

star

BUSINESS

GRAIN FROM
RUSSIA, UKRAINE
24 int'l
banks to
accept LCs
in dollars

STAR BUSINESS REPORT

Twenty four international banks have agreed to accept letters of credit (LCs) from Bangladesh for the import of grains from Russia and Ukraine in US dollars, apparently ushering relief from the spiralling of local food prices, said Commerce Minister Tipu Munshi yesterday.

If necessary, the government will import food items from international markets to tackle the rise in prices, he said.

After a meeting with peers at Bangladesh Secretariat in Dhaka, Munshi told the waiting journalists that from now there should not be any confusion on whether Bangladesh would import food items from Russia and Ukraine.

The commerce minister, however, did not state particularly when and how much food items would be imported from the two countries

The minister said his peers had confirmed that there were no sanctions on the import of grains from Russia and Ukraine.

However, the minister did not state particularly when and how much food items would be imported from the two countries as they only held discussions and were yet to take a decision.

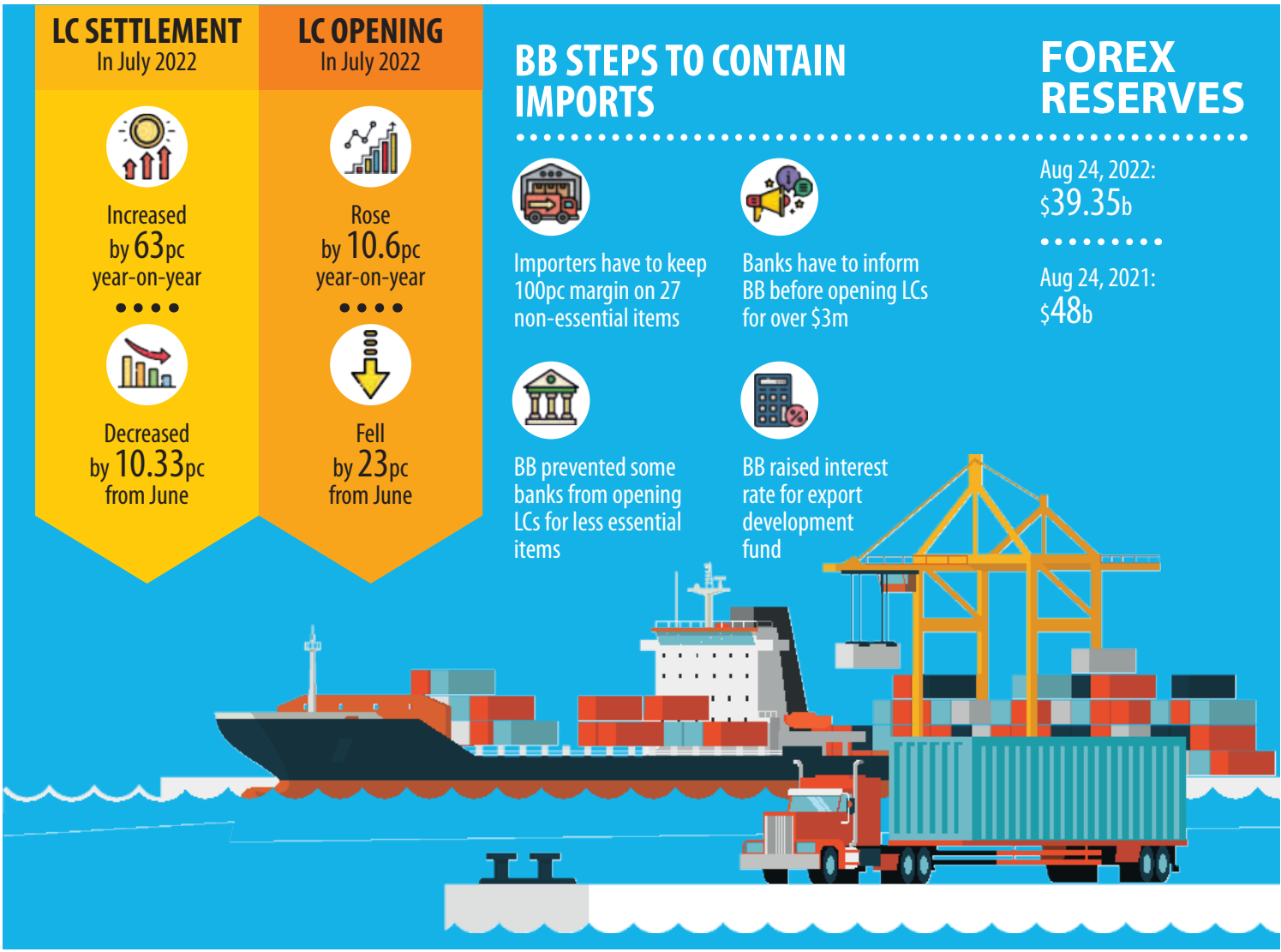
He also did not disclose the names of the 24 banks.

Since the beginning of the Russia-Ukraine war on February 24, the price of wheat flour has increased sharply in local markets as Bangladesh imports wheat mainly from the Black Sea region.

According to the Observatory of Economic Complexity, more than half of Bangladesh's wheat imports are from the two countries, according to a report published on The Daily Star on May 18 this year.

For instance, in 2020, Bangladesh imported \$1.28 billion-worth wheat, which was the top import (2.65 per cent) among traded foodstuffs.

READ MORE ON B3



Import bills stay at higher levels

Up 63pc year-on-year in July but down 10pc from June

AKM ZAMIR UDDIN

Import bills rose 63 per cent year-on-year to \$7.66 billion in July but it declined from a month ago, signalling the easing of international payment pressure thanks to the recent Bangladesh Bank efforts to cool down the volatile foreign exchange market.

The settlement of LCs, also known as import payments, decreased 10.3 per cent from June's \$8.54 billion, data from the central bank showed.

In July, lenders had to settle a good number of letters of credit (LCs) opened earlier, keeping the overall import payments at a much higher level, say bankers.

Emranul Huq, managing director of Dhaka Bank, says import payments might decline after three to four months thanks to the initiatives taken by the BB.

Opening of LCs decreased substantially between July and August, giving a breathing space to both BB and the government to tackle the ongoing macroeconomic pressure, he said.

"We are discouraging businesses from opening LCs to ease the ongoing foreign exchange pressure."

Before July, Dhaka Bank usually opened LCs worth \$2.5 million on average per month. But it opened LCs worth \$1.26 million last month and the trend has continued so far in August.

Banks collectively opened LCs to the tune of \$5.69 billion in the first month of the current fiscal

last fiscal year.

The import payments stood at \$82.49 billion in FY22, up 36 per cent from a year ago, comfortably exceeding export and remittance receipts, thus creating volatility in the entire macroeconomic sector and the foreign exchange market and pushing inflation to



year, up 10.61 per cent year-on-year but a decrease of 22.91 per cent from a month ago, data from the BB showed.

The BB has been struggling to curb the import payments for the last couple of months amid escalated global commodity prices for the Ukraine war, and rocketing demand to feed the economy rebounding from the coronavirus pandemic, which sent the country's trade deficit to an all-time high of \$33.24 billion

a record high.

The situation forced the BB to ask banks to take up to 100 per cent advance payments from businesses for the opening of LCs to import luxury and non-essential items.

The BB also asked banks to inform it about the opening of LCs whose value is \$3 million and above so that the import of non-essential items can be checked.

A central bank official said that the BB had recently prevented

some importers from opening LCs for less essential items.

In addition, the BB raised the interest rate on the loans disbursed from the Export Development Fund.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, describes the current falling trend of import payments as a welcoming development.

"But we will have to observe the import trend of August to evaluate the ongoing situation."

According to Rahman, the country would reap benefits from the declining commodity prices in the global market.

Internationally, energy prices fell 1.3 per cent in July, as a 10 per cent decline in crude oil was balanced by a 50 per cent gain in European natural gas prices, the World Bank reported.

Food prices declined 8.5 per cent, led by grains, which gave up 8.3 per cent. Fertilizer prices eased by 3.7 per cent.

Metal prices plunged 13.4 per cent, with iron ore dropping 17 per cent, World Bank data showed.

Thanks to the falling imports, the pressure in the foreign exchange market has eased

READ MORE ON B3

Daraz to invest Tk 1,000cr in 4 years

SHAHRIAR RAHMAN

Daraz intends to invest Tk 1,000 crore in Bangladesh in the next 3-4 years to ramp up its operation by building infrastructure and ecosystem, the Alibaba Group-backed e-commerce venture said yesterday.

Bjarke Mikkelsen, founder & chief executive of Daraz Group, announced the plan marking the e-commerce company's eight years of operation in Bangladesh.

In 2014, Daraz began its journey in Bangladesh with just five employees and a website.

The e-commerce platform has now 7 million customers, 41,000 sellers and numerous partners and stakeholders.

The disclosure comes at a time when 1,800 e-commerce platforms are operating in Bangladesh to feed the growing demand for online shopping.

Industry operators said annually nearly Tk 7,000 crore worth of products are sold through e-commerce firms in Bangladesh.

"With over 50,000 seller partners, we have expanded the horizon for e-commerce ventures across the country and enabled businesses while transforming consumer behaviours. The acquisition by Alibaba played a major role behind this strength of ours," said Syed Mostahidul Hoq, managing director of Daraz Bangladesh.

READ MORE ON B3

TICFA MEETING IN NOV Bangladesh to seek GSP revival

REFAYET ULLAH MIRDHA

Bangladesh will again raise the issue of the reinstatement of the Generalised System of Preferences (GSP) of the US in the Trade and Investment Cooperation Forum Agreement (Ticfa) meeting in Washington in November, said Tapan Kanti Ghosh, senior secretary to the commerce ministry, yesterday.

Currently, the US does not provide the GSP to any country. The tenure of the latest GSP programme came to an end in 2020 and the US Congress has not revived it since.

Still, Bangladesh will again urge the United States Trade Representative (USTR) to revive the GSP for Bangladesh once the US Congress adopts a new GSP programme for different countries in the near future, said Ghosh.

This is because Bangladesh has made improvements in workplace safety, which was one of the preconditions of the US government, he said.

The USTR suspended the GSP facility for Bangladesh on June 27, 2013 citing poor labour rights and poor workplace safety following two industrial disasters.

One was the Tazreen Fashions fire that killed more than 110 workers in November 2012 and the other was the Rana Plaza building collapse in April 2013 which killed 1,138 workers.

The then Obama administration also came up with a 16-point precondition necessitating improvements from the government and the private sector for the reinstatement of the GSP.

Bangladesh has amended the labour law and made improvements in workplace safety following guidelines of two international platforms, Accord and Alliance, and submitted the progress reports to the USTR twice for revival of the GSP.

However, the US government did not revive the GSP for Bangladesh, mentioning that further improvements were needed in labour rights.

READ MORE ON B3



Employees of a courier company loading a covered van with parcels on English Road in Dhaka. Courier companies may soon face stiff penalties for shipping contraband items ranging from illicit drugs to vindictive political statements as the government is readying a law in this regard.

PHOTO: STAR/ FILE

Logistics firms irked by draft law

MAHMUDUL HASAN

The government has formulated a draft law to regulate logistics companies, which will establish stiff control and impede growth in the industry, according to market players.

The draft law introduced monetary fines and prison terms for almost every infraction and enlists vindictive political statements as banned items.

As per the draft law, if the mailing operator is in violation of any provision of the proposed law, then any employee of said operator is liable unless they can prove that they were not aware of such violation.

The Posts and Telecommunications Division has drafted the law under the title "Mailing Operator and Courier Service Development and Regulatory Authority Law 2022".

The proposed law gives indemnity to acts committed by any official of the proposed authority that may negatively impact a courier company on good faith, meaning that aggrieved operators will not be able to file any civil or criminal suit against the official or authority.

Industry people say the courier service or logistics industry in Bangladesh is a booming one and therefore expressed concerns that it will be severely damaged if the law gets passed.

"There are harsh penalties in every violation and it will force the industry to close down," said Hafizur

READ MORE ON B3

STOCKS	
DSEX ▲	CASPI ▲
1.18% 6,355.07	0.75% 18,642.96

COMMODITIES	
Gold ▲	Oil ▼
\$1,760.74 (per ounce)	\$94.91 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.53% 58,774.72	▲ 0.58% 28,479.01	▲ 0.44% 3,247.80	▲ 0.97% 3,246.25

