



Bicycle exports had increased significantly when the pandemic first emerged in fiscal year 2020-21 but the situation has reversed over the past four months with demand shrinking for the global economic crisis.

PHOTO: PRABIR DAS

Bicycle exports on the decline

JAGARAN CHAKMA

Bicycle exports from Bangladesh declined year-on-year in the first four months of the current fiscal year apparently for shrinking demand in Europe propagated by the war-induced cost-of-living crisis.

Around \$48.38 million worth of two-wheelers were shipped during the four-month period of 2022-23, down 9.54 per cent from that in the same period last year, according to data from the Export Promotion Bureau.

Export growth declined by 4.26 per cent in the July-September period.

"It is a major impact as the global economy continues to be weakened due to the Russia-Ukraine war, with disruptions to trade and shocks to food and fuel prices continuing," said Md Luthful Bari, director for operations at the Meghna Group of Companies, the country's biggest bicycle exporter.

He apprehends that the exports would go down in the coming days due to higher inflation and subsequent tightening of global financing conditions.

Overall export is decelerating as

Europeans are finding it difficult to make a living amid rising consumer prices.

For example, nearly three-quarters of European consumers are cutting back spending on everyday items, including food, to make ends meet amid a worsening cost-of-living crisis, according to IRL, a data analytics and market research company.

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Bangladesh mainly exports bicycles to Germany where demand has reduced significantly due to ongoing economic pressure, Bari said.

According to the secretary to the Bangladesh Bicycle and Parts Manufacturers' and Exporters' Association, export orders declined by

around 20 per cent compared to that last year while some were even cancelled as retailers declined to make purchases for the low demand.

At the same time, production costs have increased significantly due to the ongoing crisis of gas and power.

"We have to spend around Tk 30 for the generation of every unit of power using diesel, which is a direct threefold increase in the cost of energy," he said.

A downturn in bicycle exports had been prevalent since 2014-15. However, demand started recovering following the Covid-19 outbreak in 2020.

But the present global economic crisis is posing new challenges.

Kamruzzaman Kamal, director for marketing of Pran-RFL Group, said the impact of the Russia-Ukraine war on the export of bicycles was not immediate. Rather, it gathered momentum in July and August.

"We delivered bicycles against previous orders up until June. Export orders started declining since July," he said.

Kamal thinks it is clear that the export of bicycles would decline continuously

until the global economic uncertainty ends.

RFL has the capacity to manufacture nine lakh bicycles per year and of them, a third is exported to European markets.

"Exporters need to explore new destinations to expand the market and the government should provide assistance to the exporters," said Kamal.

Export opportunities and development of the domestic manufacturing facilities have helped directly generate at least 7,000 jobs.

"Against this backdrop, they need policy support to expand exports," added Kamal.

The pandemic triggered demand for bicycles worldwide, increasing exports from Bangladesh.

Bicycle shipment fetched \$167.95 million for Bangladesh in the last fiscal year, up from \$130 million in 2020-21, data from the EPB showed.

According to Eurostat data, Bangladesh is currently the third largest bicycle exporter to the European Union and the eighth largest in the world.

Users failing to access Nagad app

STAR BUSINESS REPORT

The users of Nagad yesterday said they failed to get access to their account through the app of the mobile financial service provider.

Md Alamgir, a customer of Nagad, said he tried to get access to his account this evening to make a transaction but failed.

He said the app showed a message that reads: "App could not connect with server. Please check your internet connection and try again".

"Although my mobile was connected to the internet, I tried several times. But the Nagad app showed the same message," Alamgir added.

Through its verified Facebook page, Nagad also said the work for 'system development' is causing 'the temporary disruption'.

"We are working on developing the system to provide better service to the customers. We sincerely regret the temporary disruption caused by this."

"Nagad is committed to improving the quality of customer service. Network development will enable us to better serve our customers. Thanks for staying with Nagad," the notice posted on its Facebook page at around 6pm yesterday read.

"Something went wrong, please try again or contact customer care centre," read a message while another customer tried to access to Nagad app at 7pm.

An official of the MFS provider told The Daily Star that the disruption could not be resolved as of 10:12 pm.

The country's second largest mobile financial service provider, Nagad now has over 6 crore customers.

Currently, apart from customers' financial transactions, various government allowances are also distributed through Nagad.

Confidence Infrastructure in Tk 32cr deal

To use geotextiles to protect Jamuna's banks

STAR BUSINESS DESK

Confidence Infrastructure and China's Hong Xiang New Geo-Material Company have signed a Tk 32 crore agreement with Bangladesh Water Development Board to implement a project on protecting parts of the Jamuna river's banks from erosion.

The Asian Development Bank-financed project involves placing 50.38 lakh geotextile bags at Sirajganj's Chauhali upazila by November next year to protect a part of Tangail.

Geotextiles are a permeable, synthetic and non-woven fabric filled on location with sand and utilised. Confidence Infrastructure has set up a manufacturing plant at Narayanganj capable of producing more than 10 lakh bags a month.

Salman Karim, managing director of Confidence Infrastructure, and Ruhul Amin, the project director, inked the deal at Pani Bhaban in Dhaka recently, said a press release.

GPH launches high-grade

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the project coordinator of the Padma Bridge, recognises the importance of high-grade steel rebar in construction thanks to his experience with some of the biggest mega projects in the country.

Raquib Hasan, a professor of civil engineering at the Bangladesh University of Engineering and Technology who was involved in researching the structural performance of GHP's 600-grade steel rebar, said the product's safety margin surpassed their theoretical calculations.

"GHP aims to provide a highly dedicated team to help build a strong and sustainable Bangladesh. With this ambition, we have added the high-strength and high-performing steel rebar," said Jahangir Alam, chairman of GPH Group.

"Reducing the congestion of rebar in the structure will further improve

the quality of construction and reduce the dead load of the building."

Mohammad Alamgir Kabir, chairman of GPH Ispat, said they were proud to be the first to bring high-grade steel rebar to the country and bring the nation closer to a sustainable future.

Steel rebars are made in a quantum electric arc furnace at GPH Ispat's existing facility.

High-grade steel rebars are stronger than other products of this variety and are more cost-effective as it reduces rod usage in construction by up to 30 per cent.

In addition, the use of the rebar will reduce the column section sizes, which increase the floor space of the infrastructure being built.

Although there is no market data on the demand for this type of steel rebar, GPH believes the demand will gradually rise.

Investors pile into cash at fastest rate since Covid crisis

REUTERS, London

Investors put money into cash at the fastest pace at the start of a quarter since the 2020 Covid crisis in the week to Wednesday, as heightened volatility and questions over the US rate outlook triggered a safe-haven dash, BofA Global Research said on Friday.

Cash funds saw inflows of \$62.1 billion in the latest week, reflecting investor demand for dollars, which in turn saw the 19th straight week of outflows from gold funds - the longest string of outflows since 2014, BofA said in its weekly "Flow Show" report, citing data from EPFR.

Equity funds posted \$6.3 billion in inflows, with emerging markets funds recording their second straight weekly inflow, with \$4.3 billion, and European equity funds posting their 38th weekly outflow, down \$900 million, BofA added.

Stocks got a boost last week from a belief among investors that the Federal Reserve could shift the pace of rate hikes down a gear, as the economy shows signs of slowing.

Fed Chair Jerome Powell has since poured cold water over such speculation, given stubbornly high inflation and a resilient labour market.

Italy hikes govt borrowing to tackle energy crisis

REUTERS, Rome

Italy's new government unveiled its first public finance targets on Friday, hiking borrowing to finance support measures for families and firms struggling with sky-high energy costs.

The Treasury's annual Economic and Financial Document (DEF) approved by Georgia Meloni's cabinet set the 2023 fiscal deficit at 4.5 per cent of gross domestic product, up from a 3.4 per cent forecast made in September by the previous government of Mario Draghi.

The new figures give Meloni room for measures worth around 1.1 per cent of GDP to expand the economy next year, while keeping the deficit-to-GDP ratio on a downward trajectory from one year to the next.

This year's ratio is hiked to 5.6 per cent from 5.1 per cent, allowing Meloni, who took office last month at the head of a conservative coalition, to immediately take steps to tackle the problem of surging gas and electricity bills.

She told reporters she would spend more than nine billion euros on an anti-inflation package in a decree next week.

"For 2023 ...we are freeing up 22 or 23 billion which will also be used exclusively to address the energy question," she said at a news conference.

After winning a September 25 election the hard-right leader quickly made clear that most of her coalition's more ambitious election pledges such as swinging tax cuts and higher pensions would have to wait until better economic times.

The government raised Italy's GDP growth forecast for this year to 3.7 per cent from 3.3 per cent on the back of stronger expected expansion in the third quarter, while leaving the 2023 forecast unchanged at 0.6 per cent.

Economy Minister Giancarlo Giorgetti, speaking at the same news conference, said recession risks were growing in Europe "and could also touch the Italian economy."

The Treasury's targets will form the framework for the 2023 budget that Meloni will present to parliament this month for approval by the end of the year.

Public finances this year have gone better than forecast, with value added tax revenues and excise duties boosted by inflation and surging energy prices.

Inflation, which under the EU-harmonised index hit 12.8 per cent in October and marked the highest reading since the series was introduced in 1996, has also helped cut Italy's huge public debt.

Moreover, the European Union's fiscal rules are still suspended to help the bloc's economies recover from the Covid-19 pandemic, giving Meloni valuable breathing space.

The DEF projected the deficit to decline in 2024 and said in 2025 it would fall to 3.0 per cent, the ceiling set by the EU's Stability Pact before it was suspended.

Giorgetti said Italy's public debt, proportionally the highest in the euro zone after Greece's, will fall steadily from the 150.3 per cent of GDP level registered in 2021 to 141.2 per cent in 2025. Figures for the intermediate years were not immediately available.

India's forex post biggest weekly gain in more than a year

REUTERS, Mumbai

India's foreign exchange reserves rose to \$531.08 billion in the week through October 28, marking their biggest weekly gain since September 2021, the Reserve Bank of India's (RBI) weekly statistical supplement showed on Friday.

The country's reserves were \$524.52 billion at the end of the previous week that ended October 21.

They have decline around 16 per cent this year so far due to the RBI's intervention in the currency markets, as well as valuation changes owing to the dollar's strength.

In the holiday-shortened week that ended October 28, the rupee rose to snap a run of six weeks of declines. For the current week, it closed flat at 82.44 per dollar.

Savers on the receiving end

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deposits considering the inflation rate, the central bank will have to withdraw the interest rate cap of 9 per cent on lending, another BB official.

"This is why the central bank has asked banks not to follow its previous instruction," he said.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said the BB should take measures to encourage depositors such that they park their funds with banks.

"A good number of people are now investing their funds in the real estate sector since they are not getting interest rates they desire from banks."

For this reason, a majority of banks are now facing liquidity stress.

Mustafizur Rahman, a distinguished fellow at the Centre for Policy Dialogue, said the central bank should issue a circular to ensure transparency to this end.

CMSMEs bear the brunt

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agreements with a third-party guarantor so that those industrial units can run properly in the time of crisis.

Due to the lack of bank finance, CMSMEs borrow from non-government organisations at high-interest rates and under stringent conditions, for which they are losing their competitiveness.

The FBCCI chief also sought soft loans from banks for promising agro-processing industries as the country needs to diversify its exports.

Jashim said Bangladesh's exports will suffer a lot if Europe goes into a long recession due to the current economic volatility.

However, having a diversified export basket could help offset the negative export growth, he added.

He then said if the government

wants to make Bangladesh a developed nation by 2041, it needs to significantly reform the National Board of Revenue so that revenue generation does not become a major challenge.

Recognising the high prices of some basic commodities, the FBCCI chief blamed the recent hikes on price volatility in international markets and abnormal freight charges.

He also acknowledged that prices of some commodities are unreasonably high in retail markets compared to wholesale markets because of the profit-mongering mentality of a section of traders.

Bangladesh should also improve its negotiation skills to avail loans from the International Monetary Fund as the global lending agency is attaching many tough conditions to the credit support, Jashim added.