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BUSINESS

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SCAN FOR DETAILS

1 OUT OF EVERY 3 PERSONS IN EUROPE WEARS BANGLADESHI DENIM

BY THE NUMBERS

Denim fabric sales meant for export dropped nearly 40pc

Denim contributed 20pc to \$42b garment export last fiscal year

Bangladesh has 40 denim fabrics making mills

Total investment in denim sector is Tk 16,000cr

Bangladesh makes 80 million yards of denim fabrics a month

WHAT DAMPENED DEMAND

Long dry spell in Europe affected denim fabric sales in Bangladesh

Soaring inflation in Europe also took a toll on overall sales

Unsold old stock in export destinations slowed down sales

WORK ORDER SITUATION

Local suppliers saw lower work order for next season

GLOBAL MARKET

● Market size for denim jeans was \$64.5b in 2022

● By 2026, the market size will reach \$76.1b

● Global market size is growing because of changes in fashion and style

Denim sales plunge for dry spell in Europe

REFAYET ULLAH MIRDHA

With people in many parts of Europe facing heatwave, longer than usual dry summers and runaway inflation, denim makers in Bangladesh are feeling the pinch.

The export of denim fabrics and garment items declined by nearly 40 per cent, hitting winter shipment, according to exporters.

International retailers and brands are already putting orders on hold as they have unsold inventory amid a slowdown in sales caused by higher inflation, which reached a record high of 8.9 per cent in July, led by costlier energy.

With robust growth in investment in the denim sector, one in every three European people wears a pair of denim pants made in Bangladesh.

Of the \$42 billion in total garment exported in the last fiscal year, 20 per cent was denim products, data from the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) showed.

Usually, the temperature starts falling from June in Europe. But this year, it is still running above 30 degree Celsius in some parts of the continent, hurting the sales of denim fabrics in Bangladesh and exports of the products manufactured from the textiles to European markets, said a design manager of a UK-based multinational garment factory in Bangladesh.

“European buyers have cut a lot of orders for denim items because of a long dry spell in the eurozone.”

It came as two-thirds of Europe is under some sort of drought warning, in what is likely the worst such event in 500 years, reported BBC in late August, citing a report from the Global Drought Observatory,

But owing to the low demand along with a fall in pressure of gas, local millers have been compelled to cut production in the garment industry by 30 per cent.

Mohammad Hasan, director of Amber Denim, one of the top millers, says local denim producers have slashed production by nearly

40 per cent because of a drop in demand from European customers.

The temperature in Europe remained high in August and September.

“The long dry spell is affecting the export of denim items to Europe. Retailers are also postponing orders as they are cutting expenditures owing to the higher cost of production caused by the Russia-Ukraine war.”

The production at Envoy Textiles Ltd, another denim fabrics producer, fell 34 per cent of because the lower demand from international retailers.

Moreover, lower gas pressure, driven by an inadequate local production of natural gas, has also contributed to the falling production, said Kutubuddin Ahmed, chairman of the company.

Usually, Envoy Textiles remains overbooked with orders for more than three months in a row. This year, the firm does not have such a level of orders.

In Europe, retailers and brands are offering as much as 70 per cent discounts on denim products to get

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which is a part of the European Commission’s research wing.

Italy, Spain, Portugal, France, Germany, the Netherlands, Belgium, Luxembourg, and the United Kingdom are under increasingly hazardous conditions, according to another media report.

During summers, people prefer woven bottoms to denim. The demand for denim goes up during winter.

Local suppliers say old inventory and higher inflation are also responsible for the lower sales of denim items apart from the long dry spell in Europe.

With an estimated investment of Tk 16,000 crore, Bangladesh’s 40 textile mills can produce 80 million yards of denim fabrics a month.

Rejoinder, our reply

Kazi Farms Limited has sent a rejoinder to a report headlined “Major egg producers fleeced consumers” published in The Daily Star on September 1.

Following is the full text of the rejoinder sent by Kazi Farms Ltd’s Director Kazi Zahin Hasan:

On Thursday 1 September, The Daily Star published an article “Major egg producers fleeced consumers.” This contains misleading, untrue and defamatory allegations and opinions presented as fact.

It is alleged that producers in Bangladesh colluded with each other to send the price of eggs to an unprecedented level. This allegation is totally untrue. There is no evidence of collusion.

It is alleged that Kazi Farms has proved its

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BB asks banks to cut energy use

STAR BUSINESS REPORT

Bangladesh Bank yesterday asked banks to reduce use of electricity and energy consumption as part of the austerity measures taken by the government to contain the volatility in the foreign exchange market.

In late July, Bangladesh Bank asked the lenders to cut back allocations for the use of petrol, diesel, gas and lubricant by at least 20 per cent within

this fiscal year.

But the recent price hike of the petroleum products will further push up the banks’ costs, which is why implementing the central bank’s previous instruction will be difficult for lenders, said a BB official.

Under such a situation, banks were instructed not to use official vehicles for personal purposes, ignoring the rules and regulations, according to a BB notice.

The central bank also asked banks to allocate vehicles on a priority basis to carry out important tasks.

In addition, banks were ordered not to unnecessarily run air conditioning systems, electric bulbs, kettles and other equipment.

The BB, however, said banks have to follow the existing instructions for reducing their allocations for the use of petroleum products and gas by 20 per cent and electricity bills by 25 by this fiscal year.

Forex below \$39b Will fall further: officials

STAR BUSINESS REPORT

Bangladesh’s foreign exchange reserves recently dipped below \$39 billion due to high import payments.

The reserves stood at \$38.98 billion on Sunday, down from \$39.08 billion on September 1, according to data from Bangladesh Bank.

According to an official of Bangladesh Bank, the reserves will slip even further, to below \$38 billion, after the central bank clears import payments to the tune of \$1.73 billion to the Asian Clearing Union (ACU) within a day or two.

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Ctg port takes over 11 days to release goods

Finds NBR study, highlighting delays importers face

STAR BUSINESS REPORT

Businesses have to wait 11 days and six hours to have their cargo released after their arrival at seaports, according to the Time Release Study (TRS) 2022 of the National Board of Revenue.

Land ports take 10 days and eight hours to release goods. By contrast, businesses have to wait seven days and 11 hours to clear their cargoes from airports, the lowest time taken by the international entry points.

The study findings were shared at an event at the Westin hotel in Dhaka yesterday.

The TRS is a method endorsed by the World Customs Organisation to measure the time taken by the authorities to release import or export cargoes. It is also recognised as a means of identifying bottlenecks and improving performance in the export or import process.

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STOCKS

DSEX ▼ 0.90% 6,431.34

CSCX ▼ 0.92% 18,904.20

COMMODITIES

Gold ▲ \$1,711.47 (per ounce)

Oil ▲ \$89.82 (per barrel)

ASIAN MARKETS

MUMBAI ▲ 0.75% 59,245.98

TOKYO ▼ 0.11% 27,619.61

SINGAPORE ▲ 0.31% 3,215.48

SHANGHAI ▲ 0.42% 3,199.91

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9am - 5pm