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BUSINESS


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Import substitute industries

RISKS


Disruption in supply chain


Supply shortfall and increased prices



“We have been facing the problem regarding LC opening for the last two months. It is breaking our supply chain and disrupting production for domestic and export-oriented markets.”

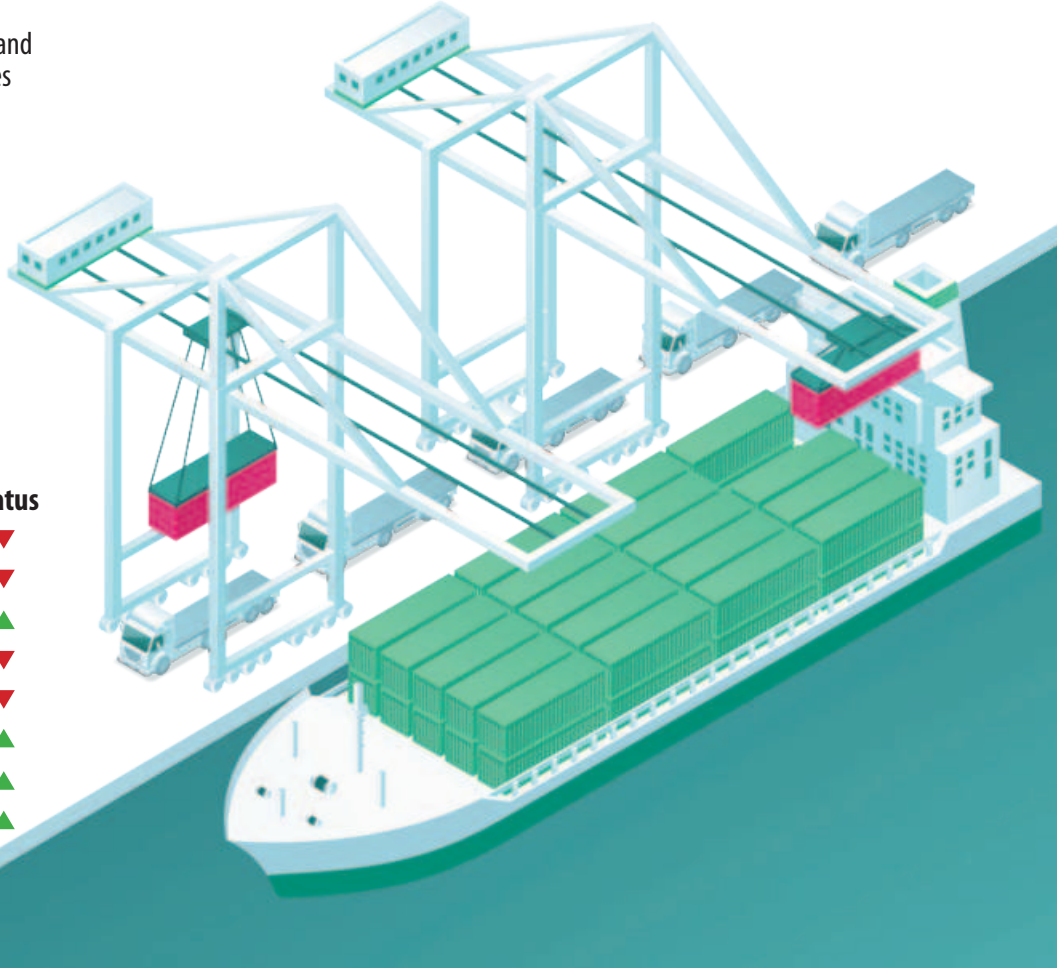
ELEASH MRIDHA
Managing director of Pran Group

LC OPENING AND SETTLEMENT

2023 VS 2022 (Jul-Dec) SOURCE: BB

	LC opening	Status	LC settlement	Status
Consumer goods	14.4%	▼	9.27%	▼
Intermediate goods	33.18%	▼	17.02%	▼
Intermediate raw materials	27.27%	▼	12.58%	▲
Capital machinery	65.32%	▼	7.13%	▼
Machinery for misc. industries	41.59%	▼	21.58%	▼
Petroleum & petro products	35.72%	▲	46.09%	▲
Others*	15.11%	▼	13.65%	▲
Total	22.51%	▼	7.71%	▲

*Commercial and industrial import



Gas, power prices to be revised again
Munshi says

STAR BUSINESS REPORT

Commerce Minister Tipu Munshi yesterday said that discussions are once again underway to readjust the gas and electricity prices. “Efforts are on to ensure fair gas and electricity prices for the people of the country,” he added.

Munshi made this comment while inaugurating the monthlong Rangpur Industrial and Trade Fair-2023, organised by the Rangpur Chamber of Commerce and Industry at Rangpur Cricket Garden.

The commerce minister then said the prices of electricity and gas have been increased in coordination with the higher cost of production.

As such, it is normal that this will have some impact on the price of products that require gas and electricity to produce, he added.

In an attempt to reduce its unsustainable subsidy burden amid a narrow fiscal space, the government on January 18 raised the retail price of gas by 14.5 per cent to 178.9 per

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After energy, LC opening crisis now cripples businesses

SOHEL PARVEZ

At the beginning of 2022, businesses were upbeat and many of them thought that the worst stemming from the losses induced by the coronavirus pandemic was finally over. That was short-lived.

The assumption changed as another crisis began to unfold following Russia’s invasion of Ukraine in February 2022. And Bangladesh, a net importing country, soon found itself on the receiving end.

Its deficit in transactions with the rest of the world widen in the face of skyrocketing import payments for higher energy and commodity prices amid the conflict.

The trouble did not end there. In the middle of 2022 came power and gas crisis, forcing the countrymen to suffer power cuts and factories to run below capacity.

Amid the worsening energy and power crisis, the winter emerges as a saviour as electricity demand fell. Still, load-shedding remains while factories are yet to receive an adequate supply of gas amid insufficient local production and the pause in buying liquefied natural gas from international spot markets.

Faced with an increased

cost of production after the government hiked petroleum, gas and electricity prices and higher import costs, businesses were forced to increase their prices of goods and services.

A US dollar shortage added fuel to the fire.

Now, businesses in Bangladesh are finding it difficult to open letters of credit (LCs) owing to

key ingredient for the cement industry, dipped 33 per cent to \$2.58 billion during the period, data from the Bangladesh Bank showed.

The settlement of LCs for intermediate goods imports declined too. In the case of industrial raw materials, the situation is the same: LC opening for raw materials for industries

Group, the largest agro-processor and exporter in Bangladesh.

He said banks were entertaining LCs for small-value imports. “But if the import does not improve, the situation will be tougher in the coming months,” he said.

In Bangladesh, overall consumption has declined as disposable income dropped for the higher inflation and also for the winter, leading to a slowdown in the sales of consumer goods.

A top official at Shah Cement Industries Ltd said the market did not witness the shortage of the key building material although LC opening for intermediate goods fell.

“This is because demand has declined.”

Capital machinery imports are on the downturn as well.

LC opening for capital machinery, which shows entrepreneurs’ expansion or new ventures, nosedived 65 per cent to \$1.27 billion in the six months to December.

The import of machinery for miscellaneous industries dropped substantially too, according to central bank data.

“Industrialists are going slow when it comes to taking new projects as they are worried about the cost of dollars. Fresh

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banks’ inability to provide the American greenback needed to finance imports and the central bank’s restriction on non-essential imports. The stress seems to be intensifying with each passing day.

LC opening slumped 14 per cent year on year in July-December of the current financial year of 2022-23. Settlement declined 9 per cent.

The LC opening for intermediate goods such as clinker and limestone, the

dipped 27 per cent to \$12 billion in July-December.

All these have caused a slowdown in sales and stoked fears among the business community that their regular business cycle is going to break.

“We have been facing a problem regarding LC opening for the last two months. It is breaking our supply chain and the production for domestic and export-oriented markets is being hampered,” said Eleash Mridha, managing director of Pran

RMG export to Russia drops sharply

REFAYET ULLAH MRDHA

Even a year ago before the start of the Russia-Ukraine war, Rajiv Chowdhury, managing director of Young4ever Textiles, used to ship T-shirts and polo shirts worth \$1 million to Russia as the market was opening up for local exporters.

Now, Chowdhury is not sending garment items to Russia, even when alternative routes become available.

He fears that he will not be paid as one of his Russian buyers had delayed making payments for two and a half months as the war broke out in February 24 last year.

The young man has lost interest for the uncertainties over receiving payments and sending goods through alternative routes as the traditional ones have turned dysfunctional for the war.

“I cannot afford the high risk of sending goods to Russia in this time of war although there is a demand and good prices from my buyers,” Chowdhury told The Daily Star over the phone.

Before the war, his Russian buyers used to place work orders in big volumes and he had shipped goods to Russia over two consecutive seasons. His

“I cannot afford the high risk of sending goods to Russia in this time of war although there is a demand and I get good prices from my buyers,” says an exporter

supplies used to reach almost all Western retailers and brands having stores in Russian markets.

“The Russian market was a growing one for me,” he said. Currently, the local garment exporters are facing double-trouble in the shipment of garment to Russian markets, he said.

Primarily, almost all major retailers and brands have left the Russian markets and the Western countries have put a ban on the use of SWIFT (Society for Worldwide Interbank Financial Telecommunication) by Russian banks, he said.

This has made engaging in transactions with Russia very much troublesome, said Chowdhury.

Like him, Shahidul Islam, managing director of Rupa Group, also stopped sending sweaters to Russia as he also faced uncertainties in receiving payments and in shipping goods over alternative routes.

Before the beginning of the war, Islam used to send garment items, mainly sweaters, worth half a million US dollars per month. Now he is not thinking about the Russian markets anymore.

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STOCKS		
	DSEX ▼	CASPI ▼
	0.15%	0.11%
	6,255.93	18,454.26

COMMODITIES			AS OF FRIDAY
	Gold ▼	Oil ▲	
	\$1,926.08	\$81.69	
	(per ounce)	(per barrel)	

ASIAN MARKETS					FRIDAY CLOSINGS
	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
	▼ 0.39%	▲ 0.56%	▲ 0.54%	▲ 0.76%	
	60,621.77	26,553.53	3,293.71	3,264.81	

Banglalink providing fastest internet

Teletalk still the worst data service provider, shows global speed test

MAHMUDUL HASAN

Banglalink, the third largest mobile network operator in Bangladesh, now provides the fastest internet connection speed while state-run Teletalk continues to be the worst data service provider in the country, according to a global speed test report.

As per Ookla’s Speedtest Intelligence report, Banglalink delivered the fastest average download speed among the top local mobile network operators with 19 Mbps in the fourth quarter of 2022.

With a median download speed of 5.29 Mbps, Teletalk was the lowest performer during that period.

Ookla, the global leader in internet testing and analysis, gives a comprehensive view of worldwide network performance, quality and accessibility based on millions of results obtained through the Ookla Speedtest app each day.

For example, if anyone in Bangladesh tests the internet speed of their mobile network through the Ookla app, it will be counted on Ookla’s global test results.

Meanwhile, the Bangladesh Telecommunication

Commission (BTRC) has not published any drive test results for 2022.

Banglalink, which has 3.94 crore subscribers, had won Ookla’s recognition as the fastest mobile internet service provider in Bangladesh for the fourth time consecutively in February last year.

It also fared comparatively better than other operators in the test conducted by regulators in 2021 to gauge internet services in the country.

Banglalink’s strong performance was backed by its efforts to improve internet services as the company has been investing heavily in procuring spectrum.

In 2021, the network operator had procured spectrum in 1,800 MHz band and in 2022, it procured another chunk of spectrum in 2,300 MHz band, according to Taimur Rahman, chief corporate and regulatory affairs officer of Banglalink.

Also, Banglalink deployed nearly 4,000 base transceiver stations, which increased coverage by up to 40 per cent, last year.

With this enhanced coverage, capacity and spectrum availability, Banglalink has been able to consistently be the fastest

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The internet subscriber base in Bangladesh has been on a downward curve for four months till November last year due to a sharp drop in the number of mobile internet users, according to data from the telecom regulator.

PHOTO: RAJIB RAIHAN

Guardian gives life ins coverage to Brac staff

STAR BUSINESS DESK

Non-governmental development organisation Brac and Guardian Life Insurance recently signed a group insurance agreement on life coverage and medical benefits.

Sheikh Rakibul Karim, chief executive officer of Guardian Life Insurance, and Moutushi Kabir, senior director for people, culture and communication of Brac, inked the deal at the former's head office in Dhaka, said a press release.

Mahmud Afsar, executive vice-president, Ifakher Ahmed, head of customer relationship management, Zubair Ahmed, head of claims department, Abdul Halim, head of micro insurance department, Debashish Saha, general manager of human resources department of Brac, and Ashit Baran Das, associate director for finance and accounts division, were present.



Farmers apply fertiliser on a piece of land being used to cultivate Boro season paddy. With transplanting running from mid-November to mid-February for different varieties, harvests are expected to be made from April to June, according to the Bangladesh Bureau of Statistics. The Boro variety accounted for 53 per cent of the 3.76 crore tonnes of rice produced by Bangladesh in fiscal year 2020-21. The photo was taken at Ambile village in Bogura's Sherpur upazila last week.

PHOTO: MOSTAFA SHABUJ

Bari's DG reappointed

STAR BUSINESS DESK

Dr Debasish Sarker has been reappointed as the director general of the Bangladesh Agricultural Research Institute (Bari) for another two-year term on a contractual basis.

Sarker served as director general (current charge) of Bari from October 21, 2021 to November 29, 2022, and as director general (grade 1) from November 30 to December 30, 2022.

He was the director of Pulses Research Centre at Bari in Ishwardi, said a press release.

Sarker joined the then Mango Research Station at Bari in Chapainawabganj in 1990 as a scientific officer. He is the president of the Bangladesh Entomological Society, a life member of Krishibid Institute Bangladesh and an active member of Bangladesh Agricultural Research Institute Scientists Association.

Kay & Que's profit unchanged in Q2

STAR BUSINESS REPORT

Kay & Que (Bangladesh) Ltd made a Tk 5.66 lakh profit in the October-December quarter of the current financial year, unchanged from a year earlier.

The manufacturer reported earnings per share of Tk 0.11 for October-December against Tk 0.11 in the same quarter of 2021-22, according to the unaudited financial statements.

The profit, however, rose in the July-December half of the current financial year.

Kay & Que clocked a profit of Tk 13.38 lakh in July-December, up more than 62 per cent from Tk 8.24 lakh in the same period a year earlier. Thus, the EPS rose to Tk 0.26 from Tk 0.16 during the period.

The net operating cash flow per share was a negative Tk 1.21 in July-December against Tk 0.16 in the first half of FY22.

Global maize, wheat prices down 1%, rice up 1%

Says World Bank's Food Security Update

STAR BUSINESS REPORT

Agricultural, cereal, and export prices have remained relatively stable in the one month to January 17, said the Food Security Update of the World Bank.

The agricultural index closed at the same level, the export index was 1 per cent higher, and the cereal index was 1 per cent lower.

Maize and wheat prices closed 1 per cent and 2 per cent lower, respectively, and rice prices were up 1 per cent.

Maize and rice prices are 8 per cent and 13 per cent higher, respectively, than in January 2022. But wheat prices were 2 per cent lower during the same period.

But maize and wheat are 27 per cent and 13 per cent expensive compared to

January 2021, whereas rice prices are 10 per cent lower, said the WB publication.

A December 2022 report released by the International Monetary Fund has indicated that global food prices are expected to remain high because of war, energy costs, and weather events, despite interest rate hikes having slightly eased price pressures.

"Record prices have increased food insecurity, raised social tensions, and strained the budgets of countries that rely on food imports," the

Domestic food price inflation continues to remain high in almost all countries.

Information from the latest month between September and December 2022 for which food price inflation data are available shows high inflation in

"Record prices have increased food insecurity, raised social tensions, and strained the budgets of countries that rely on food imports," the World Bank said in a report

almost all low- and middle-income countries: 94.1 per cent of low-income countries, 92.9 per cent of lower-middle-income countries, and 89 per cent of upper-middle-income countries have seen inflation levels above 5 per cent, with many experiencing double-digit inflation.

The share of high-income countries

with high inflation is also at an elevated level, with about 87.3 per cent experiencing high food price inflation. The countries affected most are in Africa, North America, Latin America, South Asia, Europe, and Central Asia.

In real terms, food price inflation exceeded overall inflation (measured as year-on-year change in the overall Consumer Price Index) in 91 per cent of the 160 countries for which food CPI and overall CPI indexes are both available, said the WB.

"High fertiliser prices have become a significant obstacle to food production in many low-income countries," said the WB.

The global economy is projected to grow by 1.7 per cent in 2023 and 2.7 per cent in 2024.



Anjan Chowdhury, managing director of Square Toiletries, attends the company's "Annual Sales Conference-2023" at the Sea Palace hotel in Cox's Bazar on Saturday. Malik Mohammad Saeed, head of operations, Md Golam Kibria, director for finance and accounts, Abdul Karim, head of sales and trade marketing, and Jasmin Zaman, head of marketing, were present.

PHOTO: SQUARE TOILETRIES



Shamima Nargis, chairman of Bangladesh Development Bank, attends the bank's "Managers Conference-2023" at its head office in Dhaka on Saturday. Md Habibur Rahman Gazi, managing director, presided over the conference, where Md Ekhlashur Rahman, Md Abu Hanif Khan, Subhash Chandra Sarker and Quazi Shairul Hassan, board of directors, were present.

PHOTO: BANGLADESH DEVELOPMENT BANK



Md Khalid Mahmood Khan, deputy managing director of Mutual Trust Bank, and Alok Bagchi, group chief financial officer of SQ Group, exchanged signed documents of an agreement on cash management services at the former's corporate head office in Dhaka recently. Syed Mahbubur Rahman, managing director of the bank, Mohammad Mamun Faruk, divisional head of wholesale banking-1, Ashik Iqbal Khan, head of cash management and transaction banking division, and Md Iftekharul Bhuiyan, group head of treasury at SQ Group, were present.

PHOTO: MUTUAL TRUST BANK

Bangladesh can

FROM PAGE B4

Examples of climate adaptation projects include the creation of coastal barrier protection solutions for areas vulnerable to flooding, the development of drought-resistant crops and early warning systems against pending natural disasters, according to the study.

Even if the world's nations manage to achieve the goals of the Paris Agreement, measures to adapt to climate change must be pursued alongside the global decarbonisation agenda, with the banking sector having a critical role to play in unlocking finance.

The \$30 billion investment required for adaptation represents only slightly more than 0.1 per cent of combined annual GDP of the 10 markets in the study and much less than the estimated amount.

It surveyed 150 bankers, investors and asset managers and found that, currently, just 0.4 per cent of the capital held by respondents is allocated to adaptation in emerging markets where investment is needed most.

However, 59 per cent of respondents plan to increase their adaptation investments over the next 12 months. And on average, adaptation financing is expected to rise from 0.8 per cent of global assets in 2022 to 1.4 per cent by 2030.

Marisa Drew, chief sustainability officer of Standard Chartered, said, "This report makes it clear that irrespective of efforts to keep global warming as close to 1.5°C as possible we are going to have to incorporate climate-warming effects into our systems and adapt to its reality."

All nations will need to adapt to climate change by building more resilient agriculture, industry and infrastructure, but the need is greatest in emerging and fast-developing economies with a disproportionate risk of exposure to the negative effects of rising temperatures and extreme weather, Drew said.



Nilufer Zafarullah, chairman of Midland Bank, hands over a pay order worth Tk 1 crore to Prime Minister Sheikh Hasina at her office in Dhaka recently as a donation for Ashrayan-2 Project for the landless and homeless. Rezaul Karim, a director of the bank, was present.

PHOTO: MIDLAND BANK



MA Hassan, chairman of Aristopharma, attends the drugmaker's "Annual Sales Conference-2022" at the Sea Palace hotel in Cox's Bazar recently. Around 3,000 employees from sales, marketing and other departments attended the event, where top performers in different categories were recognised for their performance.

PHOTO: ARISTOPHARMA



Syed Habib Hasnat, managing director of Global Islami Bank, inaugurates the bank's "Annual Managers Conference-2023" for Dhaka zone in the capital on Saturday. Md Golam Sarwar, Kazi Mashiur Rahman Jayhad, additional managing directors, Ataus Samad and Sami Karim, deputy managing directors, were present.

PHOTO: GLOBAL ISLAMI BANK



Raw leather has to be imported from abroad for making leather goods though Bangladesh's own raw leather rots due to a lack of proper management, FBCCI president said.
PHOTO: STAR/FILE

Rancon avails Tk 5.79cr Idcol loan for rooftop solar plant

STAR BUSINESS DESK

Infrastructure Development Company Limited (Idcol) signed an agreement with the Rancon Infrastructures & Engineering to provide a long-term loan worth Tk 5.79 crore to finance the latter's second rooftop solar project.

Under the project, the Rancon will install a 1-megawatt peak solar power system on the rooftops of the factory of Rancon Electronics and Rancon Auto Industries located at Boro Bhabanipur in Kashimpur of Gazipur. Alamgir Morshed, executive director of Idcol, and Mashid Rahman Abir, managing director of the Rancon Infrastructures & Engineering, inked the deal at the former's head office in Dhaka recently, said a press release.

To promote rooftop solar projects, Idcol not only provides concessionary loan facilities but also technical assistance to its borrowers, said Morshed.

SM Monirul Islam, deputy chief executive officer of Idcol, and Md Enamul Karim Pavel, head of renewable energy, were present.

Keep food and agri inputs out of sanction purview

Agriculture minister urges global leaders

STAR BUSINESS REPORT

Agriculture Minister Muhammad Abdur Razzaque on Saturday urged the leaders of developed countries to keep food and agricultural inputs out of the purview of sanctions related to the Russia-Ukraine war, according to a press release.

"Developed countries should be more responsible and proactive in ensuring food security worldwide," he said.

Razzaque went on to say that Bangladesh has become an innocent victim of the war, due to which the prices of fertiliser have risen at least four times while the cost of food grains are also high, leading to food insecurity.

He also urged global leaders to take flexible, unbureaucratic and fast steps to mitigate the negative impacts of the war.

Razzaque made this call at the "15th Berlin Agriculture Ministers' Conference" in Germany, organised by the German Federal Ministry of Food and Agriculture.

The conference was held on the concluding day of the 15th Global Forum for Food and Agriculture (GFFA), which

took place from January 18 to 21.

Highlighting their preparations, Razzaque said the incumbent government is working to build developed, sustainable and climate resilient agriculture systems that will ensure food security and nutrition and a better life for farmers.

"Developed countries should be more responsible and proactive in ensuring food security worldwide," he said.

However, land degradation, population growth, climate change, the coronavirus pandemic and ongoing Russia-Ukraine war have been obstacles, he added.

The agriculture minister also urged developed countries to quickly implement their commitments that were given in the COP26, COP27 and other global forums.

The conference focused on how to increase cooperation in crisis-proof food

systems, climate-resilient food systems, protecting biodiversity and building sustainable global food systems.

The 2023 GFFA addressed the issue "Food Systems Transformation: A Worldwide Response to Multiple Crises".

Agriculture ministers from more than 70 countries and representatives of 10 international organisations participated in the conference.

In the last four days of the conference, titled "Food System Transformation: A Worldwide Response to Multiple Crises", high-level representatives of the participating countries and agriculture ministers announced a "Joint Manifesto".

At the conference, it was mentioned that around 702 million to 828 million people were affected by hunger in 2021, which is 46 million more than in 2020 and 150 million more than in 2019.

The world is currently facing its worst food crisis since World War 2. The extinction of species, Covid-19 and the war have added a new dimension to the food crisis.

CETP of int'l standard needed urgently for leather sector: FBCCI

STAR BUSINESS REPORT

A central effluent treatment plant (CETP) of international standard is necessary for the development of the leather sector of the country, said Md Jashim Uddin, president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), yesterday.

The CETP at the Savar Tannery Industrial Estate in Hemayetpur should be made operational as per international standards at the fastest possible time so that the leather sector's potentials can be utilised, he said.

The leather sector has some of the highest potentials in Bangladesh, enabling 100 per cent value addition, he told a meeting of a Standing Committee on Hide and Skin, Leather and Leather Goods and Artificial Leather at the FBCCI.

However, due to a lack of proper management, raw leather has to be imported from abroad for manufacturing goods while those being generated in the country is rotting, he said.

The FBCCI president believes that compliance and certification were essential to developing leather and leather products of Bangladesh and enhancing sales in the global market.

He further called for inclusion of the young generation in modernising the sector.

FBCCI Senior Vice-President Mostofa Azad Chowdhury Babu opined that cold storages and modern slaughterhouses could be established at district levels to preserve hides.

Slaughterhouses can also be a source of business if they run properly following government guidelines, he noted.

FBCCI Vice President Md Amin Helaly said increasing use of cold storages would help ensure supply of raw leather round the year according to demand.

Some Japanese firms paying 'inflation allowances'

ANN/ THE YOMIURI SHIMBUN

With the prices of daily commodities surging in Japan, a growing number of companies are paying inflation allowances to employees to support their daily lives.

Many companies appear to be trying to boost their appeal to attract talent before the shunto wage negotiations begin in spring.

In December, Mitsubishi Motors Corp paid up to 100,000 yen to its employees as a special assistance allowance.

The company paid out about 1.3 billion yen to about 14,000 workers, including reemployed retirees, contract workers and part-time employees. Management staff did not receive the allowance.

In December, Kobe-based Kenmin Foods Co. gave its staff an allowance, the amount of which was determined by the size of the employee's household. It also offered the allowance in summer.

"The larger the family, the higher expenses are. We believe that making employees feel secure will help increase their motivation to work," a company official said.

RMG export to Russia drops

FROM PAGE B1

"I am not exporting to Russia anymore," Islam also told The Daily Star over the phone.

Before the war, nearly 600 local garment exporters used to send apparel items to the Russian markets as they were paid better prices.

Russia is an emerging market for Bangladesh as exports to it had been growing rapidly because of high demand for the local clothing items offering competitive prices.

Export receipts from garment shipments to Russia registered a 35.30 per cent year-on-year growth to reach \$481.23 million during the July-February period of last fiscal year, according to the Export Promotion Bureau.

The growth in export receipt was showing a positive trend despite the fallout of the war because payments of previous work orders were being made.

The real detrimental effects of the war started to materialise from the middle of last year for local exporters.

Shipment of garment items to Russia declined sharply by 47.06 per cent year-on-year to reach \$180.64

million in the July-December period of the current fiscal year.

Bangladesh shipped apparel items worth \$593.66 million to Russia in the last fiscal year of 2021-22, which comprised \$373.25 million worth of knitwear items and \$220.41 million worth of woven items.

After the beginning of the war, the garment export had not faced any major disruption since shipments were being made via alternative routes such as China and Hong Kong and the suppliers were receiving payments from China in renminbi, the Chinese currency.

The shipment of garments continued through alternative routes for a few months against work orders placed prior to the conflict.

Now, however, Russian importers are ready to place a higher number of orders with Bangladesh to fill up the void created after some large American and European retailers and brands pulled out of their market.

Russian buyers are even ready to make advance payments to Bangladeshi garment exporters as well since the demand for apparel

items has increased in their market.

Besides, most liaison offices of major retailers and brands in Russia are making payments from their offices in Hong Kong, China and Turkey.

"Still, many of the local exporters stopped sending goods to Russia because of uncertainty," said Mohammad Hatem, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association.

"There is an uncertainty over payment and uncertainty over shipping of goods to Russia considering the fact that this is a time of war," Hatem said.

Gas, power prices

FROM PAGE B1

cent for industries, power plants and commercial establishments.

Together, they account for 78 per cent of gas used in Bangladesh.

Earlier on January 13, the government had raised the electricity price for consumers by an average of 5 per cent, skirting procedures of the Bangladesh Energy Regulatory Commission.

Munshi went on to say that legal action would be taken against any trader who tries to increase the prices of essential commodities by creating an artificial crisis through illegal stocking during the month of Ramadan.

The minister also said that if consumers do not buy all their required products at once, then there will not be much pressure in the market.

Still, arrangements have been made at the public and private levels to purchase products in much higher quantities than required.

So, the government has taken adequate steps to keep the supply, stock and market of essential commodities stable ahead of the upcoming month of Ramadan.

Many products have already arrived in the country while others are on the way or are being purchased, Munshi added.

After energy, LC opening crisis

FROM PAGE B1

investment seems to have slowed," said the official of Shah Cement.

Shahid Hossain, who runs a factory that makes media paper for packaging, said he had been trying to open LCs to bring some spare parts valued around \$16,000.

He applied to banks nearly two weeks ago. He has received no positive response so far.

Hossain, also the managing director of SB Distribution, an importer of deodorant, stationaries and cosmetics, said his company used to open \$200,000 of LCs every month until June.

Imports fell later, he said, adding that the market did not see any shortage as demand dropped despite between 30 and 40 per cent owing to increased prices.

Hossain said his firm could manage with the existing stock of goods for the time being.

"But the stock will not last forever. It will be really tough to do business if we can't import products. We are really worried," said Hossain, fearing that the decline might force him to lay off at a certain point.

Md Saiful Islam, president of the Metropolitan Chamber of Commerce and Industry (MCCI), said import substitute industries are suffering.

He cited Bangladesh Bank's monetary policy statement and said the central bank claimed that it is not restricting the import of raw materials. "The reality is imports have declined as banks don't have adequate dollars. I am quite concerned about the fall in the imports of industrial raw material imports and capital machinery."

"The fall in imports is disrupting the continuity in business. Continuity has to be there."

The MCCI chief warned if the import substituting factories could not manufacture goods, production would suffer and the import of finished products would be required.

"The cumulative effect will be higher inflation," he said.

Md Fazlul Hoque, one of the

top knitwear manufacturers and exporters, said exporters don't face problems in the opening of LCs to import raw materials as they can earn dollars as export proceeds.

M Masrur Reaz, chairman of the Policy Exchange Bangladesh, pointed out that load-shedding has been on while the gas supply is far from becoming smooth.

With this, the problem of falling opening of LCs for industrial raw materials, intermediate goods, and capital machinery has been added to the recent hike in gas prices.

"So, it is a double blow for businesses. The overall business has certainly slowed."

Economic challenges in Bangladesh continue to persist despite some important steps from the government.

"In some cases, it has amplified," he said.

"The industrial situation has worsened while there is no sign of stability in the balance of payments. The only encouraging development is prices are on the downward trend globally although prices are still high."

The former economist of the International Finance Corporation thinks an up to 178 per cent increase in the prices of gas will fuel the cost of production.

"It is an additional blow for exporters as the demand is feared to slow down for recession worries in the west. Many factories will have to run at break-even after the spike."

"Job cuts are likely. So, employment will be under threat."

Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, thinks part of the business slowdown was expected for the steps taken by the central bank that aimed at discouraging the import of non-essentials.

"However, desired imports can't be done," he said, pointing to the problems in payments for essential commodities.

Moazzem suggested the BB open a central monitoring cell to track dollar requirements and inflow and decide

accordingly.

"Otherwise, the problem will intensify," he said.

Md Mezbaul Haque, the spokesperson of the central bank, said: "The slowdown was expected. So, we have revised down economic growth forecasts."

The central bank took measures to reduce demand for the dollar.

"There is uncertainty over when the war in Ukraine would end while Covid-19 is returning in some countries. So, we have become conservative. But we are providing support to essential imports," he said.

Banglalink

FROM PAGE B1

mobile internet provider in the country, he said.

Banglalink has also introduced many innovative digital services in the recent past, including Toffee, through which millions of people in the country were able to watch the recent FIFA World Cup.

In addition, the company's MyBL app has become the first super app in the country while there are many other services that are appreciated by customers as well.

"Banglalink thrives to provide better and quality services for the people of the country," Rahman added.

Market leader Grameenphone, which has 8.03 crore subscribers, was the second-best internet service provider with a median download speed of 14.16 Mbps.

The second largest operator, Robi Axiata, which now has 5.43 crore customers, secured second position in the speed test with its brands Airtel posting 10.85 Mbps download speed while Robi registered 10.61 Mbps.

AKM Habibur Rahman, CEO of Teletalk Bangladesh, said they have identified the network's congestion points and have been increasing bandwidth at those points in the last 3-4 months.

"I hope the network quality will improve in the future," he added.

Creating more

FROM PAGE B4

Entering into the infrastructure business is very challenging when infrastructure is already there, he said.

"But we could see that no one shared their existing infrastructure and everyone was building their own. As a result, there was a lot of duplication and the price was not coming down."

So, Summit Communications tried to work towards the customers' needs: How can it help customers have a better price and better quality of the network?

"That was our initial philosophy," he said.

But building infrastructure involves heavy investment whereas the business is not that secure.

Summit Communications took a lease of the existing fibre and bandwidth from existing operators

and build a common network in 64 districts at minimal investment.

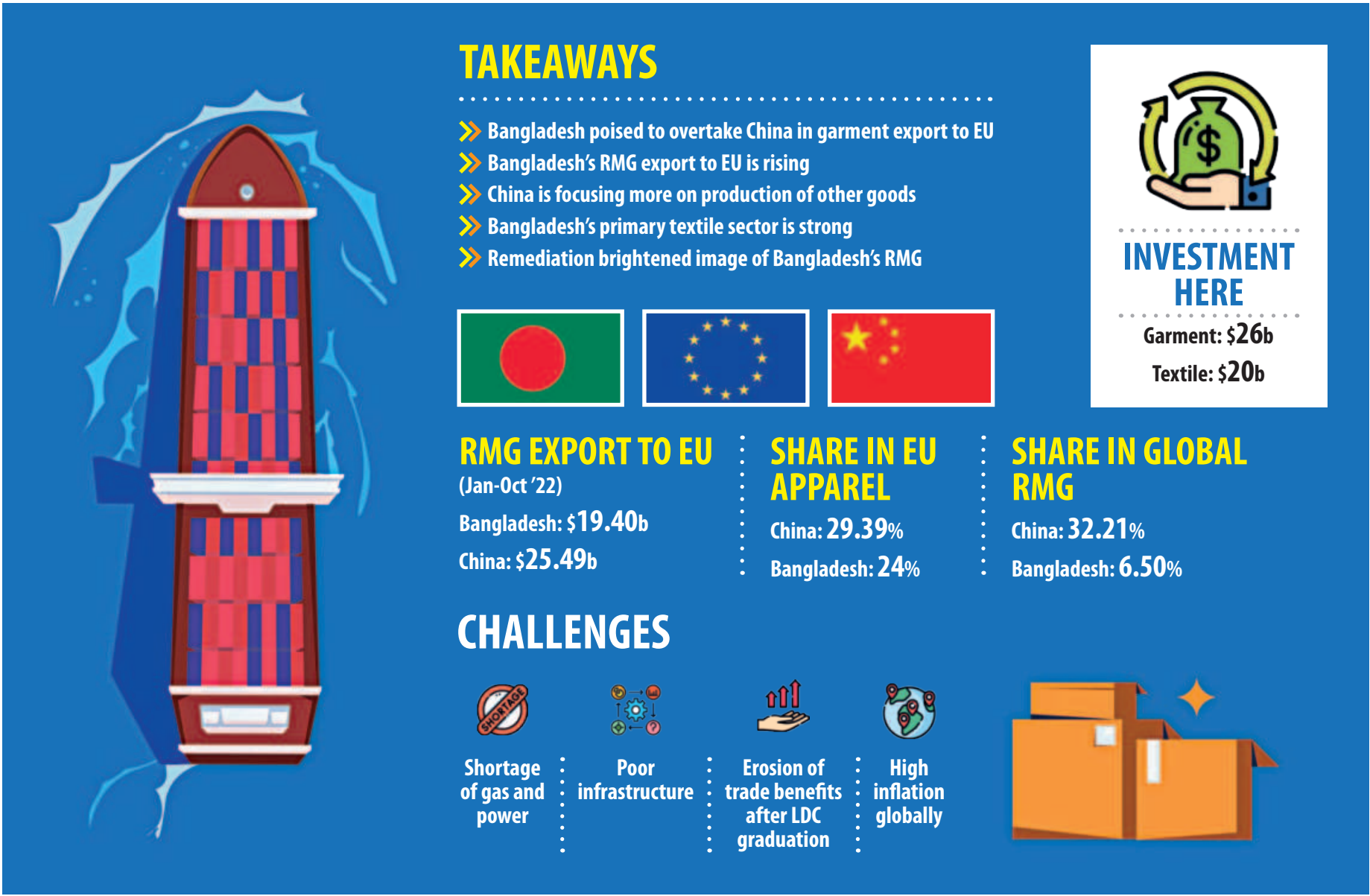
Before investing a lot of money, the company was able to generate cash flow and make it sustainable. And after three to four years, it started to pour in funds.

Summit Communications plans to launch the submarine cable by 2025.

Islam's enthusiasm to pay attention to details, the virtue of working hand in glove with associates and the fearlessness in pursuing new things perhaps have helped him achieve significant feats in life.

But to him, nation-building and the willingness to do something for the country and the world have always been the driving force.

"I have always wanted to do something for the mankind and for the country that has a big impact," he said.



Can Bangladesh overtake China to be EU's biggest apparel source?

ANALYSIS

REFAYET ULLAH MIRDHA

Bangladesh is poised to become the source of most of the European Union's (EU) apparel as China, the largest apparel supplier worldwide, is witnessing a decrease in its share of trade with the bloc. The penetration of Bangladeshi garment items has been growing with rising demand for basic and value-added garments.

China continues to hold the title of being the largest apparel supplier to the EU.

It accounts for a 29.39 per cent share of the total import of apparel by the bloc's 27 countries, according to Eurostat, the EU's statistical office.

In the first 10 months of 2022, the EU's imports from China reached \$25.49 billion with a 22.43 per cent year-on-year growth.

Apparel shipments to the EU from Bangladesh grew by 41.76 per cent in the January-October period of last year to \$19.40 billion, helping to retain its position as the second largest garment exporter to the world's largest trade bloc after China.

During the period, the EU imported \$86.74 billion worth of apparel from the world, which was a year-on-year growth of 24.41 per cent.

China has been losing its global apparel market share over the last couple of years mainly because of a shortage of skilled workforce, withdrawal of foreign investments and an increase in

production costs.

The Chinese industrial production base is shifting from manufacturing to heavy and sophisticated technological gadgets involving mobiles and home appliances.

This is resulting in work orders being shifted from China to other Asian countries like Bangladesh, Vietnam, Thailand, Cambodia, India and Pakistan.

With workers quitting garment factories for higher salaries in the production of sophisticated items, Chinese garment manufacturers are experiencing a shortage in their skilled workforce.

Apparel shipments to the EU from Bangladesh grew by 41.76 per cent in the January-October period of last year to \$19.40 billion, helping to retain its position as the second largest garment exporter to the world's largest trade bloc after China.

Moreover, garment manufacturers are unable to pay higher salaries as international clothing retailers and brands are unwilling to pay more for garment items.

For instance, even in 2015, the global market share of China in apparel trade stood at 39.3 per cent and now it has reduced to 32.21 per cent, according to World Trade Organization (WTO).

In 2015, Bangladesh's share in the global apparel market was 5.9 per cent and based on the country's garment export data of 2021, the percentage has

gone up to 6.5 per cent.

Region-wise analysis also shows a decline in garment shipments from China.

For instance, in 2015, the market share of China in the EU apparel segment was 37 per cent and in 2022, the percentage declined to 28.4 per cent, according to a study by Sheng Lu, an associate professor of apparel and textiles at the University of Delaware.

Meanwhile, Bangladesh's market share in the EU increased to 24 per cent in 2022 from 18.5 per cent in 2017, according to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

As per local exporters, another reason for work orders being diverted from China to Bangladesh is the recent tariff war between the US and China as international retailers and brands want a sustainable sourcing destination.

Moreover, the remediation of garment factories with recommendations of the Accord and Alliance, two international inspection agencies, also fortified workplace safety measures in Bangladesh.

This ultimately brightened the image of the country and the sector itself for which international retailers and brands are coming up with increasing volumes of work orders.

Bangladesh is also shifting to its production base to high-end value-added garment items from basic items.

The local manufacturers are grabbing a bigger market share of garment items made from man-made fibres to obtain better prices and more work orders from international retailers and brands.

Over the last four and a half decades, the capacity of Bangladesh's garment

industry has also grown a lot, enabling it to cater to any quantity of work orders.

Starting off with a few million US dollars in 1976, the country's garment industry has so far invested more than \$26 billion.

Not only this, the country's primary textile sector, which includes spinning, dyeing, finishing, knitting, weaving and sizing, has witnessed investments worth over \$20 billion.

The primary textile sector is acting as the garment industry's main supplier of raw materials locally.

Moreover, work orders have also been recently shifting from other countries like India, Pakistan, South Korea, Vietnam, Sri Lanka, Myanmar, Ethiopia and Cambodia as they are incapable of catering to order for large volumes at competitive prices.

Bangladesh is already overtaking China in terms of exporting denim to the EU, said Faruque Hassan, president of the BGMEA.

"I am hopeful that we will overtake China in other product categories as well in the near future," he told The Daily Star over the phone.

Bangladesh has a lot of prospects but local exporters have to face challenges of energy, United Nations country status graduation, higher cost of funding and poor infrastructures such as that of ports, roads and highways, he added.

Ahsan H Mansur, executive director of the Policy Research Institute, said it may be possible to overtake China with regard to exports to the EU in the near future for two reasons.

Primarily it will be for the shortage of skilled labour and secondly for Bangladesh producing high-end value-added garment items, Mansur said.

Creating more qualified accountants need of the hour Says a noted chartered certified accountant

MAHMUDUL HASAN

Bangladesh needs to generate more accounting professionals to meet the growing demand for qualified accountants in a bid to facilitate the faster growth of the economy, said a noted chartered certified accountant.

Currently, Bangladesh has about 4,000 qualified accountants, whereas it would be 400,000 in India and 21,000 in Pakistan, according to Md Arif Al Islam, a council member of the Association of Chartered Certified Accountants (ACCA).

"If you take the size of the population into account, we are far behind. Being a global council member, I would try to work towards raising the number of qualified accountants."

In Bangladesh, there is one qualified CA for every 38 companies, he said.

Islam is the first Bangladeshi to become a council member of the global body headquartered in London.

As Bangladesh is on its track to becoming a middle-income country in the next decade, it needs to develop accounting professionals to facilitate economic growth.

He also stressed creating enough qualified CAs since it is tough for a finance manager to get involved in wrongdoing as misdeeds may see their membership revoked.

"So, it ensures accountability."

Islam praised the accounting professionals in Bangladesh as qualified.

"The only challenge is that the number is not enough."

Islam said ACCAs are not locally recognised and allowed to sign audit reports whereas ACCAs are recognised in the UK and many other developed countries.

"We need to adopt a strategy to include such global professional degrees locally so that we have an adequate supply of qualified accountants to support our economic growth."

Islam became a professional CA in 1999 while he was working in the UK at a chartered accountancy firm. After a few years, he returned to Bangladesh and joined KPMG Bangladesh.

He joined Grameenphone and went on to become general manager for finance and the chief financial officer of the country's largest mobile phone operator before becoming the deputy CEO.

At his peak as a business professional, he left Grameenphone in 2009 to co-found Summit Communications Limited a year later.

In less than 13 years, Summit Communications has become a major player in the country's telecommunication and internet service industry.

It is the leading internet transmission service provider after laying the largest fibre optic cable network of about 50,000 kilometres across the country.

Summit Communications is also the leading international internet gateway operator, the international terrestrial cable operator and the tower infrastructure provider. Recently, it obtained a submarine cable licence.

But the journey was not an easy one.

Initially, Muhammed Aziz Khan, chairman of Summit Group, Muhammad Farid Khan, chairman of Summit Communications, and Islam envisioned that the company would build a strong ICT infrastructure.

But it was a little too ambitious because mobile operators were already there with their infrastructure, fibre optic cables and towers. Internet service providers were also there, recalled Islam.

READ MORE ON B3

CLIMATE ADAPTATION

Bangladesh can save billions by early investment

StanChart study report says

STAR BUSINESS REPORT

Bangladesh could avoid billions in climate damages and lost GDP growth this decade by making timely investments to withstand the projected impact of climate change, according to a new study by Standard Chartered.

The study titled "The Adaptation Economy" revealed that without investing a minimum of \$1.2 billion in adaptation by 2030, Bangladesh could face projected damages and lost GDP growth of \$11.6 billion – nearly 10 times that amount.

It investigated the need for climate adaptation investment in 10 markets, including Bangladesh, India, China, and Pakistan, Standard Chartered Bangladesh said in a press release yesterday.

According to the study, without a minimum investment of \$30 billion, the 10 featured markets face projected damages and lost GDP growth of \$377 billion.

The projection assumes that the world succeeds in limiting temperature rises to 1.5°C, in line with the Paris Agreement.

In a 3.5°C scenario the estimated minimum investment required more than doubles to \$62 billion and potential losses escalate dramatically if the investment is not made.

READ MORE ON B2



Visitors gather in front of the Marina Bay Sands hotel and resorts building in Singapore. China's reopening is set to boost tourism in Singapore and the region but will also worsen labour shortages and lead to higher costs, say experts.

PHOTO: AFP/FILE

Pharma Aids incurs losses in Oct-Dec quarter

STAR BUSINESS REPORT

Pharma Aids Limited suffered a loss of Tk 23.71 lakh in the second quarter of the 2022-23 financial year owing to a decline in net sales and an increase in the cost of production.

The manufacturer and supplier of pharmaceutical glass ampoules made a profit of Tk 1.73 crore in the October-December quarter of 2021-22.

Thus, the company reported earnings per share of Tk 0.76 in negative for October-December of FY23 against Tk 5.53 in the same quarter a year earlier, according to the unaudited financial statements.

The EPS decreased due to a decline in net sales, the increase in the cost of goods sold and the cost of raw materials, the higher expenses for gas and fuel, and the hike in tax expenses, said the company in a filing on the Dhaka Stock Exchange.