Star BUSINESS

Bangladesh retains 2nd place in RMG export to EU

REFAYET ULLAH MIRDHA

Apparel shipments to the European Union (EU) grew 41.76 per cent year-on-year to hit $19.40 billion in the January-October period of 2022, according to data from Eurostat, the statistics department of the EU.

With this, Bangladesh retained its position as the second largest garment supplier for the EU after China, which holds a 29.39 per cent share of the trade bloc's total apparel imports from 27 countries.

During the first 10 months of last year, the EU's imports from China reached $25.49 billion to register growth of 22.43 per cent year-on-year, the data shows.

At the same time, imports from Turkey grew 12.82 per cent to stand at $10.12 billion while shipments from India ballooned 23.46 per cent to $4.24 billion.

The EU imported

EU imported $86.74 billion worth of apparel from different sources during the January-October period last year

$86.74 billion worth of apparels from different sources during the period, indicating growth of 24.41 per cent year-on-year.

Among the top suppliers, shipments from Cambodia, Vietnam, Pakistan, Morocco, Sri Lanka and Indonesia increased by 39.69 per cent, 33.05 per cent, 28.55 per cent, 9.59 per cent, 18 per cent and 31.76 per cent respectively.

In terms of volume, Bangladesh's garment exports to the EU ramped up by 27.03 per cent to roughly 1,134 million kilogrammes (kgs) in the January-October of 2022 compared to 892.73 million kgs the year before.

The EU imported some 3,885 million kgs of garments from various sources at the time, registering 21.26 per cent growth year-on-year.

China accounted for around 1,108 million kgs of this amount, posting growth of 17.32 per cent year-on-year.

The data also shows that the average unit price of garment shipments from Bangladesh to the

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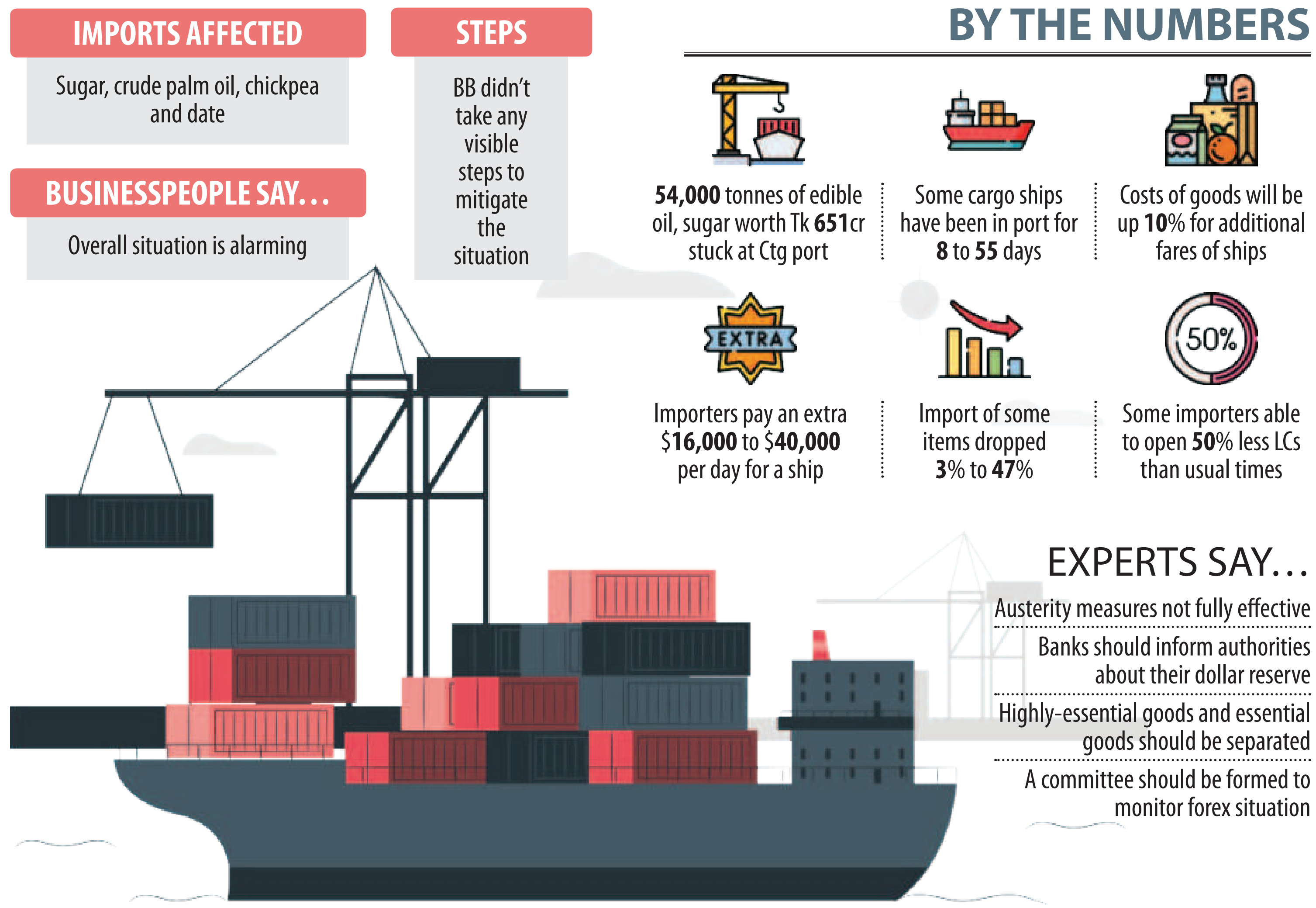

No visible step from BB to ease importers' woes

AKM ZAMIR UDDIN, MOHAMMAD SUMAN and SUKANTA HALDER

The Bangladesh Bank is yet to take any visible measure in line with a commerce ministry directive aimed at asking banks to earmark a portion of their foreign currency holdings to open letters of credit to import essentials ahead of Ramadan.

On January 5, the commerce ministry sent a letter to the central bank to facilitate the imports of edible oil, refined sugar, lentil, onion, gram and dates in its bid to ensure their supply and contain prices during the fasting month when demand surges.

Two weeks have passed and importers face a new problem: several top importers are finding it difficult in clearing payments after bringing in goods on the shores of Bangladesh.

About 54,000 tonnes of sugar and edible oil, which were brought aimed at Ramadan, have been stuck at the Chattogram port for 10 to 55 days for the importers' inability to pay import bills as banks are slow in settling the payments in the face of a dollar crisis the country has been facing for the last six months.

Importers say the delay in the release of goods has forced them to pay additional fares to the shipping lines, which will eventually increase the prices of the commodities once they hit the market.

The dismal scenario surfaced at a time when the arrival and the LC opening of a number of highly import-dependent commodities have dropped amid the shortage of the American greenback.

In its letter to the central bank, the commerce ministry cited the reduced imports of sugar and edible oil in the July-December period of the current financial year compared to the identical half a year ago.

For example, the BB said, raw sugar import fell 22 per cent, or 207,945 tonnes, in the first half of FY23.

And importers feared that if the LC opening and settlement situation does not improve by this month, it will be tough for them to guarantee an adequate supply of essential commodities ahead of Ramadan, which is expected to start in the third week of March.

"The overall situation is alarming. If LC opening and settlement situation does not improve, a crisis is likely during Ramadan," said Taslim Shahriar, senior assistant general manager at Meghna Group of Industries, one of the biggest commodity importers and processors.

Two ships carrying 38,000 tonnes of sugar and 5,000 tonnes of edible oil imported by MGI have been stuck at the Chattogram port for eight to 12 days.

"We have not been able to secure the goods," Shahriar said.

The situation compelled the commodity importer to pay an additional charge -- about $40,000 per day— to the shipping lines.

MGI is not alone.

MT Super Forty, a ship of S Alam Group that is carrying about 12,000 tonnes of palm oil, has been lying idle at the port for 55 days, port data showed. The company will have to pay $16,000 per day as an additional fee for keeping the ship waiting.

Shahriar said the central bank needs to resolve LC settlement-related complexities on an urgent basis.

TK Group has so far been able to open half of the LCs that it usually opens to cater to the demand during Ramadan.

"If we can't do the rest by January, we will face a big challenge," said Shafiul Ather Taslim, director for finance and operations of the commodity importer and processor.

The imports of edible oil, sugar, chickpeas, peas, ginger and onions fell between 10 per cent and 47 per cent year-on-year in July-December, data from the National Board of Revenue and the commerce ministry showed.

According to a commerce ministry paper, the import of crude soybean oil declined 47 per cent, gram fell 21 per cent and dates were down 3 per cent in the first half of FY23.

The opening of LCs for the import of raw sugar slumped 28 per cent year-on-year to 3.75 lakh tonnes in October-December of 2022. It dropped 47 per cent to 75,319 tonnes for chickpeas and

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Gas price hike spells trouble for industries

JAGARAN CHAKMA and SUKANTA HALDER

The latest hike of gas prices undoubtedly spells trouble for industries as they will try to shift the burden onto consumers by raising product prices, which will boomerang onto them by eating away at their competitiveness in international markets.

At home, households will fare no better as consumer goods will get battered amidst multipronged inflationary pressure.

For large industries, the price of gas per unit has spiked nearly threefold from Tk 11.98 to Tk 30, as per a notification issued by the Energy and Mineral Resources Division yesterday.

However, the government has not increased the price of compressed natural gas (CNG) used in the transport sector alongside gas used in homes.

Industries accounted for 18 per cent of the 1,017.5 billion cubic feet (BCF) of gas sold by state companies during the financial year of 2020-21.

The power sector was the biggest consumer,

"It will be tough for industries to sustain as the price hike of gas would raise cost of production and reduce competitiveness in international markets," said Anwar-ul Alam Chowdhury Parvez, president of BCI

with the plants purchasing 42 per cent of total gas supplied to the industries, according to Petrobangla's annual report of 2020-21.

Captive power, used mainly by private sector mills, accounted for 17 per cent of the total sales of gas in fiscal year 2020-21 followed by households, fertiliser manufacturing, transport, restaurants and tea production, it showed.

With the hike due to come into effect from February, business have expressed their concern.

"It will be tough for industry to sustain as the price hike of gas would impact cost of production and reduce competitiveness in international markets," said Anwar-ul Alam Chowdhury Parvez, president of the Bangladesh Chamber of Industries.

Exports will decline and impact foreign exchange reserves. The same could happen for domestic sales as the price of products will increase while consumers will opt out as their income has not accordingly increased, he said.

The domestic market of basic industries will be weakened and unemployment will increase while

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STOCKS

DSEX ▼	CASPI ▼
0.37%	0.24%
6,258.17	18,484.41

COMMODITIES

Gold ▲	Oil ▲
$1,914.34 (per ounce)	$81.54 (per barrel)

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.64%	▲ 2.50%	▲ 0.28%	Flat
60,045.74	26,791.12	3,289.55	3,224.41

Balance of payments deficit to go thru the roof this fiscal year

MD FAZLUR RAHMAN

Bangladesh's balance of payments (BoP) deficit would widen massively in the current fiscal year than the central bank had earlier projected owing to escalated imports, lower remittances and export receipts, and higher accumulation of debts.

The BoP summarises the economic transactions of an economy with the rest of the world. These transactions include exports and imports of goods, services and financial assets, along with transfer payments such as foreign aid.

In June when the Bangladesh Bank unveiled the monetary policy statement for the entire fiscal year of 2022-23, it was projected that the deficit would stand at $150 million.

But on Sunday the BB said the BoP deficit would be $5.08 billion in FY23, according to the MPS for January-June.

The balance turned negative in 2021-22 when it shot up to $5.38 billion from a surplus of $9.27 billion in 2020-21.

"The BoP deficit was on account of a higher amount of import payments as compared to the total amount of export receipts and inward remittances, and a significant repayment of trade credit," said the BB.

Import growth is projected to contract by 9 per cent at the end of FY23 from an expansion of 12 per cent forecast earlier.

The central bank has already taken

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measures to discourage the imports of luxury and non-essential commodities by enhancing the requirements of letters of credit (LCs) margin and restricting all sorts of foreign tours by officials of banks, non-bank financial institutions, and the BB.

It has also enhanced the interest on non-resident foreign currency deposits and on loans from the Export Development Fund.

The import growth surged to 35.9 per cent in FY22 and 19.7 per cent in FY21, driven by a pickup in demand following the recovery from the coronavirus pandemic.

Export is projected to grow at 10 per

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A customer scans the QR code to pay the bills at a fruit shop in the capital's Dilkusha area yesterday after a central bank-led campaign to popularise the interoperable quick response code kicked off in the city to bring millions of small businesses under the digital transaction system.

PHOTO: PALASH KHAN