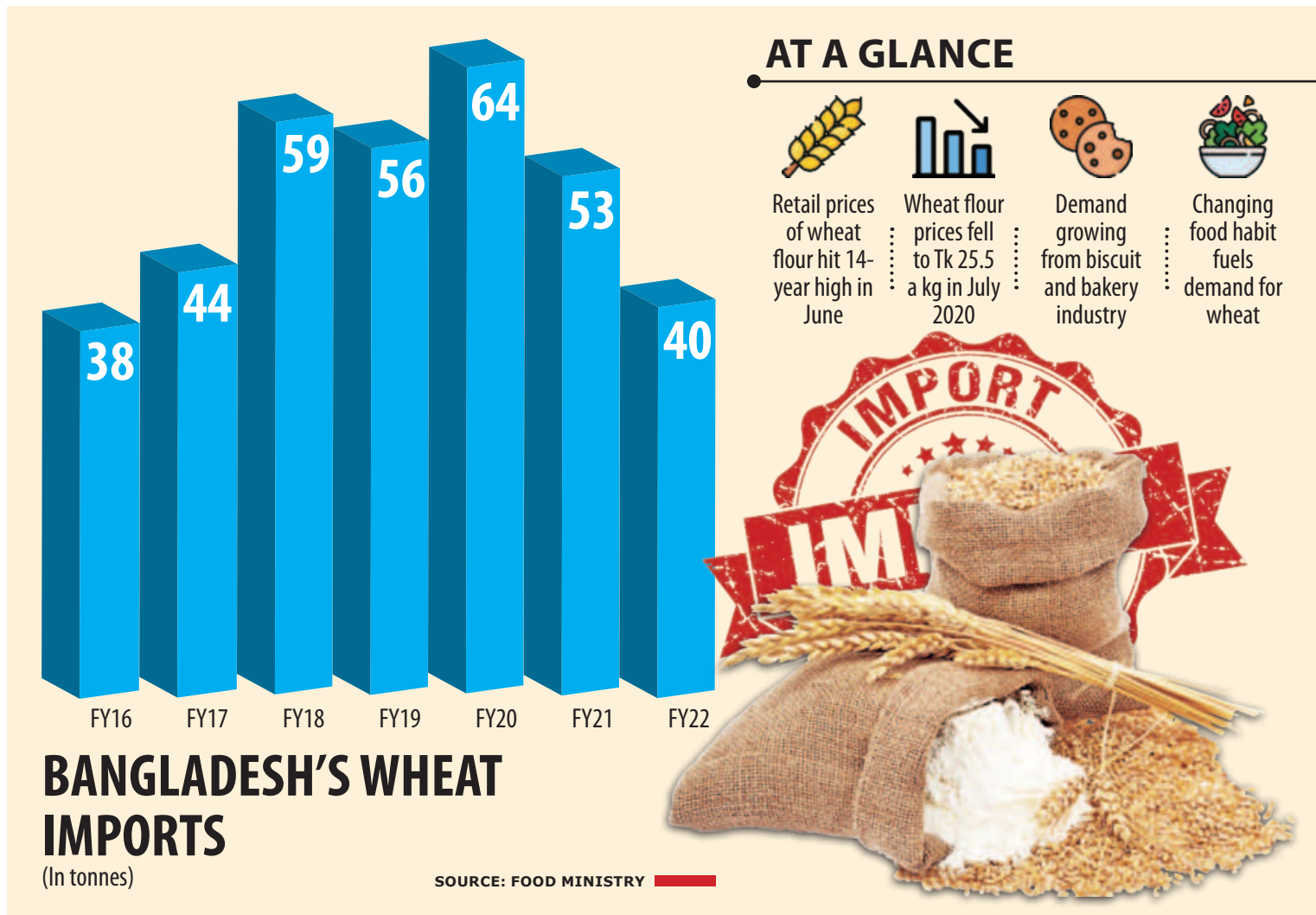
The price decreased 19 per cent worldwide

READ MORE ON B3

STOCKS		WEEK-ON WEEK
DSEX ▼	CSCX ▼	
0.67%	0.83%	
6,324.50	18,595.40	

COMMODITIES		AS OF FRIDAY
Gold ▼	Oil ▲	
\$1,707.27	\$97.63	
(per ounce)	(per barrel)	

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▲ 0.65%	▲ 0.54%	▲ 0.28%	▼ 1.64%	
53,760.78	26,788.47	3,099.15	3,228.06	



Wheat imports plunge to 6-year low

SOHEL PARVEZ

Bangladesh's wheat import fell to its lowest in six years as many consumers switched to rice irked by surging prices of the grain.

Public and private importers brought in 40 lakh tonnes in fiscal year 2021-22, down 25 per cent year-on-year as businesses drastically cut imports, according to food ministry data.

Of the import in fiscal year 2021-22, the amount of wheat bought in by the government from abroad through tenders increased 19 per cent year-on-year to 5.46 lakh tonnes.

Private imports dipped 29 per cent to 34.6 lakh tonnes in fiscal year 2020-21.

This is the second consecutive year that wheat imports declined since total arrivals hit the highest 64 lakh tonnes to feed growing demand from the biscuit and bakery industry and changing food habits of people.

"Many price-sensitive consumers have switched to rice because of exorbitant prices of wheat flour. Besides, demand for wheat among bakers is declining," said Abul Bashar Chowdhury, chairman of BSM Group, a major commodity importer based in Chattogram.

Bangladesh's annual consumption of wheat stood at over 75 lakh tonnes a couple of years ago and most of the demand for the grain was met through import as local

harvests provide roughly 10 lakh tonnes annually.

However, declining imports for the last two years reflect a drop in consumption as prices gradually rose since July 2020 when one kilogramme of wheat flour was Tk 25.5 at retail in Dhaka, according to data compiled by the Food and Agriculture Organization (FAO).

"Many consumers have switched to rice because of exorbitant prices of wheat flour. Besides, demand for wheat among bakers is declining," said Abul Bashar Chowdhury, chairman of BSM Group

In June, the retail price of wheat flour was Tk 41.14 a kilogramme in Dhaka, the highest in 14 years, driven by surging import costs for high prices of the grain in the international market and continued weakening of the Bangladesh taka against the US dollar.

For example, prices of the wheat called US hard red winter (HRW) declined to \$459.6 per tonne in June from \$522.3 a month ago in the global market.

READ MORE ON B3