



At present, more than 5,030 micro, small, medium and large industrial units are operating in Bangladesh's plastic sector.

PHOTO: STAR/FILE

# Bangladesh's plastic exports just 0.1% of global sales

Association aims to raise it to 3% by 2030; fair begins tomorrow

## STAR BUSINESS REPORT

Though growing locally, the country's plastic sector accounts for just 0.1 per cent of global sales, which industry players blame on low inflow of foreign investment.

Plastic goods worth \$570 billion are sold annually around the globe and Bangladesh exports plastic products worth around \$1.2 billion to 126 countries including the United States, Canada, European Union members and Asian nations such as China, India and Nepal.

"We are working on a target of achieving 3 per cent of the global market by 2030," said Shamim Ahmed, president of the Bangladesh Plastic Goods Manufacturers and Exporters Association (BPGMEA), yesterday.

About the low global share, Ahmed said the country's plastic sector was undergoing an annual growth of 20 per cent.

But unlike the garment and textile sector, the plastic did not get the enough foreign investment for which the share was still low. "We need more investment..." he said.

At present, over 5,030 micro, small, medium and large industries are operating in the country's plastic sector.

There are 4,000 plastic manufacturing companies in Bangladesh that employ more than two million people directly and indirectly.

Plastic products worth about Tk 40,000 crore are currently being produced and marketed internally.

"The sector generates an estimated

revenue of around Tk 3,500 crore for the government exchequer every year," said Ahmed.

He was addressing a press conference the association organised on its premises in Dhaka to announce the launching of a four-day International Plastic Fair-2023 from tomorrow.

Jointly being organised for a 15th time by the association and Yorker Trade and Marketing Service Company at International Convention City Bashundhara, the fair aims to create new markets for locally made plastic products.

A total of 750 stalls will be set up by 494 companies from about 21 countries including China, South Korea, Belgium, Canada, USA, France, Italy, Japan, Austria and United Arab Emirates, said Ahmed.

They are expected to showcase a

variety of products and manufacturing machineries, which in turn is expected to increase investments, market size and exports, he said.

The products include household items, packaging materials, moulds, toys, pharmaceuticals, furniture, garments accessories, automobiles and electric and electronic merchandise.

It is expected that this sector will play a greater role in the national economy in the days to come, he added.

Industries Minister Nurul Majid Mahmud Humayun is expected to inaugurate the fair as chief guest.

In fiscal 2003-04, Bangladesh exported plastic goods worth \$107.29 million whereas in the fiscal year 2021-22, plastic goods export amounted to \$1,096.45 million.

## DSE gets four new independent directors

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The Bangladesh Securities and Exchange Commission (BSEC) has approved the inclusion of four independent directors in the new board of the Dhaka Stock Exchange (DSE).

The independent directors are: Abdullah Al Mahmud, a professor of the banking and insurance department at Dhaka University, Hafiz Md Hasan Babu, dean of the faculty of engineering and technology of the same university, Md Afzal Hossain, a former chairman of the Bangladesh Trade and Tariff Commission, and Rubaba Dowla, country managing director for Oracle in Bangladesh, Nepal and Bhutan.

The four were chosen on the basis of their expertise, experience and integrity, and will serve as independent voices on the board, said the BSEC in its official letter sent to the managing director of the Dhaka bourse.

Earlier, the DSE had sent a list of some 18 people to the regulator for the post of the independent directors of the bourse.

According to rules, the DSE's board comprises 13 directors -- seven of them independent directors, five shareholder directors including a strategic partner, and one managing director.

Six positions of the independent directors fell vacant recently due to the end of their tenure.

## Vietnam shoe maker for Nike, Adidas to cut 6,000 jobs

### AFP, Vietnam

One of Vietnam's largest shoe manufacturers for major brands such as Nike and Adidas will cut thousands of workers at the end of the month due to a slump in orders, according to local authorities.

PouYuen Vietnam, a unit of Taiwan-based Pou Chen Group, will lay off 3,000 factory workers and will not renew the contracts of 3,000 others because of "very few production orders in 2023", according to a Ho Chi Minh City labour department document obtained by AFP on Monday.

Vietnam, one of the world's largest exporters of clothing, footwear and furniture, has been badly affected by the cost-of-living crisis in major markets in Europe and the United States, with the buying power of worldwide consumers plunging.

PouYuen is commercial capital Ho Chi Minh City's largest employer, with around 50,000 employees.

"The company has told the workers' union that in February it plans to cut 3,000 workers... and it will expect to make an announcement to those workers on 25 February," the document said.

Factory workers will continue to be paid until they receive unemployment benefits, according to the document.

The lay-offs come after PouYuen put 20,000 of its workers on paid leave in rotation at the end of last year.

More than 630,000 workers lost their jobs or had their hours cut in Vietnam in 2022, according to the labour ministry.

## Fabrics market swells

### FROM PAGE B1

Following the receding of Covid-19 outbreaks, the demand for textile items made a comeback and millers almost ran out of stock.

But owing to the rising cost of the US dollar and higher inflation driven by the crisis induced by the Russia-Ukraine war, the demand for fabrics has fallen again to some extent.

The value of the American greenback has appreciated by about 25 per cent against the taka in the past one year owing to the dollar shortages. Similarly, consumer prices have stayed at an elevated level, hurting the pockets of the consumers and thus sales.

The demand is expected to pick up again as the sales season is knocking on the door. Yarn and fabrics worth \$2 billion are sold during the season, which includes Pahela Baishakh, Eid festivals and Durga puja.

Moreover, before the onset of the winter season, the consumption of local yarn and fabric rockets as warm clothes are made for local consumers.

Yarn and fabrics worth \$5 million are also imported mainly from China, Italy, Pakistan and India to make apparel items such as suits and salwar kameezes, according to Khokon.

The fabrics for suits are largely brought in under baggage rules as traders will hardly make any profit if they have to import them commercially using formal channels, he said.

Recently, the government has

tightened rules involving utilisation declaration (UD), a customs document needed to have raw materials released from customs stations and also for exports, securing preferential trade facilities, and cash incentives.

Measures have been taken so that fabrics imported under the bonded warehouse facility for the export markets are not sold locally, Khokon said.

Abdullah Al Mamun, managing director of Abed Textiles Ltd, a Narsingdi-based textile producer, says the domestic market has expanded in the past several years.

However, factory output has been affected by the recent gas and power shortages, which were caused by a decline in the supply of energy owing to insufficient local production and a pause in the purchase of liquefied natural gas from the international spot market.

Mamun says the sales in the sales season would rely on the supply of gas.

"Although the price of gas has been increased recently, the supply is yet to reach to the expected level for the factories to run in full swing," he added.

The government has decided to resume the import of LNG to give a boost to the supply situation with a view to meeting an expected spike in demand as temperatures are set to rise. And Mamun hopes the gas situation may improve once the LNG import restarts.

about, forgery and manipulation in the stock market will be reduced, said Mohammad Rezaul Karim, spokesperson of the BSEC.

The BSEC took many steps and handed down punishments in the last two years, more than that in many other countries, he said. On withdrawal of the floor price, Karim said it would come about if the stock market's health turns out for the better.

"Turnover of the market is now low due to the floor price. However, the stock price of good companies was not fall for the safeguarding process," he said.

## Smartphone shipment

### FROM PAGE B1

ended quarter aggravated the situation and led to Bangladesh's first double-digit smartphone shipment decline in seven years," said Research Analyst Akshay RS.

"At the same time, the opening of letters of credit for components became harder due to declining foreign currency reserves. This led to a reduction in the production of local handset manufacturers," he added.

However, Counterpoint hasn't provided the data on how many mobile phones have been shipped to the market.

According to the Bangladesh Telecommunication Regulatory Commission (BTRC), 1.01 core smartphones were manufactured locally and 60,899 smartphones were imported by Bangladesh in 2022.

However, the grey market now accounts for over 20 per cent market share of the smartphone market, according to Mohammad Mesbah Uddin, chief marketing officer of

Fair Electronics, Samsung's local assembly partner.

As per Counterpoint's research, 5G smartphone shipments exceeded 1 million units for the first time in 2022, growing at 151 per cent year-on-year. The share of 5G smartphones in Bangladesh's smartphone market also reached an all-time high of 17 per cent in 2022 compared to 9 per cent in 2021.

Meanwhile, 2.06 lakh 5G smartphones were locally manufactured, shows BTRC data. This indicates that a big share of top-quality phones entering the local market is not manufactured in Bangladesh.

Telecom Minister Mustafa Jabbar also acknowledged the recent surge of the grey smartphone market in Bangladesh, which has become a big headache for local manufacturers.

"We have informed the authorities concerned to stop the inflow of phones that have been smuggled into the country. If this is not stopped

immediately, the industry will face a severe backlash," Jabbar told The Daily Star recently.

The research found Xiaomi reached its highest ever shipments in 2022 to become the number one smartphone brand for the first time. The brand almost doubled its volume in 2022 compared to 2021 riding on strong sales of low-price phones.

Samsung slipped to second position with a market share of 13 per cent in 2022 for weak smartphone imports as spiralling import costs, reduced focus on the entry-level segment and fewer launches in the mid segment led to an overall decline.

realme slipped to the third spot with an 11 per cent market share while Vivo and OPPO secured fourth and fifth spots respectively with 10 per cent and 9 per cent market share. Bangladesh's overall mobile handset market declined 8 per cent year-on-year in 2022.

Symphony, which manufactures both smartphones and feature

phones, maintained its top position in the handset market, capturing a 26 per cent share.

Symphony also retained its top position in Bangladesh's feature phone market, capturing a 37 per cent share, followed by itel, Nokia HMD and Walton.

Xiaomi and Nokia HMD's shipments increased significantly as they continued to focus on improving localisation and pricing strategies to make smartphones affordable.

## Eight banks face provision shortfall

### FROM PAGE B1

"All indicators of the bank except the provisioning are in good shape. We are making efforts to reduce the shortfall. And the situation will improve in the days to come."

Although defaulted loans in the overall banking sector increased last year, the provisioning deficit decreased to Tk 11,009 crore from Tk 14,007 crore in 2021. Bad loans jumped 17 per cent to Tk 120,656 crore.

But Mansur is doubtful about the provisioning shortfall figure.

"Many banks might have not calculated their provisioning accurately, so the overall shortfall declined," he said, suggesting the central bank monitor the issue.

He says a provision shortfall actually portrays a bank's vulnerability and it may find it hard to absorb shocks.

"So, the central bank should gear up its monitoring of the banks so that they improve their provision base to protect the interest of depositors."

Zahid Hussain, a former lead economist of the World Bank's Dhaka office, says that banks should keep required provisions to mitigate credit risks.

"The banks that are facing the provision shortfall usually show profits and provide dividends. This is not logical. This raises the risk of depositors."

## BSEC to go for automation

### FROM PAGE B1

working relentlessly to identify every process of manipulation and is focusing on the automation to track down the manipulators and hand down exemplary punishment, said Rahman.

The BSEC's enforcement department is handing out punishments everyday and the BSEC is trying its best to ensure proper and highest punishment, he said.

It is also working to amend the securities laws so that the BSEC can hand down apt punishments, Rahman added.

One automation fully comes

