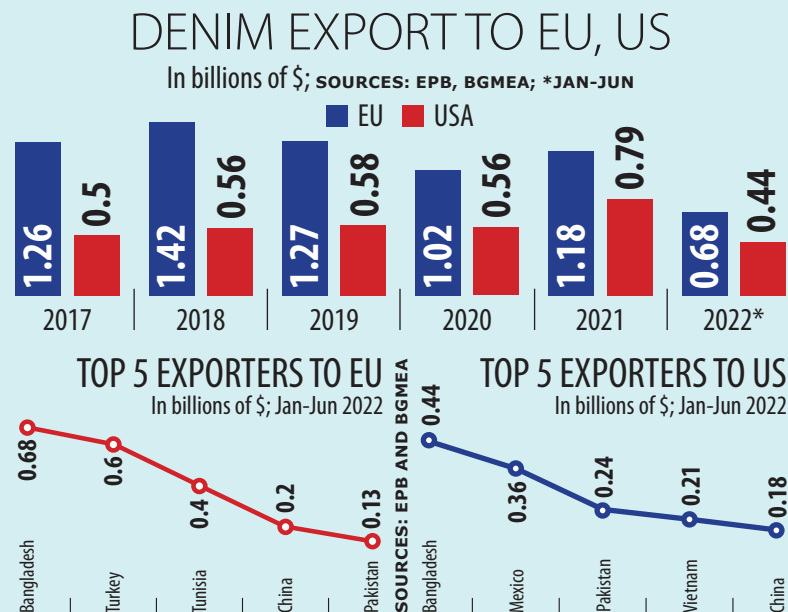


Star BUSINESS



KEY POINTS

- Bangladesh is the top denim exporter to EU and USA
- One out of three persons in Europe wears Bangladeshi denim

BY THE NUMBERS

- Bangladesh has 40 denim fabrics making mills
- Total investment in denim sector: Tk 16,000cr
- Global market for denim products: \$64.5b



Bangladesh on a tear in global denim market

REFAYET ULLAH MIRDDHA

Bangladesh's dominance in the global denim market has continued thanks to a surge in demand driven by the trade tension between the US and China.

Owing to higher demand, denim product manufacturers have surpassed their Chinese counterparts in Europe and the US, the two major export destinations for Bangladesh.

Bangladesh exported denim products worth \$689.69 million to European Union in the January-June period of 2022, registering a 37.26 per cent year-on-year growth, according to data from the Export Promotion Bureau and the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

It was \$502.45 million during the corresponding period of 2021.

Turkey was the second-largest denim exporter to the EU with products worth \$604.07 million shipped. China, the largest apparel exporter in the world, supplied denim items worth \$204.84 million to the EU, up 10.15 per cent.

Similarly, Bangladesh is the top denim exporter in the US, fetching \$445.51 million in the

first half, an increase of 57.06 per cent from \$283.65 million during the identical six-month period last year.

In the US, Mexico was the second-largest denim exporter, raking in \$362.02 million between January and June.

During the same period, China came fifth as it shipped denim products worth \$188.25

Owing to higher demand, denim product manufacturers have surpassed their Chinese counterparts in Europe and the US, the two major export destinations for Bangladesh

million, data compiled by the BGMEA showed.

On a fiscal year basis, Bangladesh has been the top denim exporter to the EU since 2017 with one out of three people in the continent donning denim pants produced in the country.

The country overtook Mexico in 2020 to become the top exporter of denim items in the US, while it sprinted to the pole position in the EU in 2020.

Shams Mahmud, managing

director of Shasha Denims, one of the top denim manufacturers in Bangladesh, said the demand for denim has a correlation with economic downturns.

For instance, the use of denim items increased a lot during the global recession in 2007 and 2008 since the apparel items don't need a regular wash and are durable, Mahmud said.



Currently, the global economic situation is not in good shape owing to Covid-19 and the Russia-Ukraine war and consumers are feeling the pinch of higher inflation.

"Consumers are buying denim items considering their durability," said the exporter.

According to Mahmud, the trade tension between Washington and Beijing has played a major role in shifting work orders from China to

Bangladesh as international retailers and brands want smooth supply.

"They see Bangladesh as a safe destination. The improvement in workplace safety following the implementation of recommendations as per Accord and Alliance suggestions has brightened the image of the sector and the country."

for the higher growth is that Bangladesh is moving to high value added denim items," said BGMEA Director Mohiuddin Rubel.

"We have made great strides in putting in place denim infrastructure and washing units over the last few years. We have advanced technologies, which have improved the quality of our fabrics."

The entrepreneur thinks that the sales of denim items will go up further once the war comes to end and the global recession fears peter out as new denim-producing mills have been set up.

Currently, Bangladesh's 40 mills can produce 80 million yards of denim fabrics a month and the investment in the sector is Tk 16,000 crore.

The global market for denim jeans is estimated at \$64.5 billion in 2022 and is projected to reach \$76.1 billion by 2026, growing at a rate of 4.8 per cent annually.

The denim jeans market in the US, the single largest apparel export destination for Bangladesh, is estimated to be \$15.8 billion this year.

China will have a denim market of \$15.5 billion in 2026, with an annual growth of 7.2 per cent.

Floating exchange rate takes effect, finally

AKM ZAMIR UDDIN

Bangladesh has finally embraced a floating exchange rate after it adjusted its interbank exchange rate in line with the prices being followed by banks.

As a result, the taka yesterday lost its value by 11.73 per cent, the sharpest depreciation faced by the currency in the country's history.

The dollar traded at Tk 95 on the interbank forex market on Monday. But it rose to Tk 106.15 yesterday, data from the BB showed.

Until yesterday, the central bank dictated the inter-bank exchange rate of the dollar to keep the local currency strong, albeit artificially. It also used to buy and sell US dollars on basis of the inter-bank rate.

Experts say that the ongoing volatility in the exchange rate is easing as the central bank has embraced the floating exchange rate.

The switch to the floating exchange rate came a day after banks introduced a uniform rate for dollars.

On Sunday, the Association of Bankers, Bangladesh (ABB), a platform of managing directors of banks, and the Bangladesh Foreign Exchange Dealers' Association (Bafeda), a platform of banks, set a uniform rate of the American greenback. The rates came into effect Monday.

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Ananda builds, hands ship to UK buyer

STAR BUSINESS REPORT

Local shipbuilder Ananda Shipyard & Shipways Ltd yesterday handed a multi-purpose container vessel to its buyer in United Kingdom.

Ananda, the pioneer in exporting ship from Bangladesh, has built the ship of over 6,100 deadweight tonnage at its shipyard at Meghna Ghat of Sonargaon upazila of Narayanganj.

The vessel has been made for UK's Enzian Shipping Company Ltd, according to a statement released by the company after the handover ceremony taken place at InterContinental Dhaka in the capital.

"Exporting ship is a big achievement for us,"

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STOCKS	
DSEX ▲	CASPI ▲
0.14%	0.17%
6,537.59	19,232.86

COMMODITIES	
Gold ▲	Oil ▲
\$1,730.67	\$88.95
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.76%	▲ 0.25%	▲ 0.47%	▲ 0.05%
60,571.08	28,614.63	3,290.08	3,263.80

Idra asks insurers to follow CEO salary, benefits rules

STAR BUSINESS REPORT

Chief executive officers of insurance companies can't be given any additional salary, allowances, bonuses, and benefits beyond the limit stipulated in the laws, said the regulator on Monday.

In a notification, the Insurance Development & Regulatory Authority (Idra) said some insurance companies are proposing to give additional benefits in the form of salaries and allowances to their CEOs than the limit set in the regulations.

Some companies are also paying extra salaries and allowances that are contrary to the regulations and Idra guidelines.

So, the regulator asked the insurers to strictly follow the notification aimed at establishing discipline and transparency in the insurance sector and protecting the interests of insurance customers.

It also warned that it would take strict actions if the order is not complied with.

SM Shakil Akhter, executive director and spokesperson of the IDRA, said, "It has come to our notice that some insurance companies are giving more salary, allowances and bonuses to their CEOs. The notice has been issued in the interest of the insurance sector."

Abdullah Al Mahmud, a member of the executive committee of the Bangladesh Insurance Association and chairman of Crystal Insurance Company Ltd, welcomed the Idra move.

He said: "It will be unethical if any company gives

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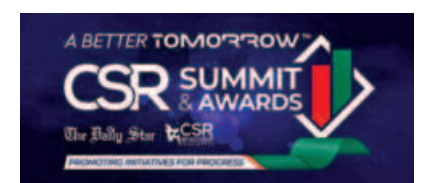
Shahjalal works under the baking sun on a salt farm in Shingherchar village in Khulna's Rupsha upazila, earning Tk 500 for a day's work. Evaporating water from the Atharobanki river on plastic sheets out in the open, the farm produces around 1,300 kilogrammes of unrefined salt every three days, which is sold for Tk 500 per 50-kilogramme bag to cattle farmers and ice plants. The photo was taken recently.

PHOTO: HABIBUR RAHMAN

Two weeks to go for entries for CSR Awards

STAR BUSINESS REPORT

For the second year in a row, companies that have taken innovative and socially impactful corporate social responsibility (CSR) initiatives will be recognised by The Daily Star and CSR Window to encourage financing in social projects that have sustainable impacts on society.



Companies will be able to submit their innovative and world-class socially responsible practices until September 30, the organisers said.

This year, the theme has been set as "CSR Awards in Bangladesh: A Better Tomorrow™ CSR" in order to create dialogues for future development and sustainability solutions. The recognition will be given in seven categories to honour the firms for their contribution to society, according to a statement.

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