

AT A GLANCE

Global market size: \$7tr
Bangladesh's share: less than 1%
Export in FY22: \$795.63m
Domestic market size: \$12-15b
Contribution to GDP: 3%
Major sources of raw materials: China, India, Japan, Singapore and USA
Enterprises: 50,000 micro and 10,000 small, medium
Employment: 800,000 people
Investment: about \$15b so far
Clusters: 34 clusters in 18 districts

MAJOR PRODUCTS

- Electrical equipment
- Vehicle machinery & spare parts
- Paper machinery & spare parts
- Pharmaceutical machinery & parts
- Construction machinery & spare parts
- Tube machinery & parts
- Sanitary materials
- Railway parts, automobile parts
- Shallow engine
- Electric fittings
- Agro machinery & spare parts

SOURCE: EPB, BIDA AND OTHER STUDIES

BB CYBER HEIST Rizal Bank appeals after US court rejects initial motion

REUTERS

A Philippine bank at the centre of an unsolved \$81 million cyber heist has appealed a New York Supreme Court decision to dismiss the bank's motion to throw out the Bangladesh central bank's lawsuit against it.

In February 2016, unidentified hackers used fraudulent orders on the SWIFT payments system to steal \$81 million from Bangladesh Bank's account at the Federal Reserve Bank of New York. The money was sent to accounts at Rizal Commercial Banking Corp (RCBC) RCB.PS and then vanished into the casino industry in the Philippines.

Bangladesh Bank has accused RCBC and several others, including top executives, of conspiring to steal its money. The Manila-based Rizal bank denies the allegations.

The New York Supreme Court ruled on January 13 that, contrary to Rizal bank's argument, it does have jurisdiction over the case, and dismissed Rizal bank's motion against Bangladesh Bank.

In the same ruling, the court ordered the Bangladesh central bank and RCRC to initiate mediation.

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LIGHT ENGINEERING SECTOR

Exports dip in first half of current fiscal year

Dollar crisis leads to problem in import of raw materials, production fall

SUKANTA HALDER

Exports of light engineering equipment, including stainless-steel and iron ware, from Bangladesh have decreased in the first six months of the current fiscal year compared to the same period the year before.

Businesspeople say the sector's export volume has decreased due to difficulties in opening letters of credit (LC) for importing raw materials amid the ongoing dollar shortage, resulting in lower production.

The decrease in investments in the infrastructure sector in different countries worldwide in the post-coronavirus period and current global economic crisis has reduced the volume of exports, they said.

Not being able to compete with the prices offered by China is another reason behind the decline in exports.

Besides, the global economy continues to face steep challenges stemming from Russia's invasion of Ukraine and a cost-of-living crisis caused by persistent and broadening inflation pressures, which are affecting exports as well, they added.

According to data from the Export Promotion Bureau, engineering equipment exports amounted to \$54.56 million in the first half of fiscal 2022-23.

However, the sector had exported goods worth \$175.94 million during the same period in fiscal 2021-22.

Apart from this, some \$1.11 million worth of stainless-steel ware were exported in the last six months ending with December while it was \$2.49 million in the same period of the previous fiscal year.

Similarly, ironware worth \$33.12 million was exported at the same time compared to \$81.51 million the year before.

Sohel Rana, chief business officer of electrical appliances at Walton Hi-Tech



The decrease in investments in the infrastructure sector in different countries in the post-coronavirus period and current global economic crisis have also reduced the volume of exports

Industries, said they exported fans, LED lights and switch sockets to Nepal, Bhutan, India, Uganda, East Timor, Mali, Yemen and Sri Lanka.

He then said they are not being able to properly open letters of credit due to the US dollar shortage and price fluctuations.

For example, the price of raw materials such as resin has increased.

The resin that used to be bought at Tk 150 per kilogramme (kg) about a year ago is now being bought at Tk 250 per kg.

"At the same time, there is a raw material crisis," Rana added.

He believes that Bangladesh's inability to compete with China on prices is also one of

the reasons behind the decline in exports.

Humayun Rashid, managing director and chief executive officer of Energypac Power Generation, said investments in the infrastructural sector has decreased in many countries in the post-coronavirus period due to increased investments in the health sector.

"This has had a negative impact on exports of engineering-based products from Bangladesh," he added.

Exporting engineering products from Bangladesh is tough as there is a roughly 35 per cent duty on raw material imports.

"It takes at least a year to get this duty back and so, the policy needs to be changed," Rashid said.

He went on to say that letters of credit for importing scrap, graded steel and other raw materials cannot be opened amid the US dollar shortage.

In addition, the prices of various raw materials have increased by 32 to 60 per cent on average, Rashid added.

The sea carries more than 80 per cent of the world's traded goods, according to data from the International Monetary Fund.

In Bangladesh, many businesspeople and entrepreneurs are concerned about the rising cost of sea freight per container.

Due to the impact of Covid-19, the rent of container transportation around the world has been increasing since last year.

The rent has risen by five to ten times compared to normal times and this has affected business a lot, said Abdur Razzaque, president of the Bangladesh Engineering Industry Owners Association.

He then said the country's engineering industry is facing various crises, including raw material shortages, increased import costs and lower production.

"This has had a bad impact on exports," Razzaque added.

Navigating through rough waters

MAMUN RASHID

2023 is already here and no doubt, the last three years have been rough for Bangladesh. It is almost as though a ship at sea navigating and making its way through rough waters during a storm.

The so-called storm has manifested in the form of the pandemic-triggered economic slowdown, sanctions resulting from the Russia-Ukraine war, too much pressure on forex reserves leading to a negative balance of payments; various supply chain crises, and finally, the ongoing high inflation that has unfavourably changed consumer spending patterns across the globe, directly impacting Bangladeshi businesses and industries in numerous negative ways.

Such shifts in global economic dynamics have adversely impacted all stakeholders, ultimately leading to higher levels of poverty.

Whether such adversities may be short-term or if they continue to pinch us in the long term, certain changes and actions will be needed for Bangladesh, especially considering its upcoming LDC graduation. Additionally, income equality will continue to pose as a significant impediment to true development even in the long run. Climate change also poses a major threat to Bangladesh since it ranked seventh in the Global Climate Risk Index 2021.

As always, with challenges also come opportunities and for Bangladesh, there is a significant opportunity for substantial improvement, especially in foreign direct investment (FDI), which has been very low compared to what could be achieved if the right reforms are made. In fact, considering the economic and population size of Bangladesh, inducing a much greater FDI to GDP ratio should be a priority.

Despite the roadblocks, Bangladesh still boasts a growing middle-income population and a continued high overall GDP growth rate. This, combined with almost half of the population deemed as "young" and technologically adaptable, also provides room for massive expansion and growth in the information technology sector.

As a result of rapidly evolving technology and automation, a concern is that many kinds of jobs that are currently done by labour may soon become obsolete and uncompetitive.

Hence, the only strategic option for Bangladesh is to be ahead of the technological disruptions by constantly focusing on upskilling and educating its workforce in the latest innovations because almost everything starting from industrial processes and data management to energy consumption, financial services and agricultural techniques are changing very quickly. We need to be much more agile and adaptable as a nation.

While there are certainly many opportunities for Bangladesh, certain aspects need to be considered and a well-planned out approach must be taken. Reforms in the regulatory framework and financial sector, political stability, intelligent management of the geopolitical map and improved business environment appear to warrant the highest attention for contending with the existing complexities.

Sustainable development rarely happens separately. Rather, it requires systematic and synergistic cooperation, coordination, and partnerships between the public and private sectors. Public policy and regulations can't contradict economic and business growth aspirations.

Not just Bangladesh but the entire world is also navigating through a challenging time and therefore when we envisage our combined future, we can't just look at our own growth, but we should also try to have an inclusive mindset.

We should embrace equitable growth that considers the positive outcomes on our shared society and environment. Having sustainability at the core of all future business, regulatory, policy and growth endeavours while also reducing costs will not only lead to even greater revenues and profits but will also create a better image of Bangladesh in the world.

The author is an economic analyst.

Wheat acreage expands on record prices

SOHEL PARVEZ

Farmers, buoyed by soaring prices of flour in the domestic market because of the decline in imports, have brought more areas under wheat cultivation this season in a welcoming development.

Growers planted the grain on 3.19 lakh hectares of land in the current financial year of 2022-23, up nearly 2 per cent from 3.14 lakh hectares the previous year, data from the Department of Agricultural Extension showed.

This is the first reversal in acreages in three years since the cultivation of the second-most consumed grain recovered as farmers see profit prospects.

"The prices of wheat flour are high and I hope the buoyancy will continue during the upcoming harvest," said Mohammad Yusuf, a farmer in the central district of Faridpur. He has sown wheat on more than one acre of land this season.

The farmer did not expand wheat acreage but some of his neighbours have grown the crop in an increased area, encouraged by record high prices.

Because of the spiralling prices in the global market for the war in Ukraine and the dip in imports, wheat flour price has been increasing steadily since April 2022 in Dhaka as the national meets more than 80 per cent of its annual requirement of

around 75 lakh tonnes through imports.

In April, residents in Dhaka could buy one kilogramme of flour of the grain at Tk 35.26.

The price rally continued and stood at Tk 62.26, in December, the highest on record, as supply remained below requirements, according to data compiled by the Food and Agriculture Organisation.

Bangladesh's private and public sectors imported 14.9 lakh tonnes of wheat so far in 2022-23. The amount was just a little over a third of the grain sourced from the international markets a year earlier, according to food ministry data.

Eusuf said he sold each maund, or 40 kgs, of his produced grain at Tk 1,400 after the last year's harvest. The price was higher than the previous year.

Badal Chandra Biswas, director-general of the Department of Agricultural Extension, said: "There is demand for wheat this year. So, farmers have grown the crop in more areas."

The crop condition looks good and the weather has been favourable for a good yield, he added.

Wheat cultivation is growing in Rajshahi, Faridpur and Panchagarh districts.

The higher cultivation might emerge as a boon for Bangladesh in a year when the world is expected to witness a food crisis.

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Farmers planted wheat on 3.19 lakh hectares of land in the current financial year, up nearly 2 per cent from that in the previous year. The photo was taken from Baliakandi upazila of Rajbari on Thursday.

PHOTO: SUZIT KUMAR DAS