

Dollar hovers near six-week high

REUTERS, London/Singapore

The dollar was little changed on Wednesday, continuing to trade near six-week highs on the back of strong economic data.

Survey data released on Tuesday showed US business activity unexpectedly rebounded in February to reach its highest in eight months. In the euro zone, a survey-based gauge of activity also surged, hitting a nine-month high.

The signs of economic strength caused traders to pencil in further interest rate hikes from the Federal Reserve on Tuesday, driving the US S&P 500 stock index 2 per cent lower and the dollar up 0.3 per cent.

On Wednesday, the euro was flat at \$1.065, just above Friday's six-week low of \$1.061. The dollar index was up less than 0.1 per cent at 104.22, not far off the six-week high of 104.67 hit at the end of last week.

Investors' focus now turns to the release of the minutes from the Fed's latest meeting later on Wednesday, which could offer more insight into policymakers' plans.

"We've been in this dollar rebound for three weeks. The fundamental driver essentially is the market repricing Fed hikes higher," said Alvin Tan, head of Asia FX strategy at RBC Capital Markets.



Stakeholders should come forward to overcome the challenges in the certification process for the export of agricultural and processed food items to European nations, says an expert.

PHOTO: COLLECTED

Huge potential to raise agro, processed food exports to UK

Exporters say at stakeholder consultation

STAR BUSINESS REPORT

Agricultural and processed food exports from Bangladesh to the United Kingdom (UK) would increase if the shipments were certifiably pure, according to exporters.

Exporters currently face obstacles in form of the parameters by which such products are tested in European countries.

This means that shipments which pass purity certification standards in Bangladesh are at times sent back for having failed to meet any given requirement, such the content of pesticides used.

These comments came at a stakeholder consultation, styled "Expanding and Diversifying Bangladesh's Export to the UK Market".

The event was jointly organised by Research and Policy Integration for Development (RAPID) and the UK's Foreign, Commonwealth and Development Office at the University of Dhaka yesterday.

Rezaul Karim, assistant manager of the

international marketing department of Square Food and Beverage Limited, said the certification process for exports to European nations varies from country to country.

"So, stakeholders should come forward to overcome these challenges," he added.

Karim went on to say that as the restaurant business in the UK is quite large, the country has high demand for spices.

"And if Bangladesh is able to fully capture this market, then export earnings would increase a lot," he said.

Karim then informed that his company is working on exporting ready-to-eat food to the UK market.

Monirul Islam, deputy general manager of Alin Food Products Limited, said Bangladesh is on the backfoot when it comes to following the standards set by European countries.

Spices are among the more valuable products being exported so if it could be shipped in bulk, then earnings from the segment would hit double digits, he added.

Eleash Mridha, managing director of PRAN Group, said the country would have to increase its exports to the UK's mainstream market in order to raise shipment volumes.

The UK's Developing Countries Trading Scheme (DCTS) could be a gamechanger for Bangladesh to break into non-garment export sectors, including that of agro-processed goods, said Mohammad Abdur Razzaque, chairman of RAPID.

Earlier this year, the UK introduced the DCTS, a preferential trading scheme for developing countries, marking its departure from the EU's Generalized System of Preferences.

Bangladesh now enjoys duty-free market access as a least developed country (LDC) through the DCTS Comprehensive Preferences scheme. And after the country's LDC graduation in 2026, it will continue to enjoy the same benefit until 2029, he added.

M Abu Eusuf, a professor and former chairman of the department of development studies at the University of Dhaka, said Bangladesh's exports are

heavily reliant on garments and so, it is essential to expand the participation of other viable items through product diversification.

Bangladesh has huge potential to increase exports to the UK as it is a prospective market where the country could expand shipments of agro-processed products, said Eusuf, who is also an executive director of RAPID.

There are around 1,000 agro-food processors in Bangladesh, employing around 250,000 workers, according to the Bangladesh Investment Development Authority (BIDA).

Bangladesh exports a wide range of agricultural and processed food products such as cereal grains, vegetables, fruits, spices and meat to more than 100 countries worldwide.

In fiscal 2019-20, the agricultural and processed food sector exported over 700 items, including approximately 60 processed food products, BIDA said.

Currently, some 250 agro or food processing companies export their products from the country.

Guardian Life, Leya Health sign deal on insurance coverage

STAR BUSINESS DESK

Guardian Life Insurance Limited and Leya Health & Education Development Foundation have recently signed a group insurance agreement on life coverage for Leya's deposit pension scheme customers.

Sheikh Rakibul Karim, chief executive officer of the insurer, and Md Mahabub Hossain, executive director of the foundation, signed the agreement at the former's head office in Dhaka, said a press release.

Md Emam Hossain, branch manager of the foundation, Abdul Halim, senior vice-president of the insurer, Nowshin Nahar Haque and Malik Mohammad Shakil, assistant vice-presidents, and Md Jalal Uddin, business development manager, were present.

Iraq to allow trade with China in yuan

REUTERS, Dubai

Iraq's central bank said on Wednesday it planned to allow trade from China to be settled directly in yuan for the first time, in an attempt to improve access to foreign currency.

The central bank has been taking urgent steps to compensate for a dollar shortage in local markets, which prompted the cabinet to approve a currency revaluation earlier this month.

"It is the first-time imports would be financed from China in yuan, as Iraqi imports from China have been financed in (US) dollars only," the government's economic adviser, Mudhair Salih, told Reuters on Wednesday.

The move is the latest sign of the yuan's growing role on the international stage as China gradually opens up its financial markets and some countries look to diversify their currency exposures.

The central bank could, as part of its plan, boost the balances of Iraqi banks that have accounts with Chinese banks in yuan, it said in a statement.

Another option would be to boost local banks' balances via the central bank's accounts with JP Morgan and Development Bank of Singapore (DBS), it added.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (FEB 22, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 75	1.5 ↑	5.47 ↑
Coarse rice (kg)	Tk 48-Tk 52	2.04 ↑	7.53 ↑
Loose flour (kg)	Tk 56-Tk 60	-1.69 ↓	65.71 ↑
Lentil (kg)	Tk 95-Tk 100	-4.88 ↓	0
Soybean (litre)	Tk 168-Tk 172	0.59 ↑	6.25 ↑
Potato (kg)	Tk 20-Tk 22	-23.64 ↓	20 ↑
Onion (kg)	Tk 30-Tk 35	0	-35 ↓
Egg (4 pcs)	Tk 47-Tk 50	14.12 ↑	27.63 ↑
SOURCE: TCB			

GPH Ispat, MIST ink MoU on research, academic knowledge sharing

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GPH Ispat Limited and the Military Institute of Science and Technology (MIST) signed a memorandum of understanding (MoU) enabling the latter to facilitate long-term research, academic knowledge sharing, students' scholarships or fellowships or assistantships, internship and other industry and academia collaboration.

Mohammed Jahangir Alam, chairman of GPH Group, and Brigadier General Md Wahidul Islam, dean of the faculty of civil engineering and head of the civil engineering department of the MIST, signed the MoU at the latter's office at Mirpur Cantonment in Dhaka, said a press release.

Md Abdul Ahad, director of GPH Ispat, Madani M Imtiaz Hossain and Md Musharraf Hussain, technical advisers, and Mohammad Mamun Kabir and Md Anamul Islam, general managers, were present.



Mohammed Jahangir Alam, chairman of GPH Group, and Brigadier General Md Wahidul Islam, dean of the faculty of civil engineering and head of the civil engineering department of the Military Institute of Science and Technology, exchanged signed documents of a memorandum of understanding on research and academia collaboration at the latter's office at Mirpur Cantonment in Dhaka recently.

PHOTO: GPH GROUP

Top brands leave Russia, their goods don't

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(as commission), then get them delivered here and you pay for the delivery."

Last year's strong rouble and weak Turkish lira played into Russian consumers' hands.

Currency dynamics were partly responsible for a seven-fold increase in deliveries from Turkey on CDEK Forward, a delivery service from foreign e-commerce sites, its marketing director Dinara Ismailova told Reuters.

"As soon as brands said they were leaving, some kind of panic started, and the number of volumes and orders rose sharply," Ismailova said.

Dealing with small, private deliveries, CDEK Forward's turnover doubled in money terms last year, with 80 per cent of that coming from clothes, while its goods turnover tripled.

"It's comparable to if you personally went to a Zara store in New York, bought something there and sent it on to your friends in Moscow," Ismailova said.

As supply chains broke down, Russia legalised so-called parallel imports, allowing retailers to bring in products from abroad without the trademark owner's permission.

E-commerce sites sell a wide range of imported goods, and sellers often advertise that they bring products from abroad.

Market leader Wildberries sells old stock from Inditex brands and has almost 17,000 goods in its Zara catalogue. A source close to Inditex said these were clearance stocks that were in Russia when it suspended activities there.

Wildberries did not respond to a request for comment.

One ubiquitous Western product Wildberries and its peers Ozon and Yandex Market sell is Coca-Cola, often advertised as imported so buyers know it is the real thing.

While Coca-Cola Co stopped

producing and selling drinks in Russia last year, others have been importing them, with labels on cans and bottles showing they have arrived from Europe, Kazakhstan, Uzbekistan and China.

One quirk of this arrangement is that prices vary. In one Moscow supermarket, three cans of Coca-Cola were on sale for three different prices, imported from Denmark, Poland and Britain respectively.

A senior employee at a major retailer explained how companies have adapted.

"Contacts were quickly established and new contracts with new partners signed, new money flows and logistical supply chains with Turkish, Polish and Kazakh companies were launched," he said on condition of anonymity.

Coca Cola is available from even more countries now.

"However, as usual, it is the buyer who pays more for these new inconveniences," the employee added.

As new routes are developed the extra logistics, travel and scaling costs will fall, and though trade remains relatively inefficient, these new relationships are here to stay, said Ram Ben Tzion, CEO of digital vetting platform Publican.

"The parallel importing mechanisms have been consolidated and expanded, meaning that pretty much everything is accessible and still will be in the future," Ben Tzion said, pointing to border truck queues and new entities springing up in nearby states.

"Coca Cola can easily notice the 'surge in demand' from countries neighbouring Russia, where most parallel imports come from," Ben Tzion said. "It is not in their interest to do anything about it."

Coca-Cola declined to comment.

"Friendly" countries not imposing sanctions have ramped up exports to Russia, their trade data shows.

Russia itself has stopped publishing such figures.

China-Russia trade hit a record 1.28 trillion yuan (\$186 billion) last year, while Turkey's exports to Russia jumped 61.8 per cent to \$9.34 billion and Kazakhstan's rose 25.1 per cent to \$8.78 billion.

Informal supply routes could lead to more poor-quality goods entering Russia, however, as regulators lose oversight, Ben Tzion said.

Some brands face years battling copies and unauthorized imports. Meanwhile, Coca-Cola's Russian rivals have increased bottling capacity and launched new Cola beverages.

Swedish furniture giant IKEA sold its stock to Yandex Market, tech giant Yandex's (YNDX.O) e-commerce division, when it left Russia. IKEA brand owner Inter IKEA Group said it sold remaining stock for an undisclosed amount to Yandex as it down-scaled IKEA Retail Russia.

Yandex Market says it puts suppliers who previously sold goods via IKEA stores in direct contact with customers.

But former suppliers are also ready to sell lightly modified IKEA items under different names. One already advertises a bedding set it calls "ARUA (analogue of IKEA BERGPALM)".

IKEA said it was looking into goods being advertised as similar to IKEA online.

Although new opportunities are opening up for Russian firms, the fixation with Western brands may hinder efforts to boost local production.

"Over time, market forces will continue to drive the products Russians are used to into the market and while there is an aspiration to move to 'Made in Russia' it will be very difficult to actually get people hooked up on Russian coke," said Ben Tzion.



Nur Mohammed, chairman of Jamuna Bank, cuts a ribbon to inaugurate a foreign currency exchange booth of the bank at the departure lounge of Hazrat Shahjalal International Airport in Dhaka yesterday. Md Abdus Salam, additional managing director of the bank, was present.

PHOTO: JAMUNA BANK