

## Indian Ocean Rim summit kicks off in Dhaka today

STAR BUSINESS REPORT

A two-day international leadership summit will begin today in Dhaka to help strengthen economic cooperation within Indian Ocean Rim Association.

The association is an inter governmental organisation aimed at strengthening regional cooperation and sustainable development within the Indian Ocean region through its 23 member states representing a \$20.5 trillion-dollar economy.

With a theme "Roadmap for Post-Pandemic Progress", Indian Ocean Rim Business Forum will host the event at InterContinental Dhaka, said Sheikh Fazle Fahim, chairman of the forum's Bangladesh chapter.

The forum is the trade and investment functional body of the association which supports economic cooperation by providing a collective business perspective to the members' policymakers.

The summit will have four sessions focusing on maritime safety and security, fisheries management, blue economy, trade and investment facilitation, women's economic empowerment, blockchain, tourism and science and technology, he said.

Foreign Minister AK Abdul Momen is expected to be present as the chief guest at the inaugural session.

## 2 more garment units get LEED certification

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Two more garment factories in Bangladesh have achieved Leadership in Energy and Environmental Design (LEED) certification from the US Green Building Council (USGBC), taking the total number of green garment units in the country to 178.

Of the two units, Beximco Industrial Park at Sarabo in Gazipur received the platinum rated LEED certification while Barnali Collections Limited at Hazaribagh in Narayanganj received the gold certification.

This year, a record 13 factories received the platinum rated LEED certification, according to data from the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

Being the global champion in green factories, Bangladesh currently has 58 platinum rated, 106 gold rated and 10 silver rated garment units while four are only LEED certified.

Additionally, another 550 garment factories in the country are waiting for LEED certification from the USGBC, the BGMEA said.

However, local garment exporters complain that international retailers and brands do not pay premium prices for the green initiative even though these units are saving energy consumption by 40 per cent in the production process.

Greengarment factories are also saving the environment by substantially reducing water consumption. The construction of green garment units has brightened the image of the country and the sector itself, it added.



## Ceramics expo from Nov 24

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The Bangladesh Ceramic Manufacturers and Exporters Association (BCMEA) is organising a three-day expo from November 24 to 26 in a bid to increase the country's export earnings by creating new markets for locally made ceramic products.

Some 200 brands from 15 countries, including hosts Bangladesh, are expected to participate in the fair, which will be held at the International Convention City Bashundhara in Dhaka, according to organisers.

"The expo will remain open from 10:00am to 7:00pm each day," Shirajul Islam Mollah, president of the BCMEA, said during a press conference at the Dhaka Reporters Unity yesterday.

Ceramics is one of the fastest rising industries in Bangladesh, having registered about 200 per cent growth and a 20 per cent increase in investment over the past ten years, he added.

As such, the domestic ceramics sector now has more than 70 manufacturers with total investments of about \$1.7 billion.

Besides, locally made ceramics are being exported to more than 50 countries, including the US, UK, Germany, Italy, Turkey, Thailand and India, earning the country more than \$500 million annually after meeting 85 per cent of the domestic demand.

The BCMEA chief when on to say that about 5 lakh people are either directly or indirectly involved with the industry.

Irfan Uddin, general secretary of the BCMEA, said the value of ceramic products made in Bangladesh is

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# Bangladesh is a key market for PepsiCo

REFAYET ULLAH MIRDHA

*Eugene Willemssen, chief executive officer of PepsiCo for Asia, Middle East and South Africa, was in Dhaka last week on an official visit. During his stay, he talked to The Daily Star's Senior Reporter Refayet Ullah Mirdha.*

**DS:** How important is the Bangladesh market for you? And where does it lie in the global scheme of things?

**Willemssen:** Bangladesh is one of our key markets because it's a market that has tremendous potential given the large population and economic development that the country has witnessed, especially in the



last decade. The country has seen phenomenal economic growth and development.

It's also a market where we're keen to further scale up our business in partnership with Transcom. We signed the first agreement with Latifur Rahman, founder chairman and CEO of Transcom Group, back in March 2000. So, we're now partners for more than 22 years. We see the partnership with Transcom as one of our best partnerships globally. And we're very keen to build on this great foundation and scale up our business together with the Transcom family.

**DS:** PepsiCo has been operating here for a long time. As we move forward, what kind of investment are you looking at in Bangladesh?

**Willemssen:** I cannot give you specific numbers. But what I can tell you is that when I look at the Bangladesh market and given some of the discussions that we've had over the last day and a half, it's very clear that this market has tremendous potential. And as such, we will continue to invest together with our partner in developing our business in Bangladesh, whether that be in capacity and agricultural capabilities that we need specifically for our food business. And we're looking and exploring ways of how we can collectively build a bigger business within beverages and foods in Bangladesh.

**DS:** We know that Pep+ (PepsiCo Positive) is your sustainability platform. What is PepsiCo doing in this regard?

**Willemssen:** Pep+ is our strategic end-to-end transformation initiative with sustainability at the centre to create growth and value by operating within planetary boundaries and inspiring positive change for the planet and people.

### AT A GLANCE

- Bangladesh is a strategic market for PepsiCo
- Transcom is a trusted partner with PepsiCo for over 20 years
- Transcom is one of the best partnerships globally
- PepsiCo will continue to invest together with its partner in Bangladesh
- Pep+ is the strategic end-to-end transformation initiative with sustainability
- PepsiCo is extremely proud of the footprint that it has in Bangladesh
- PepsiCo is also scaling up snacks business locally, in partnership with Transcom
- PepsiCo is going to produce Lay's potato chips locally in Bangladesh

We believe that sustainability needs to be fully embedded in the overall business strategy and our plans and hence, we launched Pep+ about a year ago. Pep+ consists of three different pillars: positive agriculture, positive value chain and positive choices.

PepsiCo is one of the largest food and beverage companies and has a significant agricultural footprint. We work globally with more than 100,000 farmers. As part of our positive agricultural pillar, we

basis by 2030. This means that we need to look at all the possible ways to reduce the usage of single-use packaging, set up collection mechanisms for recycling, and include recycled material in our packaging, in order to ensure that we get to a full circular value chain for packaging.

The third and last pillar is positive choices. And that's all about evolving our portfolio to ensure that we continue to provide a broad set of choices for consumers with reduced or no sugar and reduced sodium and saturated fat.

In Bangladesh specifically, our endeavour is always to support the communities at large. To support communities impacted during the coronavirus pandemic, we provided 1.4 million meals to underprivileged communities through our partnership with Brac, the leading NGO in Bangladesh.

PepsiCo Foundation, along with Brac, also disseminated preventative information on Covid-19 to communities. PepsiCo has worked with Brac to provide clean water access to underserved communities in Bangladesh under the "Safe Water for All" project. As part of the initiative, local water entrepreneurs created water treatment plants providing communities with access to safe drinking water at an affordable price in the disaster-prone areas of Cox's Bazar.

**DS:** You have many food and beverage brands in Bangladesh. What has been the response of consumers and what is your consumer connect strategy?

**Willemssen:** We are extremely proud of the footprint that we have in Bangladesh. We're the leading beverage company in Bangladesh. And we take tremendous pride in that.

We're keen to build out that business, leveraging the brand portfolio that we have thanks to 7-Up, Pepsi, and Aquafina. On the snacks side, we have Kurkure, Lay's and Quaker Oats.

Consumers rate our brands very highly and while we take pride it, there comes a tremendous responsibility to ensure that we continue to deliver high-quality products and respond to consumer needs and evolving needs.

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## Forex shortage: A brief diagnostic review

MAMUN RASHID

Our importers and institutions, those that need to remit various fees and surplus earnings outside the country, are facing challenges with foreign currency (FCY) payments for the last several months.

Although initiatives have been taken to bring down imports, especially of luxury items, and the monthly import average in dollars has come down from \$8 billion to \$6.5 billion in recent months, the situation is not improving.

Banks are frequently denying to open letters of credit (LCs) due to the shortage of FCY. On the other hand, concerns are growing among local and international investment communities. Since more than 60 per cent of our imports are known to be capital machinery and industrial raw materials, analysts are of the opinion that it might seriously impact our growth trajectory too.

Bangladesh's forex reserves fell to \$34 billion (including export development fund and others) in recent times. Speculation is rampant around the actual reserve that has been declared officially and is leading to exchange rate changes that are unrelated to the underlying pattern of trade, causing more uncertainty.

The rate of reserve depletion is alarming, and even the much-hyped IMF loan might not be enough to help.

Opening of new LCs has been reduced, but the liability of previously opened LCs is now payable in terms of arrears or late payment. Due to this, the dollar crisis is becoming more acute. Experts opined that under-invoicing and over-

invoicing of imported goods have added to the dollar crisis, which prompted the central bank to impose margins. Curbing imports is turning into a futile attempt, as imbalance in export-import, high dependency on imported oil and gas, and decreasing trend in inward remittance flows continue.

Force fixing special exchange rates for different instances is already creating confusion and chaos in the market and this is adding even more undesired volatility. Volatility in the value of the dollar is impeding businesses from making deals with overseas entities.

The export-oriented industries are struggling to calculate production costs due to instability in the value of foreign currencies. Exchange rate volatility is creating uncertainty about returns as well as costs, thereby restricting investments.

Now we must think about how to meet these challenges. To begin with, we need to emphasise increasing remittances. According to the World Bank, Bangladesh is the seventh highest receiver of remittances in the world.

Inflow of foreign exchange hit a record high of \$24.77 billion during fiscal 2020-21 and fell to \$21.03 billion the next year. The authorities have recently suspended cash out from 230 customer accounts with four MFS providers to prevent the transaction of remittances through hundi.

The intention is to deter users from relying on hundi and encouraging expatriates to use the formal channel. However, the actual benefits to the end users remain debatable.

It has been repeatedly mentioned that dollar rates should be left to the market and not artificially controlled. If the exchange rate is free to float, then it can change in response to external shocks like oil price rises. This should reduce the negative impact of any such external shocks theoretically.

The authorities need to revisit the economic policies according to the changing global trends and should focus on diversification of economy to repel future mishaps. Focus on under-invoicing should help NBR with increased revenue earnings but we should be focusing more on capital flight outside the country through over-invoicing, which warrants better governance and discipline in the banking sector.

The author is an economic analyst.



The ceramics industry is booming with its growth potential in both domestic and international markets indicating that it may become one of the biggest export earners for the country, says an industry expert.

PHOTO: STAR/FILE

## Oil price slides 2pc

REUTERS, New York

Oil dropped by about 2 per cent on Friday, logging a second weekly decline, due to concern about weakened demand in China and further increases to US interest rates.

Brent crude settled at \$87.62 a barrel, falling \$2.16, or 2.4 per cent. US West Texas Intermediate (WTI) crude settled at \$80.08 a barrel, losing \$1.56, or 1.9 per cent.

Both benchmarks posted weekly losses, with Brent down about 9 per cent and WTI roughly 10 per cent.

A stronger US dollar, which makes oil more expensive to non-American buyers, pushed down crude prices.

The market structure of both oil benchmarks shifted in ways that reflect dwindling supply concerns.

Crude came close to record highs earlier this year as Russia's invasion of Ukraine added to those

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